

# UBAM – SMART DATA US EQUITY

## 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](http://ubp.com) or in the latest prospectus.

### Market Comment

- 2021 has seen an uneven recovery in the world's economy, with variations driven to a large extent by the success of measures to stop the spread of Covid-19 and, particularly in the West, the speed of vaccine roll-outs.
- However, the world's central banks, and increasingly fiscal policymakers as well, have stepped in to fill any gaps with stimulus measures of a kind not seen since the Second World War. This has driven a broad-based rally in risk assets around the world, while bond yields have risen and the US dollar has weakened as a result.
- Global equities ended the quarter up 7.39% (MSCI ACWI\*). In the US specifically, the S&P 500\* index progressed by 8.44% during the second quarter with a noticeable outperformance of the Growth segment over the Value (11.9% q/q for the Russell 1000 Growth\* and +5.06% q/q for the Russell 1000 Value\*). Likewise, the MSCI North America Information Technology Index progressed by 11.82% q/q, +3% above the broad S&P 500 index.
- In April, investors were reassured by strong economic figures and the message sent by the Fed, which clearly stated its intention to continue supporting the US economy. The US economy grew at an annualised rate of 6.4% in the first quarter due to firm consumer spending, which was boosted by direct transfers to households as part of the stimulus plan adopted by the new Biden administration, along with an upturn in public-sector consumption and investment.
- Despite increasing inflation concerns, most financial assets posted positive returns in May. In the US, economic indicators were very volatile and fell short of expectations overall. The main disappointment was the small number of jobs created (266,000 versus 1 million expected and 770,000 the previous month): this may have been caused by aid for the unemployed, which could be putting off many Americans from looking for work.
- Despite the Fed's slightly less accommodative message and the spread of the Delta variant, bonds and equities both posted positive returns in June. In the US, the ongoing economic recovery did not prevent some indicators falling short of expectations. While confidence in the manufacturing sector hit an all-time high, retail sales fell as direct support payments to households came to an end. Inflation continued to rise, with the annual figure reaching 5%. The FOMC surprised many observers in June, since most of its members are now expecting two rate hikes by the end of 2023. The Fed also increased its growth and inflation forecasts for 2021 fairly substantially.

Sources: *UBP, Bloomberg Finance LP. \*Net total return indices.*

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## Performance Review

- Since its February 19th 2020 inception, the Fund has posted a net performance of +33.5% vs 30.5% for the S&P 500 TR index, delivering +3.05% of net excess return since launch.
- In the second quarter, UBAM - Smart Data US Equity was up +7.2% net to investors (I USD class), underperforming by -1.31% the S&P 500 Total Return reference that was up +8.5% over the same period.
- On a monthly basis the fund underperformed in April and in May (net excess returns of -0.9% and -0.36% respectively).
- Over Q2, the average beta to the index was 1.06, with a high of 1.21 and low 0.81 over the quarter.
- In Q2 2021, Smart Data US Equity investment sub-strategies - Social Media, Blogs and Job Openings - delivered respectively an approximate gross contribution of +3.5%, +2.3% and +1.3%.
- During the quarter, Social Media stock picking sub-strategies slightly outperformed the index on a normalised basis; on the other hand, the Job Openings and the Blogs sub-strategy underperformed the same reference.
  - ▶ The Job Opening sub-strategy significantly underperformed in June but generally lagged throughout the quarter.
  - ▶ The Social Media sub-strategy was the most successful in Q2, especially in June.
  - ▶ The Blogs sub-strategy, more fundamental in nature, underperformed in April and then flatlined.

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## Portfolio Activity

- The fund was overweight the Communication Services sector but the stock selection within the sector wasn't profitable, leading to the negative excess return.
- In terms of relative contribution, winning trades were Pfizer, Seagate Tech, General Motors, Merck, AMD and J&J, which represents a diversified basket of IT, Healthcare and Consumer names.
- Sector-wise, stock picking in Healthcare, Consumer Staples and Discretionary contributed positively towards the excess returns. Conversely, Communication Services, Industrials and IT stock picks detracted on a relative basis.
- Over the quarter, the top 5 overweights were Pfizer, Dominion Resources, Davita Healthcare, Brown Forman (B), American Express; the top 5 underweights were Microsoft, Alphabet, Berkshire Hathaway, JP Morgan and UnitedHealth Corp.
- UBAM - Smart Data US Equity Fund investment process is very proactive, turning over the portfolio nearly 1.28x per month.

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## Outlook

- The agnostic and systematic investment process allows to extract performance from both growth and value stock picks thanks to the diversified pool of sub-strategies and alternative data sources that power up the fund strategy - such as Social Media, Financial Blogs and online Job Openings.
- The fund trading-oriented stock-picking style powered by Quantcube Technology seems perfectly adaptable to the current markets, whereby large cap stocks driven by intangible fundamentals such as brand, online or driven by retail sentiment, which are currently dominating US equity market flows.

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