

Grow with future leaders in China



yuǎn jiàn | foresight, vision

UBS (Lux) Equity Fund –
China Opportunity (USD)



Morningstar Rating™

As at 30-9-2020

Awards in Hong Kong



Fund Selector Asia Awards 2020
Platinum award of Greater China/
China Equity category



Benchmark Fund of the Year Awards 2019
Best-in-Class of China Equity category

Refinitiv Lipper Fund Award 2020
Best Fund over 3 years, Equity China
Best Fund over 5 years, Equity China

**Awards
2020**

Morningstar Awards 2020
Best Greater China Equity Fund

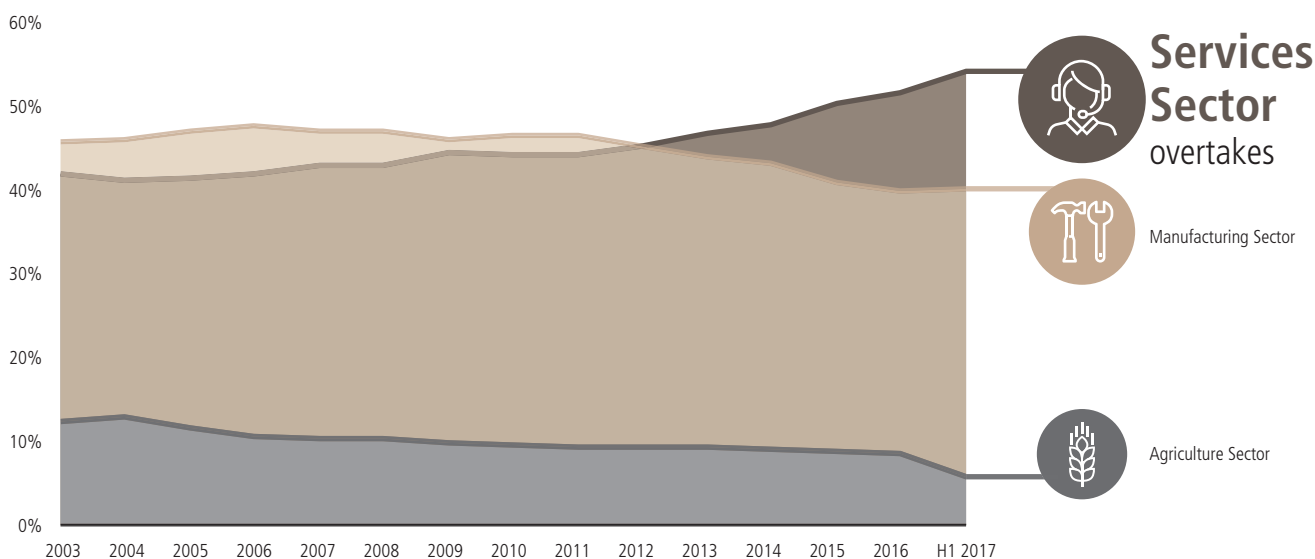
Important information

1. The Fund, **UBS (Lux) Equity Fund – China Opportunity (USD) (“UBS China Opportunity Equity Fund”)** primarily invests in shares of companies that are either domiciled in or with their main business in China. The aggregate exposure (whether direct or indirect) to China A-Share and China B-Share markets for the Sub-Fund will be maintained at 20% or below of its total net asset value.
2. The Fund’s investments in emerging markets, e.g. PRC, may involve a greater risk than developed markets including sharp price movements, liquidity risk and currency risk. The Fund’s investment in a single country may be subject to a higher level of risks comparing to a fund investing in a more diversified portfolio/strategy. Under extreme market circumstances, the Fund may suffer substantial loss.
3. The Fund may use financial derivative instruments (“FDI”) for investment management and hedging purposes. Although financial derivative instruments will not be used extensively for investment purposes, the use of derivatives may involve additional risks, e.g. leverage, liquidity, counterparty risks.
4. Specifically for the P-mdist share class, the Fund may at the discretion of the Management Company make distributions out of capital or out of gross income while charging/paying all or part of the Fund’s fees and expenses to/out of capital of the Fund, resulting in an increase in the payment of dividends by the Fund. Payment of dividends out of capital or on a gross-of-fee basis may result in an immediate reduction of the net asset value per share.
5. Any distributions from the income and/or involving the Capital result in an immediate reduction of the net asset value per unit of the fund. Payment of dividends out of Capital amounts to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment.
6. Investors should not invest in the Fund solely based on this document and should read the relevant offering document.

Why invest in China Equity Market?

China is transforming its economy and creating opportunities

China will go through significant transformation that will reshape the economy, cement China's position in the world and create a wealth of opportunities for investors.



Key fundamental strategies



Services and consumer-led growth: where services account for 56%¹ of total GDP and consumer demand overtakes investment as the principal driver of the economy.

