Strategy update

UBS Offshore ETF MAPs[1]

UBS Asset Management—Q2 2022

Macro views

Asset Class	Position	Viewpoint
Global equities	OW	Our view is that the economic expansion is likely to endure despite the headwinds of tightening financial conditions, aggressive rate hikes, a moderation in goods spending, and elevated inflation. Private sector balance sheets remain strong, spending is rotating rather than shrinking, and core inflationary pressures are likely to cool. However, it is too soon to trade that view: Market pricing of recession risk is likely to increase from here. As such, we are staying cautiously positioned within equities and prefer sectors like health care and regions such as the UK, which has a more defensive composition. We also are selectively long cyclicality via commodity-linked stocks.
US equities	UW	American stocks are more acyclical and tend to outperform when manufacturing purchasing managers' indexes are declining. Within US equities, we continue to prefer US equal weight to market cap indexes. US growth is likely to hold up better than other major developed markets. However, US equities continue to command premium valuations, which may drag relative performance in the event that expectations for the Federal Reserve's terminal policy rate this cycle increase further or geopolitical risks recede.
Ex-US developed market equities	UW	Non-US developed market equities are attractively valued but also highly cyclical, and tend to underperform in an environment in which manufacturing purchasing managers' indexes continue to decelerate. Japanese stocks lack catalysts that would help shrink this valuation gap. Despite recent economic resilience European equities are still vulnerable as Russia continues to wage war against Ukraine. However, this is already partially priced in.
Emerging market equities	OW	Concerns about the stabilization of growth in China is a major source of uncertainty for the asset class, particularly for countries with the tightest economic and financial linkages. Resilience in industrial metals continues to point to a strong foundation for real activity. As such we prefer Emerging Markets (EM) with the strongest linkages to commodities. EM equities have held up impressively well in the face of challenges early in 2022 that include less impressive earnings revisions and higher mobility restrictions relative to Domestic Markets (DM), rising long-term real rates, and US dollar strength versus DM FX. The Chinese policy stance has turned, both on the monetary and fiscal sides. The People's Bank of China (PBOC) has cut rates, the peak in credit tightening has passed, in our view, and officials are stressing urgency in providing fiscal support. In our view, investors are discounting too much downside risk associated with China's COVID-19 policies and the real estate market, and not ascribing enough odds to the prospective economic rebound.
Fixed income	UW	The risks to long-term bond yields are well-balanced after traders have priced in aggressive central bank tightening over the coming year. We expect real rates to rise as inflation peaks and the Federal Reserve tightens policy even more in the coming months, but for this to be offset by decreases in market-based measures of inflation compensation. Sovereign fixed income continues to play an important diversifying role in portfolio construction and remains particularly effective in hedging downside in procyclical positions.
US government	UW	US Treasuries remain the world's preeminent safe haven and top source of risk-free yield. The Federal Reserve is poised to take rates to a neutral setting as quickly as possible without jeopardizing the expansion, and then move to restrictive territory in order to quell inflationary pressures. Quantitative tightening is not a very potent catalyst for fixed income, in our view. Market pricing for the Federal Reserve's terminal rate this cycle has adjusted meaningfully to the upside, and parts of the yield curve already imply interest rate cuts by 2024. The Fed has set a high bar for inflation to surprise to the upside this year, leaving room for rates to come down across the curve by pricing out some of the expected hikes. Even more front-loaded tightening could also increase perceived recession risk and provide a bid for the long end.
US IG corporate	OW	US IG all-in yields have become much more attractive given the year-to-date rise in risk-free rates as well as widening spreads. However, the typically negatively convex performance of credit as market pricing of recession rises provides some cause for near-term caution.
US high yield	UW	We expect carry, rather than spread compression, to drive total returns in HY going forward. The coupons available will continue to attract buyers in a low-yield environment.
Emerging market debt	N	We have a neutral view on emerging market dollar-denominated bonds due to the balance of carry opportunity and duration risk, which are offset by downside risks to growth. Asian credit is enticingly valued and poised to perform well in environments in which highly adverse economic outcomes fail to materialize.
Commodities	OW	In an inflationary environment where the stock-bond correlation may be turning more persistently positive, commodities provide an effective portfolio ballast, especially as the global expansion slows due to lingering supply side impairments and high energy prices.

