

UBS (Lux) European Small and Mid Cap Equity Long Short Fund UB EUR



Fund information

Equity

171'502'226

Fund total net assets in EUR

Share class TNA, EUR	Share class NAV, EUR	Management fee p.a. ¹
2'452'820	1'199.94	1.30%

MTD (net) return	QTD (net) return	YTD (net) return
-1.79%	-3.62%	-4.17%

Fund details

Investment Manager	Felix Meier
Fund launch date	26.07.2010
Share class launch date	23.01.2015
Share class	UB
Share class currency	EUR
Distribution policy	Accumulating
Fund domicile	Luxembourg
ISIN	LU1144418560
Benchmark	No benchmark

Investment Policy

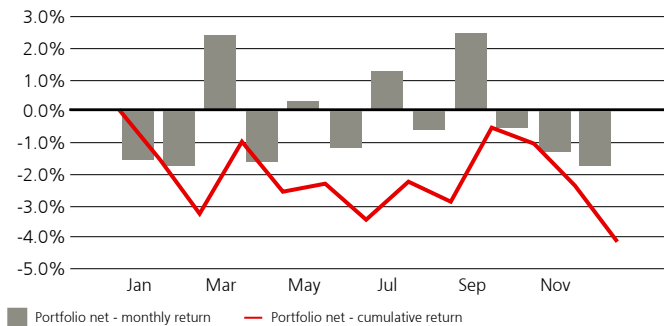
The UBS (Lux) European Small and Mid Cap Equity Long Short Fund aims to generate absolute positive returns by exploiting the inefficiencies of the small and mid-cap markets in Europe with a focus on German speaking countries. The portfolio managers buy the equities they think will perform best, while at the same time selling stocks in companies that, in their views, will underperform the market. The objective is to create a portfolio that has lower volatility, less correlation with the equity markets and a better risk-adjusted performance than a long-only fund.



Investing involves risk including the risk of loss of capital. Past performance does not predict future returns. Neither simulated nor historical performance is a reliable indicator for current or future performance.

Performance overview - monthly & cumulative

since 01.01.2024



Performance overview - cumulative

since 01.02.2015



Reference index change on 05.07.2024 – old: CS AllHedge Index Long/Short Equity index, new: No benchmark.

Performance overview - monthly & YTD

since 01.01.2024, in %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Portfolio net	-1.57	-1.74	2.37	-1.62	0.27	-1.16	1.21	-0.64	2.42	-0.53	-1.35	-1.79	-4.17

Performance overview - yearly

since 01.02.2015, in %

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Portfolio net	-2.23	-2.92	26.45	-10.22	8.01	15.11	-2.08	-9.22	5.14	-4.17

Reference index change on 05.07.2024 – old: CS AllHedge Index Long/Short Equity index, new: No benchmark.

¹ If the currency of a financial product and/or its costs is different from your reference currency, the return and cost may increase or decrease as a result of currency fluctuations. The individuals mentioned above only conduct regulated activities in the jurisdiction(s) where they are properly licensed, where relevant.

ESG stands for environmental (E), social (S), and governance (G).

Please find the definition of all the acronyms/terms used in this document in the Glossary. Additional important information can be found at the end of the document.

Performance overview

since 01.02.2015, in %

	Rolling Returns		Annualized Returns			
	1 months	3 months	1 year	3 years	5 years	ITD
Portfolio net	-1.79	-3.62	-4.17	-2.93	0.61	1.86

Risk overview - ex post

since 01.02.2015, in %

	Annualized risk, in %			
	1 year	3 years	5 years	ITD
Portfolio volatility	5.40	7.75	7.27	8.26

Potential Risks

The Fund's risk and reward profile does not reflect the risk inherent in future circumstances that differ from what the Fund has experienced in the recent past. This includes the following events which are rare but can have a large impact.

