



Strategy update

UBS Strategic MAPs¹

UBS Asset Management—Q2 2022

Performance²

The UBS Strategic MAPs experienced a mixed month from an absolute perspective but delivered negative relative returns. Over the period, the strategies' absolute returns were mixed. On a relative basis, returns versus their respective blended benchmarks were slightly down.

Security selection had a negative impact on relative returns over the quarter:

Contributors

- International Equity HALO (UBS AM)
- Municipal Bonds - SMA*RT Series M (UBS AM)
- US SMID Cap Equity (Kayne Anderson Rudnick)

Detractors

- US Large Cap Growth Equity (UBS AM)
- US Large Cap Value Equity HALO (UBS AM)
- Emerging Markets Equity Opportunity Fund (UBS AM)

UBS MAPs security selection components²

US Large Cap Equity Value HALO (UBS AM):

The strategy underperformed the benchmark in Q2 2022.

- Stock selection drove active returns, with selection in the Industrials sector comprising a majority of underperformance.
- Sector allocation detracted from active returns as the negative impact from an overweight allocation to the Information Technology sector and an underweight allocation to the Health Care sector outweighed the positive impact from an underweight allocation to the Financials and the Communication Services sectors.
- Stock selection in the Financials and Health Care sectors had the most positive impact on returns.

US Large Cap Growth Select Equity (UBS AM):

The strategy underperformed the benchmark in Q2 2022.

- Stock selection drove active performance. Specifically, stock selection in the Information Technology sector had the least positive impact on relative returns.
- Asset allocation detracted from active returns as the negative impact from an underweight position to the Consumer Staples sector and an overweight position to the Consumer Discretionary sector outweighed the positive impact from an overweight allocation to the Health Care and Energy sectors.
- An overweight allocation to the Health Care sector had the most positive impact on relative returns, followed by stock picking in the Communication Services sector.

¹ Individual UBS MAPs' client performance may vary from the UBS MAPs model performance data cited due to account-level considerations including account inception date, account inflows or outflows, and application of the Personalized Tax Management overlay on UBS Tax-Optimized MAPs. Asset allocation represents composite portfolio. Composition of client portfolio may vary. **Past performance is not a guarantee of future results. The potential for profit is accompanied by the possibility of loss.**

US SMID Cap Equity (Kayne Anderson Rudnick):

The strategy outperformed the benchmark (-15.0%) by +0.79% in Q2 2022.

- Both sector allocation and stock selection contributed to active returns, with stock selection comprising a majority of outperformance.
- Stock selection in the Financials sector had the most positive impact on returns, followed by stock selection in the Consumer Staples sector.
- An underweight allocation to the Real Estate sector contributed most to asset allocation, followed by an underweight allocation to the Materials sector.
- Stock selection in the Health Care sector had the least positive impact on returns.

International Equity HALO (UBS AM):

The strategy outperformed the benchmark in Q2 2022.

- Both sector allocation and stock selection contributed to active returns, with stock selection comprising a majority of outperformance. Specifically, stock selection in the Financials and the Information Technology sectors had the most positive impact on performance.
- An overweight allocation to the Communication Services and Health Care sectors added most to asset allocation.
- Stock picking in the Industrials sector had the least positive impact on performance, followed by stock picking in the Health Care sector.
- Geographically, the manager generated the largest contribution to active returns from stock picking in the Netherlands and Ireland, followed by an overweight allocation to the UK.

Emerging Markets Equity Opportunity Fund (UBS AM):

The strategy underperformed the benchmark in Q2 2022.

- Stock selection in Consumer Staples added value. In contrast, stock selection in Consumer Discretionary detracted.
- Key sector overweights to Consumer Staples, Energy, Real Estate, and Materials contributed to performance while underweights to Consumer Discretionary, Financials, and Information Technology detracted from performance over the quarter.
- By country, overweights to India and Indonesia and underweights to Brazil, Poland, and United Arab Emirates contributed to performance.

