Successfully navigating through the market cycle

Global Equity Concentrated Alpha Strategy

Market Opportunity
Looking ahead into 2019, global economic growth points to a
slowdown, albeit still positive growth. Volatility has risen and
we are seeing larger downgrades to earnings forecasts. Equity
markets have priced in much of the above developments and
current price-to-forward earnings ratios have fallen below
their long-term medians. This backdrop offers opportunities
for stock pickers like us to find good risk/reward names at
attractive valuations.

Why Global Equity Concentrated Alpha?
– Independent investment boutique leveraging the global
infrastructure of UBS Asset Management
– Lean and nimble team with access to a large set of internal
and external resources
– Flexible and benchmark agnostic approach resulting in strong
risk-adjusted returns (outperformed the market in 9 out of 11
calendar years since inception) in varying market environments
– Focus on high active share with an integrated ESG approach
– The strategy ranks top quartile against a highly competitive
peer group and is well regarded by external consultants

Strategy
Global Equity Concentrated Alpha is an actively managed
strategy based on a concentrated portfolio of stocks globally.
The strategy is built from the bottom up and is unconstrained
by the benchmark, allowing us to exploit discrepancies and
take risks where we will be rewarded.

Philosophy
We believe that market inefficiencies can be exploited, as the
market tends to overestimate the upside and underestimate
the downside. Hence, we seek to invest in the best risk/reward
stocks with asymmetric payoffs i.e. good upside potential and
limited downside risk.

Process
We use a differentiated 3-circle process that combines
mutually independent fundamental, quantitative and
qualitative information sources to help us identify the best
risk/reward opportunities from a bottom-up basis.
Our process has enabled us not to be blinkered by single style trends and has tended to protect the relative downside performance. This same process has been in place since inception of the team in 2004 but has been constantly improved over time (e.g. ESG, A.I.) to enhance alpha generation.

**Idea generation: 3-circle investment process**

Diverse information sources in 10 investment tools

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**Fundamental**

1. **HOLT**
   - Scenario analysis tool (upside vs downside risk) based on an economic value added (EVA) model
2. **70+ internal analysts and PMs**
   - Local access to research, proprietary discounted cash flow (DCF) model and GEVS
3. **200+ independent external analysts**
   - Carefully selected research providers with restricted access and limited client base

**Quantitative**

4. - 8. **Five quantitative models:**
   - Five externally sourced bespoke quant models, based on different levels of complexity, turnover and time horizon.

**Qualitative**

9. **ESG (internal and external):**
   - Dedicated team of Sustainable and Impact Investing analysts with specialized expertise; access to external data and research
10. **Market participants:**
    - Exchange of information with regionally based strategists, allocators, corporate activists and buy side investors

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**ESG integration**

We assess the material ESG risks and growth opportunities of companies on a case-by-case basis, an important step in determining whether a stock is fit for inclusion in the portfolio. We collaborate with our Sustainable and Impact Investing team to carry out research on companies that score poorly on ESG. We also have a strong history of ongoing engagements and we aim to influence corporate practices to trigger better financial performance in the long term.

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**Why UBS Asset Management?**

- Stable and experienced team benefiting from the resources of a large firm but with full independence in making investment decisions.
- The team is led by Max Anderl, who has been with the team since its inception in 2004, supported by deputy portfolio manager Jeremy Leung and equity specialist Nicole Lim.
- The PMs share a total of 34 years’ industry experience, having worked together for over 12 years at the firm and eight years in this same team.

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**Opportunities**

- Exposure to global equity markets with the opportunity to outperform the market via a concentrated portfolio of stocks.
- Flexible and nimble approach of a focused boutique investment team that specialises in managing active portfolios.
- Highly active and benchmark agnostic portfolio.

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**Risks**

- Investments in equities may be subject to high fluctuations in value. For this reason, an investment horizon of at least five years and corresponding risk tolerance and capacity are required.
- As these portfolios pursue an active management style, each portfolio’s performance can deviate substantially from that of its reference index.
- All investments are subject to market fluctuations. Every portfolio has specific risks, which can significantly increase under unusual market conditions.
- The portfolios can use derivatives, which may result in additional risks (particularly counterparty risk).