Impact

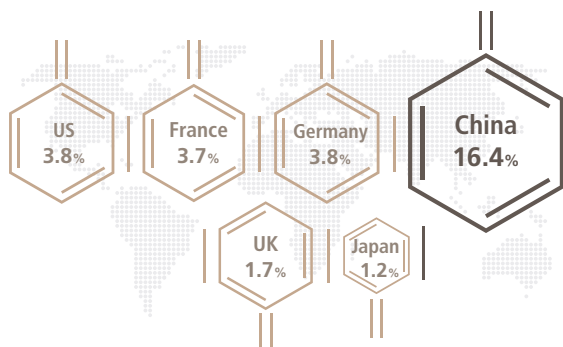
Reforms and growing consumer demand are supporting the emergence of the services sector

Source: National Bureau of Statistics, China GDP sectoral breakdown, data period 2003 – H1 2017.

New economy sectors take the lead

Increasing demands on Healthcare services when ageing population rapidly increases

China's expenditure in private healthcare is growing at high speed

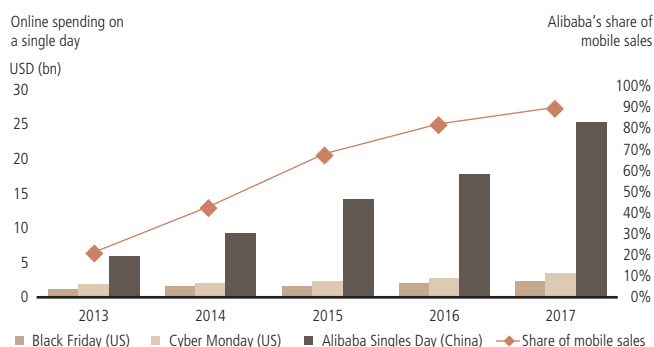


- Increasing private expenditure on health services is creating a new breed of leading industry companies in the health sector
- Healthcare spending as of % of GDP in China is only 3-7% and trails that of Japan, Australia, Europe and US (9-17%)²

Source: World Health Organization: Global Health Expenditure Database, average growth rate in 2005-2014.

China's internet sector has much more room for growth

Mobile internet dominates the online shopping market



- Chinese consumers spending more time on mobile internet and internet users are spending more online through the innovative mobile-based apps
- China's internet user base is the largest in the world, yet penetration rates (53.2% in 2016) lag behind developed markets³

Source: Statista, 2018.

1 China NDRC (National Development and Reform Council).

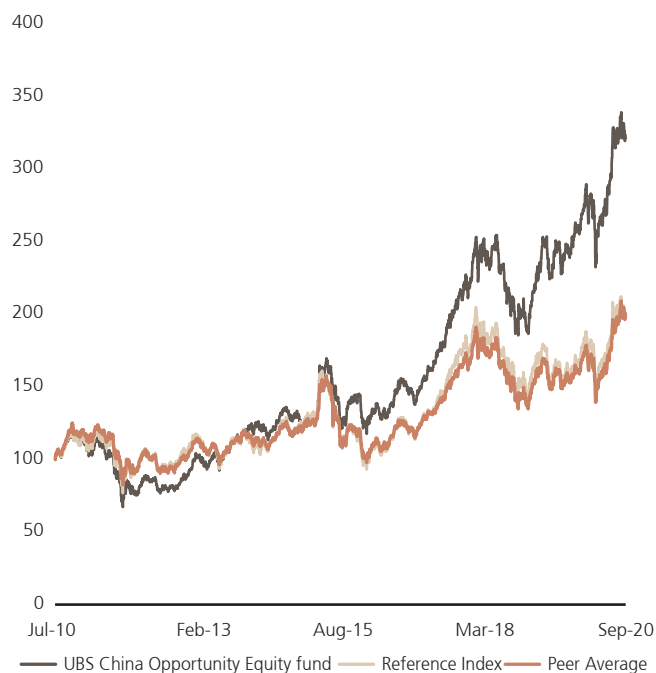
2 OECD data, 2014.

3 Internet Live Stats: Internet Users by Country, 2016.

Why invest in UBS China Opportunity Equity Fund?

Outstanding performance

5 years performance (rebased to 100)



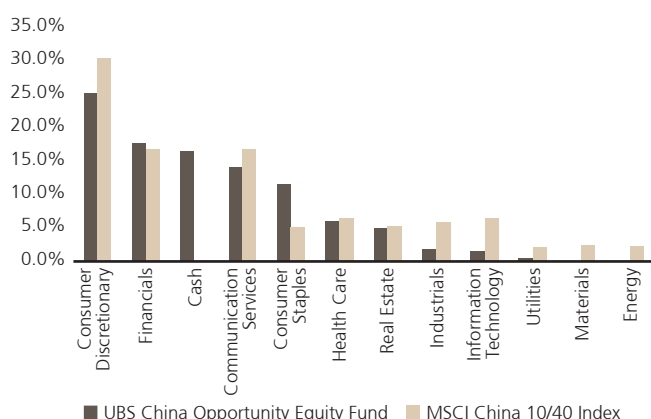
Performance (in USD, %) (net of fees)	Fund cumulative returns	Reference Index: MSCI China 10/40	Peer Average: China Equity
YTD ⁴	19.30	12.19	18.39
1 Year	35.19	27.82	32.27
3 Years	57.42	20.59	27.88
5 Years	161.29	81.21	81.47