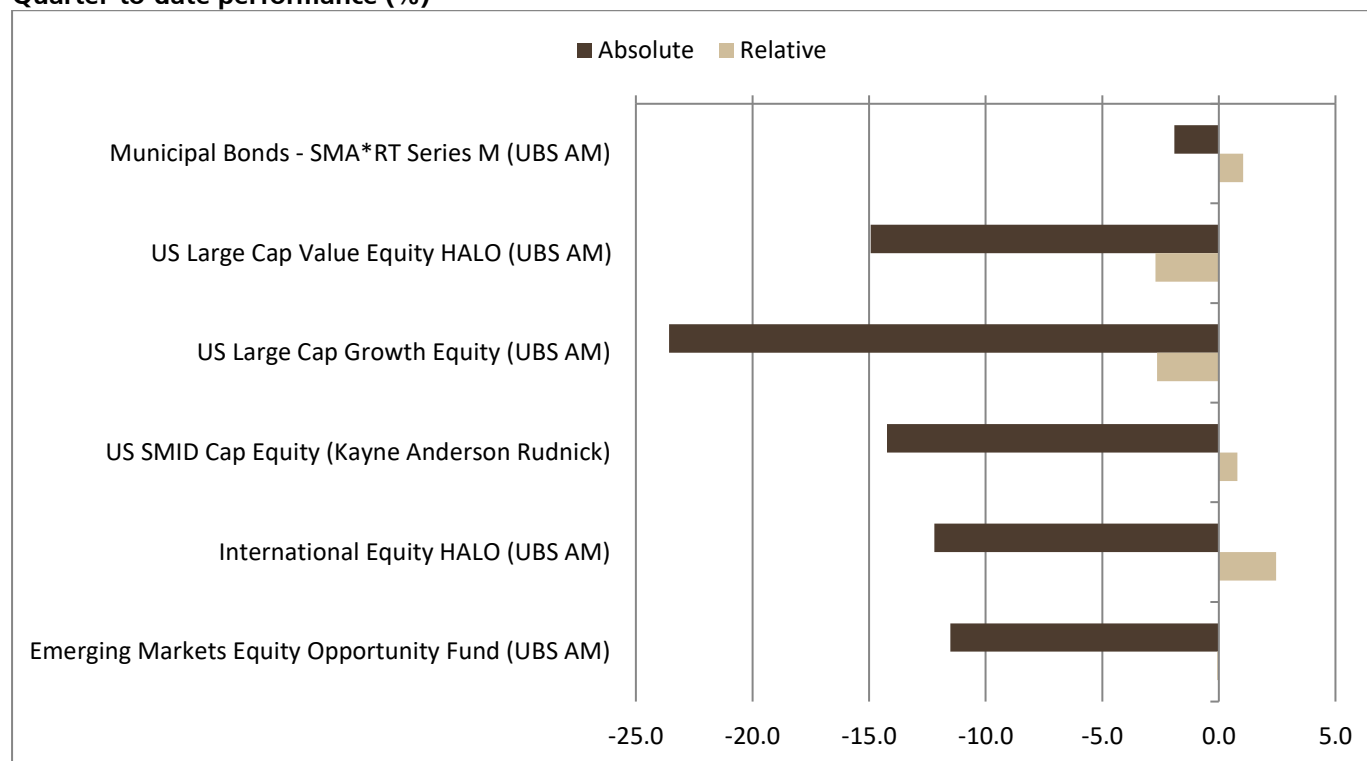
Municipal Bonds - SMA*RT Series M (UBS AM):

The strategy outperformed the benchmark in Q2 2022.

