

Knowledge Transfer Program

Module 5 – China: A reality check
Global Sovereign Markets



UBS Asset Management: A centre of excellence for Sovereign institutions

35+ years' experience in partnering with Central Banks, SWFs, National Pension Funds, and other government agencies

Key strengths

- Managing over USD 206bn AUM¹ on behalf of public institutions
- Global insight and expertise allows us to integrate our comprehensive range of investment capabilities in tailored solutions for you
- A flexible range of advisory services to help you meet your long-term goals – including HF advisory experience
- UBS AM is a member of the One Planet Sovereign Wealth Fund initiative
- Knowledge partnerships and training with dedicated teams, tailored to sovereign clients
 - Research papers and publications
 - Financial Markets training courses
 - Sovereign Trainee Programs

Dedicated Sovereign Client Solutions

- Advisory services
- Asset Management
- Asset/Liability matching
- Risk Management
- Manager Selection
- Knowledge Partnership
- Training and development
- Dedicated research team

Dedicated Global Sovereign Markets team

- London
- New York
- Zurich
- Singapore
- Beijing
- Taipei
- Hong Kong
- Dubai

¹ Source: UBS Asset Management. Data as of 31 March 2021 unless otherwise stated.

Knowledge transfer is one our key strengths

Sharing industry know-how and investment expertise

- The emphasis of an on-the-desk training program is to facilitate a knowledge-sharing environment whereby the participant is encouraged to openly engage with the investment professional and actively participate in the day-to-day activities of the team that they are seated with.
- Ultimately, participants are equipped with the tools to learn and enhance practical skills for trading and investment and gain key industry insights into current developments across financial markets.

Examples of on-the-desk trainings:



Fixed Income

- Sovereign overview; Active global sovereign bond management; Introduction to passive fixed income
- Credit overview; Credit research with an analyst; Global credit investment process
- Foreign Exchange overview; Managing foreign exchange execution



Investment solutions

- Strategic Asset Allocation
- Tactical Asset Allocation
- Currency exposure and hedging
- Scenario Analysis



Equities

- Equity markets and the drivers
- Stocks and stock valuation, equity research
- Equity indices and passive investing
- Implementation of best execution



Risk Management

- Case studies demonstrating how to use the UBS AM's multi asset risk system in the context of the above scenarios

UBS Knowledge transfer program

UBS AM is an experienced long-term partner to sovereign clients

Key seminars offered to our Sovereign Clients:

- Reserve Management Seminar, Switzerland: a forum for central bankers, multilateral organisations, finance ministries, frequent borrowers and representatives of SWFs to discuss and exchange ideas on best practices for managing reserves
- Sovereign Investment Circle, Singapore: joint event between UBS AM and IMD, a leading business school, focusing long-term investing themes
- Investment Training Seminar, Chicago: discussions on economic growth, fiscal and monetary policy and their impact on global markets
- Greater China annual Conference, Shanghai: addressing latest investment trends/developments and providing access to China specialists
- **Topical research papers and development opportunities** that could be tailored to your needs

Client seminars: provide forum to discuss investment topics and an opportunity to meet peers

**Greater China
Conference**
China



**Reserve Management
Seminar**
Switzerland



**UBS AM Sovereign
Investment Circle**
Singapore



**Investment Training
Seminar**
United States



**2x Reinvesting Bretton
Woods Seminar**
United States



January

June

March

November

April & October

Training material available on demand on our website

Knowledge Transfer Program

Introducing our new training program



The world that will emerge from COVID-19 will be very different. Some old challenges will remain the same and new ones are already emerging. But there will also be opportunities. We believe that Central banks, sovereign wealth funds and other state-controlled investment vehicles should focus on how to best deal with these challenges and how to grasp the opportunities.

In addition to our best-in-class offering of events, conference and ad-hoc advisory, UBS AM Global Sovereign Markets – Strategy & Advice is pleased to present a dedicated knowledge transfer program.

We will be offering a series of modules including those listed below. Please do check back as we will add details of more dedicated modules.

Future events:

Register now for module 5 – **China: a reality check** on **Tuesday, 7 December** from **10 a.m. CET / 5 p.m. HKT** to **12 p.m. CET / 7 p.m. HKT**

Register now

Module 1 - Lower forever: How to deal with low/negative yields ▾

Module 2 - Asset Allocation and Capital Market Expectations ▾

Module 3 - E, S and G: How to incorporate ESG into the investment framework of Sovereign Institutions ▾

<https://www.ubs.com/global/en/asset-management/global-sovereign-markets/overview.html>

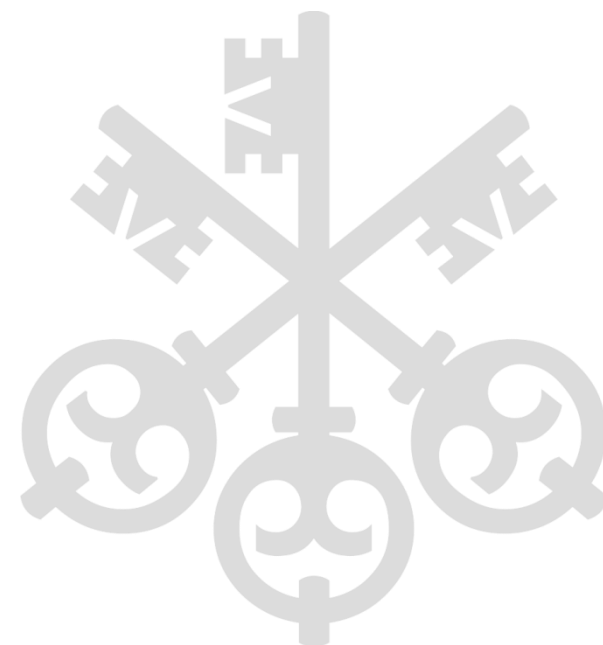
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Central banks and SWFs investment flows into Chinese capital markets

Introduction

Massimiliano Castelli
UBS Asset Management



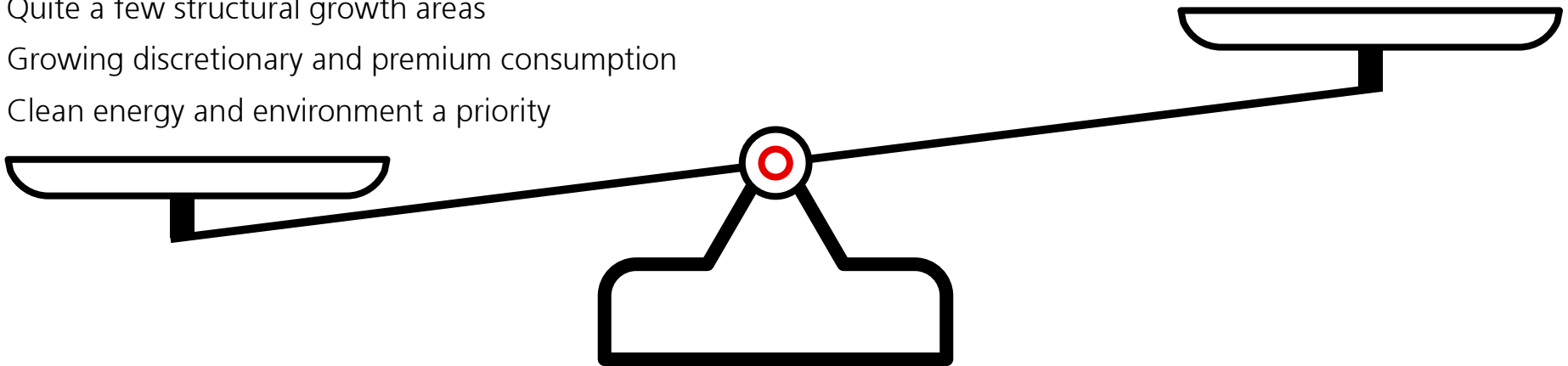
Investment flows into China (I): Opportunities and risks

Opportunities

- Second largest stock market in the world
- Largest opportunity for active management
- Technology and R&D rivalling the US
- 5-year plans enable long-term planning
- Quite a few structural growth areas
- Growing discretionary and premium consumption
- Clean energy and environment a priority

Risks

- US-China frictions likely to continue
- Regulatory environment is evolving
- Impact of real estate downturn
- Some popular industries overvalued



As of July 2021

Investment flows into China (II): Key themes



Security

Technological and resource independence, cybersecurity and data security, strong military, political stability



Financial Stability

Manage high debt levels, esp. within Real Estate sector, promote RMB internationalization



Common Prosperity

Reducing income inequality, enhance social safety net, improve labor welfare, affordable housing and healthcare.



Environment

Improve environment quality, reduce carbon emissions.



Dual Circulation

Expanding domestic demand, reduce dependence on foreign markets, expand capacity for innovation



Demographics

Managing challenges of an aging population and shrinking labor pool

Investment flows into China (III): Unbroken trends

China is ...



... consuming

- Online sales grew 16.5% in 2019¹, reaching USD 1.517 trillion
- China's online retail market is huge and has room to grow as China urbanizes and more citizens get online



... urbanizing

- 205 million people moved into China's cities between 2010 and 2020 and 142 million will move by 2030²
- Demand for services like education and healthcare is expanding



... innovating
and automating

- China is number 1 in patent applications globally³, submitted 1.4m patent applications in 2019 (US: 0.6m)⁴
- China is ramping up robotics installations by over 25% a year and is automating its manufacturing sector⁵



... aging

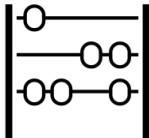


- China's population of people aged 65+ is estimated at 172.3m in 2020 and is expected to grow to 343.8m by 2030⁶
- China's healthcare market is expected to grow with a 9.3% p.a. CAGR between 2017 and 2030⁷

For illustrative purposes only.

1: China National Bureau of Statistics, 19 January 2020 ; **2:** UN World Urbanization Prospects, 2018 ; **3:** WIPO, 17 April 2020 ; **4:** National Law Review, 14 January 2020 ; **5:** IFR (International Federation of Robotics), 2019 ; **6:** UN World Population Prospects, 2019 (Note: forecasts are based on the median projection for demographic change made by the UN) ; **7:** China Daily, March 2018

Towards a multipolar system

Three main regions, three main currencies?

		US	EU	China
	Economics			
	GDP (2020)	\$20.94 trillion	\$15.28 trillion	\$14.72 trillion
	Population	329.5 million	447.8 million	1.40 billion
	Median age	38	43	38
	Unemployment rate (June 2021)	5.9%	7.1%	3.9%
	National debt	~\$26.6 trillion	~\$12.3 trillion	~\$10.6 trillion
	Number of billionaires	724	~350	698
	Military spending	\$778 billion	\$233 billion	\$252 billion
	Markets			
	Currency	USD	EUR	RMB
	Daily FX turnover (2019)	~\$5.1 trillion	~\$1.6 trillion	~\$300 billion
	Equity market capitalization (2020)	~\$40.7 trillion	~\$5.8 trillion	~\$12.2 trillion
	Bond market size (2Q 2020)	~\$33 trillion	~€18 trillion (EEA)	~\$27 trillion
PE fundraising (2018)	~\$203 billion	~\$82 billion	~\$77 billion	
	Innovation			
	Patent applications, residents (2019)	285K	89K	~1.24 million
	Total R&D expenditure (% of GDP, 2020)	2.83%	2.20%	2.14%
	Internet users (% of population)	89.4%	87.9%	70.6%
	Tertiary education students (% , gross)	87.9%	73.1%	58.4%

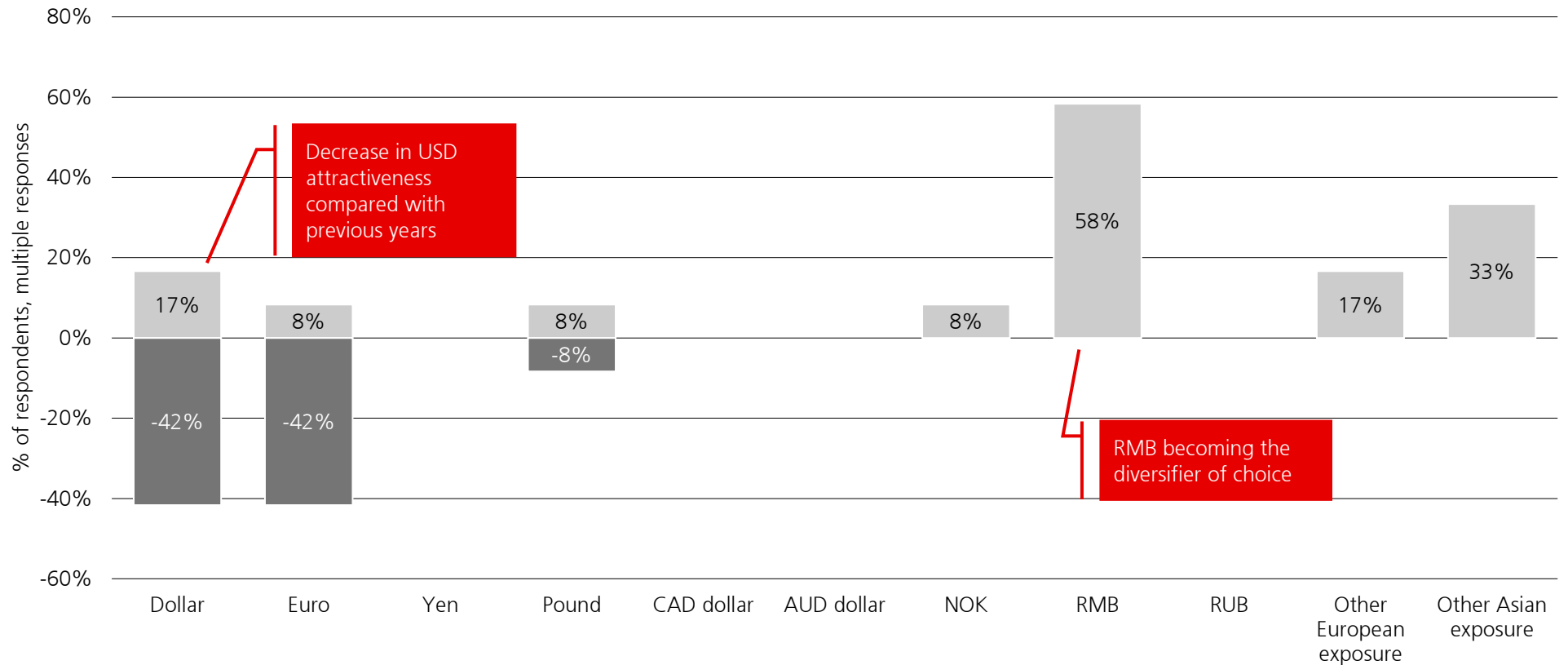
Source: The World Bank, Bloomberg, BIS, IMF, Statista, Tradingeconomics, USPTO, EPO, WIPO, ICMA, NCSES, Forbes, eMarketer, Internetworldstats, UBS 2021.

Currency focus: Changes in 2020/21

Indicates the % of respondents that altered their allocations to each currency up or down.

How have survey participants altered their currency allocation during the past year?

The average share of USD holdings among all participants was about 69%, up from 67% in the previous year.



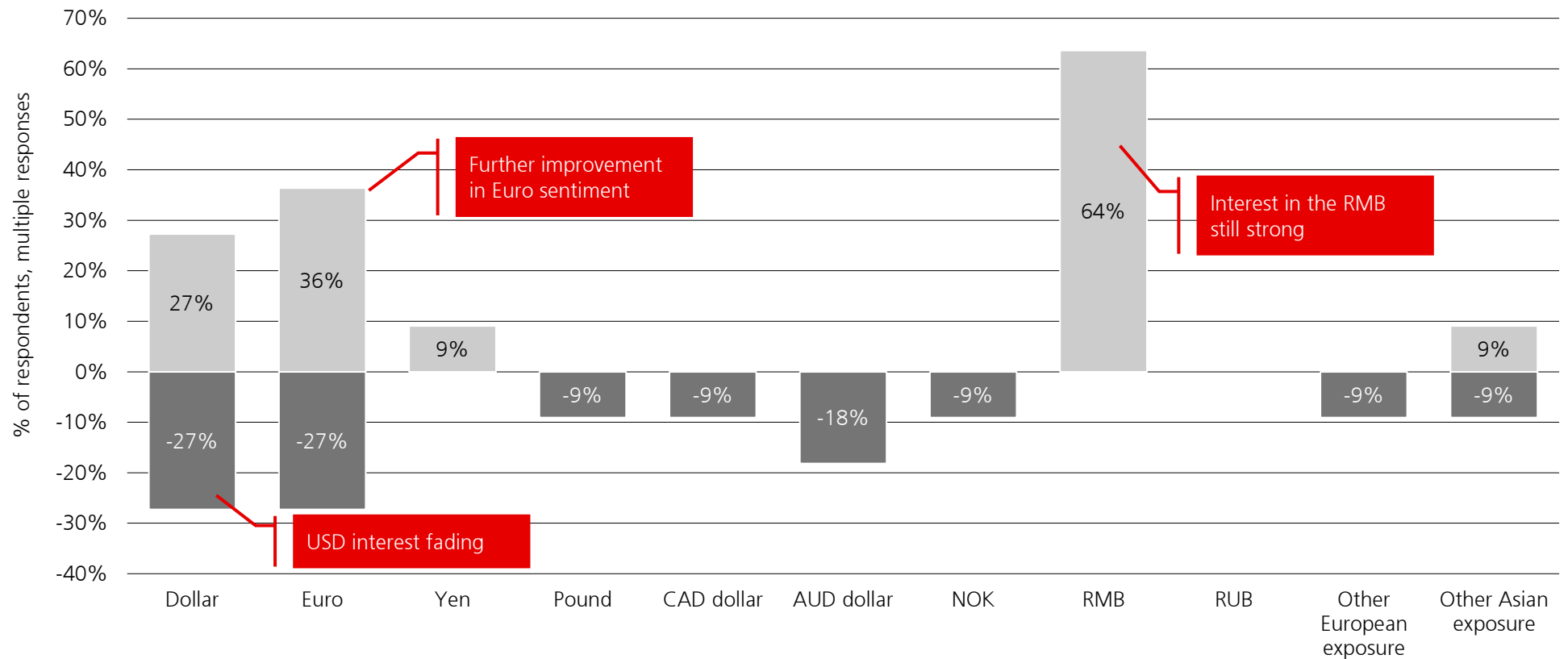
Source: UBS Annual Reserve Manager Survey, results as of June 2021

Currency focus: Outlook



Indicates the % of respondents that expect their allocations for each currency to go up or down.

How do survey participants expect their currency allocations to change going forward?

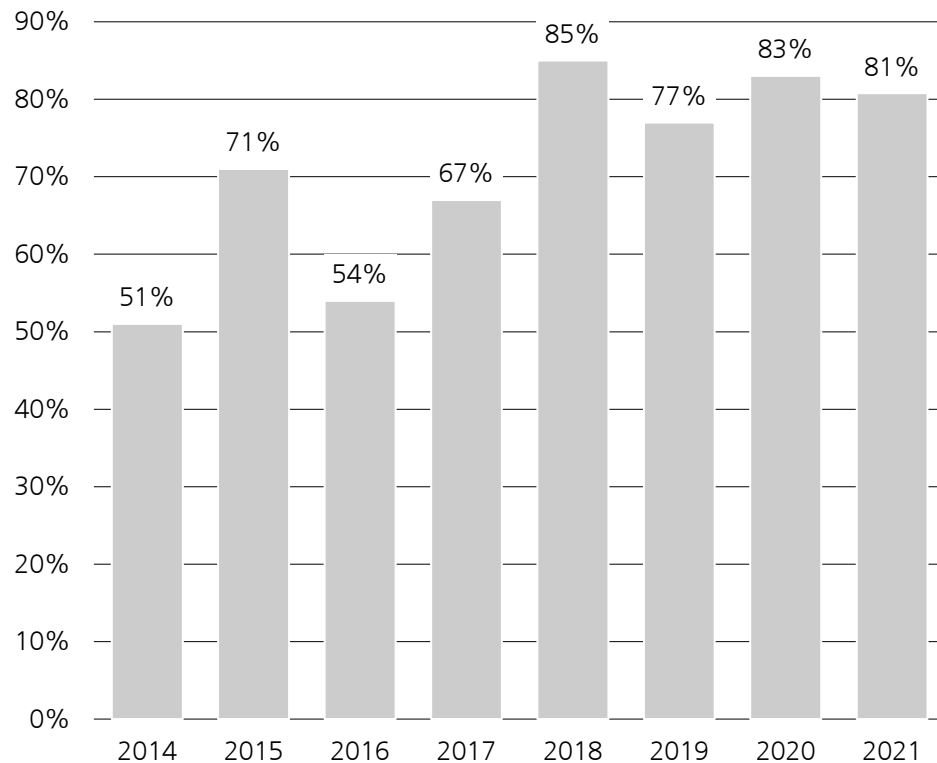


Source: UBS Annual Reserve Manager Survey, results as of June 2021

Currency focus: RMB

Please describe your attitude towards the RMB!

