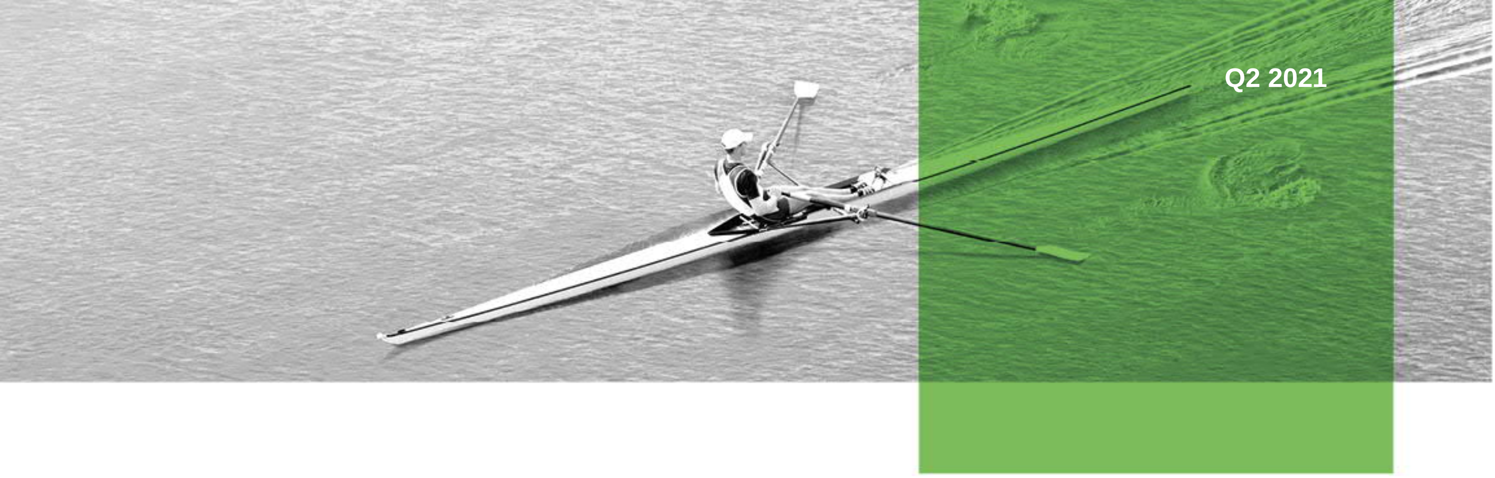


U Access – long/short japan corporate governance

Quarterly Comment | Q2 2021

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

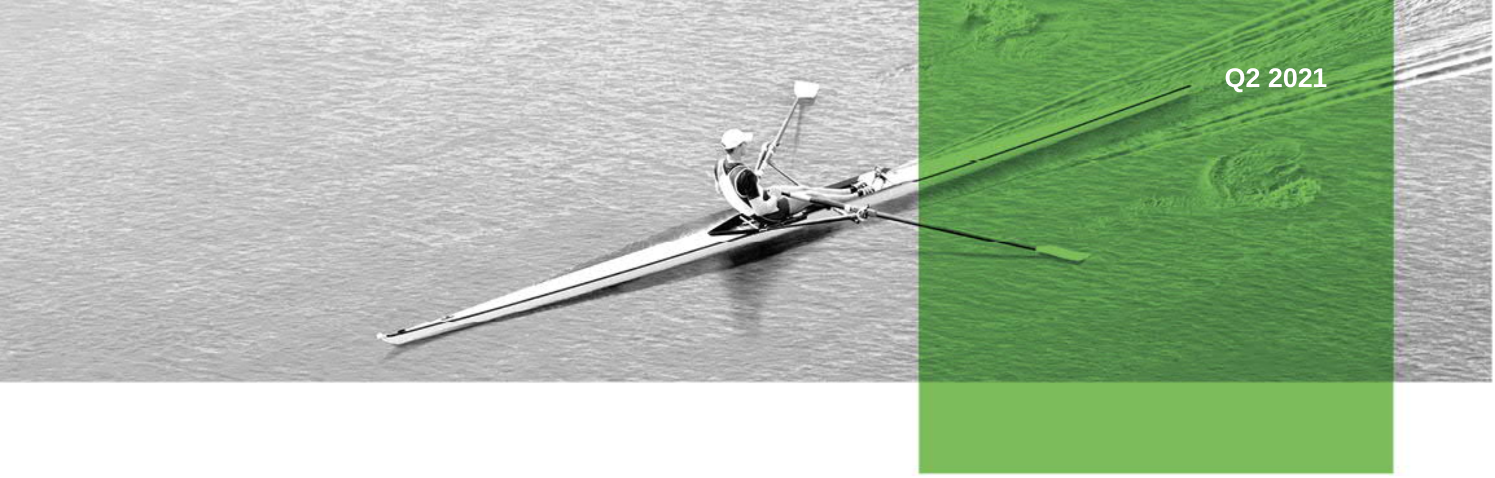
Market Comment

- TOPIX (TR) growth for Apr-Jun was 0.3%. The domestic equity market ended the quarter largely unchanged from the beginning. Positive catalysts, which included heightened expectations for a global economic recovery and strong domestic corporate earnings announcements, were offset by negative catalysts, which included inflation fears and alarm over potential changes in monetary policy.

- The Japanese equity market fell in April because of the announcement of more states of emergency following increased new Covid-19 infections and a vaccine rollout that was slower than in other developed countries. Entering May, the market began to rise on the back of expectations for a global economic recovery and strong domestic corporate earnings announcements, but then experienced a rapid drop on inflation fears following the increase in US CPI. However, the market then rose again as investors regained their nerve following a break in US long-term rate growth. The market then showed weakness on heightened concern over monetary policy. This was a result of news the FOMC had entered discussions about an earlier increase to rates and the implementation of tapering.

- Equity markets continued their rally over the second quarter of 2021, with the MSCI AC World Index adding 7.4% in performance to reach close to 12.5% since the beginning of the year. This rally was supported by the accelerated global roll-out of COVID-19 vaccines and central banks maintaining their accommodative stance. US equities gained 8.2% over the period, while European equities were up close to 6.5% and Emerging Markets 5.0%.
- At the end of June, all sectors of the MSCI AC World Index were in positive territory except for the Utilities sector. The IT and Health Care sectors were the top contributors over Q2. All sectors are also showing strong earnings growth rate expectations.

Sources: UBP, Bloomberg Finance LP.



Performance Review

- During the quarter, the fund performed well, retreating 0.66% in April followed by a very strong May (+ 3.07%), before giving up -0.63% in June.
- After a -4% dip in April in reaction to a pick-up in Covid cases and re-imposition of a lockdown in Tokyo and Osaka, the Japanese stock market regained most of the decline in May and June as the vaccination program gained momentum.
- The strategy performed well in May, rising over 3%. June started off well, with strong performance from the long side. However, the longs underperformed in the second and third weeks. The long side saw some recovery in the last week of June. Nonetheless, the strategy ended the month down -0.63%. This brings the year-to-date return to +4.73%