- **Credit risk:** Issuers of assets held by the Fund may not pay income or repay capital when due. The Fund's investments have low credit risk.
- **Liquidity risk:** Assets cannot necessarily be sold at limited cost in an adequately short timeframe. The Fund's investments may be prone to limited liquidity. The Fund will endeavor to mitigate this risk by various measures. Please find the details about redemption frequency in Key facts section.
- **Counterparty risk:** Bankruptcy or insolvency of the Fund's derivative counterparties may lead to payment or delivery default. The Subfund will endeavor to mitigate this risk by the receipt of financial collateral given as guarantees.
- **Operational risk:** Deficient processes, technical failures or catastrophic events may cause losses.
- **Political and Legal risks:** Investments are exposed to changes of rules and standards applied by a specific country. This includes restrictions on currency convertibility, the imposing of taxes or controls on transactions, the limitations of property rights or other legal risks.
- **Sustainability risks:** Sustainability risks are environmental, social or governance events or conditions that can have a material negative effect on the return, depending on the relevant sector, industry and company exposure.

The product's investment objectives, risks, charges and expenses, as well as more complete information about the product, are provided in the prospectus (or relevant offering document), which should be read carefully before investing.

Investors may lose part or all of their invested amount. The Fund's use of leverage may lead to an amplified reaction to market movements, i.e. increase the volatility of the Fund and may amount to a more substantial loss than in unleveraged products. The investment promoted in this marketing material concerns the acquisition of units or shares in a fund and not of any underlying assets. The underlying assets are owned by the fund only. Any decision to invest should take into account all the characteristics or objectives of the promoted fund as described in its prospectus, or similar legal documentation.

Fund exposure

Long exposure	94.13%
Short exposure	-54.16%
Net exposure	39.97%
Total gross exposure	148.29%

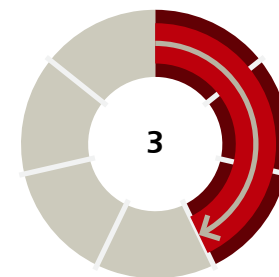
Number of long positions	57
Number of short positions	26

Asset breakdown by Sector

In %	Long	Short	Net	Net
Energy	2.34	-0.28	2.06	
Information Technology	4.42	-5.58	-1.16	
Consumer Staples	11.70	-2.11	9.58	
Industrials	24.70	-14.23	10.47	
Communication	10.70	-3.54	7.16	
Consumer Discretionary	8.73	-9.39	-0.65	
Financials	4.99	-9.11	-4.12	
Health Care	14.82	-2.66	12.16	
Materials	6.77	-2.99	3.77	
Real Estate	4.95	-3.01	1.94	
Utilities	0.00	-1.26	-1.26	

Risk profile²

PRIIP SRI



Larger values (up to 7) indicate higher risk while lower values (up to 1) indicate lower risk.

Asset breakdown by Market capitalisation³

In % of total economic exposure

	Long	Short
Small Cap	11.13	-2.19
Mid Cap	77.61	-27.59
Large Cap	5.39	-24.38

² The risk indicator assumes you keep the Product for 5 years. The actual risk can vary significantly if you redeem at an early stage and you may get back less. The Summary Risk Indicator is a guide to the level of risk of this Product compared to other products. It shows how likely it is that the Product will lose money because of movements in the markets. Be aware of currency risk if your reference currency differs from the currency of the Product. You may receive payments in a different currency, so the final return you will get depends on the exchange rate between the two currencies. Investors shall note that the Product may be exposed to further risks such as operational, counterparty, political, sustainability and legal risks that are not included in the Summary Risk Indicator. This Product does not include any protection from future market performance so you could lose some or all of your investment.

³ Classification: Small Cap up to EUR 1.5 bn market cap, Mid Cap between EUR 1.5bn and EUR 15bn and the above EUR 15bn Large Cap.