% of survey respondents that are invested, or consider investing, in the RMB



The average long-term target allocation (not the actual allocations) to the RMB is around 5.7% among survey participants, another significant increase from 5.0% in the previous year

- 2 participants reported that they introduced the RMB this year into their reserve portfolio
- The number of participants that are invested, or consider investing, in the RMB decreased slightly from high levels last year



UBS has issued the White Paper **"RMB's march to reserve currency status - A reality check"** on the occasion of the Reserve Manager Seminar 2018.

Source: UBS Annual Reserve Manager Survey, results as of June 2021

The RMB share of FX reserves is gradually rising

Currency Composition of FX Reserves

	1995	2000	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021-1Q	2021-2Q
US dollar	61.9%	71.1%	66.5%	61.8%	62.4%	61.2%	61.2%	62.8%	64.1%	65.3%	62.7%	61.7%	60.7%	59.0%	59.5%	59.2%
Euro ¹	28.4%	18.3%	23.9%	26.0%	24.7%	24.2%	24.4%	22.2%	19.9%	19.1%	20.1%	20.7%	20.6%	21.2%	20.6%	20.5%
British pound	2.2%	2.8%	3.7%	3.9%	3.8%	4.0%	4.1%	3.8%	4.9%	4.3%	4.5%	4.4%	4.6%	4.7%	4.7%	4.8%
Japanese yen	7.1%	6.1%	4.0%	3.7%	3.6%	4.0%	3.9%	3.9%	4.1%	3.9%	4.9%	5.2%	5.9%	6.0%	5.9%	5.8%
Canadian dollar	...	...	...	...	...	1.5%	1.7%	1.9%	1.9%	1.9%	2.0%	1.8%	1.9%	2.1%	2.1%	2.2%
Australian dollar	...	...	...	...	...	1.5%	1.6%	1.8%	1.9%	1.7%	1.8%	1.6%	1.7%	1.8%	1.8%	1.8%
Renminbi										1.1%	1.2%	1.9%	1.9%	2.3%	2.5%	2.6%
excl. Chinese reserves										1.7%	1.8%	2.6%	2.7%	3.1%	3.3%	3.5%
Swiss franc	0.4%	0.3%	0.1%	0.1%	0.1%	0.3%	0.2%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%	0.2%	0.2%	0.2%
Other currencies		1.5%	1.7%	4.4%	5.4%	3.3%	2.9%	3.1%	3.0%	2.4%	2.5%	2.5%	2.5%	2.7%	2.8%	2.8%

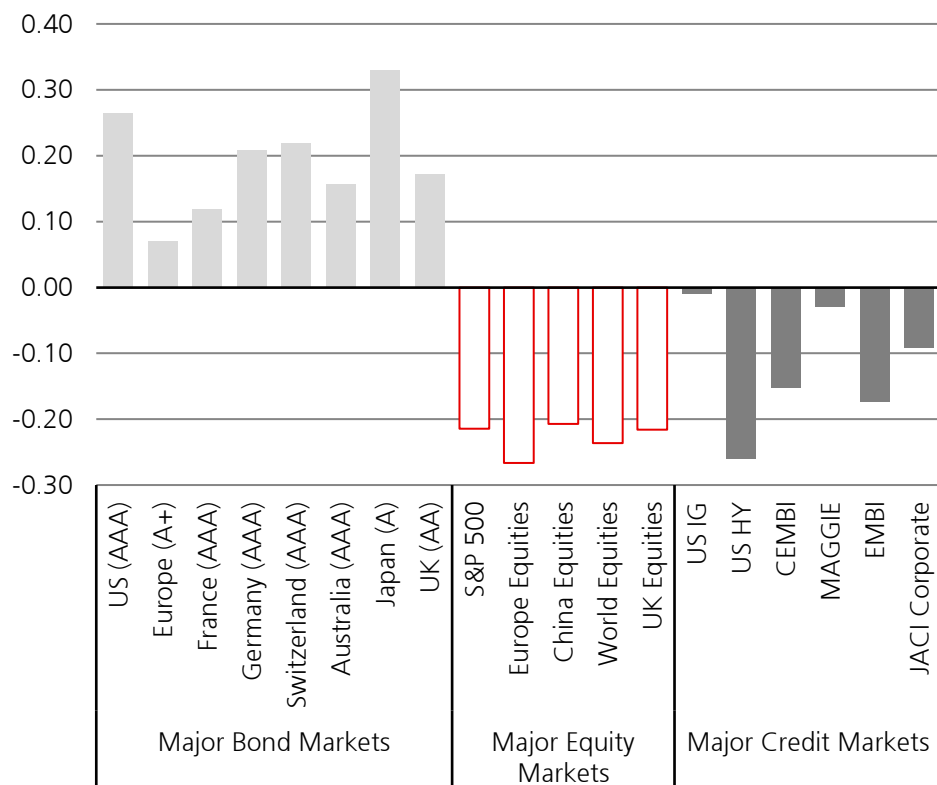
Source: IMF COFER as of April 2021

¹ ECU and other European currencies before the introduction of the euro.

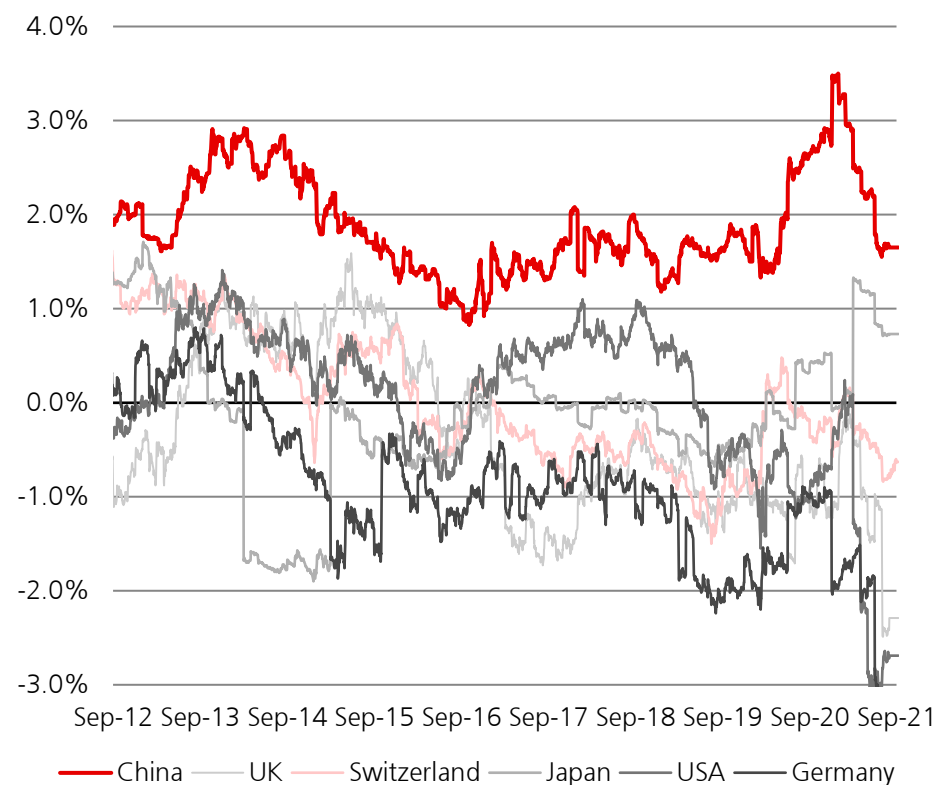
Adapt to a multipolar global economy by increasing allocation to Chinese assets

China continues to have a different business and market cycle than the rest of the world and correlation with advanced economies' government bonds remain very low

Diversification benefits through low correlations (5 years)



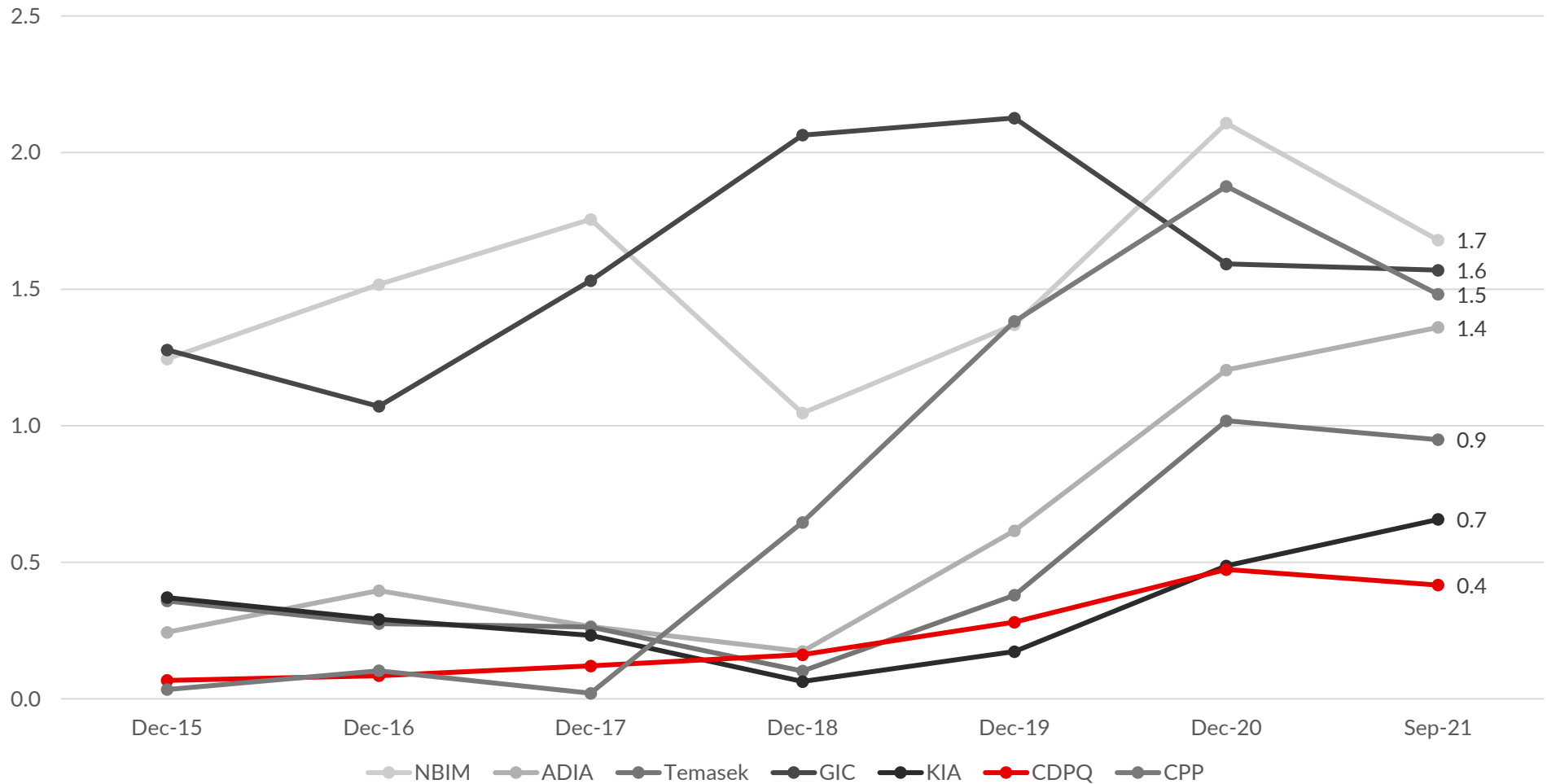
Wealth preservation with China bonds: Sovereign real yields (based on core CPI)



Source: UBS, Bloomberg. Data as of end September 2021. Note: (1) Correlations are made to the China bond following indexes: (S&P 500) Bloomberg code: SPX:IND; Europe Equities represented by EURO STOXX 50 Index, Bloomberg code: SX5E:Ind; China Equities: represented by Shanghai Stock Exchange Composite Index. Bloomberg code: SHCOMP; World Equities represented by MSCI World Index, Bloomberg code: MXWO; UK Equities represented by FTSE 100 Index, Bloomberg code: UKX. (3) Left hand side chart: China (A+): Bloomberg China Agg Index, US (AAA): J.P. Morgan GBI US, Europe (A+): J.P. Morgan GBI EMU, France (AAA): J.P. Morgan GBI France, Germany (AAA): J.P. Morgan GBI Germany, Switzerland (AAA): Swiss Bond Index (SBI), Australia (AAA): J.P. Morgan GBI Australia, Japan (A): J.P. Morgan GBI Japan, UK (AA): J.P. Morgan GBI UK. (4) Indices used are in local currency.

SWFs increased their activity in China over the past years

Holdings in Chinese A-Shares of key SWFs and public pension funds (US\$ billion)



Source: China Securities Regulatory Commission (CSRC), GlobalSWF as of 3Q 2021.
Past performance is not a reliable indicator of future results.

Session one

China Economic and Financial Outlook

China Economic Outlook 2022

UBS Investment Research

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ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, including information on the Quantitative Research Review published by UBS, begin on slide 105

www.ubs.com/investmentresearch

December 2021



Key topics

- Changing growth drivers & downward pressure
- Property downturn and implications
- Macro policy outlook
- Regulatory changes
- Common prosperity and new growth strategy

China baseline forecasts

	2019	2020	2021E	2022E	2023E
Real GDP (% y/y)	6.0	2.3	7.6	5.4	5.0
Consumption	6.3	-1.0	6.7	5.7	5.6
Investment	6.4	6.3	3.3	4.4	4.3
Net exports (contribution to GDP growth)	0.3	0.7	2.3	0.4	0.2
Current account balance (% of GDP)	0.7	1.9	2.1	2.2	2.0
Trade balance (% of GDP)	2.8	3.5	3.6	3.8	3.9
Exports (% , in USD)	-1.3	4.6	27.0	10.0	5.5
Imports (% , in USD)	-2.1	-0.6	28.0	9.0	5.0
CPI (%y/y)	2.9	2.5	0.9	2.0	1.6
10-yr CGB yield (% , end year)	3.2	3.2	2.8	3.0	3.0
Adjusted TSF (%y/y)	10.9	13.3	10.2	9.8	8.6
RMB/USD exchange rate (end year)	6.98	6.52	6.40	6.50	6.50

Source: CEIC, UBS estimates Q3 2021
 Past performance is not a reliable indicator of future results

Uneven recovery and downward pressure

Strong exports and corporate capex, setback in consumption, slowing property, weak infra, power shortage

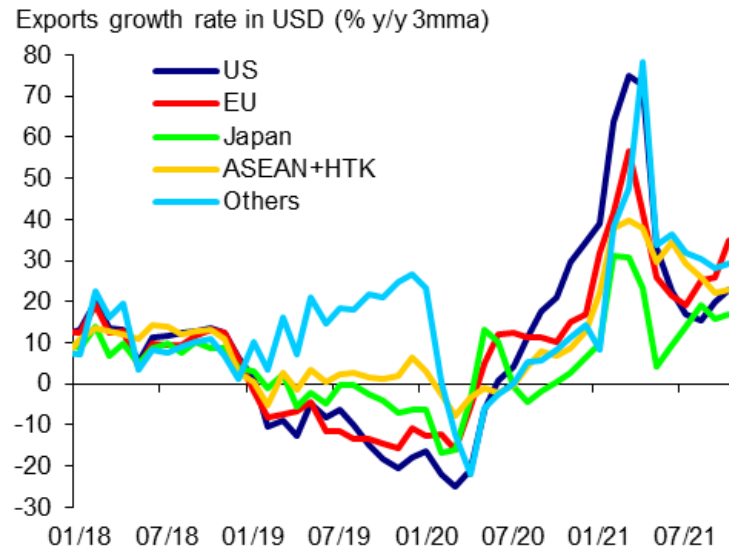
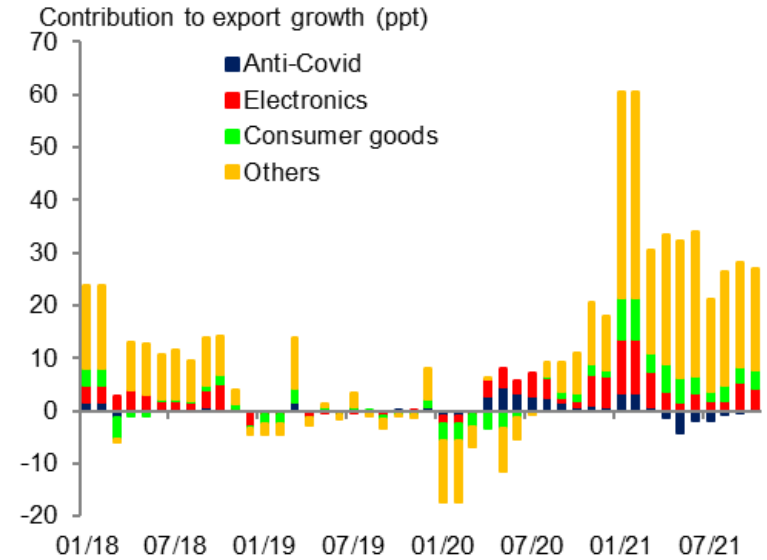
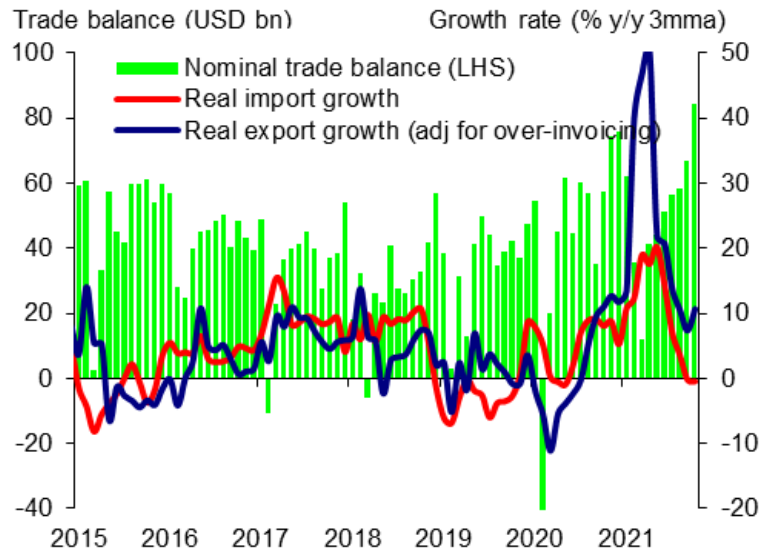
	2020-21 avg growth (%)								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Industrial production	8.1%	8.1%	6.2%	6.8%	6.6%	6.5%	5.6%	5.4%	5.0%
Overall FAI	1.0%	1.0%	4.0%	5.7%	4.7%	5.7%	2.8%	4.3%	2.8%
# Manufacturing FAI	-3.0%	-3.0%	-0.3%	3.4%	3.7%	6.0%	2.8%	6.1%	6.4%
# Real Estate FAI	7.6%	7.6%	7.7%	10.3%	9.0%	7.2%	6.4%	5.9%	4.0%
# Infrastructure FAI	-0.6%	-0.6%	5.8%	3.8%	3.4%	3.9%	-1.6%	0.0%	0.0%
Retail sales	3.1%	3.1%	6.3%	4.3%	4.5%	4.9%	3.6%	1.5%	3.8%
# Goods retail	3.8%	3.8%	6.9%	4.8%	4.9%	5.3%	3.9%	2.4%	4.3%
# Catering	-2.0%	-2.0%	1.0%	0.4%	1.3%	1.0%	0.9%	-5.8%	0.1%
Exports	10.0%	23.0%	10.3%	16.8%	11.1%	15.1%	12.9%	17.0%	18.4%
Imports	5.4%	12.5%	16.8%	10.7%	12.4%	18.8%	12.8%	14.4%	15.5%
Floor space started	-4.8%	-4.8%	-2.0%	-5.4%	-1.9%	2.3%	-6.5%	-7.7%	-7.9%
Floor space sold	11.0%	11.0%	8.9%	8.0%	9.4%	4.8%	0.1%	-2.0%	-3.5%
Floor space completed	4.0%	4.0%	-3.2%	-6.0%	8.2%	24.7%	4.0%	7.6%	-8.8%
Land area purchased	-3.0%	-3.0%	-7.8%	-1.9%	-17.0%	-4.3%	0.5%	-10.8%	-3.5%

