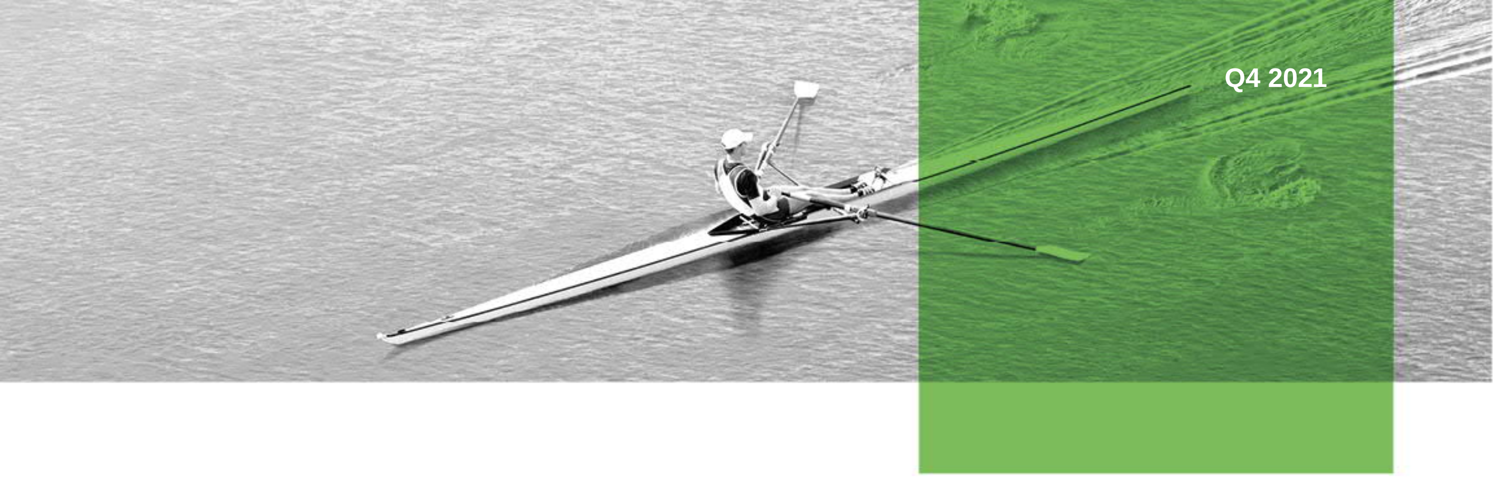


UBAM – Multifunds flexible allocation

Quarterly Comment | Q4 2021

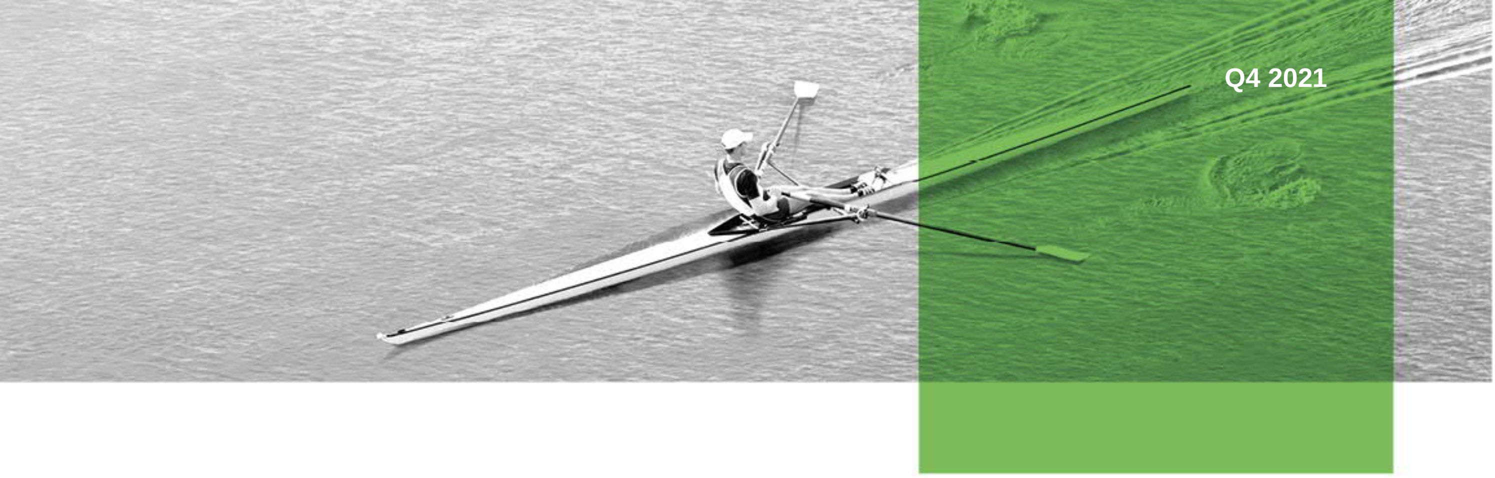
For Qualified Investors in Switzerland or Professional Investors or Eligible Counterparties as defined by the relevant laws.

