

# UBS European Opportunity

## Manager Commentary

UBS Equity Funds > UBS Opportunity Equity Funds > UBS (Lux) Equity Fund - European Opportunity (EUR)

### Name of fund

UBS (Lux) Equity Fund - European Opportunity (EUR)

### ISIN

LU0006391097

### Share class

UBS (Lux) Equity Fund - European Opportunity (EUR) P-acc

### Reference Index

MSCI Europe (r)

Past performance is not a reliable indicator of future results.

### Performance in % (net of fees)<sup>1</sup>

in %	2015	2016	2017	2018	2019 YTD <sup>2</sup>	May 2019	5 years p.a.	5 years
Fund (EUR)	16.27	-7.39	7.69	-5.61	11.69	-3.34	24.38	4.46
Ref. Index <sup>3</sup>	8.69	2.58	10.24	-10.57	11.32	-4.94	22.08	4.07

The performance shown does not take account of any commissions, entry or exit charges.

<sup>1</sup> These figures refer to the past. Source for all data and charts (if not indicated otherwise): UBS Asset Management

<sup>2</sup> YTD: year-to-date (since beginning of the year)

<sup>3</sup> Reference Index in currency of share class (without costs)

### Risks

UBS Opportunity Equity Funds invest in equities and may therefore 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 UBS Funds pursue an active management style, each Fund's performance can deviate substantially from that of its reference index. All investments are subject to market fluctuations. Every Fund has specific risks, which can significantly increase under unusual market conditions. The fund can use derivatives, which may result in additional risks (particularly counterparty risk).

### Portfolio manager summary & review (May 2019)

- Performance was negative in May amid a declining market.
- The majority of the sectors contributed positively to performance. In consumer staples, we benefited from our holdings in heavyweights Nestlé and Reckitt Benckiser, followed closely by the materials sector. The industrials sector was the largest detractor as positive sector allocation was outweighed by stock selection effects.
- During the month, we sold out of a plumbing and heating company and reinvested the proceeds into Schneider Electric in search of better risk/reward. Industrials remained our least preferred sector. We maintained our preference for IT stocks, where we trimmed our position in Amadeus IT, taking profits.

European equity markets fell in May, the first month of decline this year amid a volatile backdrop that saw large intra-month moves. The US-China trade dispute continued to weigh on sentiment and shifted to the tech sector after the US banned companies from doing business with China's Huawei. All major sectors posted losses, but the flight to safety resulted in defensives faring better than cyclicals. Sectors such as utilities, healthcare and consumer staples led performance while consumer discretionary, financials and materials were the worst performing sectors.

### Portfolio manager outlook (May 2019)

Looking ahead to the rest of 2019, the overall economic picture is less clear. We believe growth will continue to slow down, but there are no signs of a recession based on hard data. We expect earnings to grow in the low to mid-single digits this year. Following the multiple sharp contractions in 2018, current levels of below-average multiples should hold and stabilise. Furthermore, we expect greater volatility levels to persist on the markets. We see reasonably priced growth opportunities mainly in the IT sector, where software and services companies are benefiting from strong structural growth trends and cash flow generation. We seek stable dividend payers in the insurance and healthcare sectors, while we see downside risk in capital goods and materials, where valuations appear stretched and the outlook is uncertain.

### For more information

UBS Fund Infoline: 0800 899 899

Internet: [www.ubs.com/funds](http://www.ubs.com/funds)

Contact your client advisor

### Portfolio management representatives

Maximilian Anderl

Jeremy Leung

# UBS European Opportunity

Please note that additional fees (e.g. entry or exit fees) may be charged. Please refer to your financial adviser for more details. Investors should read the Key Investor Information Document (KIID), Prospectus and any applicable local offering document prior to investing. For a definition of financial terms refer to the glossary available at [www.ubs.com/glossary](http://www.ubs.com/glossary).

**For marketing and information purposes by UBS.** UBS funds under Luxembourg law. Representative in Switzerland for UBS funds established under foreign law: UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. Paying agent: UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich. Prospectuses, simplified prospectuses or Key investor information, the articles of association or the management regulations as well as annual and semi-annual reports of UBS funds are available free of charge from UBS AG, P.O. Box, CH-4002 Basel or from UBS Fund Management (Switzerland) AG, P.O. Box, CH-4002 Basel. The fund documentation is available free of charge in English and, where relevant, in one of the local language(s) where the fund is registered. Before investing in a product please read the latest prospectus carefully and thoroughly. Units of UBS funds mentioned herein may not be eligible for sale in all jurisdictions or to certain categories of investors and may not be offered, sold or delivered in the United States. The information mentioned herein is not intended to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not a reliable indicator of future results. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. Commissions and costs have a negative impact on performance. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. This information pays no regard to the specific or future investment objectives, financial or tax situation or particular needs of any specific recipient. The details and opinions contained in this document are provided by UBS without any guarantee or warranty and are for the recipient's personal use and information purposes only. This document may not be reproduced, redistributed or republished for any purpose without the written permission of UBS AG. Source for all data and charts (if not indicated otherwise): UBS Asset Management. This document contains statements that constitute "forward-looking statements", including, but not limited to, statements relating to our future business development. While these forward-looking statements represent our judgments and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. © UBS 2019. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.