OW = Overweight UW = Underweight N = Neutral. Note: Actual portfolio weights may be different as these are broad asset class views

1 Individual UBS MAPs' client performance may vary from the UBS MAPs composite performance data cited due to account-level considerations including account inception date, account inflows or outflows preference.

Asset Allocation represents model portfolio. Composition of client portfolio may vary.

UBS Offshore ETF MAPs - portfolio allocations

		Moderately Conservative		Moderate		Moderately Aggressive		**Aggressive**		**All Equity**	
Asset Class	Holdings	+/-	Strategy weight	+/-	Strategy weight	+/-	Strategy weight	+/-	Strategy weight	+/-	Strategy weight
Equity		-2.0%	28.0%	-2.0%	48.0%	-2.0%	68.0%	-2.0%	83.0%	0.0%	100.0%
Global Equities		**1.5%**	**1.5%**	**1.5%**	**1.5%**	**1.5%**	**1.5%**	**1.5%**	**1.5%**	**1.5%**	**1.5%**
Global Agribusiness	ISAG LN	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
US Large Cap Equity[1]		**-2.5%**	**13.1%**	**-2.5%**	**23.5%**	**-2.5%**	**33.9%**	**-2.5%**	**41.7%**	**-2.3%**	**49.7%**
S&P 500	XSPU LN, CSPX LN	-6.5%	9.1%	-6.5%	19.5%	-6.5%	29.9%	-6.5%	37.7%	-6.5%	45.5%
US Equal Weighted	XDEW LN	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.3%	2.3%
US Quality	IUQA LN	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
US SMID Cap Equity		**0.0%**	**3.9%**	**0.0%**	**6.5%**	**0.0%**	**9.1%**	**0.0%**	**11.1%**	**0.0%**	**13.0%**
US mid cap	SPY4 LN	0.0%	2.7%	0.0%	4.6%	0.0%	6.4%	0.0%	7.7%	0.0%	9.1%
US small cap	IDP6 LN	0.0%	1.2%	0.0%	2.0%	0.0%	2.7%	0.0%	3.3%	0.0%	3.9%
Developed Ex-US Equity		**-1.5%**	**5.9%**	**-1.5%**	**10.8%**	**-1.5%**	**15.7%**	**-1.5%**	**19.3%**	**-0.8%**	**23.8%**
Europe	SMEA LN	-1.8%	2.4%	-1.8%	5.2%	-1.8%	7.9%	-1.8%	10.0%	-1.5%	12.3%
Japan	IJPA LN	-1.4%	0.0%	-1.8%	0.7%	-1.8%	1.7%	-1.8%	2.4%	-1.8%	3.1%
Pacific ex Japan	CPXJ LN	0.0%	0.9%	0.0%	1.5%	0.0%	2.1%	0.0%	2.5%	0.0%	3.0%
Canada	CCAU LN	0.0%	0.9%	0.0%	1.4%	0.0%	2.0%	0.0%	2.5%	0.0%	2.9%
Australia	IAUS LN	0.7%	0.7%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
UK	VUKG LN	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.5%	1.5%
Emerging Markets Equity		**0.5%**	**3.7%**	**0.5%**	**5.8%**	**0.5%**	**7.9%**	**0.5%**	**9.4%**	**1.5%**	**12.0%**
Core exposure	EIMI LN	-2.0%	1.2%	-2.0%	3.3%	-2.0%	5.4%	-2.0%	6.9%	-1.0%	9.5%
China	CNYA LN, XCS6 LN	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Equity Opportunistic		**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Fixed Income		-4.0%	66.0%	-4.0%	46.0%	-4.0%	26.0%	-3.5%	11.5%	0.0%	0.0%
US Govt. Fixed Income	VDTA LN	**-5.5%**	**22.5%**	**-5.5%**	**14.5%**	**-5.5%**	**6.5%**	**-5.0%**	**1.0%**	**0.0%**	**0.0%**
Investment Grade Credit	LQDA LN, VDPA LN	**4.5%**	**32.5%**	**4.5%**	**24.5%**	**4.5%**	**16.5%**	**3.0%**	**9.0%**	**0.0%**	**0.0%**
High Yield Bonds	IHYU LN	**-3.0%**	**4.0%**	**-3.0%**	**2.0%**	**-3.0%**	**0.0%**	**-1.5%**	**0.0%**	**0.0%**	**0.0%**
Emerging Markets Debt		**0.0%**	**7.0%**	**0.0%**	**5.0%**	**0.0%**	**3.0%**	**0.0%**	**1.5%**	**0.0%**	**0.0%**
EMD (USD) ETF	IEMB LN Equity	0.0%	7.0%	0.0%	5.0%	0.0%	3.0%	0.0%	1.5%	0.0%	0.0%
Fixed Income Opportunistic		**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Alternatives		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	0.0%	0.0%
Diversified Commodities	CRBU LN	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	0.0%	0.0%
Gold	IGLN LN	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.5%	2.5%	0.0%	0.0%