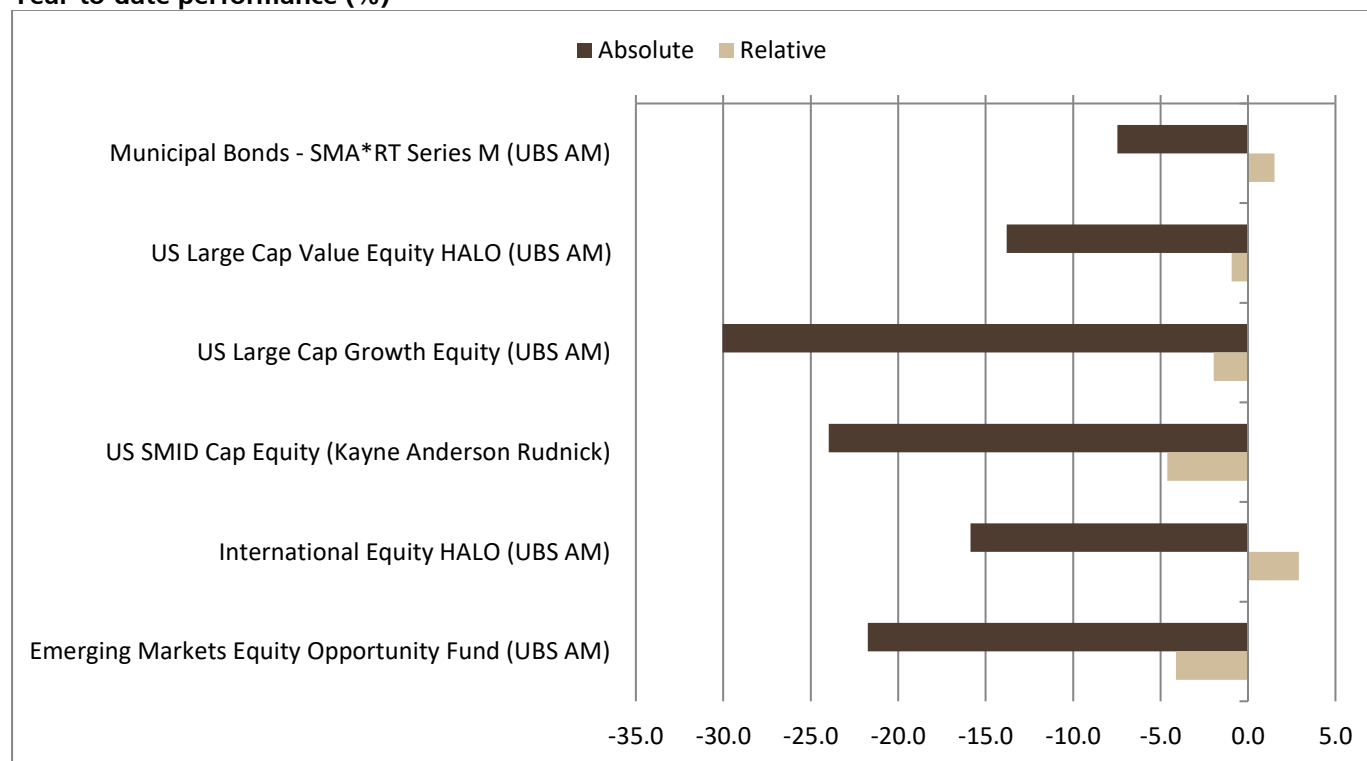
- Outperformance was attributable primarily to a conscious decision to allow our duration to slide to the lowest targets in recent memory, on both an absolute and index-relative basis.
- An oversized allocation to the extreme short end, via either variable rate cash alternatives, cash itself, and/or notes has served us well by both buffering performance and now serving as a reservoir from which to pursue new opportunity.
- From a total return curve standpoint, it remains the case that barbellings specific maturities may have a risk-adjusted return advantage holding rates constant, specifically, the 2- and 7-year maturities.
- We continue to be cautious from a curve deployment standpoint with less appetite for outsized over and underweights.

UBS Strategic MAPs security selection components ¹

Quarter-to-date performance (%)



Year-to-date performance (%)



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For more information

Please contact the UBS Asset Management National Sales Desk at 888-793 8637.