Source: CEIC, UBS estimates Q3 2021
Past performance is not a reliable indicator of future results

Changing growth drivers ahead

- Exports: slowing from 2021, still positive contribution to growth
- Consumption: weak or weaken in Q4 & Q1, rebound from Q2 2022
- Power shortage: less restrictive in Q4, dissipate from Q1 2022
- Infrastructure: rebound from Q4, more from Q2
- Property downturn: continue in Q4, Q1. Stabilize later in H2 2022

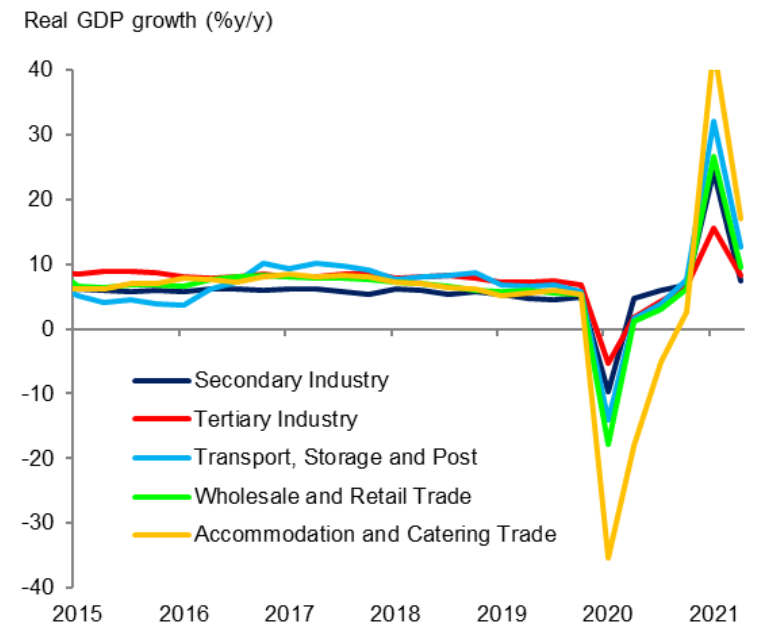
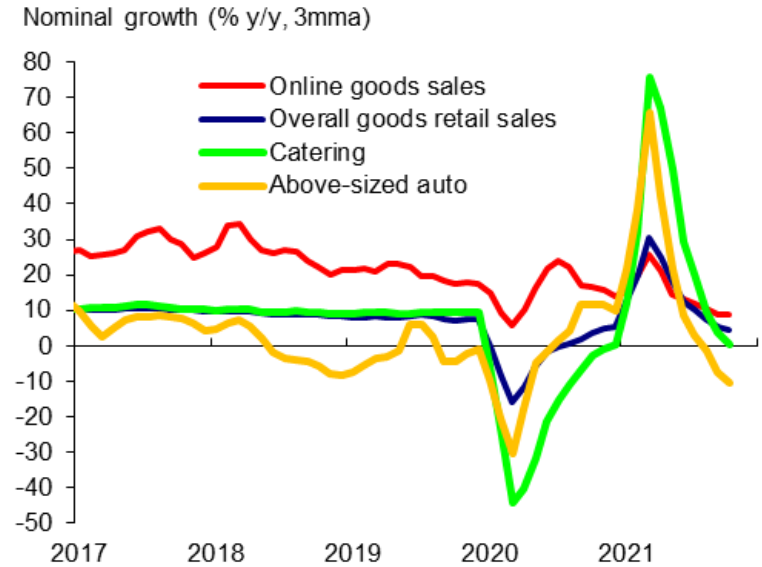
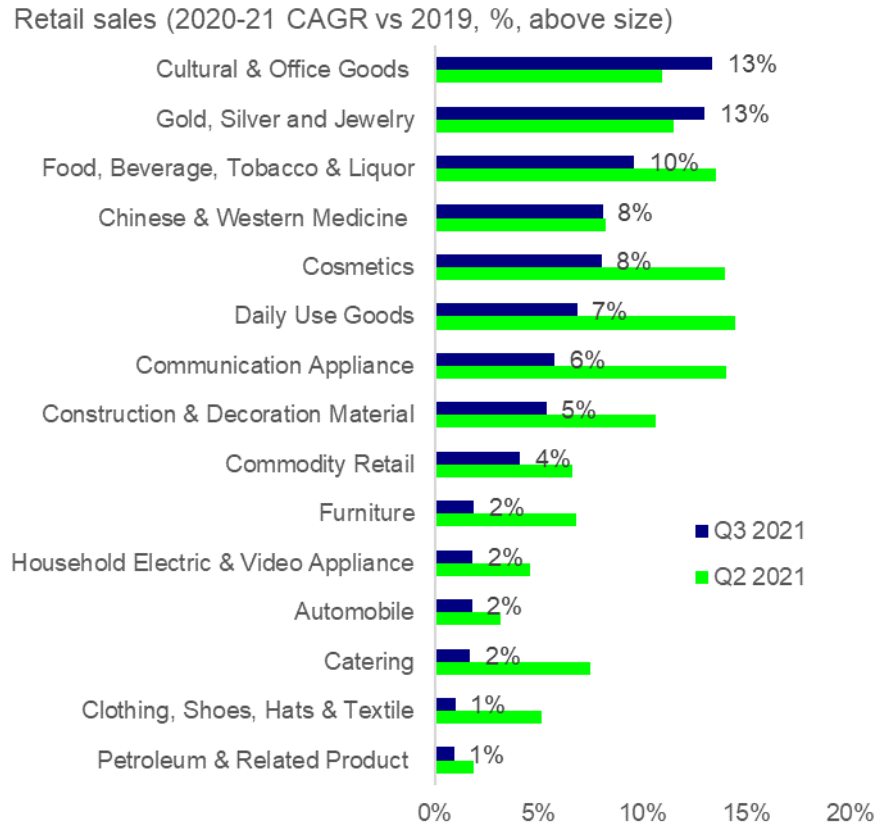
Exports to slow from 2021, but still robust



Source: CEIC, Wind, Haver, UBS estimates Q3 2021
 The charts displayed above and right are intended solely for illustrative purposes
 Past performance is not a reliable indicator of future results

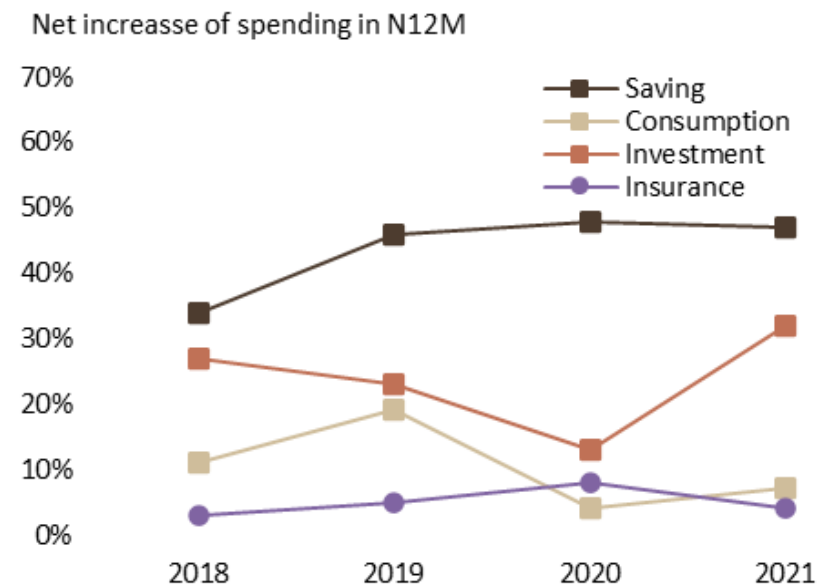
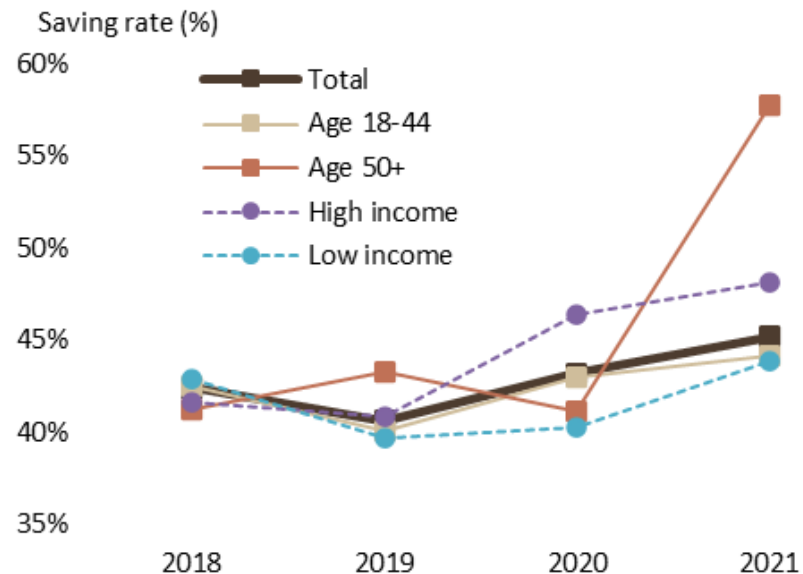
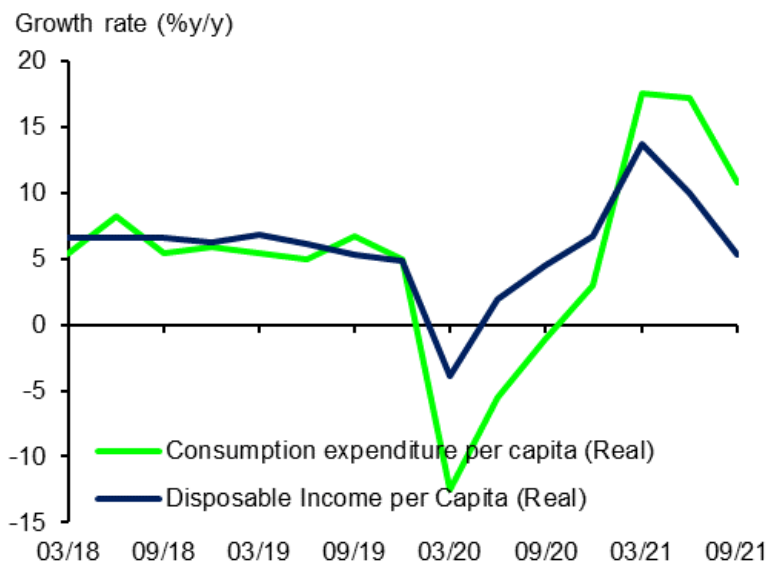
Consumption recovery depends on Covid policy...

Expect Covid restrictions to tighten in Q1 and ease from Q2



Source: CEIC, Wind, Haver, UBS estimates Q3 2021
 The charts displayed above and right are intended solely for illustrative purposes
 Past performance is not a reliable indicator of future results

... which has contributed to cautious sentiment & high saving rate...

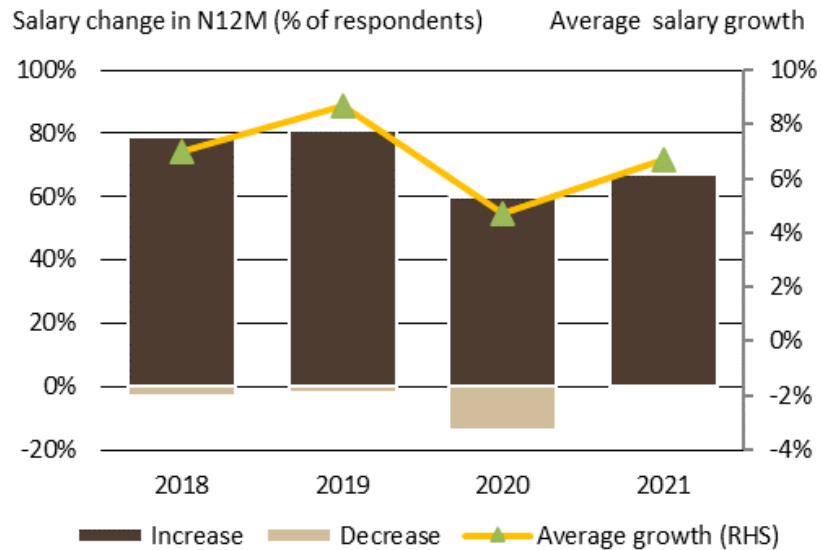


Source: CEIC, UBS Evidence Lab, UBS estimates Q3 2021
 The charts displayed above and right are intended solely for illustrative purposes
 Past performance is not a reliable indicator of future results



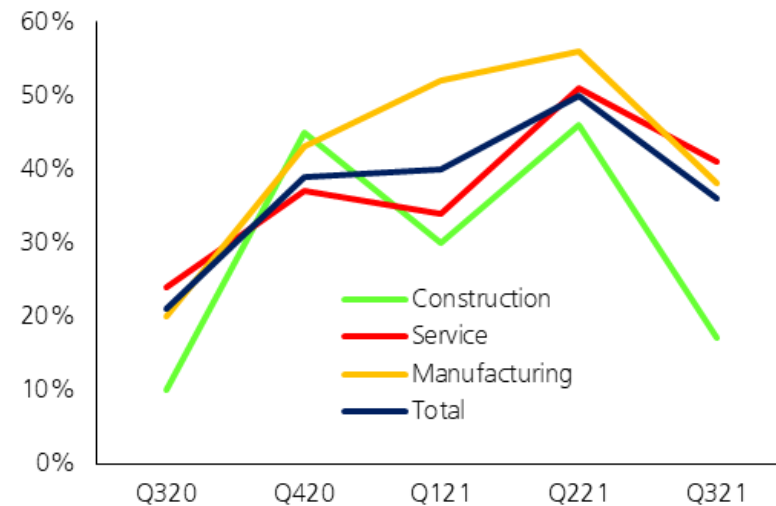
... and labor market and income growth

Salary increase not yet back to normal



Labor market softening in Q3, especially construction

% of respondents increased hiring from Q2 (net basis)



Source: UBS Evidence Lab, UBS estimates Q3 2021
 The charts displayed above are intended solely for illustrative purposes
 Past performance is not a reliable indicator of future results

Recent power shortage is expected to ease

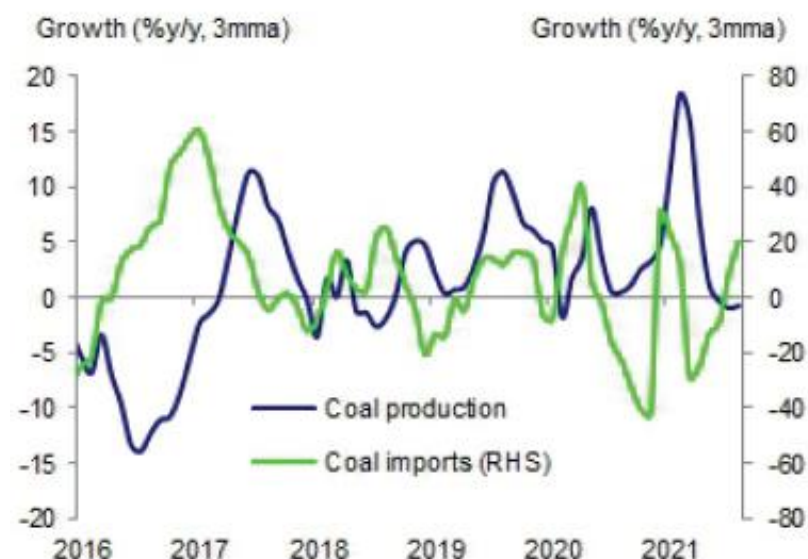
Reasons behind power cuts:

- Strong power demand from energy-intensive growth recovery
- Slower growth in coal production and drop in coal imports
- Surging coal price and controlled power tariffs discourages power production
- Forced cuts to meet energy efficiency target

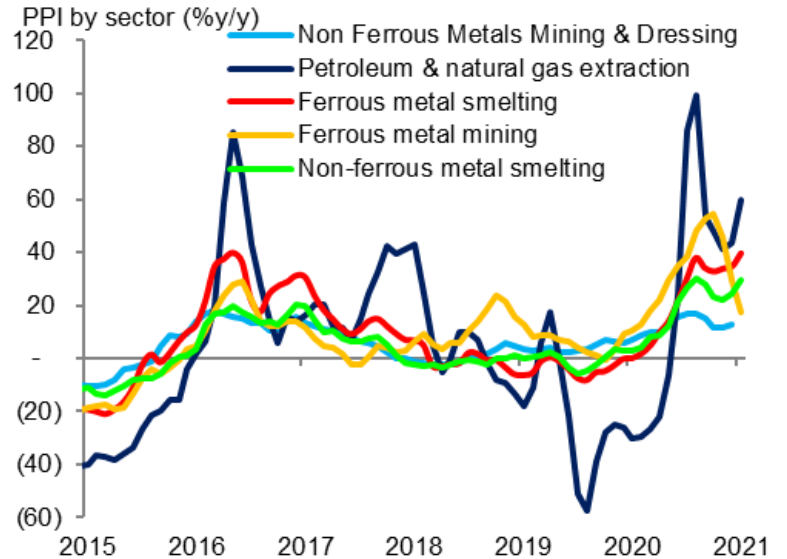
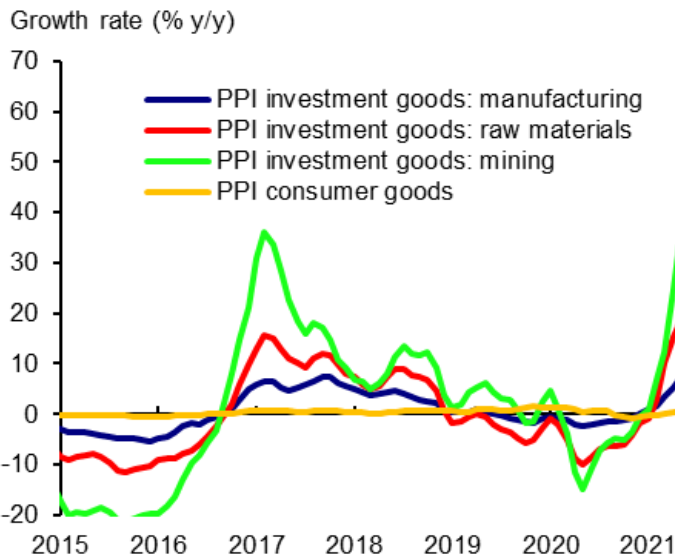
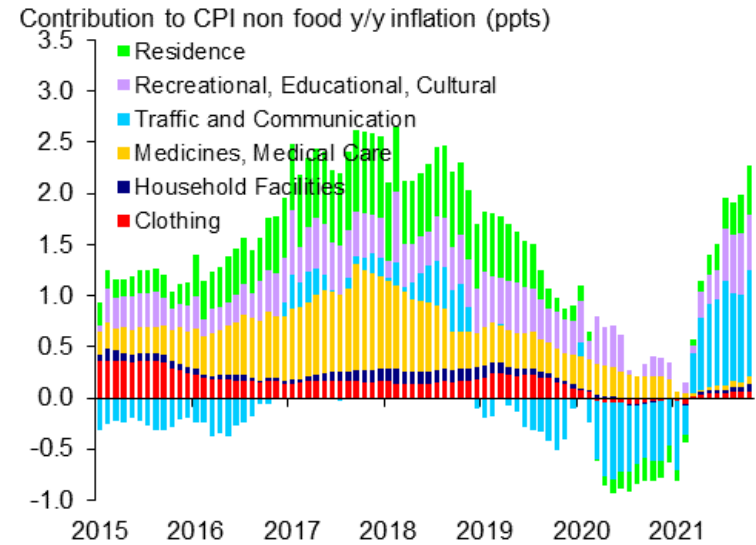
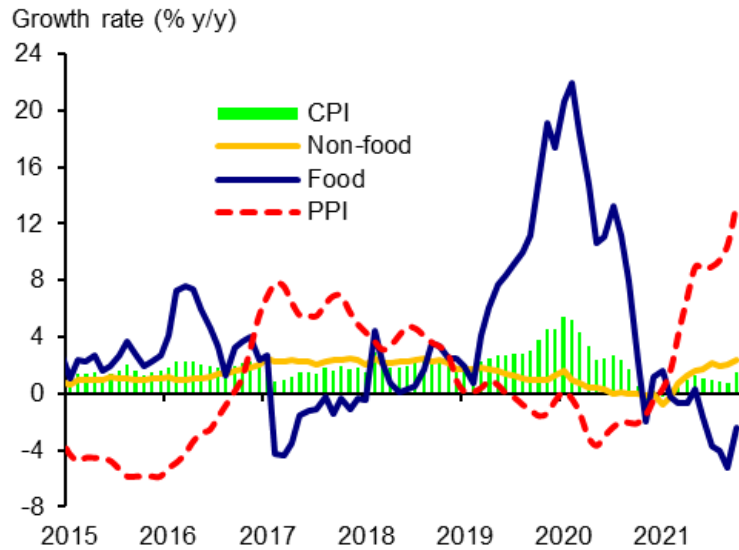
Outlook:

- Increase coal supply and raise on-grid power tariff
- May ease Dual Control
- implementation temporarily
- Q1 onwards: high base & weaker demand: pressures will dissipate

Source: CEIC, Wind, Haver, UBS estimates Q3 2021
The charts displayed right are intended solely for illustrative purposes
Past performance is not a reliable indicator of future results



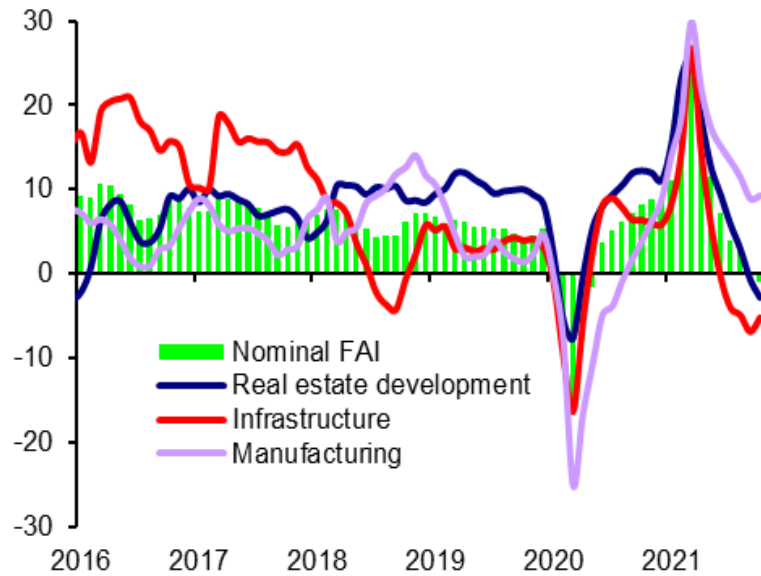
PPI to decelerate, CPI to move higher



Infrastructure FAI to rebound in 2022

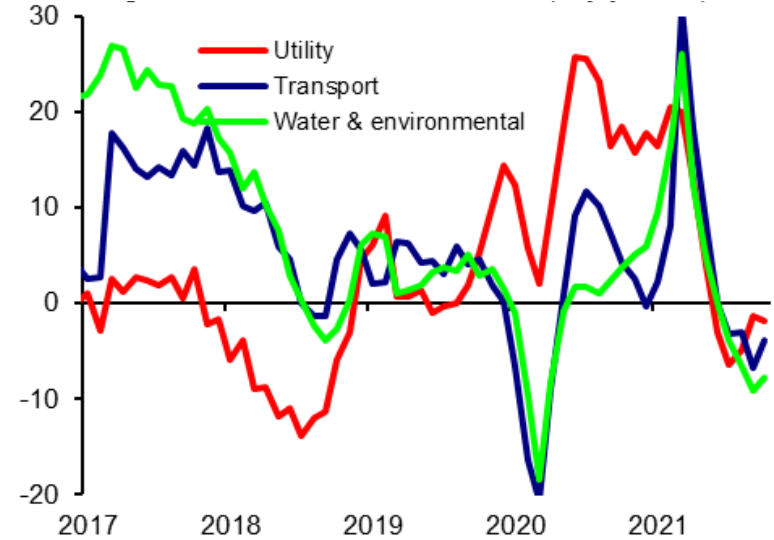
Growth rate

(% y/y 3mma)



Nominal growth of infrastructure investment

(%y/y 3mma)



Source: CEIC, Wind, Haver, UBS estimates Q3 2021

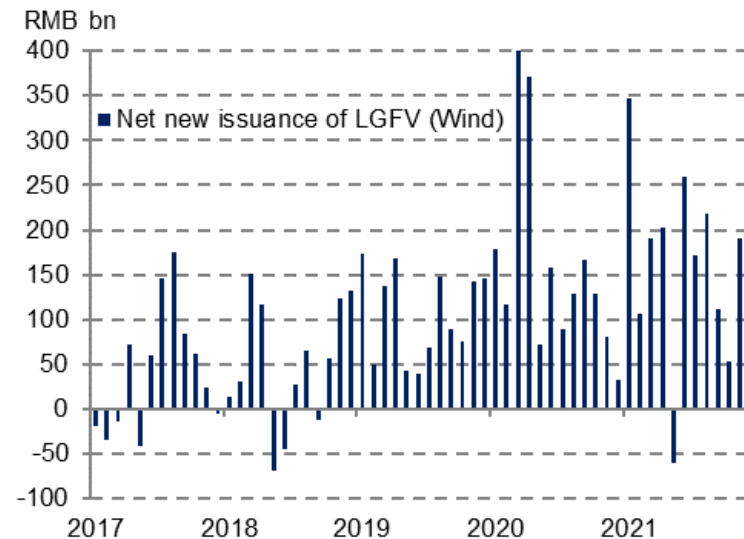
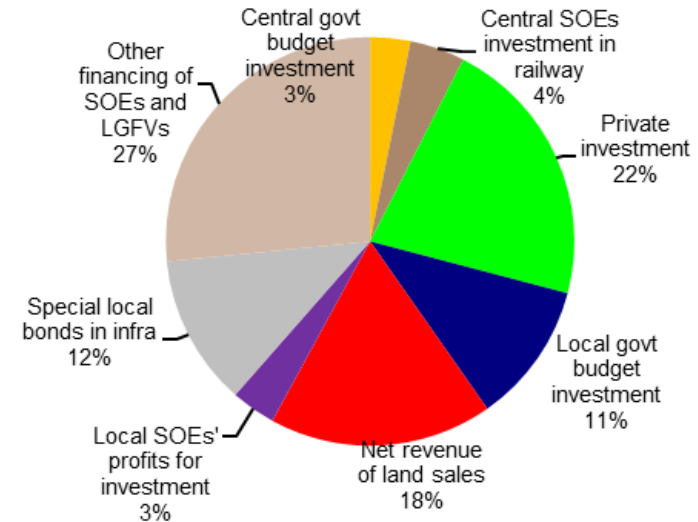
The charts displayed above are intended solely for illustrative purposes

Past performance is not a reliable indicator of future results

Expect faster LG bond issuance and less tight control of LGFV financing and project approval

- Fiscal has been tighter than budgeted
- Special LG bond issuance accelerating
- Expect LGFV financing to be less tight if growth pressures persist
- Project approval may speed up
- Infrastructure investment to stop decline in Q4, rebound in 2022, especially from Q2 onwards.

Source of funds for infrastructure FAI (% of total, 2020)

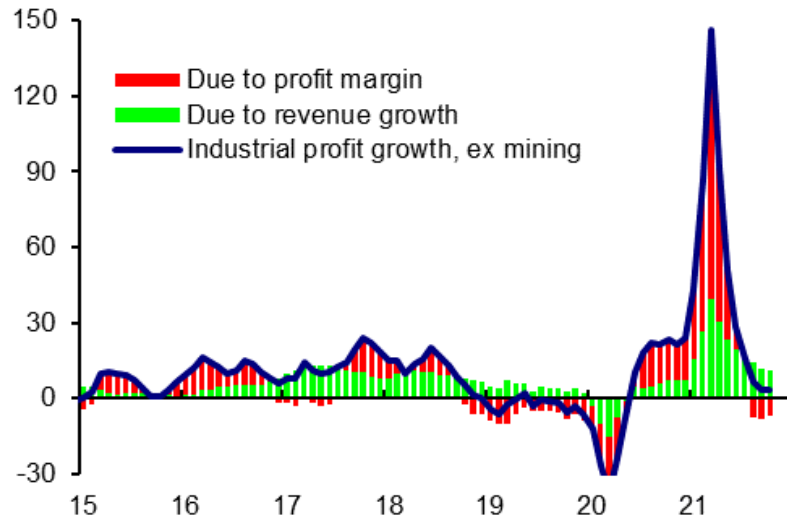


Source: CEIC, Wind, Haver, UBS estimates Q3 2021
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Manufacturing capex may moderate somewhat due to slowing overall demand

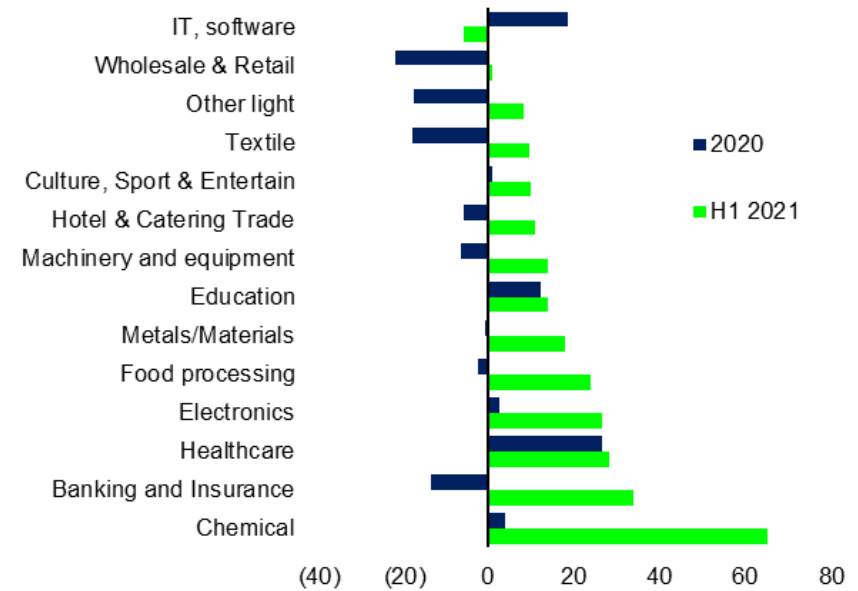
Industrial profit growth, ex mining

(% y/y 3mma)



FAI growth by industry

Growth (%)

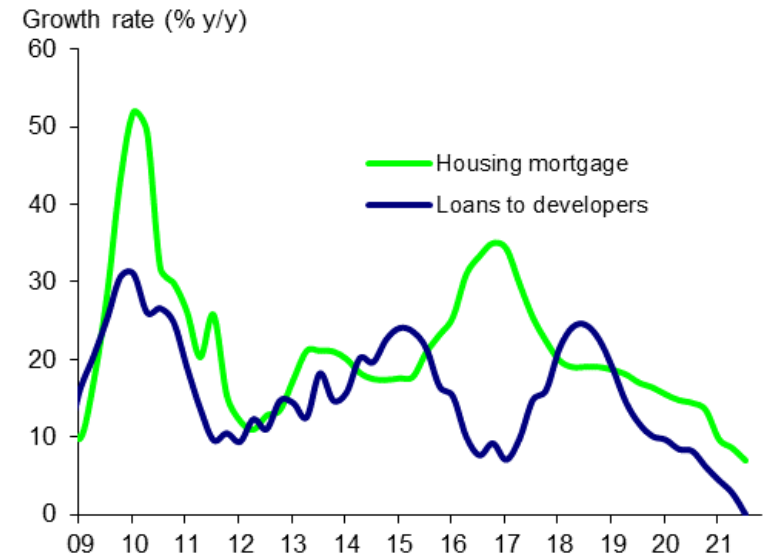
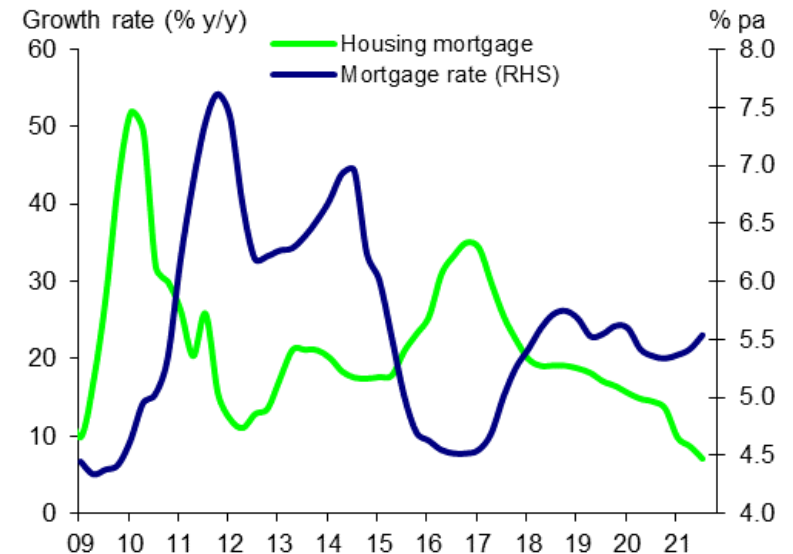
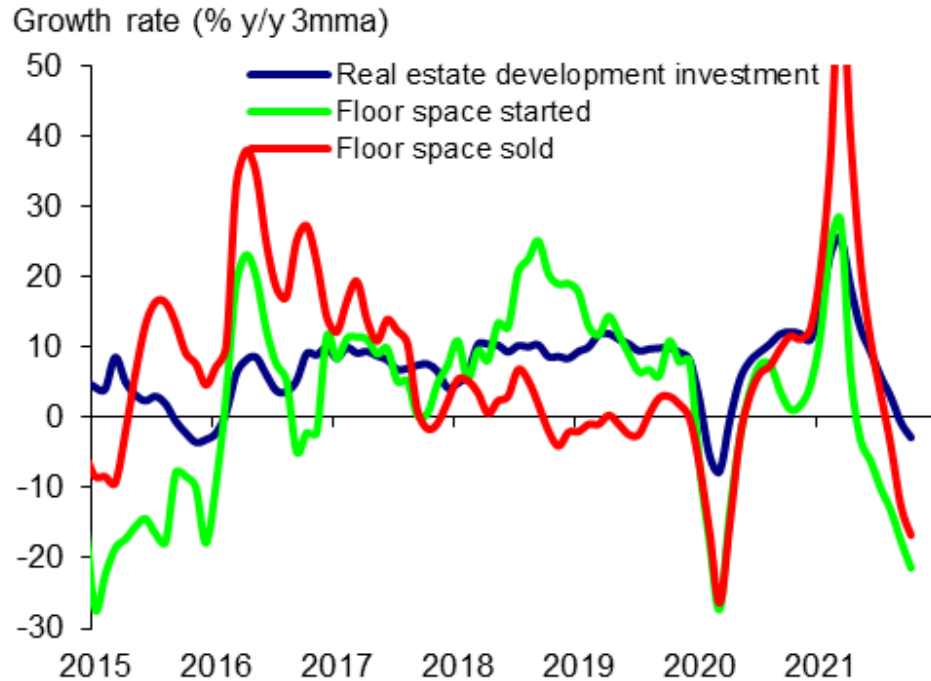


Source: CEIC, Wind, Haver, UBS estimates Q3 2021

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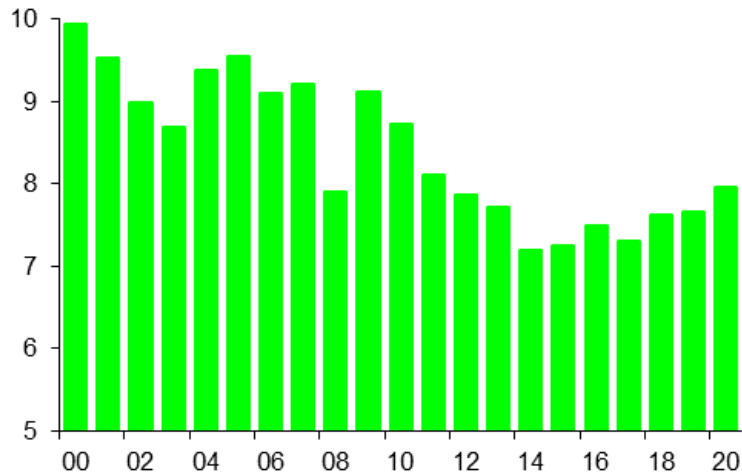
Property activities to weaken further amid tight policies



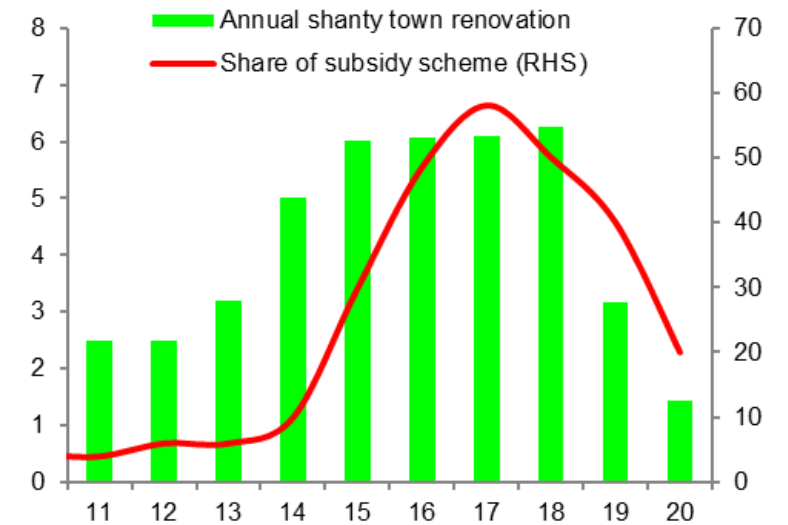
Source: CEIC, Wind, Haver, UBS estimates Q3 2021
 The charts displayed above and right are intended solely for illustrative purposes
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...as fundamentals are also less supportive of property...