Source: UBS Asset Management, Morningstar, Bloomberg, data as of 30 September 2020, unless otherwise stated. UBS (Lux) Equity Fund – China Opportunity (USD) fund inception: 15 November 1996. Repositioned to current strategy on 19 July 2010. Performance is calculated on NAV to NAV basis, with dividend reinvested, based on P-acc (USD). Performance shown is net of fees. Annual performance of UBS (Lux) Equity Fund – China Opportunity (USD) P-acc in the last five years: 2015 (+16.0%), 2016 (-2.3%), 2017 (+59.7%), 2018 (-14.8%) and 2019(+41.6%). **Past performance is not indicative of future results.** Reference index changed from MSCI China to MSCI China 10/40 with effect from 1 January 2018. Peer Group average is the average fund performance of Morningstar China Equity universe (in terms of USD).

4 YTD: Year-to-date (since beginning of the year)

New economy sectors at the heart of the fund portfolio

Sector allocation



Top 10 holdings	Fund (%)	Index (%)
Alibaba Group	10.41	9.40
TAL Education Group	9.99	1.36
Tencent Holdings Ltd	9.67	8.83
Ping An Insurance	6.23	3.23
Yihai International Holding	4.74	0.35
Kweichow Moutai	4.58	0.88
Netease Inc-Adr	4.52	1.77
Hong Kong Exchanges & Clearing	3.27	-
New Oriental Edu & Tech Grp	2.72	1.01
China Merchants Bank	2.55	1.18

Source: UBS Asset Management. MSCI, Corporate information. Data as of 30 September 2020. This information should not be considered as recommendation to buy or sell any security.

Invest in up and coming industry future leaders



TAL Education Group

- One of the leading after-school tutoring services provider in China
- Actively developed its online education market, owning the top-notch online teaching platform
- Small class offerings and online channels are a hit with Chinese students and parents
- TAL offers exposure to increasing demand for tailored education services in China, where there is good prospects for long-term growth



Livzon Pharmaceutical

- A mid-cap biopharmaceutical with leading drug innovation culture
- Livzon is estimated to be one of the biggest investors in Products R&D in China's healthcare sector
- Newly developed products include anti-ulcer, fertility and anti-cancer drugs
- Fertility drug is estimated to see a sales growth of 31%⁵ between 2017 and 2019

5 Source: UBS Investment Bank, 2017.

Fund information

Fund name	UBS (Lux) Equity Fund – China Opportunity (USD)
Fund inception date	15 November 1996 (Repositioned to current strategy on 19 July 2010. Old sub-fund name was UBS (Lux) Equity Fund – Hong Kong)
Base currency	USD
Reference index	MSCI China 10/40
Net asset value	USD 12.92 billion (as of 30 September 2020)
Management fee	1.87% p.a. ; hedged share class: 1.91% p.a.
Dealing	Daily

Available share classes	ISIN	Subscription Fee
(USD) P-acc	LU0067412154	
(HKD) P-acc	LU1008478684	Up to 5%
(AUD hedged) P-acc	LU1227825731	
(USD) P-mdist*	LU1152091168	
(HKD) P-mdist*	LU1152091754	Up to 5% ¹
(AUD hedged) P-mdist*	LU1230129766	

* The share classes with "-mdist" aim to pay dividends on a monthly basis. **Dividend is not guaranteed. Dividend may be paid out of capital.**

- 1 Hong Kong distributors will currently only charge up to 5% of the subscription amount. However, investors should note that a maximum of up to 6% of the subscription amount may be charged upon giving 1 month's prior notice to affected investors.
- 2 Following the realignment of the UBS investment fund range, asset allocation for this fund was adjusted with effect from 19 July 2010. All performance details thus refer to the date of the repositioning.
- 3 Share classes with "-mdist" in their name may make monthly distributions excluding fees and expenses. They may also make distributions out of capital and realized capital gains, at the discretion of the Management Company, or pay distributions out of gross income while charging/paying all or part of a Subfund's fees and expenses to/out of the capital of the relevant Subfund, resulting in an increase in distributable income for the payment of distributions by the Subfund and therefore, the Subfund may effectively pay distributions out of capital. Any distributions involving payment of dividends out of the fund's capital or payment of dividends effectively out of the fund's capital (as the case may be) may result in an immediate reduction of the next asset value per share/unit.
- 4 A positive distribution yield does not imply a positive return. The share classes with "-mdist" and "-dist" aim to pay dividends on a monthly basis and annual basis respectively. Dividend rate is not guaranteed. Distribution yield = (Dividend per unit on last record date x 12/Record Date NAV) x 100. The distribution yields shown here are for reference only.

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Investment involves risks. Past performance is not indicative of future performance. Investors should read the relevant offering document for details including the product features and risk factors, in particular those associated with investments in emerging markets and financial derivatives instruments. The value of the funds and income from them can go up as well as down and consequently you may not get back the amount originally invested.

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