Asset breakdown by country

In %	Long	Short	Net	Net
Germany	64.63	-32.36	32.28	
Switzerland	2.54	-3.78	-1.23	
Austria	0.00	-0.03	-0.03	
Belgium	0.45	-0.08	0.37	
Colombia	0.00	0.00	0.00	
Cyprus	0.00	0.00	0.00	
Denmark	2.74	-1.38	1.36	
Faroe Islands	1.49	0.00	1.49	
Finland	1.82	-0.78	1.05	
France	0.00	-3.60	-3.60	
Ireland	0.00	-0.06	-0.06	
Isle of Man	0.00	0.00	0.00	
Italy	7.65	-2.43	5.23	
Jersey, Channel Islands	0.00	0.00	0.00	
Liechtenstein	0.00	0.00	0.00	
Luxembourg	0.95	-0.02	0.93	
Netherlands	8.35	-3.11	5.24	
Norway	0.00	-0.06	-0.06	
Poland	0.00	-0.03	-0.03	
Portugal	1.59	-0.02	1.57	
South Africa	0.00	-0.03	-0.03	
Spain	0.21	-1.57	-1.36	
Sweden	0.93	-2.19	-1.25	
United Kingdom	0.76	-2.66	-1.90	

Fund Statistics - ex post

	1 year Portfolio	3 years Portfolio	5 years Portfolio
Maximum drawdown, in %	-4.17	-14.57	-17.67

Past performance does not predict future returns. Neither simulated nor historical performance is a reliable indicator for current or future performance.

Market commentary

The whole year 2024 was characterised by two unfavourable factors for our strategy. Firstly, a significant underperformance of European small caps versus large caps and secondly, the very weak performance of the German small and mid-cap market, causing headwinds. The fund is typically short in size (it means the average market cap of the long book is smaller than the average market capitalisation of the short book) and long in the German-speaking countries of Europe. The MSCI Europe Small Cap Index reported a gain of 5.65%, which was lower than the 8% gain of the large cap MSCI Europe Index for the year 2024. German small and mid caps were very weak, with the MSCI Small Cap Germany reporting a negative return of -12.9% and the German Mid Cap Index MDAX reporting a negative return of -5.71%. The fund reported a negative return of -4.45%, net of fees, in this environment.

The eurozone's economic sentiment remained weak, as reflected in the latest survey data. The ZEW Economic Sentiment Index for December showed a slight recovery from the previous month's dip, but the current assessment fell, indicating ongoing challenges. The Ifo Index for Germany also wrapped up the year on a frosty note, with deteriorating expectations overshadowing a minor improvement in the current assessment. The ECB cut its policy rate by 25bp to 3%, as widely expected due to inflation trending down and weak GDP growth.

The MSCI Europe Small Cap Index ended down -0.27% in December. The MDAX Index was down -2.78% in the same month. The fund was down -1.81% (Retail B share class) in December due to its long exposure and single-stock contributions.

Within the long exposure, Auto1 and Hugo Boss were the best-performing positions. The provider of a digital platform to buy and sell cars, Auto1, continued its upward trend after the last quarterly report, showing a better gross profit per unit sold. Hugo Boss's CEO was accused of potential insider trading allegations, which weighted on the stock's performance when entering the online OTC market the previous month. In December, the supervisory board backed the CEO, and the stock recovered. The online pharmacies Redcare and DocMorris were the worst long contributors. Both suffered from news that the DM drugstore was planning to enter the OTC market. We do not see it as a game changer, as competition in OTC was always highly price competitive, and multi-channel retailers face challenges entering the online OTC market, as demonstrated by Douglas' exit in 2024. Additionally, we focus on the e-prescription growth of Redcare and DocMorris, a market that DM does not intend to address.

In the short book, our strongest performer was the Spanish solar energy power producer Solaria Energia and the Swiss derivative investment products provider Leontech AG. At -58%, Solaria was the worst performer in the sector in 2024 on the back of power price normalisation, higher interest rates and growing concerns around bottlenecks, overcapacity and curtailment in Spain. The Swiss regulator confiscated Leonteq's profits due to risk management failures. Our worst performers in the short book included duty-free shop operator Avolta and multi-currency money transfer provider Wise PLC. Avolta was awarded concession contracts for the JFK airport. Wise was up, given recent wins in Wise Platform (Standard Chartered and Morgan Stanley).

