

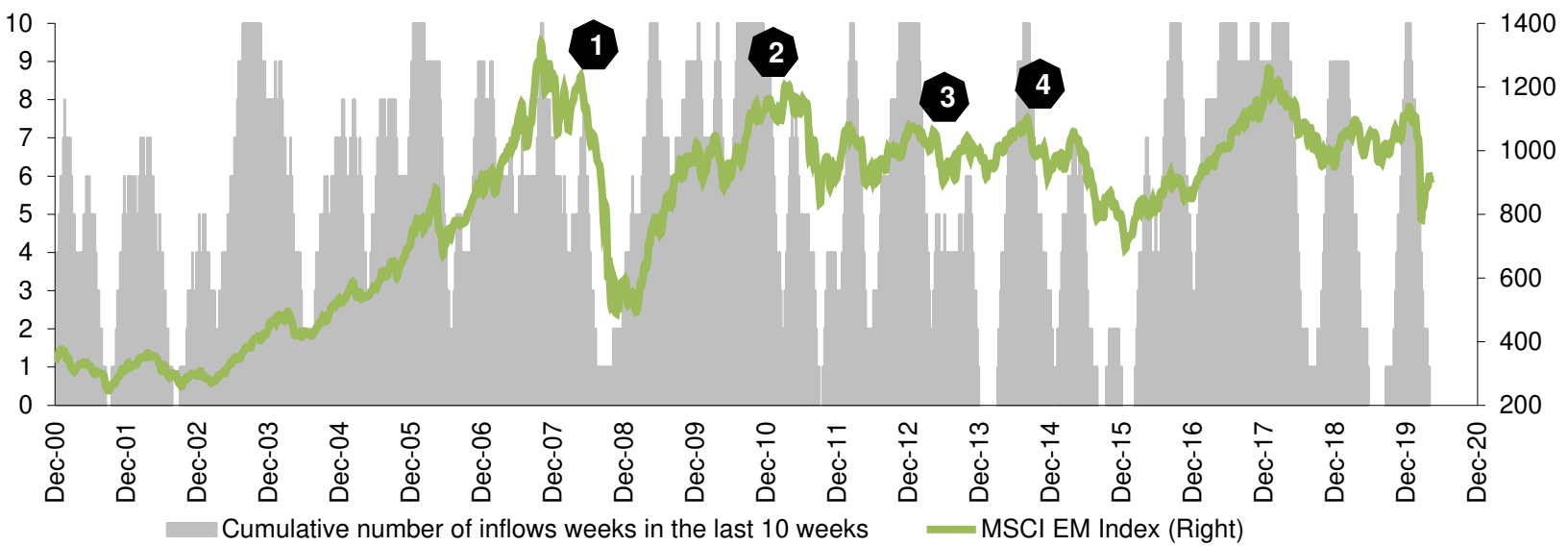
# PROBING EMERGING MARKETS AND CHINA IN A CRISIS

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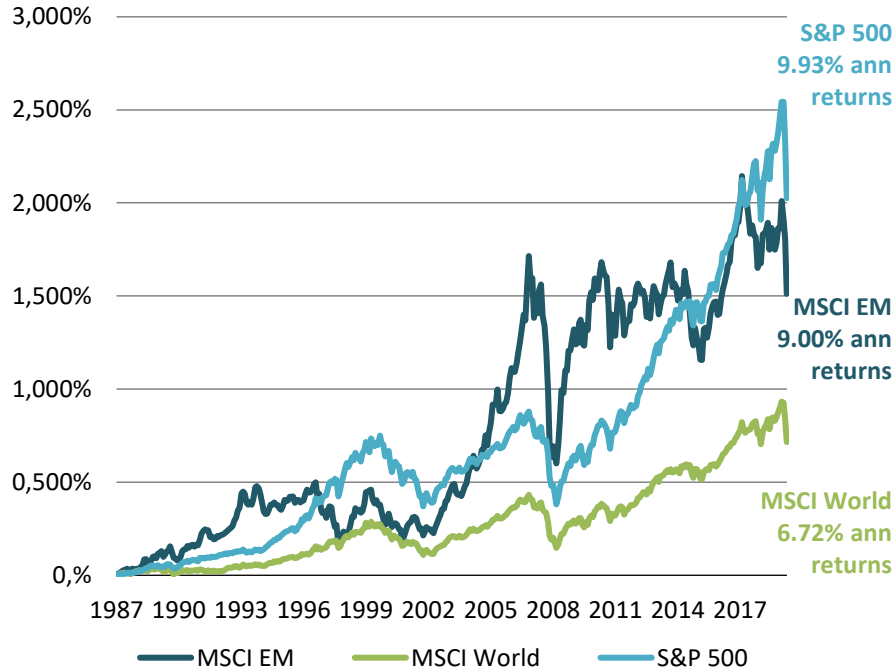
# MSCI EM recovers after key outflow periods



