

# Portfolio report

UBS International Share Fund

Global Equity

Client report from 01.01.2024 to 31.03.2024



## Performance Comments

After fees and expenses, the fund rose by 10.39% over the quarter, underperforming its benchmark.

% Return (Net)	Fund <sup>1</sup>	Benchmark*	Difference
3 months	10.39	14.06	(3.67)
1 years	24.07	28.72	(4.65)
3 years	12.26	14.42	(2.16)
5 years	13.11	14.08	(0.97)
Calendar Year to Date	10.39	14.06	(3.67)
Since inception (11/92)	7.46	8.56	(1.10)

<sup>1</sup> Performance figures are net of ongoing fees and expenses.

\*MSCI World Equity Accumulation Index ex Australia (in \$A)

The performance figures quoted are historical, calculated using end of month redemption prices, and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. Performance can be volatile and future returns can vary from past returns.

Source: UBS Asset Management. These figures refer to the past. Past performance is not a reliable indicator of future results.

The International Share Fund (ISF)'s underperformance in Q1 2024 was mainly a result of negative stock selection in Health Care and Communication Services. Meanwhile, stock selection in Industrials and Financials had a positive effect.

Largest stock contributors (Quarter):

Not owning **Apple** contributed positively to relative performance as the share price continued to be weighed by demand concerns, particularly out of China. The shares came under further pressure this month due to a wave of antitrust scrutiny after the DoJ filed a suit, and EU regulators launched a probe into potential breaches of the new Digital Markets Act which is designed to increase competition in online services.

Not owning **Tesla** contributed positively to relative performance after shares declined as CEO Musk failed to reassure shareholders amid slowing EV sales growth and further price cuts. Following the cancellation of multiple EV platforms by several OEMs last year, a slowdown in EV penetration is worrying investors.

**Micron Technology**'s share price rose post Q4 results after the company reported two consecutive quarters of double-digit growth in year-over-year revenue. Management cited near term demand trends for its memory products as clear growth drivers.

**Lyft** shares climbed higher in March on positive sentiment surrounding their enhanced service levels, product pipeline, and plans to work with strategic partners to sustain their growth trajectory.

**Fidelity National Information Services** shares gained momentum after raising its share repurchase goal for 2024 to \$4 billion, improving investor confidence over the quarter.

Largest stock detractors (Quarter):

Not owning **NVIDIA** detracted from relative performance as the stock continues to benefit from positive sentiment around AI. At their recent global intelligence conference, the company announced the launch of their GB200 Superchip and Blackwell architecture, which the market expects should help NVIDIA maintain leadership in generative AI.

**Rivian Automotive** shares fell on the back of missed quarterly deliveries, which offset news that they surpassed 2023 production targets.

**Take-Two Interactive** shares declined following disappointing results, which revealed weaker performance across mobile ad revenues and NBA 2K24, and a cut to FY24 guidance. This correction follows strong share price performance in 2023.

**AIA Group** shares detracted following disappointing Q4 results, which revealed that the company faced challenges in its IFRS earnings and book values amid a tough macroeconomic backdrop and elevated media claims.

**Philips shares** continued to face pressure following January's consent decree from the FDA and from strong performance in 2023. While the financial impact is relatively ringfenced, Philip's ability to resolve legacy Respiroics quality issues and demonstrate that these issues do not extend into other business units remains key.

### Stock Contributors & Detractors (%)

Company name	Return	Contribution	Over / underweight
Apple	(6.73)	1.02	UW
Tesla	(26.01)	0.48	UW
Micron Technology	44.62	0.34	OW
Lyft	35.01	0.33	OW
Fidelity National Information Services	29.83	0.30	OW
<b>Total of top 5 Contributors</b>		<b>2.47</b>	
NVIDIA	90.84	(1.56)	UW
Rivian Automotive	(51.18)	(0.51)	OW
Take-Two Interactive	(3.51)	(0.48)	OW
AIA Group	(19.42)	(0.46)	OW
Koninklijke Philips	(9.77)	(0.43)	OW
<b>Total of top 5 Detractors</b>		<b>(3.44)</b>	

Note: Position at quarter-end, which may be different to the position during the quarter.