[1] Sector Breakdown maximizes tax harvesting opportunities and reflects strong sector conviction views where appropriate.

For illustration purposes only. Strategy weight column reflects the actual allocations for each portfolio as of June 30, 2022. Percentages may not equal 100% due to rounding. New accounts will be invested based on the most recent active asset allocation decision, which may not be reflected herein. Asset allocation represents composite portfolio. Composition of client portfolio may vary according to any particular investment restrictions and constraints.

Asset Allocation represents model portfolio. Composition of client portfolio may vary.

Strategy changes

Total strategy changes made since 2018:

Change Type	2022	2021	2020	2019	2018
Tactical Asset Allocation	**6**	**12**	**12**	**11**	**7**
ETF Selection	**0**	**1**	**2**	**2**	**0**
Total Strategy Changes	**6**	**13**	**14**	**13**	**7**

Below we summarize the changes made in the UBS Offshore ETF MAPs over the period.

April 11, 2022:

- **Within equities (underweight):**
  - We reduced our exposure to US equities (initiating underweight) and reduced our exposure to international equities (reducing overweight).
  - Within US equities (underweight):
    - We reduced our exposure to US large cap equities (increasing underweight).
  - Within International equities (overweight):
    - We reduced our exposure to international developed market equities (initiating underweight).
      - We added an Australia (initiating overweight) exposure.
      - Across ETF MAPs, we reduced our Europe (initiating underweight), Japan (initiating underweight), and Pacific ex-Japan (increasing underweight) exposure. We increased our Canada exposure (closing underweight).
- **Within fixed income (underweight):**
  - We increased our US government bond ETF exposure (reducing underweight).
  - We increased our US investment grade corporate bond exposure (closing underweight).
  - We reduced our US high yield bond exposure (closing overweight).
- **Within alternatives (overweight):**
  - We increased our diversified commodity ETF exposure (increasing overweight).

In all equity portfolios, we made the following changes:

- Within US equities (underweight):
  - We increased our exposure to US large cap equities (reducing underweight).
    - Across the ETF MAPs, we reduced our exposure to US equal weighted (reducing overweight).
- Within International equities (overweight):
  - We reduced our exposure to international developed market equities (initiating underweight).
    - We added an Australia (initiating overweight) exposure.
    - Across ETF MAPs, we reduced our Europe (initiating underweight), Japan (initiating underweight), and Pacific ex-Japan (increasing underweight) exposure. We increased our Canada exposure (closing underweight).

May 9, 2022:

- **Within equities (neutral):**
  - We increased our exposure to global equities (initiating overweight), US equities (closing underweight), and reduced our exposure to non-US equities (initiating underweight).
  - Within global equities (overweight):

Asset Allocation represents model portfolio. Composition of client portfolio may vary.

      - We added a global agribusiness exposure (initiating overweight).
  - Within US equities (closing underweight):
      - We increased exposure to US large cap equities (closing underweight).
  - Within non-US equities (underweight):
      - We reduced our exposure to international developed market equities (increasing underweight).
          - Across ETF MAPs, we reduced our exposure to Europe (increasing underweight) and Japan (increasing underweight). We Increased our exposure to Australia (increasing overweight).
      - We reduced our exposure to emerging markets equities (closing overweight).
          - Across ETF MAPs, we reduced our exposure to the Emerging Markets ETF (initiating underweight).
- **Within fixed income (underweight):**
  - We reduced our US government bond exposure (increasing underweight).
  - We increased our US investment grade corporate bond exposure (initiating overweight).