| Period         | Total Outflows | MSCI EM Performance From Flows Trough Date |            |            |            |            |
|----------------|----------------|--|------------|------------|------------|------------|
|                | (USD bn)       | 3-Month                                    | 6-Month    | 12-Month   | 24-Month   | 36-Month   |
| 1              | -54            | 55%  | 68%        | 87%        | 122%       | 116%       |
| 2              | -48            | 14%  | 2%         | 15%        | 9%         | 4%         |
| 3              | -75            | 6%   | 1%         | -2%        | -16%       | -4%        |
| 4              | -72            | 8%   | 3%         | 21%        | 28%        | 26%        |
| <b>Average</b> |                | <b>21%</b>                                 | <b>19%</b> | <b>30%</b> | <b>36%</b> | <b>36%</b> |

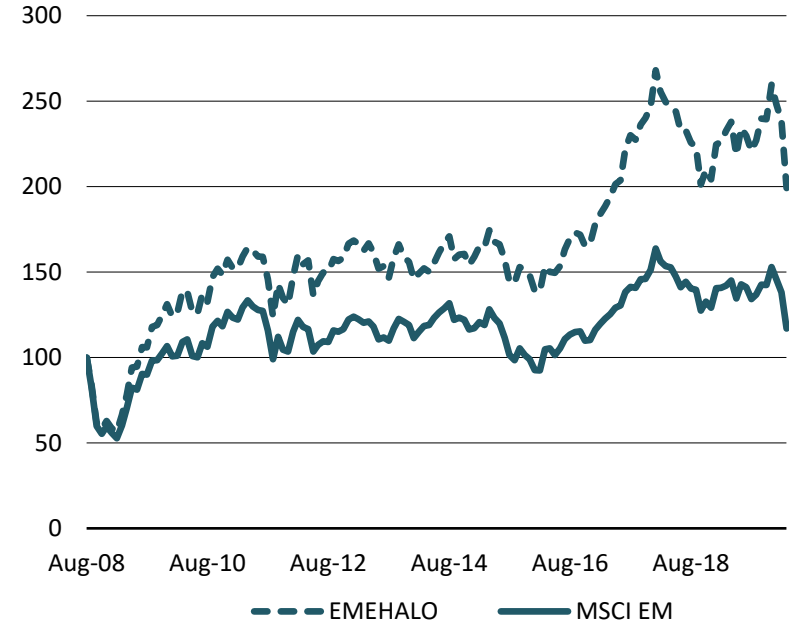
Source: EPFR, MSCI, Factset, Morgan Stanley Research, as of 22 Apr 2020