While monetary policy and easing continue to be important factors, the short-term focus will be on the political implementation of the US election results (both for the US itself and the broader global economic community, with a special focus on potential tariffs across different sectors). A key focus will be on China, which is still lagging on economic terms, and its trading relationship with the United States. As inflation figures start to level off and US economic data remains stable, the odds of a soft landing and subsequent pick-up in economic growth expectations, thanks to lower interest rates, have increased. In such an environment, European small and mid caps are expected to perform well in 2025 due to their sensitivity to the economic cycle. We see an improvement in European consumer sentiment, lower interest rates, lower-than-expected tariffs by the new US government and an end to the war in Ukraine as upside scenarios. This explains our net exposure being slightly higher than the long-term average at the end of the month.

Source: for all data – Bloomberg data as per end of December 2024

This commentary is intended only to describe past performance of the investment strategy. The strategy invests in individual securities which are owned in the strategy as part of a carefully constructed and diversified portfolio. The information presented in this commentary may be based on the assessment of UBS' portfolio managers. Market developments described in this document are subject to a number of risks and uncertainties and are neither reliable indicators nor a guarantee of future results/performance. The information in this commentary may change after the date of issuance of this document without notice and should not be construed as a recommendation to buy or sell individual securities named herein.

Key identifiers

Instrument Name	UBS (Lux) European Small and Mid Cap Equity Long Short Fund UB EUR
ISIN	LU1144418560
Bloomberg ticker	CSSMUBE LX
Valor no.	26378827
Benchmark	No benchmark

Key facts

Fund management company	UBS Asset Management (Europe) S.A.
UCITS	Yes
SFDR Alignment ⁴	Article 8
Accounting year end	31. May
Securities lending	Yes
Ongoing charges ⁵	1.59%
Performance fee	20.00%
Subscription frequency	combined ⁶
Subscription settlement period	T + 2
Redemption frequency	combined ⁶
Redemption settlement period	T + 2
Cut-off time	15:00 CET
Swinging single pricing (SSP*)	partial swing NAV

ESG Approach

This fund promotes environmental, social and governance (ESG) characteristics (within the meaning of Art. 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector). It applies the CSAM Sustainable Investing Policy (www.credit-suisse.com/esg), including norms-based, values-based and business conduct exclusions, to combine ESG factors with traditional financial analysis to make an ESG adjusted risk-return assessment, which serves as the basis for the portfolio construction. For further information about the ESG investment criteria and the sustainability-related aspects of the fund please consider the legal and regulatory documents of the fund (such as, e.g., the prospectus) and visit www.credit-suisse.com/esg. In addition to sustainability-related aspects, the decision to invest in the fund should take into account all objectives and characteristics of the fund as described in its prospectus, or in the information which is to be disclosed to investors in accordance with applicable regulations.

There is no clear global market consensus or regulatory guidance on how short positions should be treated when aggregating the ESG attributes of long-short portfolios. For this reason, no quantitative ESG data are reported at this stage. For details about the fund's ESG decision-making process, please refer to the fund's prospectus.

ESG Characteristics

ESG Benchmark	Exclusion Criteria	ESG Integration	Active Ownership ⁷	Sustainable Investment Objective
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

⁴ CS Product Sustainability Classifications and SFDR Article are valid at the time of publishing and may be subject to change.

⁵ If the currency of a financial product and/or its costs is different from your reference currency, the return and cost may increase or decrease as a result of currency fluctuations.

⁶ Combined subscription /redemption notice period mean here that a subscription/redemption is possible every Friday and last business day of the month. Redemption notice period is 5 days.

