U ACCESS (IRL) CAMPBELL ABSOLUTE RETURN UCITS

Quarterly Comment

For Professional Investors in Switzerland or Professional Investors 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

- The first quarter of 2021 was dominated by rising bond yields and the outperformance of value and small-cap equities. In terms of regions, Japan and Europe were the strongest equity markets in Q1 while Asia and EM underperformed. Chinese equities sold-off from mid-February until the end of the quarter, due to a combination of cyclical concerns, fears of policy tightening, increased regulatory/anti-trust pressure by domestic Chinese authorities and geopolitical tensions. Most commodities continued to rally in Q1.
- The main drivers of market action in Q1 were the large stimulus coming from various governments, the US in particular, and the progress on the Covid-19 vaccine rollout, fuelling investor's optimism on global growth prospects. The size of the US stimulus package and the prospect of a large infrastructure plan, both unprecedented in size, also increased the prospects of higher inflation. Most fixed income markets suffered as a result, both in Developed and Emerging markets.
- The current market environment provides a very interesting set of opportunities for our U Access (IRL) Campbell Absolute Return UCITS fund, which offers access to diversifying and decorrelated alpha models, trading mainly in equity indices, forex, credit and cash equities. It has limited exposure to fixed income and none to commodities. It has historically shown a limited correlation to traditional assets.

Sources: UBP, Bloomberg Finance LP, BofA Merrill Lynch

Performance Review

- For the first quarter of 2021, U Access (IRL) Campbell Absolute Return UCITS returned +6.73% (Class B USD, net of fees). In terms of contribution by strategy, gains came from short-term, market-neutral quantitative equities and trend following and while systematic macro was flat.
- Short-term strategies were led by profits in mean reversion strategies while momentum also gained. Fixed income was the best performing sector for the strategy group with additional gains in foreign exchange and equity indices.
- Market-neutral quantitative equities strategy gains were led by mean reversion strategies with additional gains in fundamental and momentum.
- Trend following strategies gained in equity indices, with losses in fixed income, foreign exchange, and credit. The top-performing trend strategies were market-based, which look at markets in isolation, while adaptive and thematic strategies were flat during the quarter.
- Systematic macro strategies experienced gains in macro-dynamics strategies and losses in carry. Losses for the strategy group came from fixed income with some partially offsetting gains in foreign exchange.

- By sector, the portfolio gained in emerging and developed currencies, equity indices and cash equities while experiencing losses in short- and long-term fixed income and flat performance in CDS indices.
- Top-performing markets in the portfolio were the Japanese yen, long gilt futures, S&P Canada 60 index futures, and the Australian dollar. Bottom-performing markets were Australian and Canadian 10-year bond futures.

Portfolio Activity

- The portfolio maintained a steady risk posture throughout the quarter. Realized sector risk was led by equity indices and foreign exchange. Net notional exposure varied during the quarter, with higher levels in January and lower in February and March. Net exposure remained close to zero in market-neutral equities.
- From a positioning standpoint, the portfolio maintained a net long position in equity indices and fixed income futures. In foreign exchange, the portfolio shifted from net short USD to a relatively flat position in March. It had a net short positioning in CDS indices throughout the quarter.

Outlook

- The second quarter 2021 began with relative calm after the US transition of power in January. There does not seem to be a global consensus on the impact of resurgent COVID-19 variants and the massive spending programs designed to provide relief and jumpstart economic growth in areas such as infrastructure spending. Many investors have commented on “noisy” market conditions with few pronounced themes, and yet the fund’s programs have thrived. Specifically, the investment team continues to focus on short-term efforts across the portfolio, including macro and cash equities. The fund is benefitting from an opportunity-driven quality tilt in the market neutral portfolios, seeing limited downside from more innovative momentum models, and a continuation of the environment that generated returns in March 2021.

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