The classification of the fund(s) as per the Sustainable Finance Disclosure Regulation (SFDR) is available on ubp.com or in the latest prospectus

Market Comment

- During the second half of 2021 saw the world's largest regions complete their economic recoveries from the pandemic-induced lockdowns of 2020 and move into the next stage of the cycle. Inflation has been coming into focus across regions, not only highlighting the maturing of the global economic cycle, but also signaling a structural shift in the growth–inflation balance of the last decade.
- Global equities ended the quarter up with +6.68% (MSCI ACWI*). In the US specifically, the S&P 500* index progressed by 10.91% during the fourth quarter with a noticeable outperformance of the Growth segment over the Value (11.58% q/q for the Russell 1000 Growth* and +7.61% q/q for the Russell 1000 Value*). In this context the MSCI Europe* delivered +7.68%, outperforming the MSCI Europe Small Cap* +4.61%. Finally, the Emerging markets delivered -1.31%, again with a high dispersion. Taiwan was up +8.43% and on the other side, Chile was down – 10.5%. China A was up 1.90% (CNY) and up 3.4% in USD terms. MSCI China was down 6%.
- Earnings revision ratios remained positive in most regions and sectors over the quarter despite the uncertainty linked to the new Omicron variant spread. 2021's earnings growth expectations for global equities rose to 53% with a stable 7% projected for 2022. Valuation levels were marginally lower, with the MSCI AC World trading at a P/E of 18.2x at the end of December on a 12-month forward basis. The US Manufacturing PMI dropped to 58.7 over the month of November, as new orders and production were under continued pressure from supply disruptions and raw material inflation. The employment component was nevertheless stable. The yearly trend in US inflation accelerated to 6.8% yoy for end of November, mainly driven by energy prices. The Fed announced its plan to accelerate the pace of monthly tapering in January and the market now expects 3 rate hikes in 2022.
- Fed doubled its tapering pace from USD 15B a month to USD 30B. In the FOMC press conference, Powell mentioned "very high employment compensation index" and "no increase in labor supply" as the reasons that prompted Fed's pivotal decision to expedite tapering, showing the importance of the labor market and what factors Fed cared beyond the unemployment rate.
- COVID appeared formidable. The number of global daily new cases reached its record high in December. On the positive side, the number of global daily deaths kept its downward trend and did not spike, leaving the chance that Omicron could be the beginning of the end.

Sources: UBP, Bloomberg Finance LP.