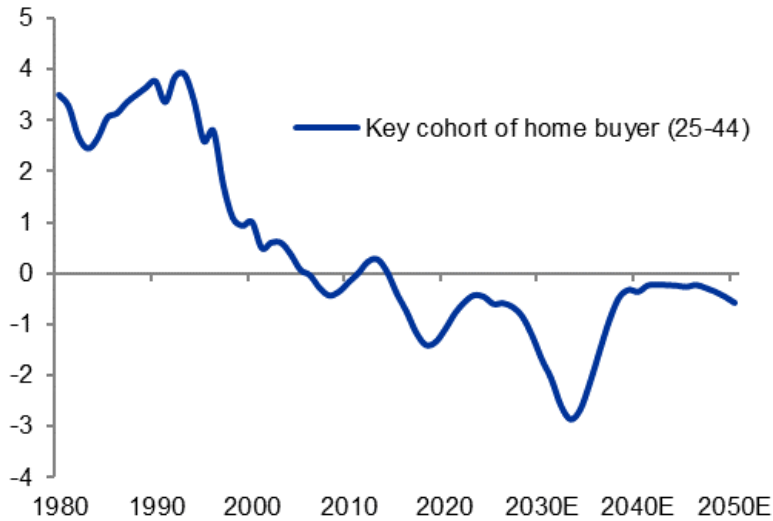
Average price of a 100 sqm property over average annual urban household disposable income



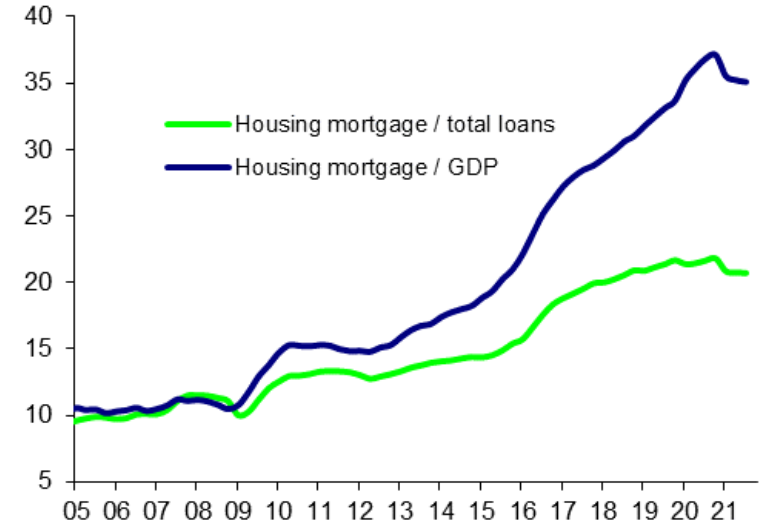
Units million (left axis) and Share of total (%) (right axis)



Growth rate (%)

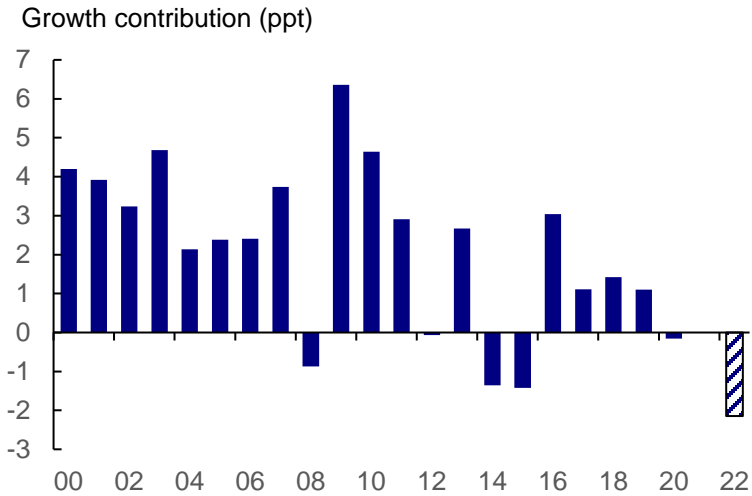


Share (%)

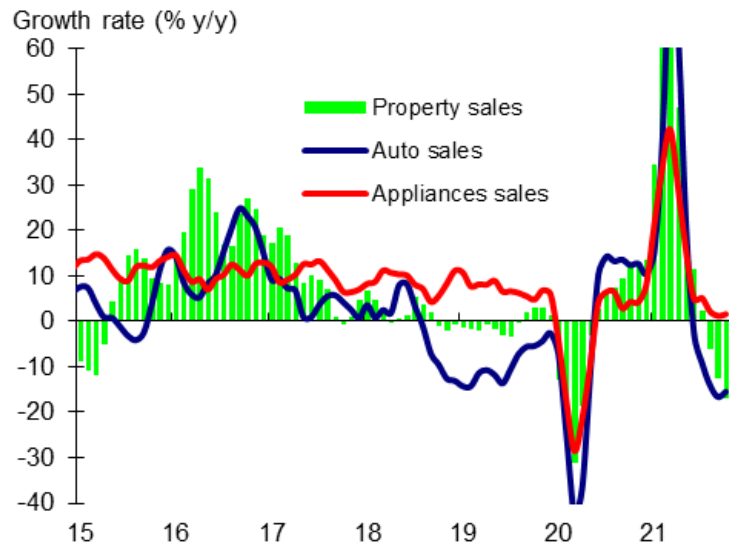
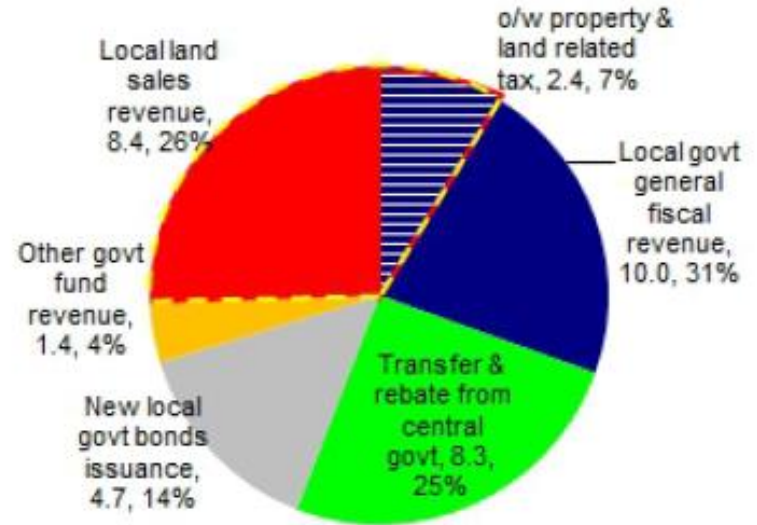


Source: CEIC, Wind, Haver, UBS estimates Q3 2021
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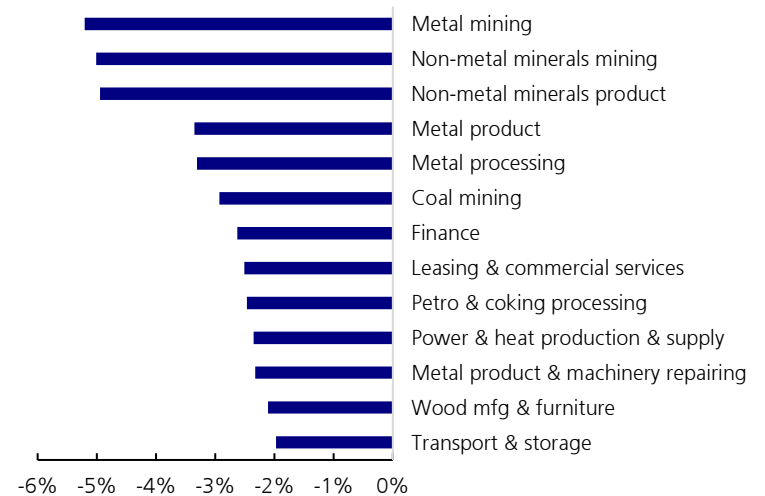
...Leading to worries of macro and financial risks



Local government revenue breakdown (RMB trn, % of total, 2020)



Impact of 10% decline in property activities on sector output (%)



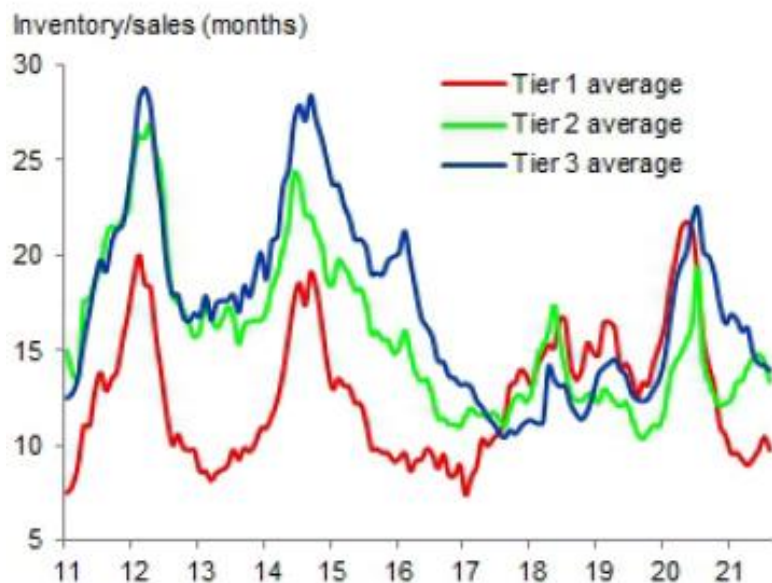
Source: CEIC, Wind, Haver, UBS estimates Q3 2021
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Evergrande spill-over effect and responses

- Possible end-game for Evergrande is segregation of project companies from the group and a debt restructuring with a haircut. Evergrande spill-over impact appears largely manageable regarding banking system's direct loan exposure.
- In a worst case of serious Evergrande spill-over, property investment could decline by 10% in the next 2 quarters, potentially dragging down China's GDP growth by 1-2ppt in the next few months...
- Property sector drives ~25% of China's GDP growth via its direct and indirect channels, and is critical to financial sector stability. This means policy will react to serious downturn.
- Policy actions: protect ongoing project/home buyers, inject liquidity to financial system, ring fence troubled developers and banks, marginal easing by local governments...
- ...ease fiscal and monetary/credit policies towards end 2021, and with a delay, some easing in property policies as well.

We expect less deep but longer downturn than 2014-15

Lower inventory, less excess capacity, but also no more shanty-town subsidy



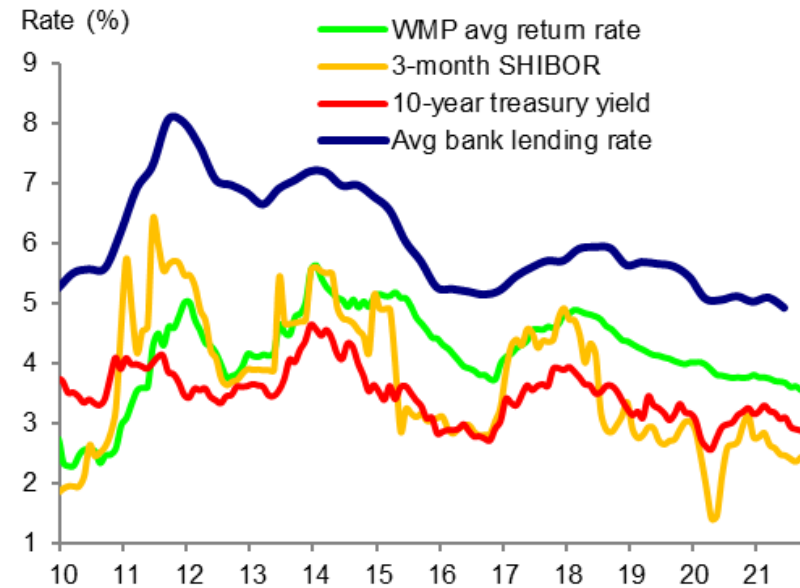
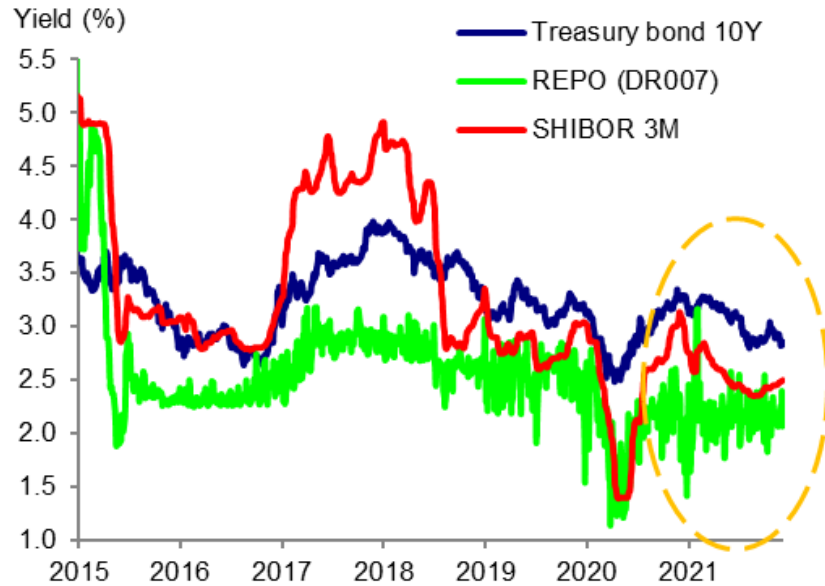
(Growth, %)	2016	2017	2018	2019	2020	2021E	2022E
Property sales (floor space)	22.5	7.7	1.3	-0.1	2.6	~2	-10 to -8
Property new starts (floor space)	8.1	7.0	17.2	8.5	-1.2	-8 to -7	-12 to -10
Property development investment	6.9	7.0	9.5	9.9	7.0	~5	~-5

Source: CEIC, Wind, Haver, UBS estimates Q3 2021
 The charts displayed above are intended solely for illustrative purposes
 Past performance is not a reliable indicator of future results

Macro policy outlook

- Policy this year focused on controlling leverage and structural change instead of growth. This is starting to change – economic/financial stability paramount
- Fiscal: faster LG bond issuance, LGFV financing still tight, smaller infra support. More growth downturn may prompt faster fiscal/infra support
- Monetary policy to provide more liquidity, still looking for RRR cut by end-2021 but no rate cut. More RRR cut possible. Rules on shadow credit, internet finance plateaued.
- Credit growth to bottom in Oct. before rebounding to 10.2% by end 2021, stabilizing in 2022. Debt/GDP ratio to decline by >7ppt in 2021E, and increase by about 4ppt in 2022
- Property policies: marginal easing on mortgages and developer loans and financing. Local governments may adjust land supply, increase rental construction, More visible easing in early 2022.

Monetary policy: more liquidity. Yields to stabilize/fall

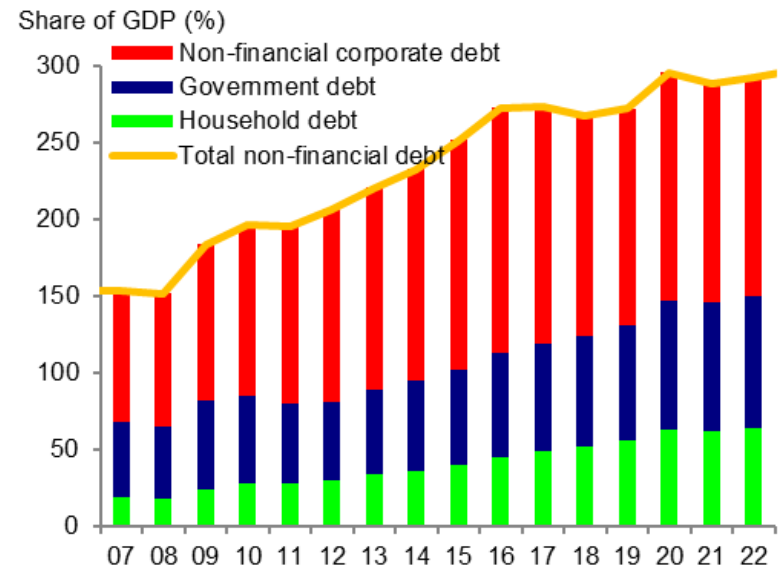
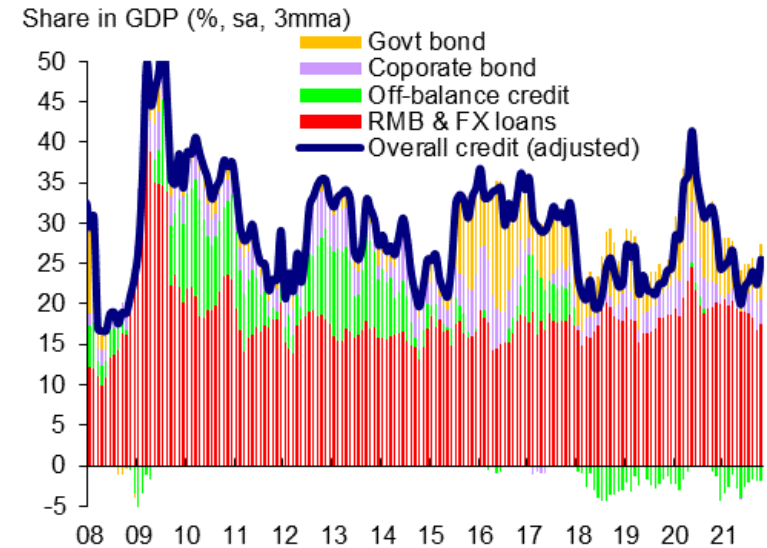
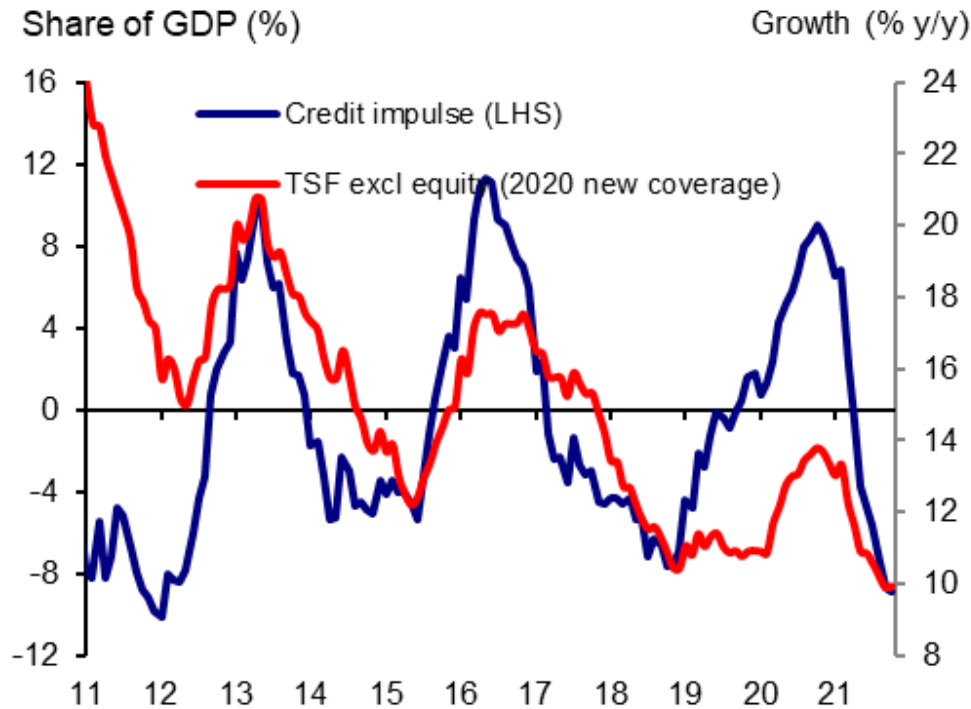


Source: CEIC, Wind, Haver, UBS estimates Q3 2021

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Largely stable credit growth, less negative credit impulse, and mini re-leveraging in 2022



Source: CEIC, Wind, Haver, UBS estimates Q3 2021
 The charts displayed above and right are intended solely for illustrative purposes
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Risks to outlook

- A sharper property downturn has become the bigger source of downside risk to growth in the coming 2-3 quarters
- Evolution of Covid and related restrictive policies remain an important factor inhibiting stronger consumption recover
- Power shortage and energy consumption control expected to ease in Q4, and dissipate in Q1 2022
- Policy easing may come later and smaller than expected due to delays in understanding the latest developments amid competing objectives
- Global consumer preference change and US-China relations

Regulatory tightening: why & what next?

Why:

- **Rectification** of absence or lax of regulations, catching up with EU/US
- **Risk control** (internet finance, property...)
- **Anti-trust** (internet platforms, food delivery, ride hailing, online music...)
- **Data security** & data privacy, government oversight (internet)
- **Equity and social harmony** (basic education, health care, food and drug safety, labor protection, internet content...)

Why this time?

- Problems emerging, delays from pandemic, geopolitical change...

What next?

