

UBS Digital Transformation Dynamic Equity Fund USD

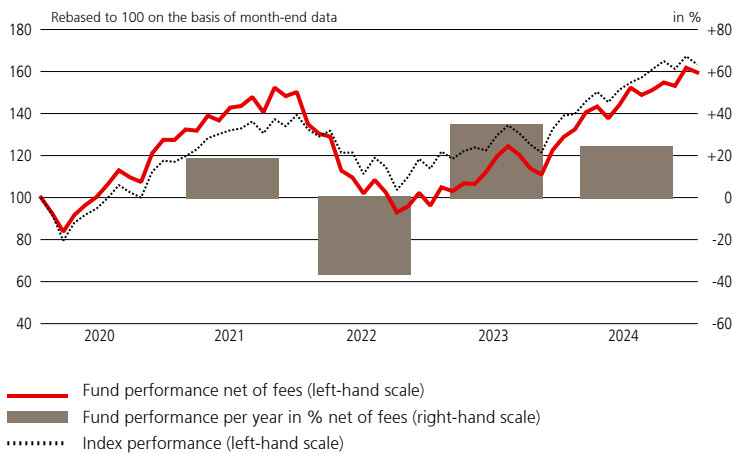
Performance **Review**

UBS (Lux) Key Selection SICAV - Digital Transformation Dynamic (USD) P-acc



Cooling inflation, the start of the rate-cutting cycle and strength in AI pushed US equities higher, which provided support to developed market total returns. The extreme concentration experienced in 2023 persisted into 2024, with the Magnificent Seven stocks contributing more than half of the S&P 500's gains.

Performance (basis USD, net of fees)¹



Past performance is not a reliable indicator of future results.

Performance in % (net of fees)¹

in %	2020	2021	2022	2023	2024 YTD ²	LTD ³	4 years Ø p.a. 4 years
Fund (USD)	n.a.	17.81	-35.98	34.03	23.77	56.30	25.11
Benchmark ⁴	n.a.	18.54	-18.36	22.20	17.49	60.82	38.93

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

¹ These figures refer to the past. **If the currency of a financial product, financial service or its costs is different from your reference currency, the return and/or costs can increase or decrease as a result of currency fluctuations.** Source for all data and chart (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)

Monthly performance

In December the fund performed negatively with 1.4%. Stock selection in communication services and healthcare contributed, while stock selection in information technology and financials detracted. In terms of sector allocation, all sectors apart from consumer discretionary added value. The "high" equity allocation detracted slightly.

YTD performance

YTD as of the end of December, the fund has delivered a positive performance of 23.8%. Growth outperformed value in 2024, providing a tailwind to relative performance alongside positive sector allocation.

Performance contributors

In 2024, Nvidia shares rallied as the company benefited from exceptional results due to strong revenue growth in its data centre business and robust demand for Hopper graphics processing units (GPUs). TSMC's share price rose on the back of strong quarterly results, driven by robust demand for smartphones and artificial intelligence chips.

Performance detractors

AMD shares detracted in 2024 due to concerns about the company competing directly with Nvidia in the merchant AI silicon space. lululemon shares fell after the company faced a number of headwinds, including the departure of its chief product officer and changes in consumer behaviour, which weighed on its US business.

For more information

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Exposure to themes (%)¹

	Fund
Digital Data	36.0
Enabling Technology	32.4
E-Commerce	17.0
Fintech	5.1
Security and safety	4.8
Health Tech	3.2
Cash	1.5

¹ within the equity portfolio related to the digital transformation themes

Equity Allocation Signal

	Fund
High equity allocation	Y
Medium equity allocation	-
Low equity allocation	-

10 largest equity positions (%)¹

	Fund
NVIDIA Corporation	5.84
Apple Inc.	5.81
Microsoft Corporation	5.62
Amazon.com, Inc.	4.81
Alphabet Inc. Class A	3.66
Broadcom Inc.	3.19
Meta Platforms Inc Class A	3.13
Taiwan Semiconductor Manufacturing	3.04
HubSpot, Inc.	2.71
Oracle Corporation	2.53

¹ within the equity portfolio related to the digital transformation themes

Current investment strategy

We believe we are in the early stages of artificial intelligence and machine learning, of companies creating personalised relationships with their users, and of technology supporting meaningful medical innovation. We have added to selected high-conviction names given the prospect of near-term volatility. We are starting the new year with the equity allocation set to "high".

Risks

UBS Sector 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. Focusing intentionally on individual sectors may entail additional risks. 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). This Fund may not be appropriate for investors who plan to withdraw their money before the recommended holding period disclosed in the PRIIPs KID, if available for this share class.

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 Information Document, Prospectus and any applicable local offering document prior to investing and to get complete information of the risks. Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company. For a definition of financial terms refer to the glossary available at www.ubs.com/am-glossary.

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