### Sector Attribution (%)

Sector Contributors	Contribution	Over / underweight
Industrials	0.61	UW
Financials	0.28	OW
Utilities	0.21	UW
Real Estate	0.15	UW
<b>Sector Detractors</b>		
Health Care	(1.17)	OW
Communication Services	(0.98)	OW
Consumer Discretionary	(0.68)	OW
Information Technology	(0.63)	UW
Consumer Staples	(0.45)	OW
Materials	(0.25)	OW
Energy	(0.11)	OW

Note: Position at quarter-end, which may be different to the position during the quarter.

### Market Attribution (%)

Market Name	Contribution	Over / underweight
Spain	0.27	OW
Ireland	0.25	OW
Canada	0.20	UW
Sweden	0.07	UW
Germany	0.05	UW
<b>Total of top 5 Contributors</b>	<b>0.84</b>	
United States	(1.80)	UW
Netherlands	(0.83)	OW
United Kingdom	(0.70)	OW
Hong Kong	(0.39)	OW
Japan	(0.15)	OW
<b>Total of top 5 detractors</b>	<b>(3.87)</b>	

Note: Position at quarter-end, which may be different to the position during the quarter.

## Portfolio Positioning

### Active Positions by Stock (%)

Top 5 Overweights		Top 5 Underweights	
ServiceNow	2.43	Apple	(3.95)
Take-Two Interactive Software	2.35	NVIDIA	(3.50)
Fidelity National Information Services	2.31	Microsoft	(2.47)
Ingersoll Rand	1.99	Meta Platforms	(1.69)
AIB	1.89	Eli Lilly	(0.98)

### Active Positions by Sector (%)

Overweights		Underweights	
Financials	3.36	Information Technology	(5.23)
Communication Services	3.26	Utilities	(2.45)
Consumer Staples	1.49	Industrials	(2.30)
Consumer Discretionary	0.83	Real Estate	(2.19)
Health Care	0.76		
Materials	0.51		

### Active Positions by Market (%)

Top 5 Overweights		Top 5 Underweights	
United Kingdom	4.24	United States	(5.58)
Netherlands	2.07	Germany	(2.31)
Switzerland	1.78	Canada	(1.70)
Ireland	1.66	France	(1.18)
Japan	1.36	Denmark	(0.96)

Note: Position at quarter-end, which may be different to the position during the quarter.

## **Market Review**

Global equities delivered their fifth straight month of gains in March as implied volatility in bonds declined to its lowest level since the Federal Reserve's tightening cycle began and economic data continued to signal a broadening of growth.

All major regional equity indexes rose in March, with outsized strength in the UK and Europe. Global credit spreads continued to compress even closer towards their tightest levels in the past 15 years. The Bloomberg Commodity Index rose 1.2 percent, with robust monthly gains in gold and oil driving returns.

## **Outlook & Strategy**

While the 'Magnificent 7' drove the majority of market returns in 2023, we have started to see some deviation this quarter. Of these stocks, only NVIDIA and Meta delivered significant gains, while Tesla declined close to 30% and Apple was down 10% for the quarter. This points to considerable divergence amongst Mega Cap stocks which up until now have experienced narrow leadership driven by top down trends.

Against this backdrop, we believe that the portfolio is well positioned amid a broadening out of equity market gains and some mean reversion in share price performance as markets start to normalize and we move past a peaking of interest rates. In this environment, we emphasize the importance of staying true to our price-to-intrinsic value philosophy and remain optimistic that our relative performance will recover as fundamentals come back into focus. Currently, the portfolio's largest sector overweights are to Financials and Communication Services, while we are underweight to and Information Technology and Utilities.

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