- In total, the strategy generated positive returns during thirty of the fifty weeks since inception. There were only eight weeks with negative returns larger than -0.50% compared with twenty weeks with returns greater than +0.50%. The maximum drawdown was -2.51%. The cumulative return since inception is +12.41% with volatility of 5.4%.
- Since inception, four sectors made large positive contributions to performance, tech & media, consumer, staples and chemicals. Four sectors (automotive, machinery, utilities and materials) made moderate positive contributions while the electronics and financials sectors made neutral contributions. Only one sectors (healthcare) made a significant negative contribution, while transport and real estate made modest negative contributions. In the healthcare sector, the longs have lagged the market whereas the shorts have outperformed. While maintaining strict risk control of the individual position sizes, we remain confident in the governance characteristics, fundamentals and valuation mispricing of our positions in this sector. The healthcare sector's performance has been recovering over the past two months.

Portfolio Activity

- After the strong performance in May, we did a thorough review of the portfolio at the end of June. This resulted in 11 trades, 2 longs and 9 shorts. On the long side, the trades were to take profit on large outperformers. Similarly, 6 of the trades on the short side were to take profit on large underperformers. The remaining three short trades were to switch to more attractive companies after large relative stock price moves.
- The profit taking with exit was in two long positions in the following sectors: automotive (stock up +48%) and machinery (+25% in six months). On the short side, with the market up 26%, we took profit on six short positions that underperformed the market significantly in the following sectors: consumer (underperformed -22%), electronics (underperformed -29%), real estate (underperformed -22%), materials (underperformed -29%), staples (underperformed -30%) and tech & media (underperformed -48%). Each of the names was replaced by another company in the same sector, with appropriate governance and risk/reward characteristics.
- We replaced three short positions with more attractive shorts in the following sectors: electronics (underperformed -5%) and two companies in the healthcare sector (underperformed -12% and -8%). We believe the replacement stocks provide a better risk-reward balance after the underperformance of our previous holdings and the large outperformance of the replacement stocks.