In all equity portfolios, we made the following changes:

  - Within global equities (overweight):
      - We added a global agribusiness exposure (initiating overweight).
  - Within US equities (overweight):
      - We increased exposure to US large cap equities (initiating overweight).
  - Within non-US equities (underweight):
      - We reduced our exposure to international developed market equities (increasing underweight).
          - Across ETF MAPs, we reduced our exposure to Europe (increasing underweight) and Japan (increasing underweight).
      - We reduced our exposure to emerging markets equities (closing overweight).
          - Across ETF MAPs, we reduced our exposure to the Emerging Markets ETF (initiating underweight).

June 13, 2022:

- **Within equities (initiating underweight):**
  - We reduced our exposure to US equities (initiating underweight) and increasing exposure to emerging market equities (initiating overweight).
  - Within US equities (initiating underweight):
      - We reduced exposure to US large cap equities (initiating underweight):
          - In the offshore ETF MAPs, we reduced exposure to S&P 500 ETFs (increasing underweight).
  - Within non-US equities (underweight):
      - We increased our exposure to emerging markets equities (initiating overweight).
          - Across the ETF MAPs, we increased our exposure to China (increasing overweight) and reduced our broad emerging market ETF exposure (increasing underweight).
      - We reduced our exposure to international developed market equities in the MAPs with security selection (increasing underweight).
          - Across the ETF MAPs, we reduced our exposure to Australia (reducing overweight) and Europe (increasing underweight) and increased our exposure to the United Kingdom (initiating overweight) and Pacific ex-Japan (closing underweight).
- **Within fixed income (reducing underweight):**
  - We increased our US government bond exposure (reducing underweight).

Asset Allocation represents model portfolio. Composition of client portfolio may vary.

- We increased our US investment grade corporate bond exposure (increasing overweight).
- We reduced our US high yield exposure (initiating underweight).

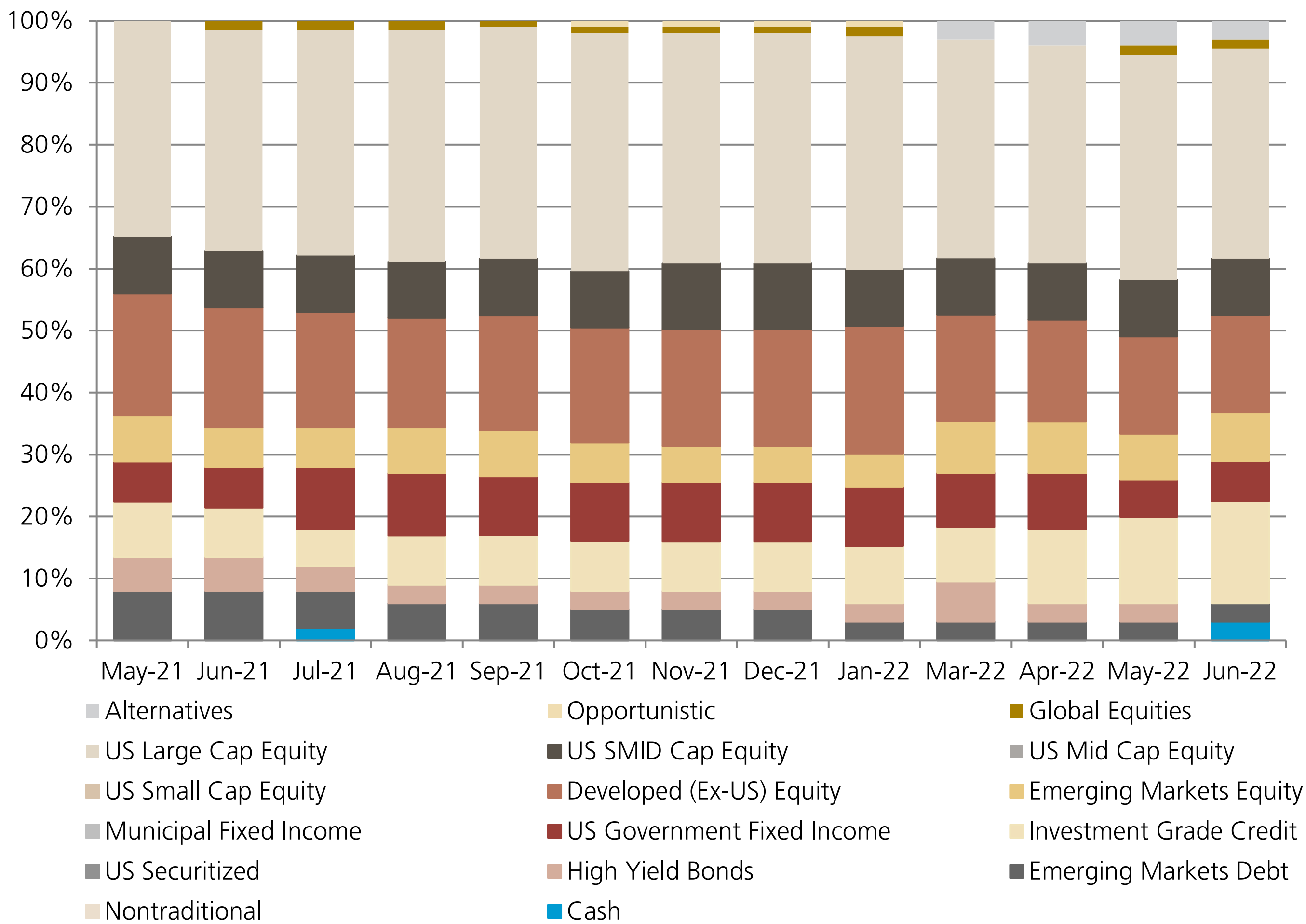
- **Within alternatives (reducing overweight):**
  - We increased our diversified commodity exposure (increasing overweight).
  - We closed our gold exposure (closing overweight).
- **Within cash (initiating overweight):**
  - We added a cash exposure (initiating overweight).