# EM opportunity over the long run



Source: Bloomberg, UBS Asset Management, as of 31 March 2020

## UBS Emerging Markets Opportunity Wealth index (%)



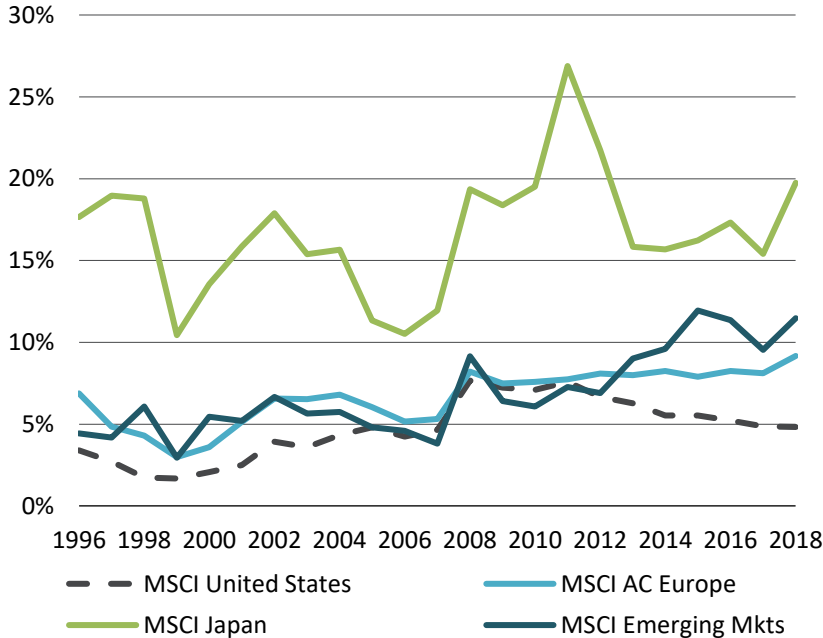
Source: UBS Global Composite System, as of 31 March 2020

Note: **Past performance of investments is not necessarily an indicator of future results.** EME HALO inception date was 31 August 2008. The returns shown above are based on currently available information and are subject to revision. Performance figures are gross of fees. Please see attached disclosure information found in Appendix.

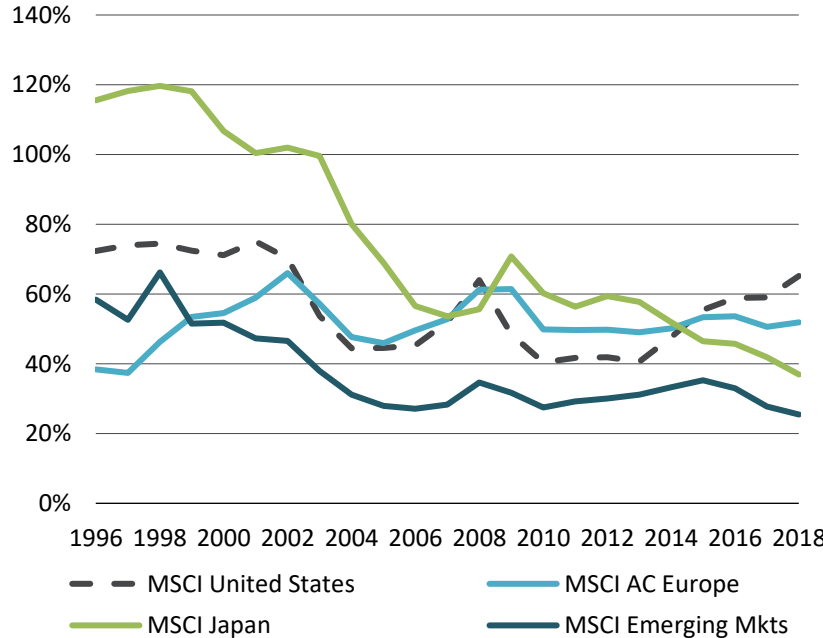
# EM companies have more defensive balance sheets