Outlook

- Strong economic data and the momentum of the recovery have been a key driver of equity markets this quarter and with no doubt shall provide continued support. This was evident in the exceptionally strong March quarter reporting period, which saw the average earnings result beat expectations by over 20%. The stellar performance of the market since the drawdown in March 2020 has seen the MSCI World Index rally 93% in USD.
- At this juncture, the investment team believes the June quarter earnings period should also be very strong; however, they balance their constructive outlook by recognizing the potential risks from higher valuations and cost related headwinds, which may dampen medium term expectations.
- The Japanese economy is still in the process of recovering from the slowdown caused by Covid-19. The country's slow vaccine rollout led to a slower recovery than those seen in Europe and the US. However, with inoculations now picking up pace, we expect Japan to soon catch up to its rivals. Japanese corporate profits are in the process of recovering, having fallen because of the negative impact Covid-19 had on the economy. The market is currently in the process of factoring this recovery into share prices.
- We believe the Japanese equity market still has upside potential. This potential, however, is limited because of the shift to tighter monetary policy in the US and the likelihood of slowing corporate earnings growth. We expect the market to experience gentle growth through year-end as investors anticipate an escape from the pandemic.
- For proactive companies, we expect to see increases in corporate earnings over the medium term as further improvements to corporate governance boost capital efficiency and profitability metrics like ROE. We also expect to see further efforts from Japanese companies to expand their international spheres of influence as well as improvements to productivity through digital transformation efforts.

Disclaimer

This is a marketing document and is intended for informational and/or marketing purposes only. It is confidential and is intended to be used only by the person(s) to whom it was delivered. It may not be reproduced (in whole or in part) or delivered, given, sent or in any other way made accessible, to any other person without the prior written approval of Union Bancaire Privée, UBP SA or any entity of the UBP Group (UBP). This document reflects the opinion of UBP as of the date of issue. This document is for distribution only to persons who are Professional clients in Switzerland or Professional Clients or an equivalent category of investor as defined by the relevant laws (all such persons together being referred to as "Relevant Persons"). This document is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. It is not intended for distribution, publication, or use, in whole or in part, in any jurisdiction where such distribution, publication, or use would be unlawful, nor is it directed at any person or entity at which it would be unlawful to direct such a document. In particular, this document may not be distributed in the United States of America and/or to US persons (including US citizens residing outside the United States of America). This document has not been produced by UBP's financial analysts and is not to be considered financial research. It is not subject to any guidelines on financial research and independence of financial analysis. Reasonable efforts have been made to ensure that the content of this document is based on information and data obtained from reliable sources. However, UBP has not verified the information from third sources in this document and does not guarantee its accuracy or completeness. UBP makes no representations, provides no warranty and gives no undertaking, express or implied, regarding any of the information, projections or opinions contained herein, nor does it accept any liability whatsoever for any errors, omissions or misstatements. The information contained herein is subject to change without prior notice. UBP gives no undertaking to update this document or to correct any inaccuracies in it which may become apparent. This document may refer to the past performance of investment interests. Past performance is not a guide to current or future results. The value of investment interests can fall as well as rise. Any capital invested may be at risk and investors may not get back some or all of their original capital. Any performance data included in this document does not take into account fees, commissions, and expenses charged on issuance and redemption of securities, nor any taxes that may be levied. Changes in exchange rates may cause increases or decreases in investors' returns. All statements other than statements of historical fact in this document are "forward-looking statements". Forward-looking statements do not guarantee future performances. The financial projections included in this document do not constitute forecasts or budgets; they are purely illustrative examples based on a series of current expectations and assumptions which may not eventuate. The actual performance, results, financial condition and prospects of an investment interest may differ materially from those expressed or implied by the forward-looking statements in this document as the projected or targeted returns are inherently subject to significant economic, market and other uncertainties that may adversely affect performance. UBP also disclaims any obligation to update forward-looking statements, as a result of new information, future events or otherwise. The contents of this document should not be construed as any form of advice or recommendation to purchase or sell any security or funds. It does not replace a prospectus or any other legal documents, which can be obtained free of charge from the registered office of a fund or from UBP. The opinions herein do not take into account individual investors' circumstances, objectives, or needs. Each investor must make their own independent decision regarding any securities or financial instruments mentioned herein and should independently determine the merits or suitability of any investment. In addition, the tax treatment of any investment in the fund(s) mentioned herein depends on each individual investor's circumstances. Investors are invited to carefully read the risk warnings and the regulations set out in the prospectus or other legal documents and are advised to seek professional counsel from their financial, legal and tax advisors. The tax treatment of any investment in the Fund depends on the investor's individual circumstances and may be subject to change in the future. This document should not be deemed an offer nor a solicitation to buy, subscribe to, or sell any currency, funds, products, or financial instruments, to make any investment, or to participate in any particular trading strategy in any jurisdiction where such an offer or solicitation would not be authorised, or to any person to whom it would be unlawful to make such an offer or solicitation. Telephone calls to the telephone number stated in this presentation may be recorded. UBP will assume that, by calling this number, you consent to this recording.

