

UBAM - 30 GLOBAL LEADERS EQUITY



Quarterly Comment

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

Market Comment

- As Covid-19 was declared a global pandemic by the WHO and governments around the world announced lockdowns or social distancing measures to slow down the spread of the virus, the first quarter of 2020 witnessed new peaks in volatility with the VIX index reaching close to 45. The sell-off across asset classes globally triggered large corrections in less than a month. Equity markets finished the first quarter of the year in the red with the MSCI AC World posting -21% in losses. Emerging markets equities lost close to -24% over the quarter, followed by European equities with -23%. US equities were down -19% and Japanese equities more than -17%. YTD, Swiss equities continue to show superior relative performance versus other global markets and this despite a strong Swiss franc. The SPI ended the first quarter of 2020 at -11.812% and the SPI Extra at -19% versus -21% for the MSCI AC World.
- Sharp earnings downgrades and negative economic data vs. unprecedented and significant monetary and fiscal stimulus packages created very high levels of volatility globally. Short market relief sessions were recorded as central banks and governments deployed monetary and fiscal measures to help faltering economies and industries facing lockdowns. While the oil price crash caused more than 50% losses in the Energy sector since the beginning of the year, cyclical industries such as banks, consumer services, automobiles and transportation also faced deep corrections. Lockdown policies impacted consumers and SMEs alike, as indicated by the unprecedented increase in weekly US initial jobless claims to over 6.6m in the latest release on April 9th, compared to a pre-crisis level of 200-300k weekly claims.
- On absolute levels the MSCI AC World traded near 2016 levels in March 2020, erasing close to a third of the 270% rally from the 2009 trough in less than a month. In terms of valuation, the MSCI AC World forward PE ratio dropped below the long-term average of 14.4x, to a range of 12-13x but is still trading above the 9x lows of 2008 and 2011. Factoring in a 15% EPS decline in 2020 would result in a 17.3x PE multiple, and a potential 2021 recovery of 20% could lead to a 14.4x multiple. EPS growth expectations for global equities stood at 10% at the beginning of 2020, but some analysts have started revising their expectations towards zero growth for 2020, and the range of estimates is widening with some strategists calling for a decline of more than 25%.
- All sectors of the MSCI AC World finished the quarter in the red with the Financials sector being the biggest detractor of performance, losing more than 29%. Defensive sectors showed more resilience with Utilities, Consumer Staples and Healthcare down -13%, -12% and -11% respectively. In terms of individual names, the best contributors over Q1 were Amazon, Netflix and Nvidia while the biggest detractors were Apple, JP Morgan and Bank of America.

Performance Review

- For the first quarter of the year, UBAM - 30 Global Leaders Equity returned -14.9% in gross return versus with more than 6.0% excess return over the MSCI AC World which lost -21.4%. Stock selection remained the biggest contributor to relative outperformance with +4.1% coming from names in the Financials and Materials sectors. Sector allocation was also positive with +1.4% contribution mainly from the underweight in Energy and the overweight in Healthcare. The currency effect contributed as well, with 1.0% to relative return due to the absence of exposure to emerging market currencies.
- The overweights in Roche, Amazon and Microsoft were the biggest contributors to performance over the period (+61bps, +52bps and +49bps, respectively). Roche was up close to 2% over Q1 as its diagnostics division benefited from increased demand and its drug Actemra saw some anecdotal evidence for use in Covid-19 pneumonia. Amazon was also up more than 5%, as e-commerce gained increased traction during shop lockdowns. Microsoft, with a flat share price over the period, has benefited from working and schooling from home measures, along with an increase in cloud computing and gaming over the past months. Amazon and Microsoft both joined the White House's Covid-19 High Performance Computing Consortium to provide the virus researchers access to advanced computing resources to speed up the scientific battle.
- The main performance detractors over Q4 2019 were the overweights in Booking, United Technologies and Prudential (-50bps, -42bps and -31bps respectively). All these names were either exited or reduced over the period. Booking's share price dropped by more than 34% over the period as travel came close to a halt globally as a result of the pandemic. United Technologies lost close to 37% over the quarter ahead of its planned split as its Aerospace & Defense segment suffered from concerns over capex plans and budgets of its customers. Prudential's share price dropped more than 31% as the outbreak impacted its sales momentum in Hong Kong and China.