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Risk considerations: Investors in UBS Multi-Asset Portfolios (MAPs) should be able to withstand short-term fluctuations in the equity and fixed income markets in return for potentially higher returns over the long term. The value of the securities held within the MAPs changes every day and can be affected by changes in interest rates, general market conditions, and other political, social and economic developments, as well as specific matters relating to the issuers and companies in whose securities the MAPs invest. Securities held within the MAPs are not guaranteed.

Market risk. The risk that the market value of a MAP will fluctuate as the stock and bond markets fluctuate. Market risk may affect a single issuer, industry or section of the economy, or it may affect the market as a whole.

Investments in ETFs risk. The portfolio's investment in ETFs may subject the portfolio to additional risks than if the portfolio would have invested directly in the ETF's underlying securities. These risks include the possibility that an ETF may experience a lack of liquidity that can result in greater volatility than its underlying securities; an ETF may trade at a premium or discount to its net asset value, or an ETF may not replicate exactly the performance of the benchmark index it seeks to track. In addition, investing in an ETF may also be more costly than if a portfolio had owned the underlying securities directly. ETFs impose an additional layer of fees, including management and advisory fees and other expenses, which are not included in the Program Fee.

Passive strategy risk. The ETFs that the MAP invests in are passively managed and attempt to track the performance of unmanaged indices of securities. The ETFs may hold constituent securities of an index, which they track regardless of the current or projected performance of a specific security or a particular industry or market sector. Maintaining investments in securities regardless of market conditions or the performance of individual securities could cause an ETF's return to be lower than if the ETF employed an active strategy.

Asset allocation risk. The portfolio is subject to asset allocation risk, which is the risk that the allocation of the portfolio's assets among the various asset classes and market segments will cause the portfolio to underperform other funds with a similar investment objective.

Foreign investing and emerging markets risks. Investing internationally presents certain risks not associated with investing solely in the US such as currency fluctuation, political and economic change, social unrest, changes in government relations, differences in accounting and available legal remedies, and the lesser degree of accurate public information available. A decline in the value of foreign currencies relative to the US dollar will reduce the value of securities denominated in those currencies. Also, foreign securities are sometimes less liquid and harder to sell and to determine the value of than securities of US issuers. Each of these risks are more severe for securities of issuers in emerging market countries. A company is considered a US company even though it is organized outside of the United States, if it meets any of the following conditions: (a) it is included in an index representative of the United States; (b) it has its headquarters or principal location of operations in the United States; (c) its primary listing is on a securities exchange or market in the United States; (d) it issues securities that are guaranteed by the United States government, its agencies, political subdivisions or instrumentalities; (e) it derives at least 50% of its revenues in the United States; or (f) it has at least 50% of its assets in the United States.

Certain Strategies, such as the Global (Ex-US) Equity Strategy, within the Multi-Asset Portfolio are permitted to invest in "F" shares (so called due to their ticker symbols, which end in "F"). F shares are ordinary shares of a foreign company's common stock that trade in their home (local) market. F shares are quoted in US dollars by registered market makers who provide their quotes on over-the-counter (OTC) quote platforms. F shares provide access to the securities of certain foreign companies that do not have American Depositary Receipts (ADRs) available. There are certain risks associated with investing in F shares. The risks include, but are not limited to, the risks associated with foreign investing. F shares are not listed on US exchanges but are subject to foreign local registration requirements. F shares trade over-the-counter via the "pink sheets" based on broker/dealers or market makers who offer quotes, and therefore are not subject to the listing and reporting requirements of issuers listed on a US exchange. Further, as F shares access the same liquidity as the local (foreign) market, when local markets are closed, liquidity will be reduced and spreads may be wider. F shares are also subject to the risk that a market maker may decide to exit the market for a particular company's F shares, thereby reducing liquidity and widening the security's spreads. F shares are custodied in local (foreign) markets and have additional trading, custody and tax costs associated with their trading.

For a detailed description of the risks associated with the individual portfolios, please refer to the respective portfolio presentation.

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