⁷ Active Ownership is part of the fund's strategy to act in the best interests of its investors and to preserve and optimize the long-term value of their investments. To promote best practices and to ensure that the investee companies are sustainable and successful in the long term, Active Ownership is designed to influence the investee companies on two levels: first, through proxy voting, and second, through engagement. In the case of investments in other funds (Target Funds), the fund has no or only limited ability to exercise Active Ownership on the Target Fund, resp. on the Target Funds' investee companies.

Glossary

Accumulating	Indicates a regular reinvestment of the dividends received in the portfolio itself
Annualized return	A measure of how much an investment has increased on average each year during a specific period.
Annualized risk	Annualized risk is a statistic, which is used to measure the risk of a fund by describing the range of returns, which were achieved in the observation period are most likely to be achieved. Greater volatility implies greater risk.
ESG aware	This product undertakes investments that explicitly assess and integrate the sustainability characteristics of companies in the investment process.
ESG benchmark	A ticked 'ESG benchmark' box reflects that the ESG section in this document compares the ESG performance of the portfolio with an ESG index. In case the box is not ticked, this means that the ESG section in this document compares the ESG performance of the portfolio with a non-ESG index or that no comparison is performed due to a lack of a recognized benchmark. The investor shall read the legal documentation of the Fund to understand how the benchmark is used. In any case, a ticked 'ESG benchmark' box does not mean that the ESG benchmark is used to attain the ESG strategy of the fund.
Ex post	Refers to metrics based on historical data
GICS	Global Industry Classification Standard
ITD	Inception-to-date
NAV	Net Asset Value
Maximum drawdown	Represents the worst possible result (in percentage terms) that occurred during the period being analyzed.
MTD	Month-to-date
Ongoing Charges	The calculation of the ongoing charge is based on the Committee of European Securities Regulators/10-674 Directive. For a maximum of 12 months from fund fiscal year end and since inception, the ongoing charges figure is based on estimated expenses. After that, the ongoing charges correspond to the TER of the last annual report. It excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the fund when buying or selling shares/units in another collective investment undertaking.
QTD	Quarter-to-date
Sharpe ratio	The Sharpe ratio gives the excess return per unit of risk (in terms of standard deviation). The higher the ratio, the better the risk-return profile of the fund.
Sustainable Finance Disclosure Regulation (SFDR)	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
Sustainable investment objective	Where the 'sustainable investment objective' box is ticked, this means that the product implements our investment strategies that allocate capital into companies that offer solutions to society's challenges and meet a sustainable investment objective. The sustainable investment objective is achieved through a dedicated investment process focusing on investments in themes and sectors whose economic activities address specific ESG challenges. An unticked box reflects that the product does not aim to meet a sustainable investment objective.
Swing Pricing	A method used to calculate the net asset values of investment funds. Which allows transaction costs arising funds from subscriptions made by incoming investors and redemptions made by outgoing investors to be borne by the incoming and outgoing investors, rather than existing investors.
TNA	Total Net Assets
UCITS Hedge Award	Detailed descriptions of the approach and criteria used in evaluating and endorsing investment strategies can be found here: https://thehedgefundjournal.com/2022-ucits-hedge-awards/
YTD	Year-to-date

Warning statements

Asset breakdown	Indicative allocation may change over time. All holdings are shown strictly for information purposes only and do not constitute investment recommendations of UBS. Please note that this does not constitute an offer or a solicitation to buy or sell any interest or any investment.
Swinging Single Pricing	For more details, please refer to the relevant chapter "Net Asset Value" of the fund's prospectus
Performance start date	Performance calculation and presentation start with the first full month of an invested strategy. This can lead to a difference in launch and performance start dates.
PRIIP SRI	The Summary Risk Indicator is a guide to the level of risk of this Product compared to other products. It shows how likely it is that the Product will lose money because of movements in the markets.

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Before investing in a product please read the latest prospectus and key information document carefully and thoroughly.

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More explanations of financial terms can be found at ubs.com/glossary.

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