

UBS Equity Global Opportunity Unconstrained

Manager Commentary

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Name of fund

UBS (Lux) Equity SICAV - Global Opportunity Unconstrained (USD)

ISIN

LU1278830929

Share class

UBS (Lux) Equity SICAV - Global Opportunity Unconstrained (USD) P-acc

Reference Index

MSCI World (net.div.reinv.)

Past performance is not a reliable indicator of future results.

Performance in % (net of fees)¹

in %	2015	2016	2017	2018	2019	LTD ³	3 years	Ø p.a. 3 years
					YTD ²			
Fund (USD)	n.a.	-9.99	23.15	-6.82	12.45	22.39	18.69	5.88
Ref. Index ⁴	n.a.	7.51	22.40	-8.71	9.75	38.73	29.51	9.00

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

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

² YTD: year-to-date (since beginning of the year)

³ LTD: launch-to-date

⁴ 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 amidst a declining market.
- Both the long and short books contributed positively to performance. In the long book, stock selection was particularly strong in IT, where shares in payments company Total Systems Services rose strongly following a merger offer. Consumer discretionary led performance among the shorts owing to our position in a sporting goods company, followed by our shorts in the IT sector.
- We reduced our exposure to healthcare during the month as we sold out of Roche. In consumer staples we initiated a position in a beverages company. We reduced our overall exposure to IT but it remained our most preferred sector, while industrials remained our least preferred sector.

Global equity markets fell steadily in May, the first month to see a decline this year.

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. Meanwhile, tariffs on autos were held off and consumer sentiment in the US hit the highest level in 15 years.

All major sectors posted losses, but the flight to safety resulted in defensives faring better than cyclicals as sectors such as utilities, healthcare and consumer staples led the way in terms of performance. The IT sector was heavily impacted by the intensifying trade war, while energy companies fell on the back of the lower crude oil price.

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

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