

# UBS European Growth & Income

## Manager Commentary

UBS Asset Allocation Funds > UBS European Growth and Income Fund

### Name of fund

UBS (Lux) Key Selection SICAV - European Growth and Income (EUR)

### ISIN

LU1722559652

### Share class

UBS (Lux) Key Selection SICAV - European Growth and Income (EUR) (HKD hedged) P-6%-mdist

### Reference Index

No representative reference index is available

Past performance is not a reliable indicator of future results.

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

in %	2015	2016	2017	2018	2019	LTD <sup>3</sup>	1 year	Ø p.a. 2
					YTD <sup>2</sup>			years
Fund (HKD)	n.a.	n.a.	n.a.	n.a.	7.36	1.93	2.10	n.a.

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> LTD: launch-to-date

### Risks

This fund value may fluctuate given its equity exposure and is also impacted by changes in interest rates due to its fixed income holdings. The fund focuses intentionally on European assets, which may entail additional risks and volatility. 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). The monthly 6%-mdist distributing share classes may distribute capital as well as income. It is possible that the distributions result in an erosion of assets and a reduction of invested capital. There are potential negative tax consequences for some investors in some jurisdictions. Investors in some jurisdictions may incur a higher rate of tax on distributed capital than on any capital gains which are realised on disposal of fund shares. Some investors may therefore choose to invest in the accumulating (-acc) instead of the distributing (-dist) share classes. Investors may be taxed at a later point in time on income and capital arising on accumulating (-acc) share classes compared to distributing (-dist) share classes. Investors should seek their own tax advice.

### 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

Alistair Moran

Matthew Bance

Calvin Kim

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

Performance was negative in May.

May saw a sharp reversal in positive sentiment towards a range of asset classes seen so far in 2019. A number of developments in the international trade arena were widely treated as unwelcome by investors, as were further signs of weakening global economic growth. Elections took place in a number of major economies, and the United Kingdom will have a new prime minister later this summer as Theresa May announced her intention to step down.

European converts outperformed euro high yield, which in turn outperformed European equities this month, with all three asset classes posting negative returns. Within equities, defensives fared better than cyclicals in the risk-off month, with sectors such as utilities, healthcare and telecommunication in the lead, while IT and industrials lagged.

Within credit, CCC rated bonds underperformed B and BB rated bonds. From an industry perspective, telecommunications, financial services and capital goods were the best performing sectors.

In terms of active decision-making, all underlying strategies outperformed their benchmark in May despite delivering negative returns over what was a difficult month for risk assets.

### Portfolio manager outlook (May 2019)

In Europe, growth decelerated considerably due to external and domestic factors. Elsewhere, China's slowdown and trade uncertainty negatively affected European exports.

Domestically, political upheavals in Italy and France, along with disruptive auto emissions regulations, weighed on the economy. However, we expect at least some of those headwinds to fade over the coming months.

European stocks remain supported by solid domestic demand dynamics, attractive valuations and a likely stabilisation of global economic conditions towards the second half of 2019.

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