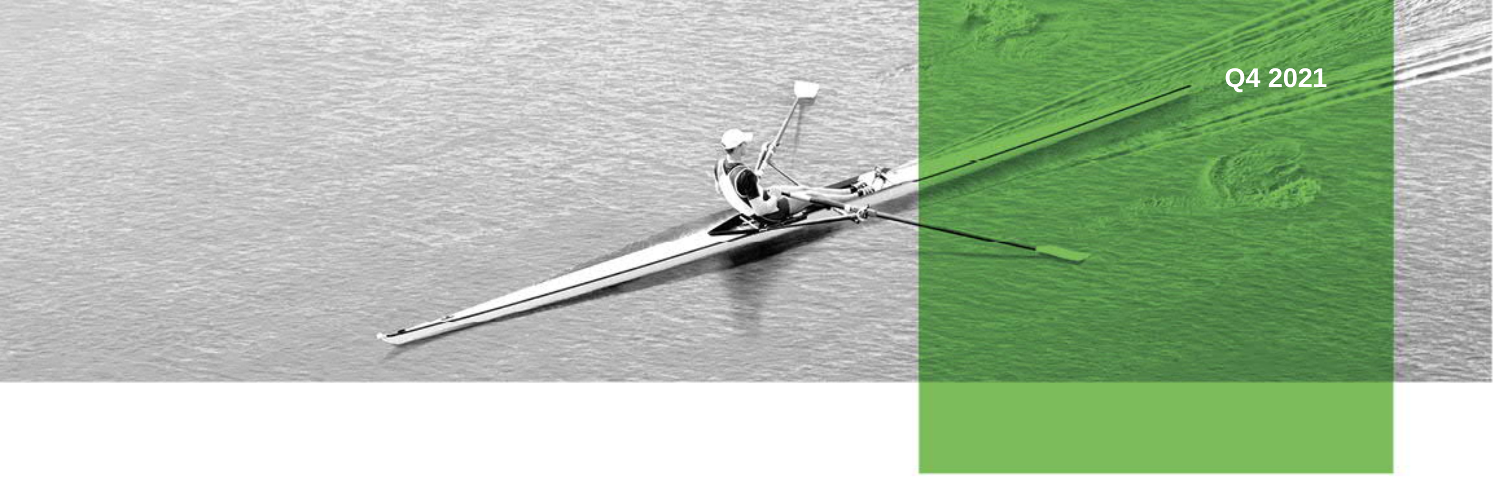
Performance Review

- The fourth quarter saw positive absolute returns resuming with a performance of 0.98% (USD, Institutional share class). Performance relative to the composite benchmark was negative over the fourth quarter. The fund slightly underperformed the composite benchmark on a year to date basis.
- Overall manager selection was negative over the quarter and particularly in October. It was flat for our fixed income bucket and negative for the equity one especially after the rally on non-profitable Information Technology
- Within fixed income, solid gains came from the Flexible fund's skew towards Inflation linked bonds. The major detractor was our exposure to Emerging Markets debt.
- Among equities, our Asia ex Japan managers delivered negative relative returns in an environment with important volatility swings coming from China. Sector rotation did also contribute to a rather volatile fourth quarter for equities and emerging markets more particularly. In that context our Asian Equity exposure in small caps did contribute positively.
- In Japan the fourth quarter was negative and small cap did underperform large cap by a wide margin. Our Japanese small cap exposure impacted the performance negatively
- Exposure to Quality managers did also contribute positively.
- Our Global Quality manager (Fundsmith) did help participate in this strong equity rally over the fourth quarter.

Portfolio Activity

- On the back of weaker growth globally and a more challenging macro backdrop more paricularly in China and the UK, we decided to reduce our Asian Equity exposure. We also reduced our underweight position in developed markets, more precisely in the USA.
- We keep on capitalising onto our key convictions. The only change which occurred was via the modest decrease in Japanese and Asian equities. This decrease allowed us to narrow our US exposure closer to benchmark. We also slightly reshuffled our European equity exposure.
- The fund finished the period with an equity weighting of 61%, very modestly ahead of the composite benchmark (60%), fixed income accounted for 32% of the portfolio (against the composite benchmark of 40%) and cash at 7%.

Sources: UBP, Bloomberg Finance LP.



Outlook

- The team maintains a positive outlook for equity markets for 2022, with robust earnings growth expectations along with normalising consumer and manufacturing environments. 2021's challenges are expected to ease in the second half of 2022, in the form of supply chain de-bottlenecking and inventory rebuild, as production ramps up and inflation peaks are crossed following the adjustments to higher energy and raw material prices. Monetary policy should see gradual adjustments from still accommodative levels in line with the prolonged growth recover.
- In In 2022, the global economy is likely to grow by around 4% after a sharp upturn taking growth close to 6% in 2021. Consumption should continue to lead the growth trend next year. Healthy labour markets and decline in saving should balance the erosion of the purchasing power.
- Investment should prolong the cycle thanks to public investment in climate change and new technologies. High profit and search for productivity should lead corporates to invest more. Bottlenecks in industry should progressively reduce in 2022, but at different pace according to sectors. Emerging countries should reinforce vaccination and may benefit from a complete recovery closing the gap with 2019.
- Inflation should remain high in H1-22 and is expected to decline progressively during the year. The economic policy should remain a support to growth: the budgetary policy should help labour and targeted sectors, while monetary policy adopts a risk management approach with a limited tightening in rates to preserve growth.
- In the equity space, although the outlook remains positive for 2022, the return should be more moderate with higher volatility going forward. Earnings growth should continue to support the asset class, while valuations will moderate.
- New variants of the virus are tail risks which could impact activity via a worrisome pandemic or could turn into a more benign endemic virus, leading to a "stop and go" on activity. In past lockdowns, capital was not destroyed, and demand was just delayed; activity has recovered rapidly in the reopening phase.

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