

# UBS (Irl) Investor Selection - Equity Opportunity Long Short Fund Manager Commentary

UBS Alternative Funds > UBS Long Short Funds

## Name of fund

UBS (Irl) Investor Selection – Equity Opportunity Long Short Fund

## ISIN

IE00BSSWB770

## Share class

UBS (Irl) Investor Selection – Equity Opportunity Long Short Fund (EUR) P-PF-acc

## Reference Index

EONIA (TR)

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>	LTD <sup>3</sup>	4 years	Ø p.a. 4 years
Fund (EUR)	n.a.	-21.48	-0.52	2.34	4.54	-6.34	-6.78	-1.74
Ref. Index <sup>4</sup>	-0.11	-0.32	-0.36	-0.37	-0.15	-1.30	-1.28	-0.32

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

<sup>4</sup> Reference Index in currency of share class (without costs)

## Risks

UBS Equity Long-Short Funds deliver a long and short exposure to equities in order to reduce the volatility of the portfolio compared to a common long only equity fund. Despite the expected reduction in volatility, the funds can still be subject to high fluctuations in value. For this reason, an investment horizon of at least five years and corresponding risk tolerance and risk capacity are required. The fund may enter into OTC derivative contracts to generate the equity exposure. These contracts are collateralised, however the risk of a counterparty default remains. UBS Equity Long-Short Funds pursue an active management style and may deliver significant negative performance over certain periods. The fund can perform negatively while underlying equity markets perform positively and vice versa. Each fund has specific risks, which can significantly increase under unusual market conditions. As the fund uses derivatives & sophisticated leverage techniques, investors must be willing to bear the additional risk involved.

## Portfolio manager summary & review (May 2019)

- Performance was positive in May.
- Positive contribution from the short book outweighed the negative contribution from the long book. Consumer discretionary led performance among the short positions, in which we benefited from our short in a travel retailer that reported weak cash flow generation. Conversely, the long book was weighed down by our holdings in the IT sector, which were negatively impacted by escalating US/China trade tensions, while energy stocks also fell amidst the crude oil price decline.
- In financials we exited from our positions in some insurance names, taking profits, and introduced some short positions in the communication services sector. We maintained our largest preference for IT stocks and our smallest preference for industrials.

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 think growth will continue to slow, 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

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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).

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