- Continued implementation, more detailed rules. Some sectors may see stabilization

Market orientation, opening & tech importance not changed

- Market doubts understandable (concentrated timing, lacking due process and communication, media confusion)
- General market orientation unchanged, but state to play a bigger role in public services vs private sector
- Continued financial opening, no desire to decouple, but tighter regulations and more scrutiny
- Innovation, digitalization and tech self-reliance a core development strategy, but stronger regulations

What is "Common Prosperity" ?

"Getting rich together" vs "let some people/regions get rich first"

- A richer economy with better social welfare and less inequality. Not a new theme (since 2012) or short-term goal (full achievement 2050)

What's new

- "Action plans" demanded now; the state to play a "principle role" in providing basic public services; restrict income from monopoly and illegitimate competition

Major objectives and work focuses not new

- Increase labor income, expand middle-class population, land reform, develop capital markets; improve public education and healthcare; strengthen pension and insurance protection; tax reforms; encourage charity and donations

Main policies: boost income growth & improve social welfare

Income policies

- Support private sector/SME/services employment, better labor protection, more capital market development

Public services

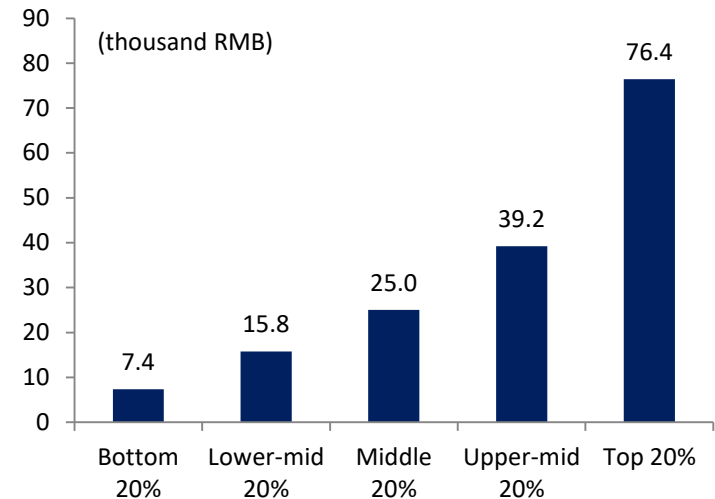
- Increase public spending on basic education, child care & old-age care, health care, sports & culture. Regulatory tightening to continue

Social protection

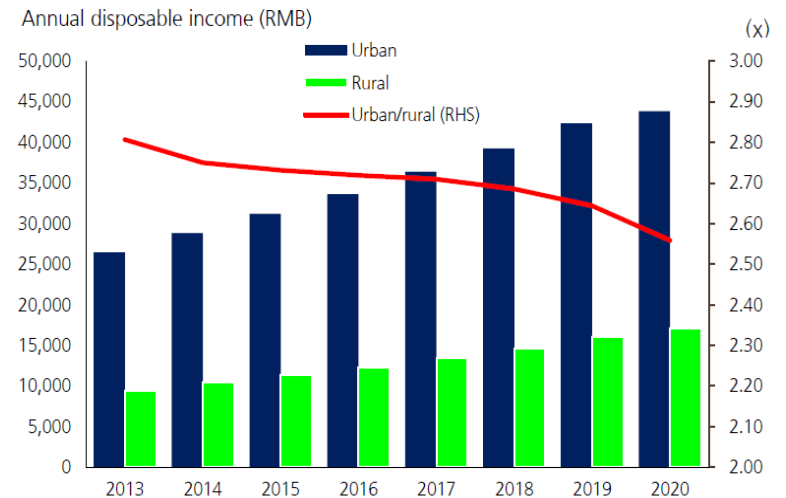
- Expand pension, unemployment insurance and health insurance coverage; transfer more state assets to national pension; develop commercial insurance

Source: CEIC, Wind, Haver, UBS estimates Q3 2021
The charts displayed right are intended solely for illustrative purposes
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Income inequality



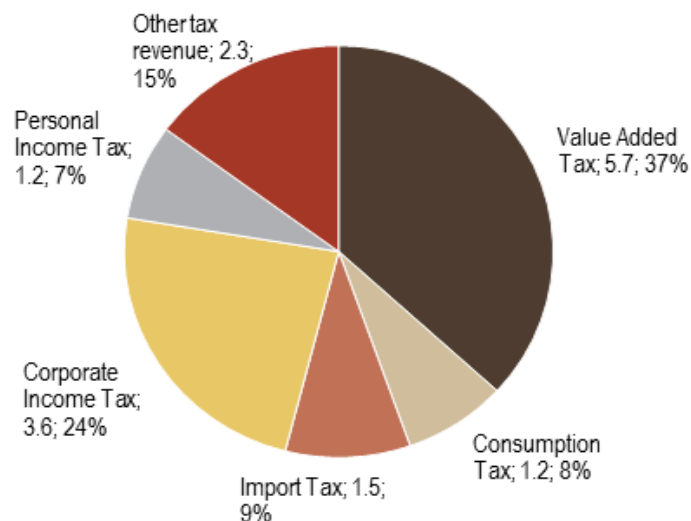
Big rural-urban divergence



Gradual tax reforms are expected

Very few pay income tax

China's tax revenue (RMB trn, % of total, 2020)



Tax reforms:

- Some capital gains may be subject to income tax over time; some high-end high pollution goods may be subject to consumption tax; faster property tax pilot program roll out but limited scope. Do not expect wealth tax any time soon

"Third Distribution"

- Moral suasion and tax incentives for charity & donations, similar to the west

Source: CEIC, Wind, Haver, UBS estimates Q3 2021
The chart displayed above is intended solely for illustrative purposes
Past performance is not a reliable indicator of future results

Common prosperity policies are included in 14th FYP

"Dual circulation" focus on boosting domestic demand especially consumption, and push forward on domestic reforms and further opening

- Strengthen employment, support services, SMEs and private sector
- Enhance social safety net (increase pension, health care coverage), rural development
- Adjust fiscal spending and role of government, improve public services
- Hukou and land reform, labor and capital market reform
- Reduce domestic barriers and monopoly, improve infrastructure, better network
- SOE reform – mixed ownership, market signal, private sector entry and access
- Further market opening (national treatment, negative list, procurement policy, IP protection)

Investment opportunities amid structural change

- Facilitating economic rebalancing towards consumption, boosting consumption of staples and some discretionary goods
- Improving public services but private-sector provided services need to adjust
- More investment opportunities in "hard" technology, renewable energy, advanced manufacturing
- Encouraging households to add more long-term financial assets
- Government to have increased spending burden, may accelerate divestment of some SOEs

New priorities in future development strategy

Technology & innovation

- Fundamental research, advanced manufacturing, technological upgrade, digital technology, IP protection

Modern supply chain and infrastructure

- Tech upgrade and tech security, core components, smart manufacturing, green tech, better infrastructure (transport, digital network, public services, energy)

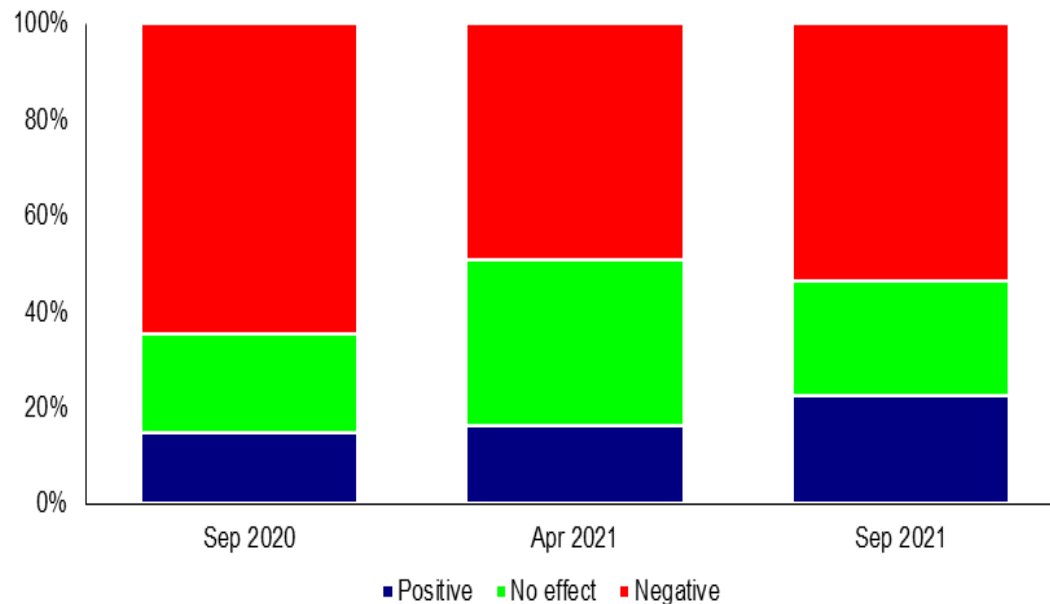
Green development and carbon control

- Require major shifts in economic, energy and transport structure. Good for renewable energy, EV, new materials, battery technology, smart grid, public transport

US-China relations

- Tech rivalry and access restrictions for China has intensified. Unlikely to ease in the coming years
- China to focus more on innovation and self-reliance...
- ...but expect potential growth to be 0.3-0.8ppts lower p.a. in the next decade

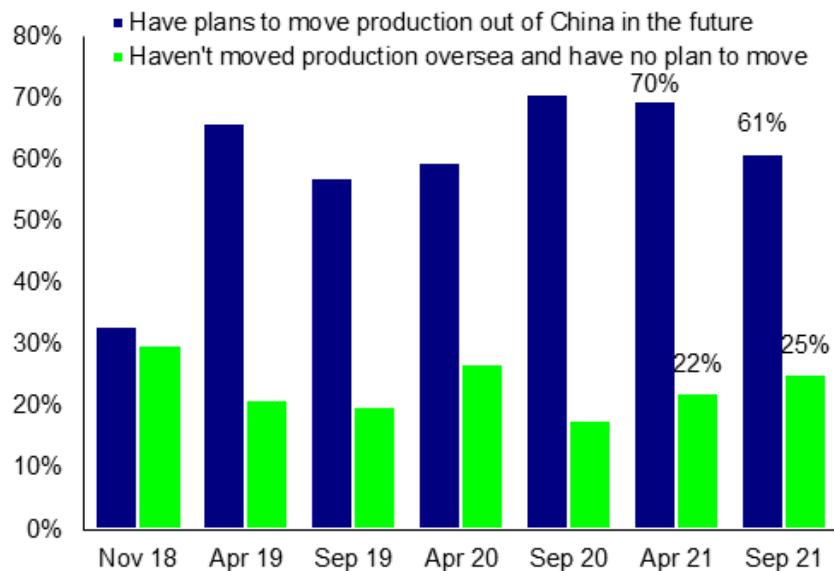
Impact of US tech restrictions on business (% of respondents)



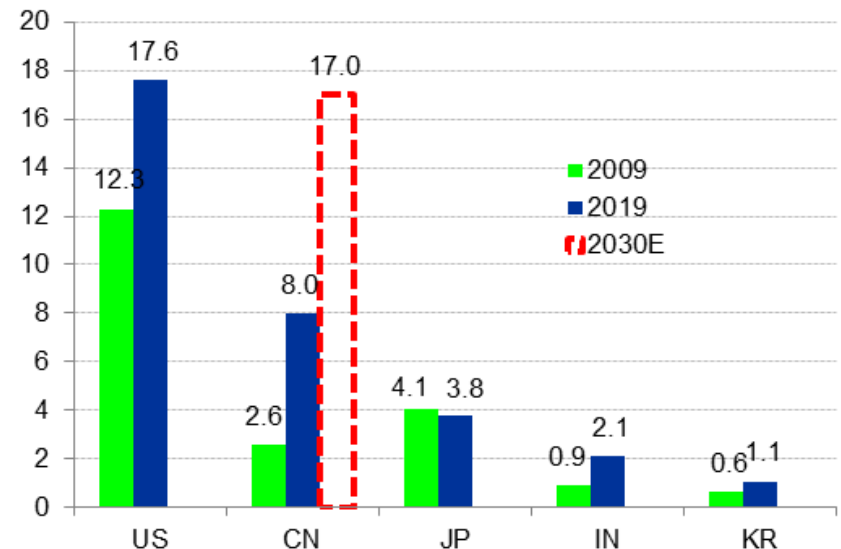
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Supply chain diversification to continue, but consumer market, potential help to attract investment

Plan of moving out of China (% of manufacturing exporters)

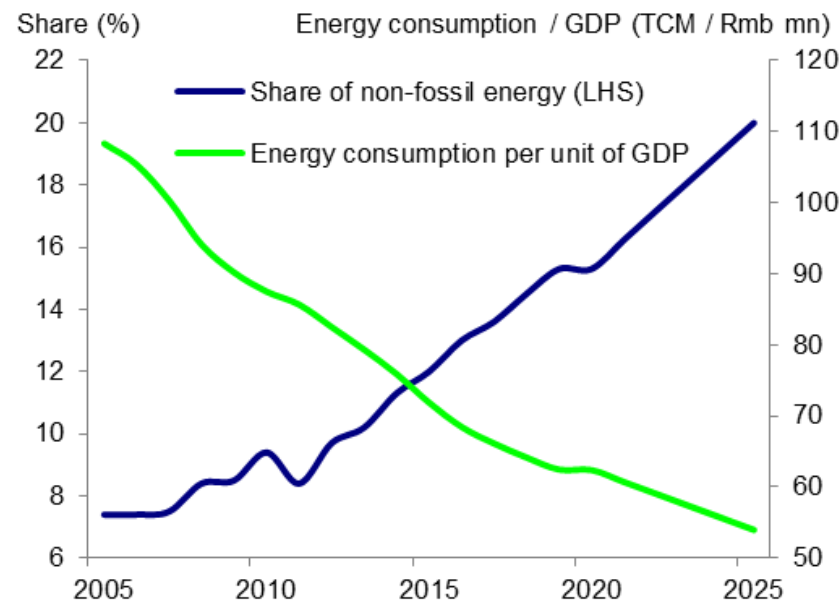
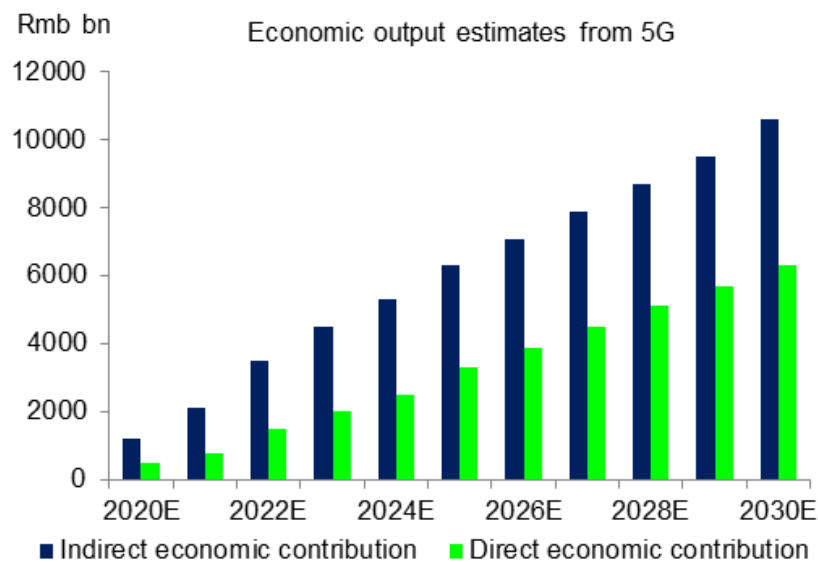
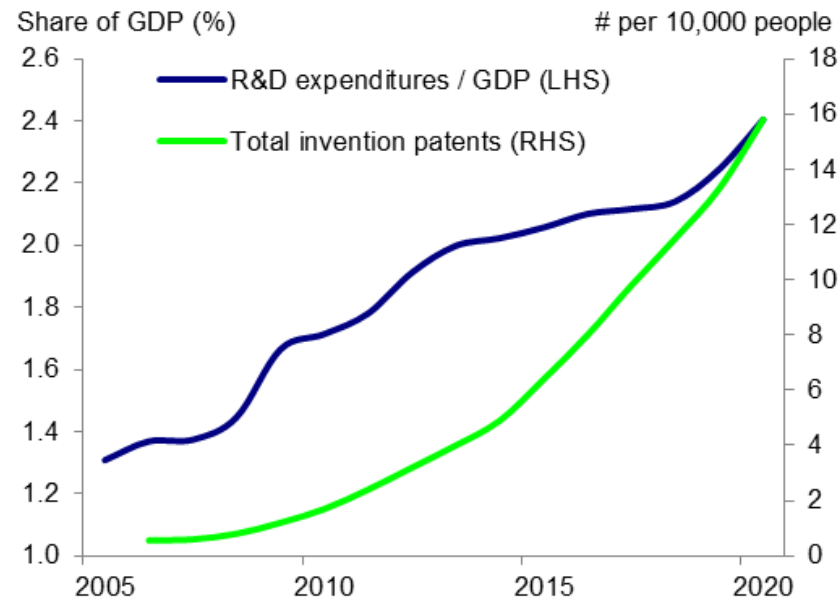
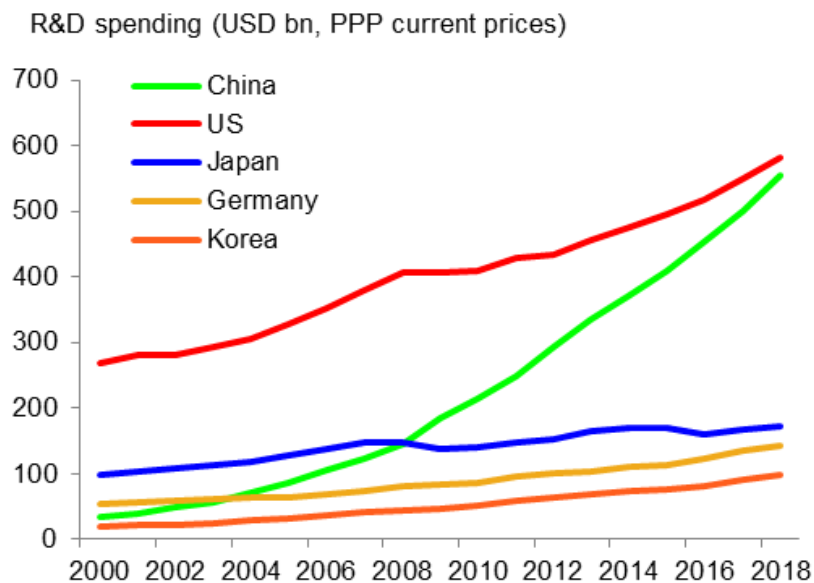


Global consumption markets - total (USD trn)