Any subscriptions not based on the funds' latest prospectuses, KIIDs, annual or semi-annual reports or other relevant legal documents (the "Funds' Legal Documents") shall not be acceptable. The Funds' Legal Documents may be obtained free of charge from Union Bancaire Privée, UBP SA, 96-98 rue du Rhône, P.O. Box 1320, 1211 Geneva 1, Switzerland (UBP), from UBP Asset Management (Europe) S.A., 287–289 route d'Arlon, 1150 Luxembourg, Grand Duchy of Luxembourg, and from Union Bancaire Gestion Institutionnelle (France) SAS, 116 avenue des Champs-Elysées, 75008 Paris, France. The Swiss representative and paying agent of the foreign funds mentioned herein is UBP. The Funds' Legal Documents may be obtained free of charge from UBP, as indicated above.

This content is being made available in the following countries:

Switzerland: UBP is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA). The head office is Union Bancaire Privée, UBP SA, 96-98 rue du Rhône, P.O. Box 1320, 1211 Geneva 1, Switzerland. ubp@ubp.com | www.ubp.com

United Kingdom: UBP is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA.

France: Sales and distribution are carried out by Union Bancaire Gestion Institutionnelle (France) SAS, a management company licensed with the French Autorité des Marchés Financiers, - licence n° AMF GP98041 ; 116, av. des Champs Elysées I 75008 Paris, France T +33 1 75 77 80 80 Fax +33 1 44 50 16 19 www.ubpamfrance.com.

Hong Kong: UBP Asset Management Asia Limited (CE No.: AOB278) is licensed with the Securities and Futures Commission to carry on Type 1 – Dealing in Securities, Type 4 – Advising on Securities and Type 9 – Asset Management regulated activities. The document is intended only for Institutional or Corporate Professional Investor and not for public distribution. The contents of this document have not been reviewed by the Securities and Futures Commission in Hong Kong. Investment involves risks. Past performance is not indicative of future performance. Investors should refer to the fund prospectus for further details, including the product features and risk factors. The document is intended only for Institutional Professional Investor and not for public distribution. The contents of this document and any attachments/links contained in this document are for general information only and are not advice. The information does not take into account your specific investment objectives, financial situation and investment needs and is not designed as a substitute for professional advice. You should seek independent professional advice regarding the suitability of an investment product, taking into account your specific investment objectives, financial situation and investment needs before making an investment. The contents of this document and any attachments/links contained in this document have been prepared in good faith. UBP Asset Management Asia Limited (UBP AM Asia) and all of its affiliates accept no liability for any errors or omissions. Please note that the information may also have become outdated since its publication. UBP AM Asia makes no representation that such information is accurate, reliable or complete. In particular, any information sourced from third parties is not necessarily endorsed by UBP AM Asia, and UBP AM Asia has not checked the accuracy or completeness of such third party information.

Singapore: This document is intended only for accredited investors and institutional investors as defined under the Securities and Futures Act (Cap. 289 of Singapore) ("SFA"). Persons other than accredited investors or institutional investors (as defined in the SFA) are not the intended recipients of this document and must not act upon or rely upon any of the information in this document. The financial products or services to which this material relates will only be made available to clients who are accredited investors or institutional investors under the SFA. This document has not been registered as a prospectus with the MAS. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of this product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to institutional investors under Section 274 or 304 of the Securities and Futures Act (Cap. 289) of Singapore ("SFA"), (ii) to relevant persons pursuant to Section 275(1) or 305(1), or any person pursuant to Section 275(1A) or 305(2) of the SFA, and in accordance with the conditions specified in Section 275 or 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. This advertisement has not been reviewed by the Monetary Authority of Singapore.

MSCI : Although Union Bancaire Privée, UBP SA information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.