Portfolio Activity and ESG

- Over the months of January and February, following strong recent performances, the team has selectively reduced its positions in Nike, LVMH, Estée Lauder and Prudential as those names were expected to face temporary pressure given their exposure to China.
- Over the first quarter, the team completed three name switches. The position in United Technologies was exited ahead of its announced split in three separate companies in Q2 2020: Otis, Carrier and Pratt & Whitney-Raytheon. The team decided to sell the position as none of the parts qualify in the investment process individually. The position in Raytheon was also exited on concerns around the US defense budget. Finally, the position in Booking was exited as its CFROI is directly impacted by the containment measures and travel restrictions announced around the world. More structurally, rising competition from meta search engines (Google) and within key geographies like China (C-trip, Alibaba, Meituan Dianping) put a question mark on the sustainability of currently high CFROI levels. The team initiated a position in Novo Nordisk given its unique positioning as a scale producer and technology leader for diabetes treatment which is expected to allow the company to maintain CFROI levels at around 20%. A new position was also initiated in Fiserv which provides core processing systems to banks, merchant e-commerce and cloud-based POS. The business proved resilient in 2009 and 84% of revenues are recurring stemming from processing

and services. Its CFROI is forecasted to stay at levels between 30% and 35%. The third addition was ASML, whose unique market position in EUV equipment manufacturing should lead to continued strong growth driven by long-term structural trends such as IoT (internet of things), digitalisation and autonomous driving.

- ESG rating of AA with an ESG quality score of 7.4, both superior to the A rating and the 6.0 score of the MSCI AC World. The fund's ESG quality score was also higher than the average of 5.6 for the top 80% of shares in the benchmark that have an ESG quality score rating. The fund does not hold any laggard stocks (rated CCC or B), versus 8% laggards for the MSCI AC World. The portfolio has a 60% lower weighted average carbon intensity than its benchmark with 71.7 tons of CO2 emissions / USDm sales vs 180.4 for the MSCI AC World. Being underweight low CFROI sectors such as Utilities and Energy, the portfolio has historically exhibited a 90% lower carbon footprint than its benchmark (as measured in tons of CO2 output per USDmn invested). In terms of Global Norms compliance, the 30 Global Leaders Equity portfolio does not hold any position with a "Fail" and "Non-Compliant" status on the UN Global Compact indicator by both data providers MSCI ESG Manager and Sustainalytics. In addition to the environmental and Global Norms criteria, the portfolio also exhibits better overall average social and governance indicators than its benchmark, especially on labor and diversity; demonstrating the portfolio's overall positive impact positioning versus the MSCI AC World.

Outlook

- As EPS growth expectations are being revised downwards globally, the team continues to favour defensive companies with high and stable CFROI profiles that offer more visibility on revenues and earnings. The team expects markets to gradually recover over the next 18 to 24 months but the shape of the recovery remains difficult to forecast and will largely depend on when and how lockdowns and social distancing measures can be lifted and economies go "back to normal".
- UBAM-30 Global Leaders Equity has no exposure to the Energy sector, and its exposure to Financials is limited to insurers and asset managers. The portfolio continues to focus on resilient "Quality" business models able to beat the fade in returns and at the same time exhibit lower risk as measured by size, debt, regional exposure and market sensitivity (beta). The strategy is once again proving its value creation potential during this most recent market turmoil, by limiting the downside but also participating in upside sessions. Most of the strategy's outperformance over short and longer periods has been generated by bottom-up selection of value creative companies, not by market nor factor timing. Sector and regional allocation play a minor role. As in previous market corrections, the strategy is expected to continue delivering superior and defensive relative performance through 2020's volatile markets, focusing on value creating companies.