In all equity portfolios, we made the following changes:

- We reduced exposure to US equities (initiating underweight) and increased exposure to non-US equities (initiating overweight).
- Within US equities (initiating underweight):
  - We reduced exposure to US large cap equities (initiating underweight):
    - In the offshore ETF MAPs, we reduced exposure to S&P 500 ETFs (increasing underweight).
- Within non-US equities (underweight):
  - We increased our exposure to emerging markets equities (initiating overweight).
    - Across the ETF MAPs, we increased our exposure to China (increasing overweight).
  - We increased our exposure to international developed market equities (reducing underweight).
    - Across the ETF MAPs, we reduced our exposure to Australia (reducing overweight) and increased our exposure to the United Kingdom (initiating overweight) and Pacific ex-Japan (closing underweight).

Historical allocation[1]

Below we show the historical market exposures of the UBS Offshore ETF MAP (Moderately Aggressive) as a percentage of assets:



Souce: UBS Asset Management

1 For Illustrative purposes only. Other risk profiles are available.

Asset Allocation represents model portfolio. Composition of client portfolio may vary.

Performance of Model Implementation[1]

The UBS Offshore ETF MAPs experienced a negative quarter from an absolute perspective and negative relative returns. Over the period, the strategies' absolute returns were negative, depending on the risk profile. On a relative basis, returns versus their respective blended benchmarks ranged was slightly negative.

Tactical asset allocation decisions had a positive impact on relative returns over the quarter:

Contributors

- Relative preference for equities over bonds
- Relative preference for US large cap equity equal weighted exposure over broad US large cap equities
- Relative preference for US Quality exposure over broad US large cap equities
- Relative preference for Chinese equities over emerging market equities
- Overweight to broad commodities

Detractors

- Relative preference for global agribusiness over global equities

[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 and account inflows or outflows. **Past performance is not a guarantee of future results. The potential for profit is accompanied by the possibility of loss.**

Past performance is not a guarantee of future results. The potential for profit is accompanied by the possibility of loss.

For more information

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

There are fees associated with investing in separately managed accounts. ETFs impose an additional layer of management and administration fees. For fees charged in connection with the UBS Financial Services program, please refer to the UBS Financial Services ADV Wrap Fee Program Brochure.

Nothing contained herein constitutes investment, legal, tax or other advice. This should not be construed as a solicitation, offer or recommendation to acquire or dispose of an investment, or to engage in any other transaction.

Views expressed: The views expressed are those of UBS Asset Management as of June 30, 2022. These views, and asset allocations, are subject to change at any time in response to changing circumstances in the markets and are not intended to predict or guarantee the future performance of any individual security, asset class, the markets generally or any fund.
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.

UBS Asset Management (Americas) Inc. is an indirect asset management subsidiary of UBS Group AG.

AMT-2636 C-0822
www.ubs.com/am-us

UBS