## ESPECIALLY WHEN COMPARED TO US AND EUROPE

Cash as % of market cap



Net debt / Equity

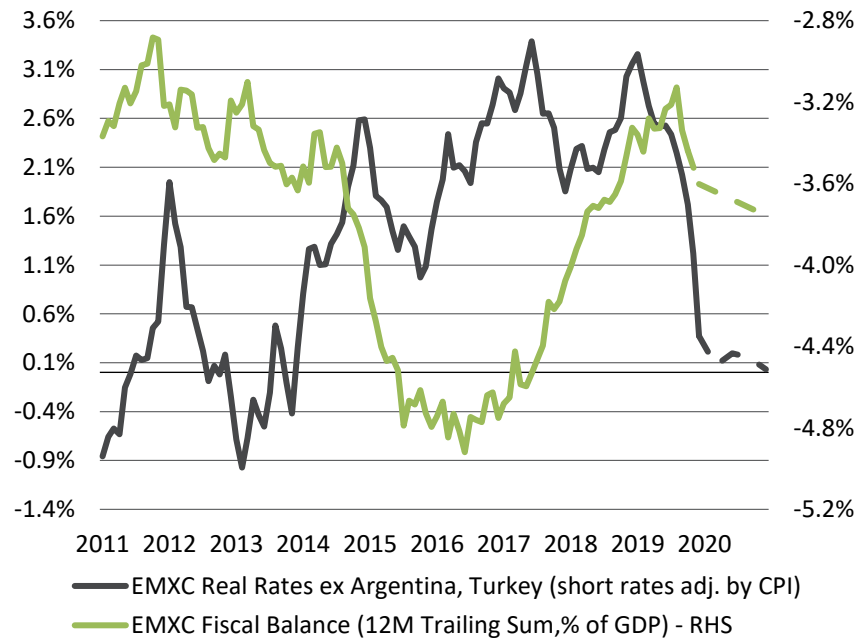


Source: Worldscope, Datastream, UBS IB, data as of December 2018. Updated September 2019

# EM policy has scope to ease

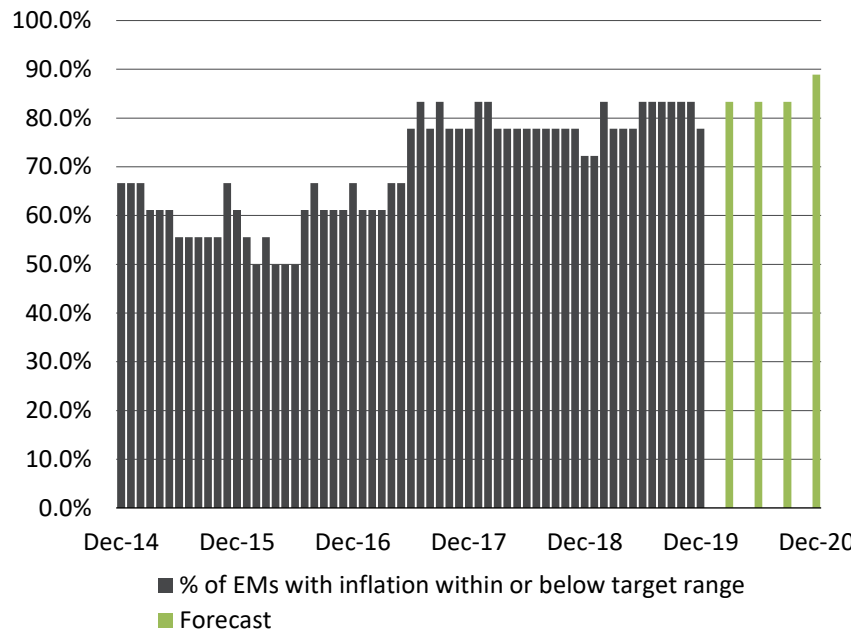
REAL RATES ARE HIGH, FISCAL BALANCE HAS IMPROVED, INFLATION IS IN CHECK

EMs have maintained a prudent policy mix



Source: CEIC, Haver Analytics, Morgan Stanley Research forecasts  
 Note: EMXC includes Brazil, India, Indonesia, Mexico, Poland, Russia, South Africa, South Korea, Taiwan and Thailand. Data and forecasts as of December 2019.

83% of EMs expected to have inflation within target by 4Q19



Source: Haver Analytics, Morgan Stanley Research forecasts  
 Note: EM includes MS coverage ex Argentina, Hong Kong, Taiwan, Malaysia, Singapore, Czech Rep., Kazakhstan, Ukraine, S. Arabia and Nigeria. Data and forecasts as of December 2019.

