

# Greater China Equity

Investment profile | UBS Asset Management—Americas Institutional

## Objective

The Greater China Equity strategy is a pure equity portfolio, built with a distinctive investment philosophy that focuses on intrinsic value. Our goal is to provide access to the Chinese equity market in a sustainable and risk-controlled manner. The strategy invests for the long term, with a focus in Hong Kong, Taiwan and offshore-listed China equities.

## Investment philosophy and process

With the Greater China Equity strategy, we combine the secular growth story with a relentless focus on value. Each analyst focuses on specific sector(s) and identifies stocks with a significant

discount to their intrinsic values, winnowing down the investment universe in several steps. Portfolio candidates are debated and discussed between analysts and portfolio manager through a peer review process. This results in a tightly controlled yet diversified portfolio of 60 to 100 high-conviction plays, opening up a source of true alpha for investors in China.

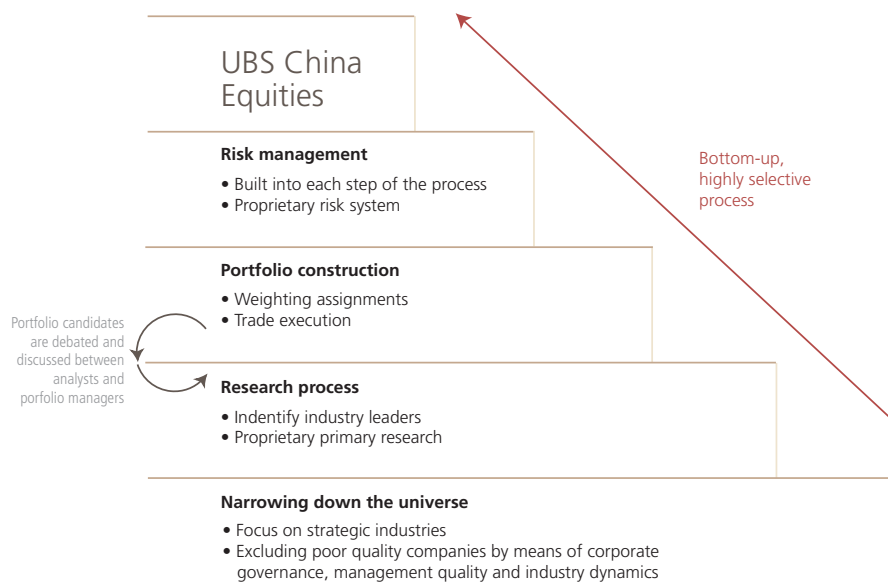
Risk is integral to the process and all portfolios are monitored to avoid uncompensated risks.

## Key points

- Participate in China's growth story: Investors gain access to all classes of shares in China, such as A, B and H shares and ADRs
- Focus on industry leaders that have true performance potential, resulting in 60 to 100 high-conviction investments for the portfolio
- Multi-tiered investment process focuses on fundamental research, unconstrained by benchmark
- Dedicated China equity team with extensive local experience

## China equities investment process

Disciplined application of fundamental research



For illustrative purposes only.

For institutional investors only.

## Why China?

A few years ago China inherited Japan's place as the number two global economy. This basic growth trajectory is likely to continue in the long term, even as it waxes and wanes due to a number of factors, not least economic reforms, which tend to come in distinct phases. This trajectory has translated into a bull market and investors are looking for a way to profit from this dynamism in the Chinese equity market. Key items to keep in mind:

- Reform drives sustainable growth. Structural reform is beneficial to long-term sustainable growth, and remains a central theme for the country. Reforms are targeted at development of the domestic economy, and providing greater access to foreign investors, increasing demand. Both factors are positive for Chinese stocks.

- Secular opportunities are an outgrowth of underpenetrated domestic consumption in growth sectors such as healthcare, consumer staples and IT. Healthcare profits from increasing demand, coming from a population that is getting both older and richer. Consumer staples benefit from reform efforts aimed at increasing the living standards across the country. IT, in turn, is already established to a very high level in the first and second tier cities. Increasingly, IT firms are seeking penetration inland, an area of vast potential growth.
- China has a sound financial system backed by sizeable reserves, high saving rates and regulated financial markets.
- Currency is relatively stable with China's ample foreign reserves, and depreciation is under-control. Internationalization of the Chinese renminbi creates a positive currency outlook.

## Team leadership

### Geoffrey Wong, CFA

- Managing Director, Head of Global Emerging Markets and Asia Pacific equities
- 31 years of investing experience

### Bin Shi, CFA

- Managing Director, Portfolio Manager and Research Analyst
- 24 years of investing experience

## Vehicle availability<sup>1</sup>

- Segregated account

<sup>1</sup> Certain vehicles may not be available to all investors. Please contact your local representative for more information.

This material does not take into account the specific investment objectives, financial situation or particular needs of any specific recipient and is published solely for information purposes. No representation or warranty, either express or implied is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the strategy referred to in this material. In addition, any statements made by UBS Asset Management regarding investment performance expectations, risk and/or return targets shall not constitute a representation or warranty that such investment objectives will be achieved.

Statements herein may be based on current expectations and are considered "forward-looking statements". Actual future results, however, may prove to be different from expectations. Any opinions expressed in this material are a reflection of UBS Asset Management's best judgment at the time this document is compiled and may differ or be contrary to opinions expressed by other business areas or divisions of UBS Group AG or its affiliates ("UBS") as a result of using different assumptions and criteria. Neither UBS Group AG nor any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this material.

The information and opinions contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. All

such information and opinions are subject to change without notice and any obligation to update or alter the contents herein as a result of new information, future events or otherwise is disclaimed.

This material does not constitute an offer to sell or a solicitation to offer to buy or sell any securities or investments instruments, to effect any transactions or to conclude any legal act of any kind whatsoever. Nothing herein shall limit or restrict the particular terms of any specific offering. No offer of any interest in any product will be made in any jurisdiction in which the offer, solicitation or sale is not permitted, or to any person to whom it is unlawful to make such offer, solicitation or sale. Not all products are available to citizens or residents of all countries.

Services to US clients for any strategy herein are provided by UBS Asset Management (Americas) Inc. UBS Asset Management (Americas) Inc., a Delaware corporation, is a member of the UBS Asset Management business division of UBS Group AG, a publicly traded Swiss bank (NYSE: UBS). UBS Asset Management (Americas) Inc. is an indirect, wholly-owned subsidiary of UBS Group AG and registered as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended.

Services to Canadian persons for any strategy herein are provided by UBS Asset Management (Canada) Inc., a Nova

Scotia corporation and a member of the UBS Asset Management business division of UBS AG, a publicly traded Swiss bank (NYSE: UBS). UBS Asset Management (Canada) Inc. is an indirect wholly-owned subsidiary of UBS AG and is registered as a portfolio manager and exempt market dealer (in all provinces of Canada), commodity trading manager (Ontario), adviser – commodity futures (Manitoba) and investment fund manager (Ontario, Quebec and Newfoundland), all pursuant to Canadian securities law. This document can be distributed in Canada to Accredited Investors who qualify as Permitted Clients only. The investment or fund referred to in this presentation may be a connected or related issuer of UBS Asset Management (Canada) Inc. in connection with a distribution of the investment or fund to investors in Canada. UBS specifically prohibits the redistribution or reproduction of this material in whole or in part without the prior written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect.

© UBS 2018. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

© UBS 2018. All rights reserved.  
18-0211 03/18  
ubs.com/am

UBS Asset Management (Americas) Inc. is a subsidiary of UBS Group AG.  
**For institutional investors only.**