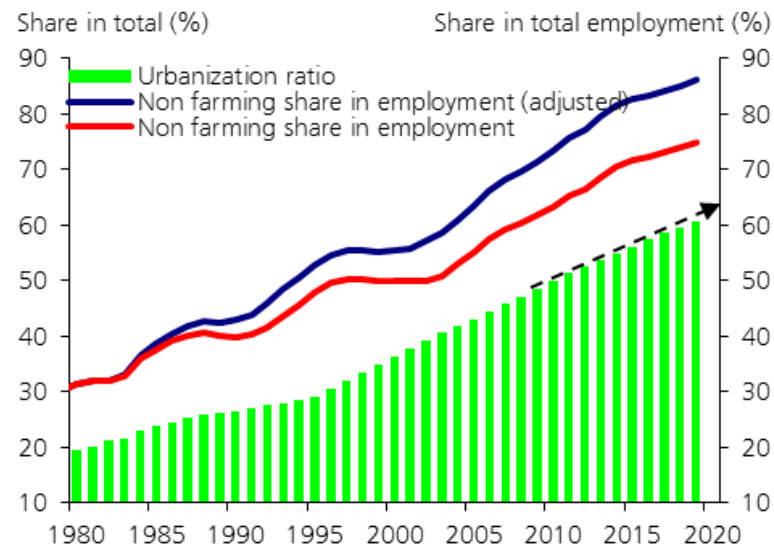
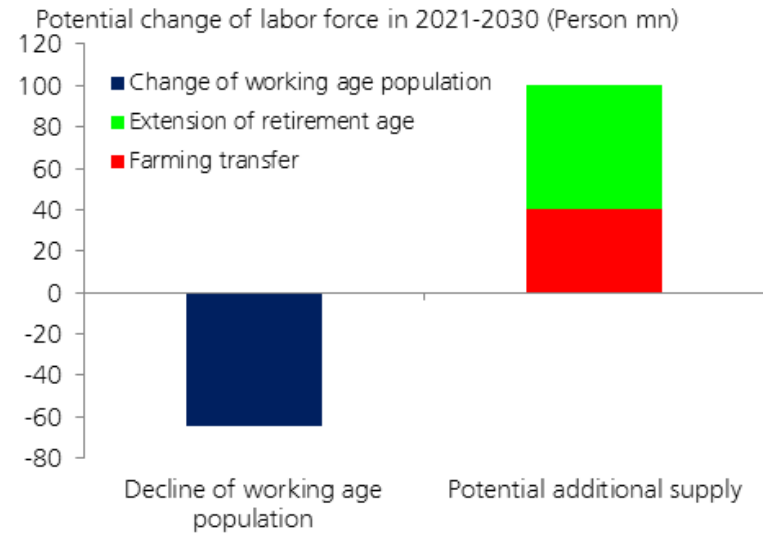
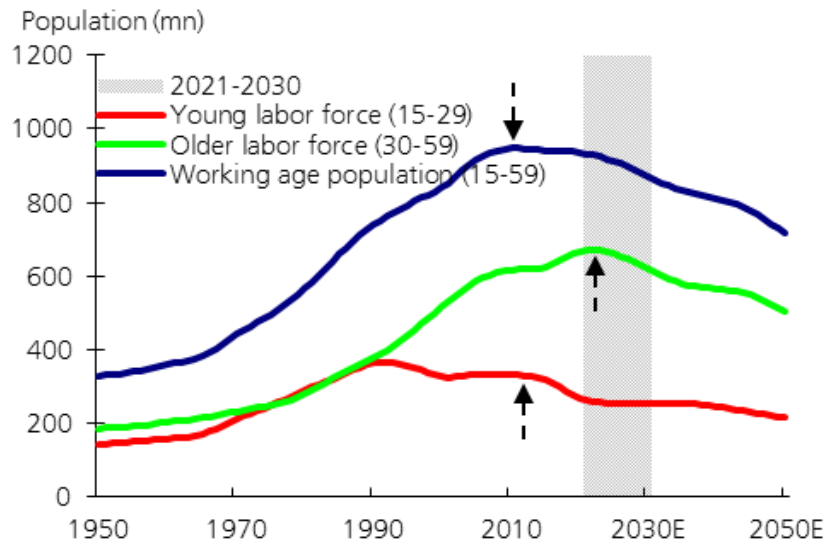
Source: CEIC, Haver, UBS Evidence Lab, UBS estimates Q3 2021
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 Past performance is not a reliable indicator of future results

Increased R&D spending, pool of talent, and large market should help technological upgrade



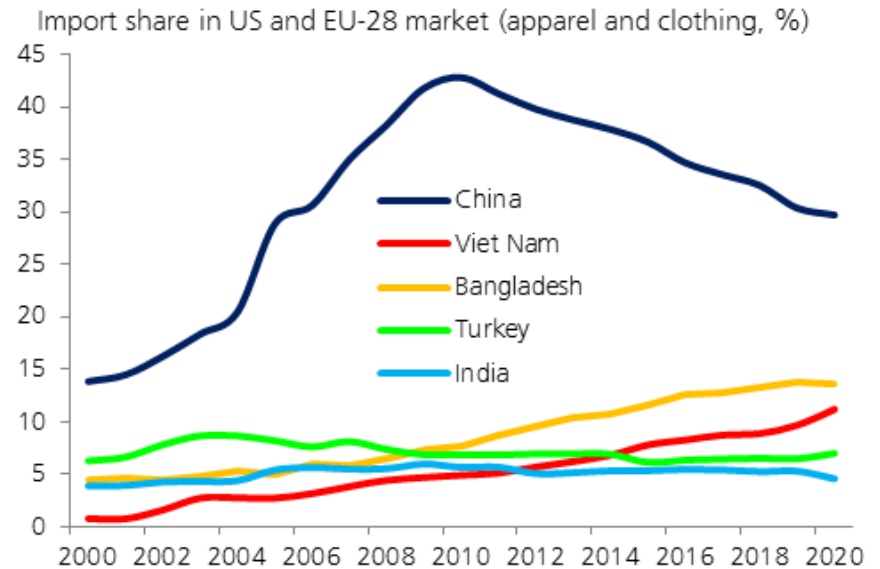
Source: Ministry of Education, CAICT, CEIC, Haver, Wind, UBS estimates Q3 2021
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Demographic challenge: slower but >4.5% trend growth 2021- 2030E



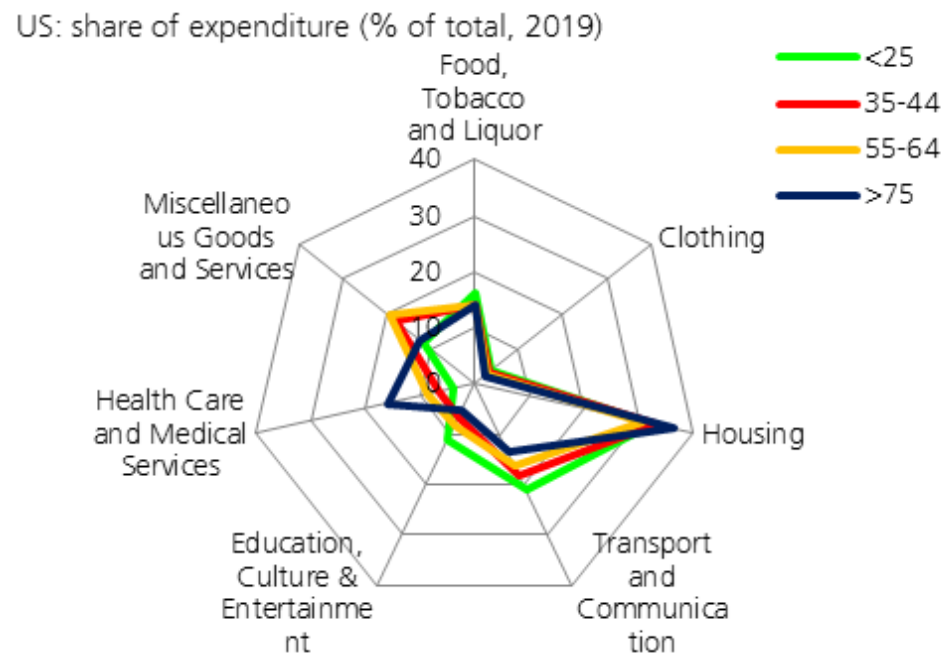
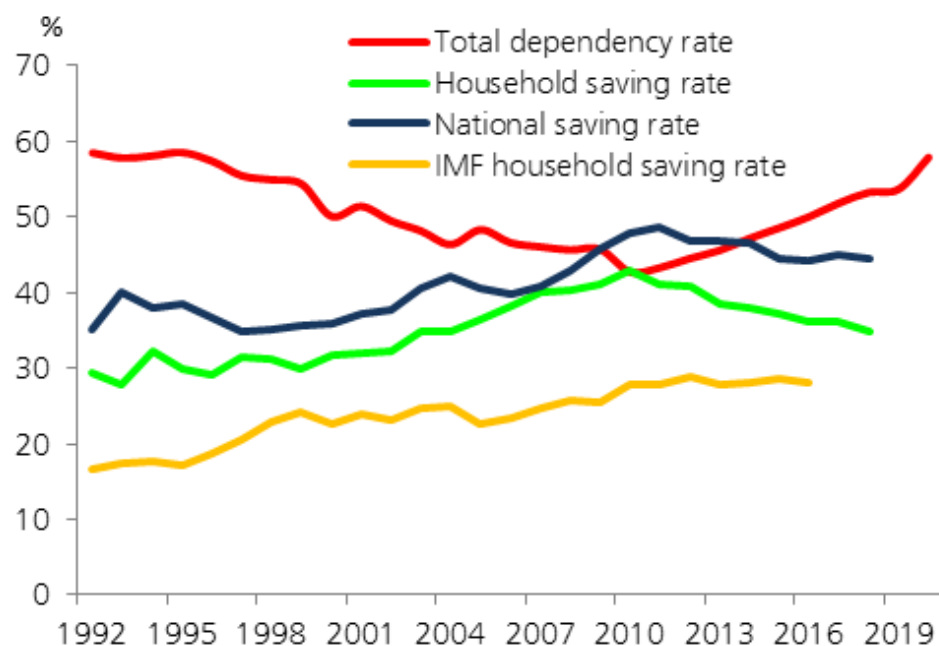
Source: CEIC, UNPD, Haver, UBS estimates Q3 2021
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Continued increase in labor productivity, but rising cost for labor-intensive sectors



Source: CEIC, UBS estimates Q3 2021
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Public vs private saving, and change in consumption pattern



China's expansion of pension coverage

	2000	2010	2020
Pension coverage (Person mn)	18	360	999
Healthcare insurance (Person mn)	38	433	1,361
Total insurance premium (RMB bn)	160	1,453	4,526

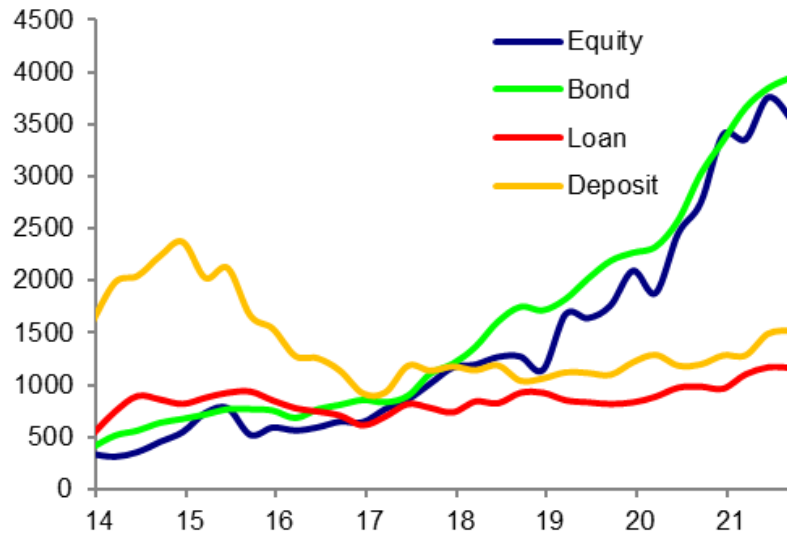
Source: CEIC, UBS estimates Q3 2021
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China's debt challenge: much increased in 2020, but no imminent financial system trouble

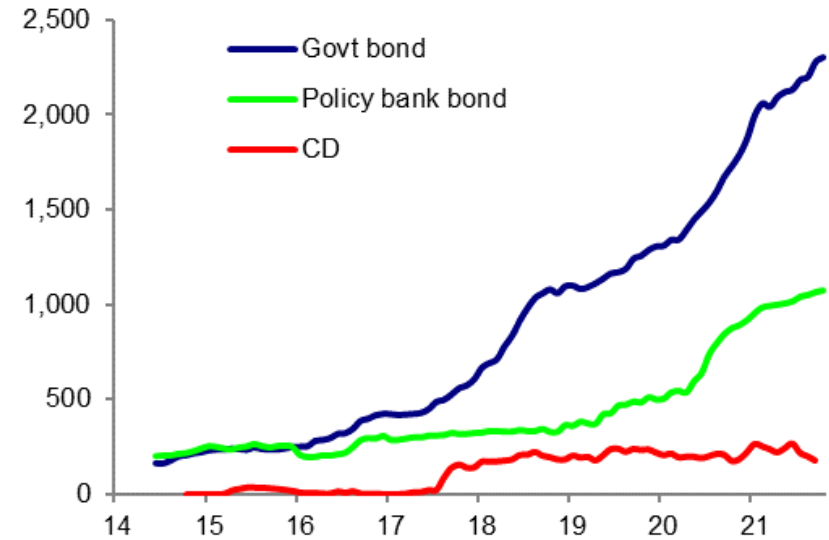
- The pandemic is a sharp but temporary shock, debt/GDP dropped 8ppts in 2021
- Overall government debt would remain manageable at ~85% of GDP
- High domestic saving, adequate FX reserves, capital control still largely in place
- High government ownership of banks; progress on NPL disposal
- Risk areas: property, local SOEs and LGFVs, some consumer loans
- More defaults could cause credit events and market volatility

A new normal: rise in both capital inflows...

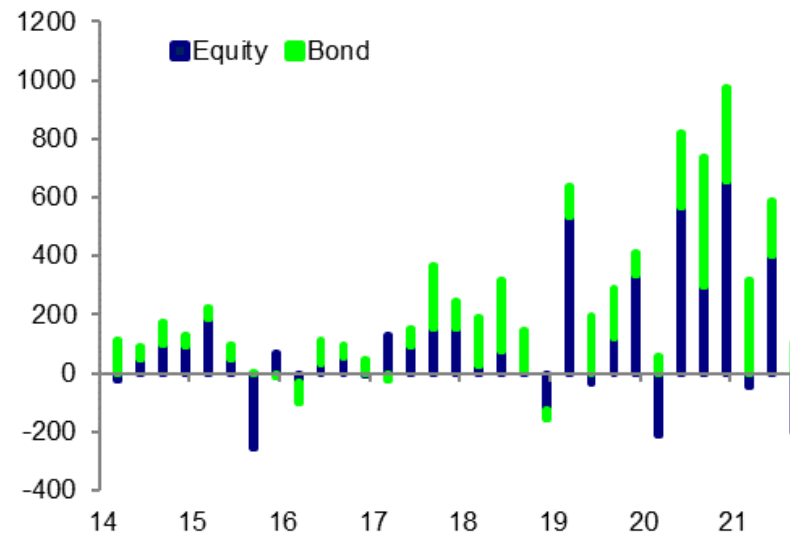
Foreign holding of domestic asset (RMB bn)



Foreign holding of domestic bonds (RMB bn)

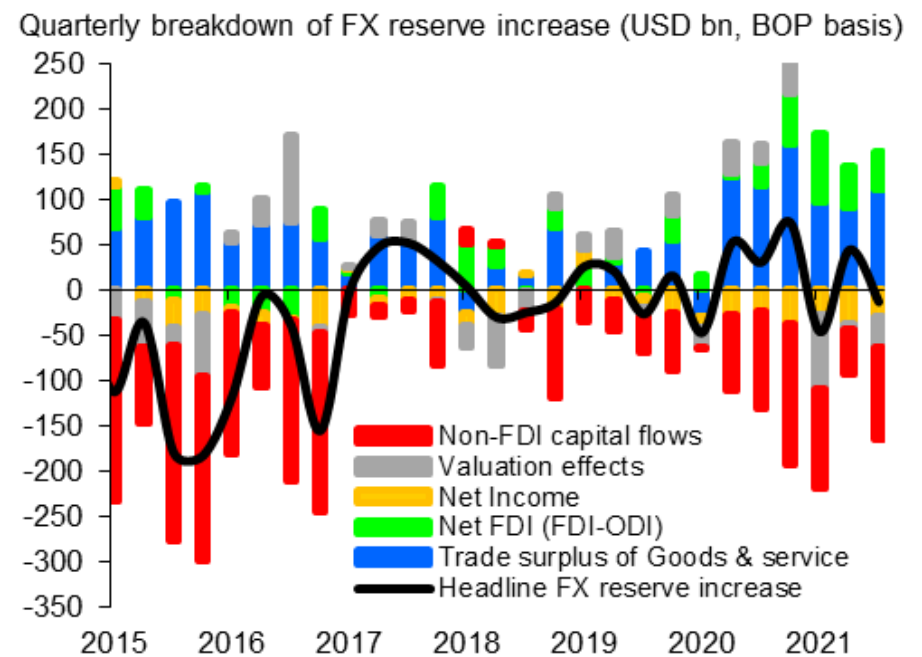
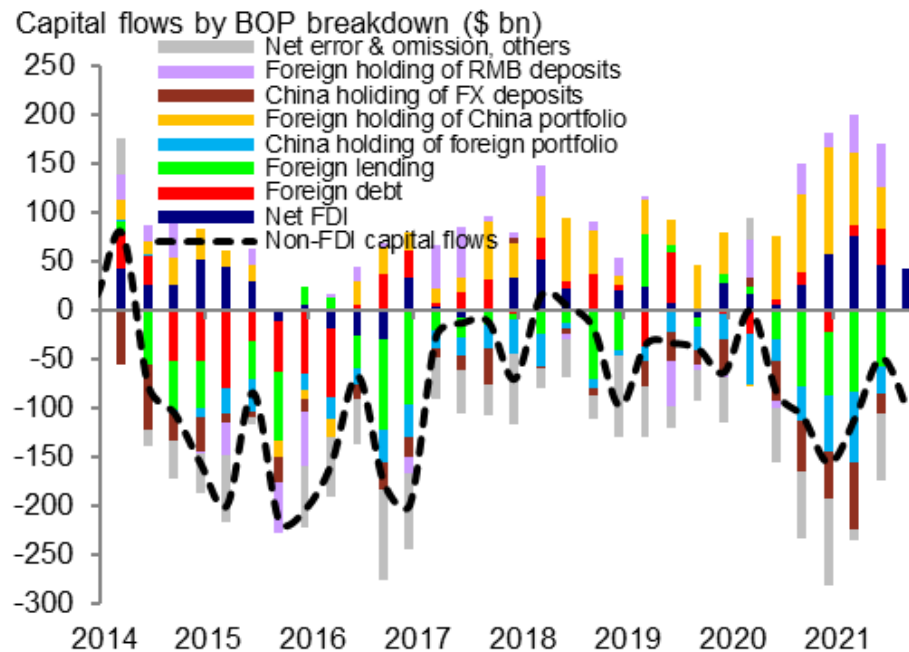


Foreign holding of domestic asset (RMB bn, quarterly change)