# Valuations look inexpensive

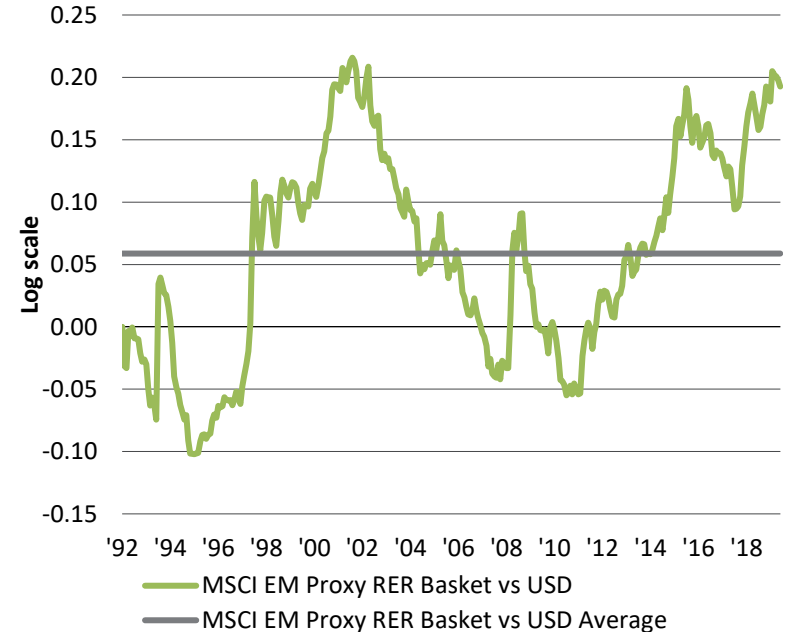
## BOTH FOR EQUITIES AND FX

MSCI EM P/B (31 January 1997 – 14 April 2020)



Source: FactSet, MSCI. Data up to 14 April 2020.

EM real effective exchange rate at a cheap level



Source: UBS Asset Management, data per 31 December 2019

Info: RER = real effective exchange rate. Adjusted for PPI (producer price index) and weighted by MSCI EM weights.

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# Emerging Markets Equity HALO Composite

## Schedule of composite performance

UBS Asset Management (the Firm) claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. UBS Asset Management has been independently verified for the periods January 1, 2002 through December 31, 2018. The verification reports are available upon request. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS standards on a Firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

Performance : Emerging Markets Equity HALO  
September 01, 2008 Through December 31, 2019  
Amounts and returns expressed in USD (US DOLLAR)

| Year  | Gross Asset-Weighted Return (%) | Net Asset-Weighted Return (%) | Benchmark Return (%) | Composite 3-Yr St Dev (%) | Benchmark 3-Yr St Dev (%) | # of Portfolios End of Period | Total Composite Assets End of Period (millions) | Asset Weighted Dispersion (%) | Composite Assets as % of Firm Assets |
|-------|---------------------------------|-------------------------------|----------------------|---------------------------|---------------------------|-------------------------------|---|-------------------------------|--------------------------------------|
| 2008* | -37.19                          | -37.24                        | -40.27               | N/A                       | N/A                       | 1                             | 13  | N/A                           | 0.00                                 |
| 2009  | 108.85                          | 108.46                        | 78.51                | N/A                       | N/A                       | 1                             | 80  | N/A                           | 0.02                                 |
| 2010  | 19.79                           | 19.42                         | 18.88                | N/A                       | N/A                       | 3                             | 668   | 0.20                          | 0.13                                 |
| 2011  | -16.62                          | -16.98                        | -18.42               | 27.16                     | 25.56                     | 3                             | 977   | 0.59                          | 0.19                                 |
| 2012  | 27.10                           | 26.43                         | 18.22                | 23.34                     | 21.89                     | 4                             | 2,607   | 0.54                          | 0.47                                 |
| 2013  | -6.36                           | -6.85                         | -2.60                | 21.42                     | 19.49                     | 6                             | 2,960   | 0.38                          | 0.51                                 |
| 2014  | -1.13                           | -1.63                         | -2.19                | 17.33                     | 15.28                     | 6                             | 2,794   | 0.19                          | 0.47                                 |
| 2015  | -3.84                           | -4.23                         | -14.92               | 14.23                     | 14.36                     | 6                             | 2,507   | 0.11                          | 0.44                                 |
| 2016  | 12.35                           | 11.89                         | 11.19                | 14.78                     | 16.22                     | 5                             | 2,479   | 0.22                          | 0.43                                 |
| 2017  | 48.11                           | 47.44                         | 37.28                | 14.23                     | 15.44                     | 5                             | 2,956   | 0.23                          | 0.41                                 |
| 2018  | -17.24                          | -17.65                        | -14.58               | 15.12                     | 14.64                     | 5                             | 3,320   | 0.05                          | 0.47                                 |
| 2019  | 27.19                           | 26.55                         | 18.42                | 16.14                     | 14.33                     | 6                             | 4,659   | 0.18                          | 0.79                                 |

\* Performance Presented for Sep, 2008 through Dec, 2008. No statistics are annualized.