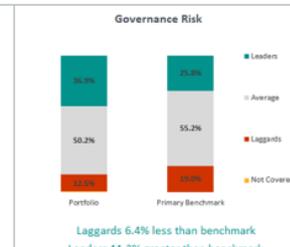
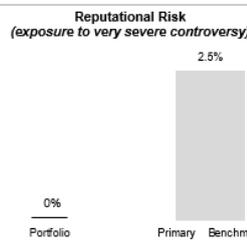
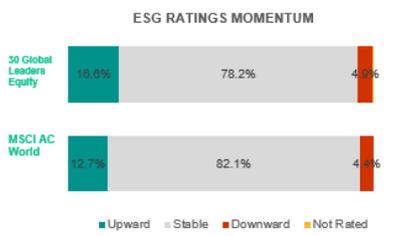
Main ESG and Carbon Metrics – UBAM 30 GLOBAL LEADERS EQUITY



30 Global Leaders Equity



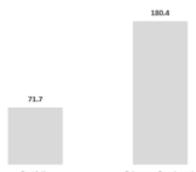
MSCI AC World



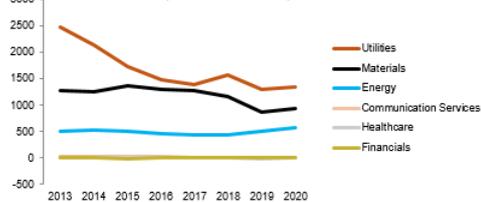
UBAM - 30 Global Leaders has at least 60% less carbon intensity risk than its benchmark (Emissions/Sales)

Carbon Risk

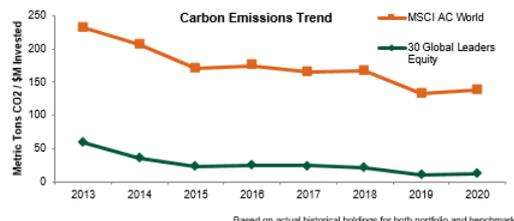
(T CO2E/\$M SALES)



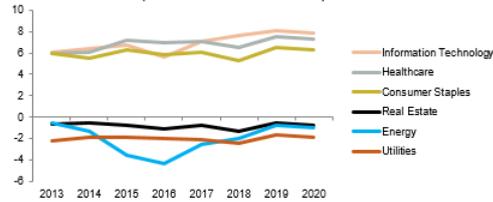
Sectors with biggest and lowest Carbon Emissions historically (t CO2e / \$M Invested)



UBAM 30 Global Leaders has historically had 90% lower carbon footprint than its benchmark (based on 1mn investment)



Sectors with biggest and lowest CFROI Spread historically (% CFROI level - Discount Rate)



Select Labor and Social KPIs – UBAM 30 GLOBAL LEADERS EQUITY

	5 Year Growth in Employees %	Percentage of Women Employees %	Companies having boards with at least 30% Female Directors*	Companies with Employee Protection in Whistle Blower Policy	Companies with CSR / Sustainability Committee	Training and Professional Development Score (0-10) *
UBAM-30 Global Leaders Equity	5.7	47.6	47%	97%	33%	4.95
MSCI AC World	6.0	36.8	26%	77%	22%	4.65

Source : Bloomberg - 31.03.2020

* Source : MSCI ESG Manager - 31.03.2020 - Female Directors extends to board of directors, supervisory and management boards.

@2020 MSCI ESG Research LLC – Reproduced by permission as of 31.03.2020. MSCI ESG data is calculated including subsidiary mapping.

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.

Disclaimer

This is a marketing document and is intended for informational and/or marketing purposes only. This document is confidential and intended only for the use of 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 Qualified Investors in Switzerland, or Professional Clients, Eligible Counterparties or an equivalent category of investors 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 at whom 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 represent forecasts or budgets but 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. None of the contents of this document should be construed as advice or any form of recommendation to purchase or sell any securities or funds. This document does not replace a prospectus or any other legal documents, which can be obtained free of charge from the registered office of the fund they relate to, or from UBP. The opinions herein do not take into account individual investors' circumstances, objectives, or needs. Each investor must make his/her 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 and may be subject to change in the future. Investors are invited to carefully read the risk warnings and the regulations set out in the prospectus or other legal documents and to seek professional financial, legal and tax advice. 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 document may be recorded. UBP will assume that by calling this number you consent to such recording. UBP is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority and is authorised in the United Kingdom by the Prudential Regulation Authority. UBP is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Any subscriptions not based on the funds' latest prospectuses, KIIDs, annual or semi-annual reports or other relevant legal document shall not be acceptable. The latest prospectus, articles of association, KIID and annual and semi-annual reports of the funds presented herein (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 ("UBP"). The Funds' Legal Documents may also be obtained free of charge 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-Élysées, 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.