\*\* 3 yr standard deviations are based on the gross returns

- EMEHALO - Emerging Markets Equity HALO Composite is a Multi-entrty Composite. It is a composite of high alpha, long only unconstrained accounts with a three to five year time horizon and flexibility to take meaningful positions in attractive price/value Emerging Market equities. Despite potential near term volatility, the funds will focus on Equities which stand to benefit disproportionately from Emerging Market growth, targeting 4-6% per annum of alpha. Benchmark is MSCI Emerging Markets (netUS) USD. This composite was created in January 2010.
- The Firm is defined as all actively and passively managed institutional and retail accounts of UBS Asset Management ("the Firm") throughout the world. The Firm was inception in January 01, 2002 following the reorganisation of the asset management divisions of UBS AG under a single Asset Management brand. The performance record prior to 2002 is that of the local asset management division which managed the composite, and has been prepared in compliance with GIPS from the inception date of this composite. Each of the entities comprising the Firm definition is an affiliate of UBS AG. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
- Investment returns are time-weighted total rates of return including cash and cash equivalents, income and realised and unrealised gains and losses, and are calculated using WM/Reuters exchange rates. Until 31/03/99 composite results were based on either monthly or quarterly revaluation of individual portfolios. From 01/04/99 there has been monthly revaluation of all portfolios and calculation of composite results. Composite results are weighted by individual portfolio size using start of period market values. Eligible portfolios are added to the composite at the start of the next measurement period following full investment. Individual asset classes of multi asset portfolios or sub-portfolios forming part of a larger portfolio, the returns for which have been included in another composite, are not included in the above composite. Returns for unlisted funds are calculated on a mid-to-mid basis except for direct property which is calculated on a NAV-NAV basis. Investment Transactions are accounted for on a trade date basis. Where applicable, returns are shown net of non-recoverable withholding tax. Derivative instruments may be used for efficient portfolio management and currency management. Such instruments have not been used to leverage portfolios included in the above composite.
- The composite includes only fee-paying discretionary portfolios. Where the ability of the Firm to manage any portfolio against the specified client benchmark has been materially impacted by investment restrictions, the portfolio has been deemed to be non-discretionary.
- The rates of return are presented both net and gross of fees. Due to the graduated nature of fees, as account size increases, the annual percentage fee may decline. The calculation of net and gross returns as well as the nature of fee may differ across the regional performance offices. a) Return values are calculated net of fees. The gross returns are calculated based on all fee components excluding transaction costs by adding the daily fee components to the underlying net return. b) The rates of return are presented both gross and net of investment management and custody fees. Portfolio Management Fee agreements do cover the portfolio management fee, bundled fee contracts do cover portfolio management and custody fee. Both fee agreements do not cover transaction costs. c) The rates of return are presented both net and gross of investment management fees. Net of fee performance reflects the deduction of the highest fee charged, as described in Part II of Form ADV. Net of fee returns are calculated by geometrically deducting the desannualized highest annual management fee from each monthly gross return and geometrically linking the monthly returns for each period. d) The performance results are presented gross of management and custodian fees but after all trading expenses. Where a net return is also presented, this is calculated net of management fees and all trading expenses. This composite has a max flat rate of 234bps p.a. (this represent the highest possible standard fee for this composite) Due to the varying client segmentation the charged fee for this composite can differentiate. The flat fee includes all charges for portfolio management, custody, and other administrative fees.
- Composite dispersion represents the consistency of the Firm's composite performance results with respect to the individual portfolio returns within the composite. Presented is the asset-weighted dispersion (standard deviation) of the portfolios within the composite. Only portfolios in the composite for each full time period are included in the dispersion calculation and no dispersion is presented for composites consisting of only a single portfolio. The 3 year annualized ex-post standard deviations are based on monthly returns, shown starting with the first full 3 year calendar period.
- A complete list of all Firm composite descriptions is available upon request. The composite's past performance is not necessarily an indication of how it will perform in the future. Additional information regarding policies for calculating and reporting returns is available on request.