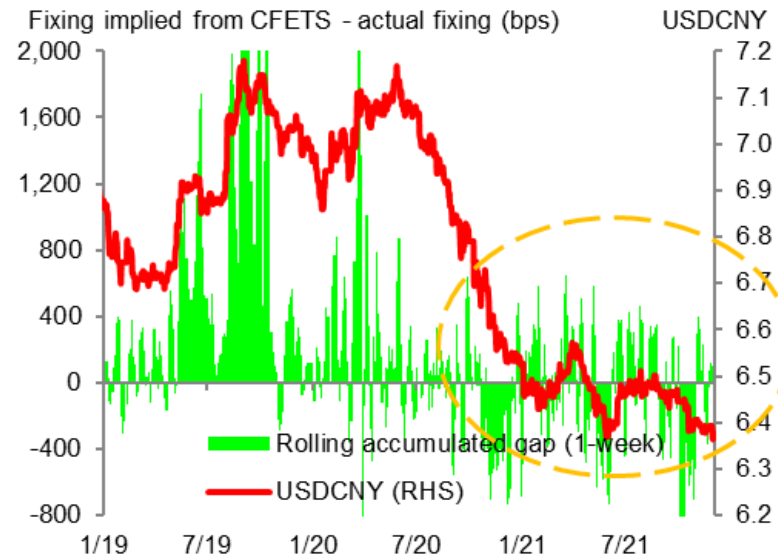
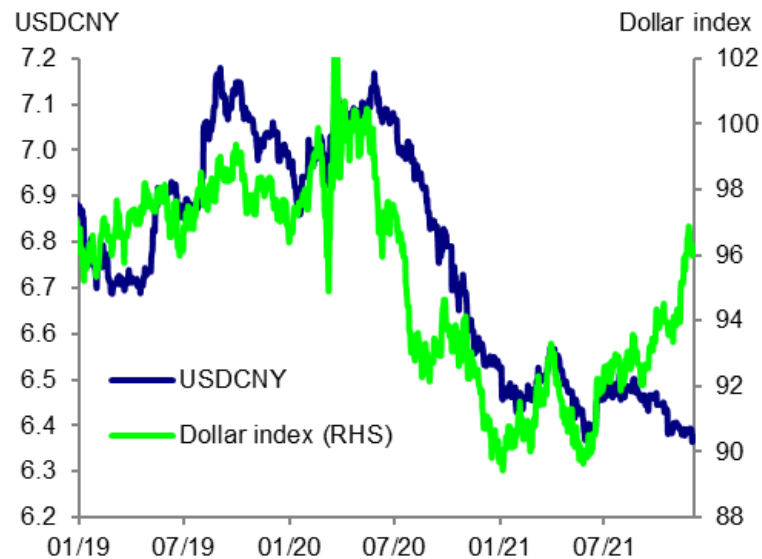
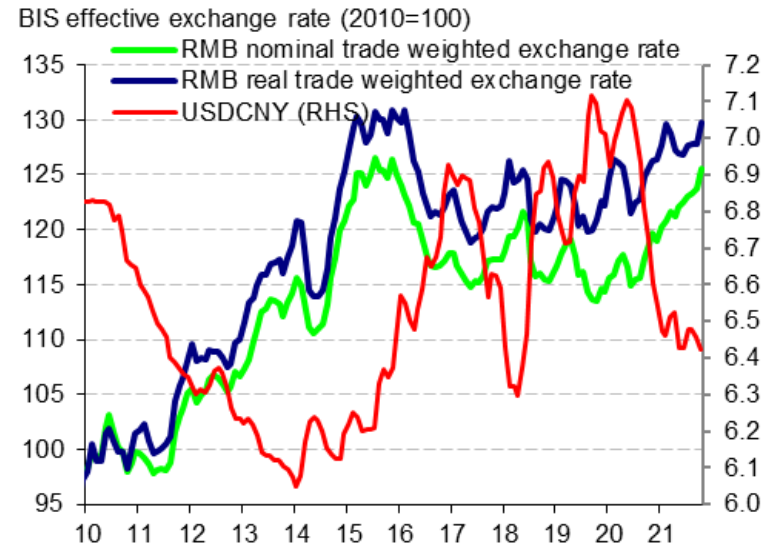
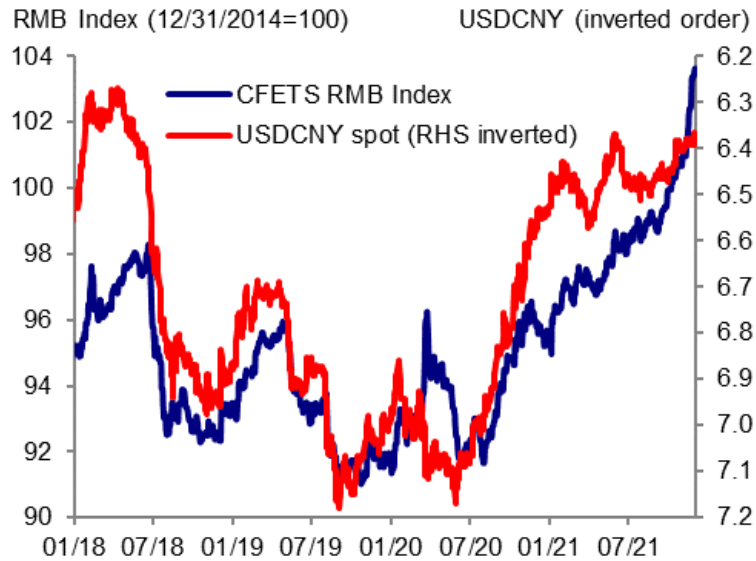
Source: CEIC, Wind, Haver, UBS estimates Q3 2021
 The charts displayed above and right are intended solely for illustrative purposes
 Past performance is not a reliable indicator of future results

...and outflows, with limited FX reserves increase



Source: CEIC, UBS estimates Q3 2021
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CNY to stay range-bound vs USD with more flexibility



Source: CEIC, Wind, Haver, Bloomberg, UBS estimates Q3 2021
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Session two

China Capital Markets

Fixed Income Markets: The second largest in the world and still growing

Hayden Briscoe
UBS Asset Management

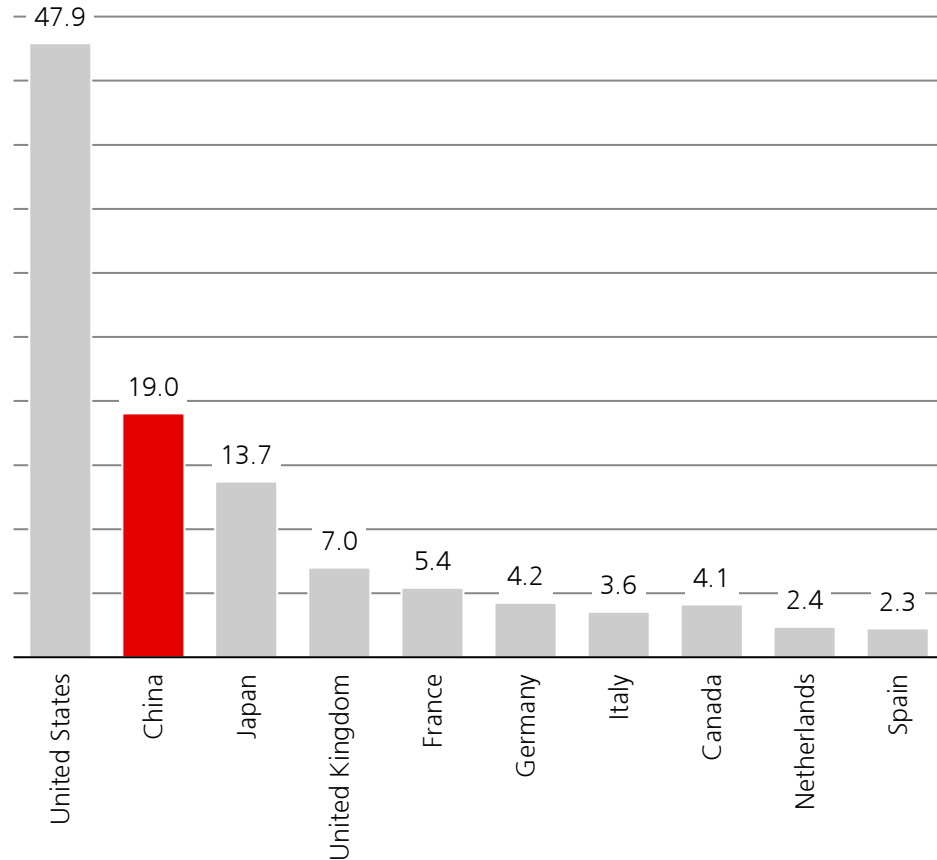


Second largest bond market, but under-represented

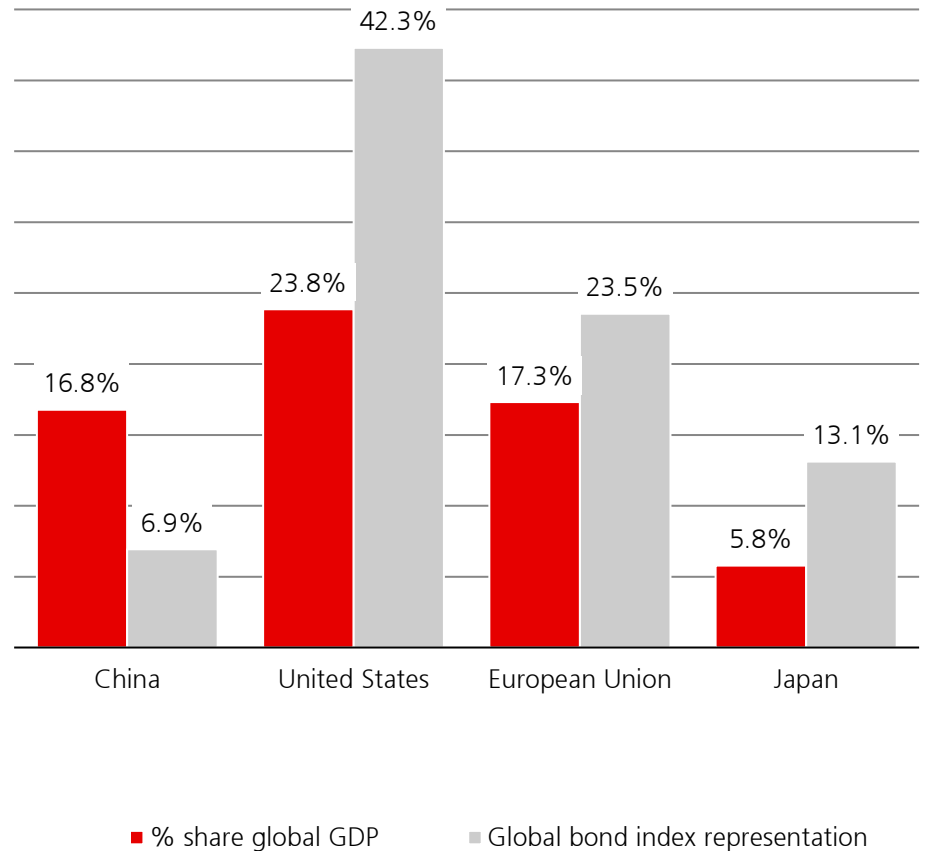
China accounts for 16% of the world's GDP, but only makes up 6.9% of major global bond indices

Bond market size

USD trn



% of global GDP and representation in major global indices



Source: Bloomberg, BIS Total Debt Securities issued, as of end October 2021

Source: Bloomberg, World Bank, BIS Total Debt Securities issued, as of 2020. GDP estimates per World Bank, 2019. Index representation per Bloomberg Global Aggregate Index. As of end December 2020.

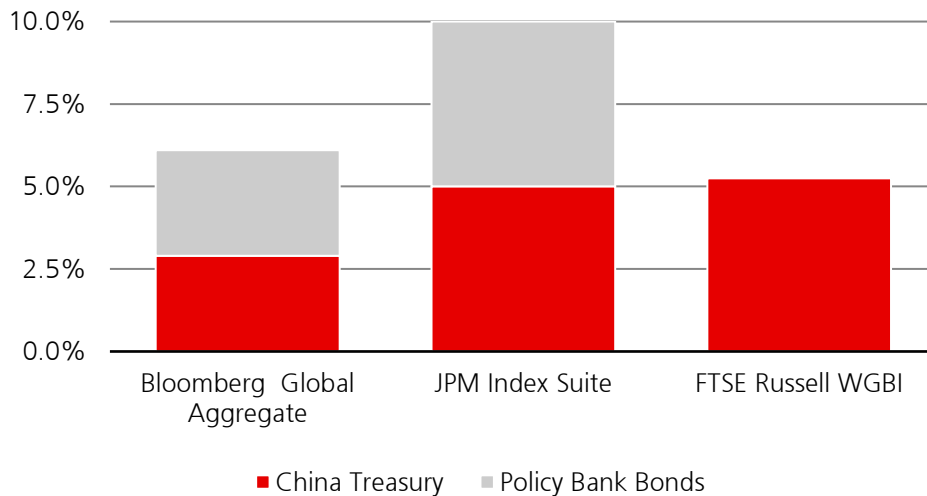
Global index inclusion will lure more foreign investors

The market remains under-owned by foreign investors

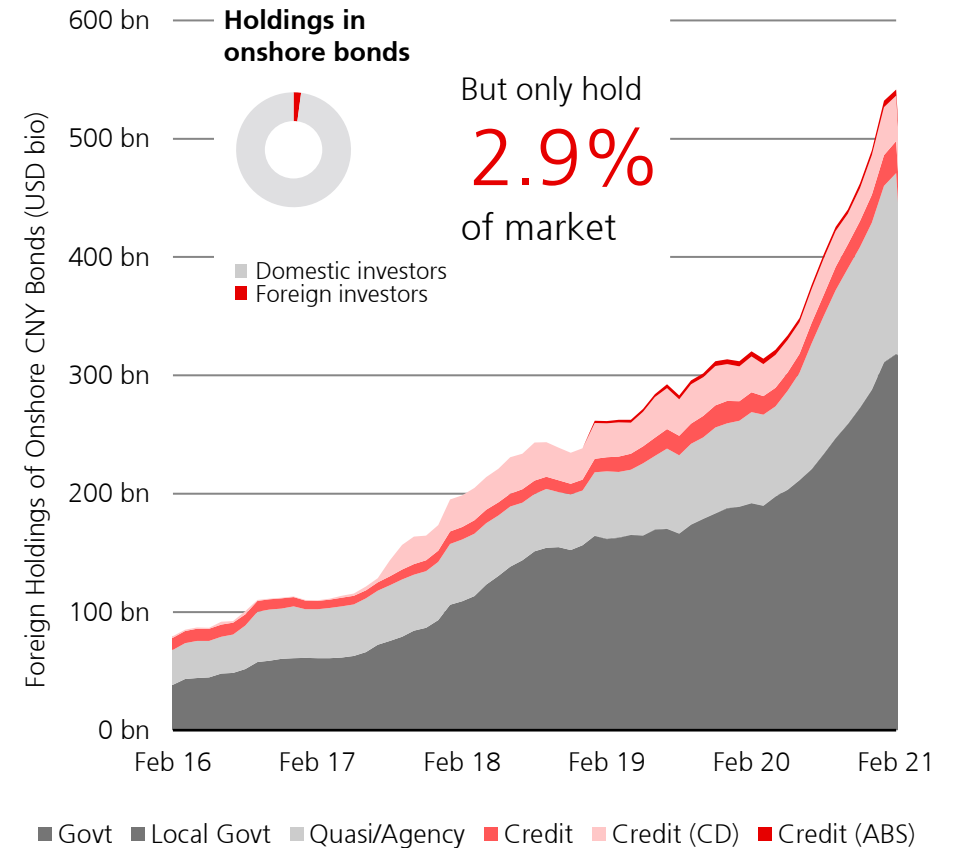
Global index inclusion

- Bloomberg Global Aggregate Index
 - inclusion finished in Nov 2020, 6% weight
- JPM Govt Bond Index EM index suite
 - inclusion finished in Dec 2020, 10% weight
- FTSE Russell World Government Bond Index
 - inclusion starting in Oct 2021, estimated target weight of 5.25%

Index inclusion target weights in major bond indices



Foreign ownership increasing at rapid pace



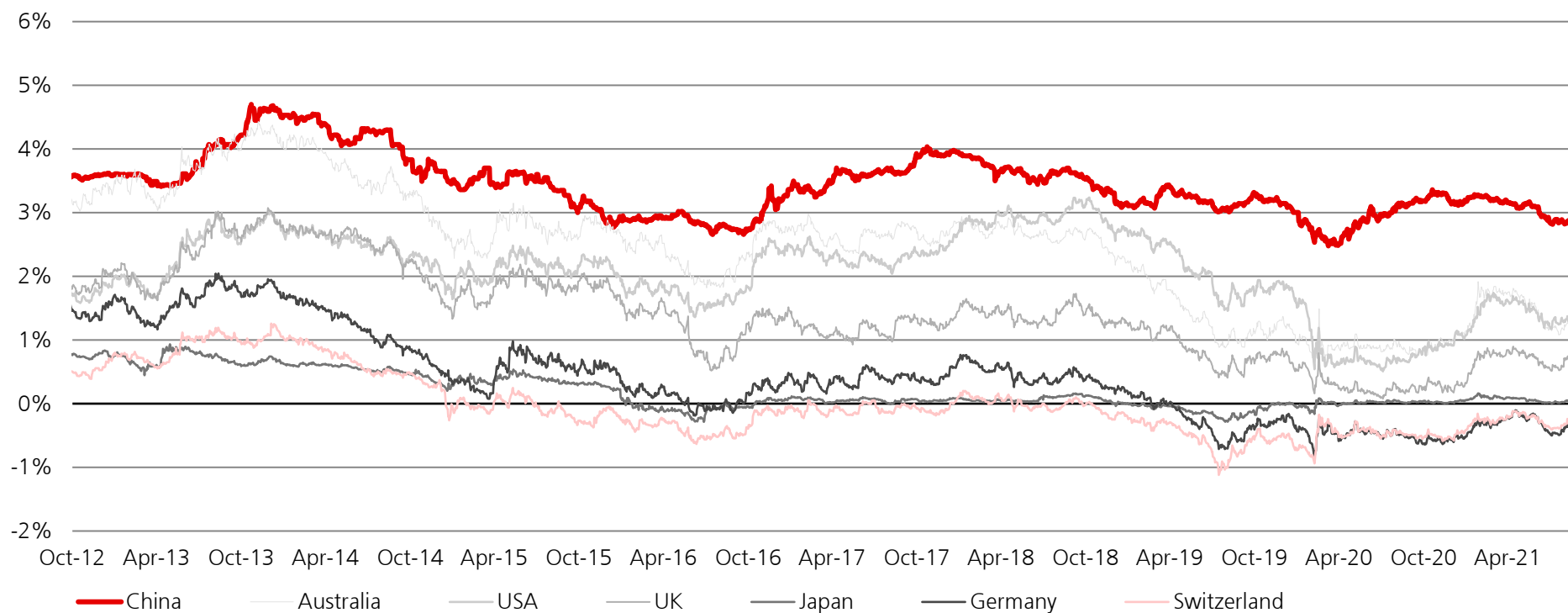
Source: Bloomberg, JP Morgan, WIGBI, UBS Asset Management. As of October 2021
The China Aggregate Index is a component of the new "Global Aggregate + China" index

Source: WIND. ABS = Asset-backed securities. CD = Certificate of deposits. As of end February 2021

Higher yields compared to major developed markets

The China bond markets offers a yield pick-up in excess of 1-3% relative to major global bond markets

Nominal yields

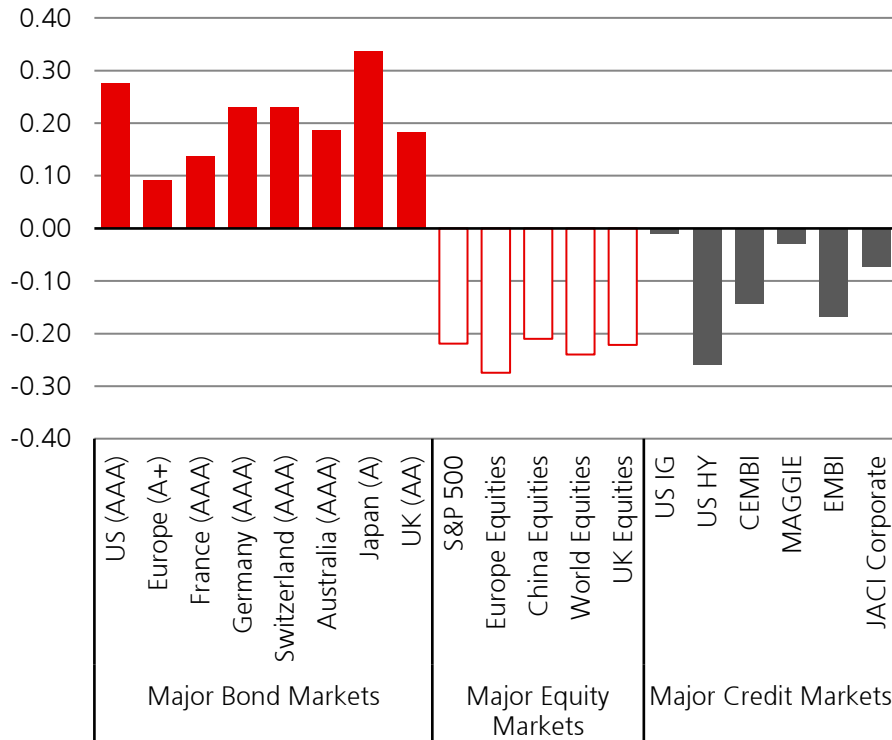


Yields	US	China	Germany	Japan	UK	Switzerland	Australia
Latest	1.55%	2.97%	-0.11%	0.10%	1.03%	-0.03%	2.09%
MTD Change	0.06%	0.09%	0.09%	0.03%	0.01%	0.13%	0.60%
YTD Change	0.64%	-0.18%	0.46%	0.08%	0.84%	0.52%	1.12%

Source: Bloomberg. Based on 10-year sovereign yields. As of end October 2021

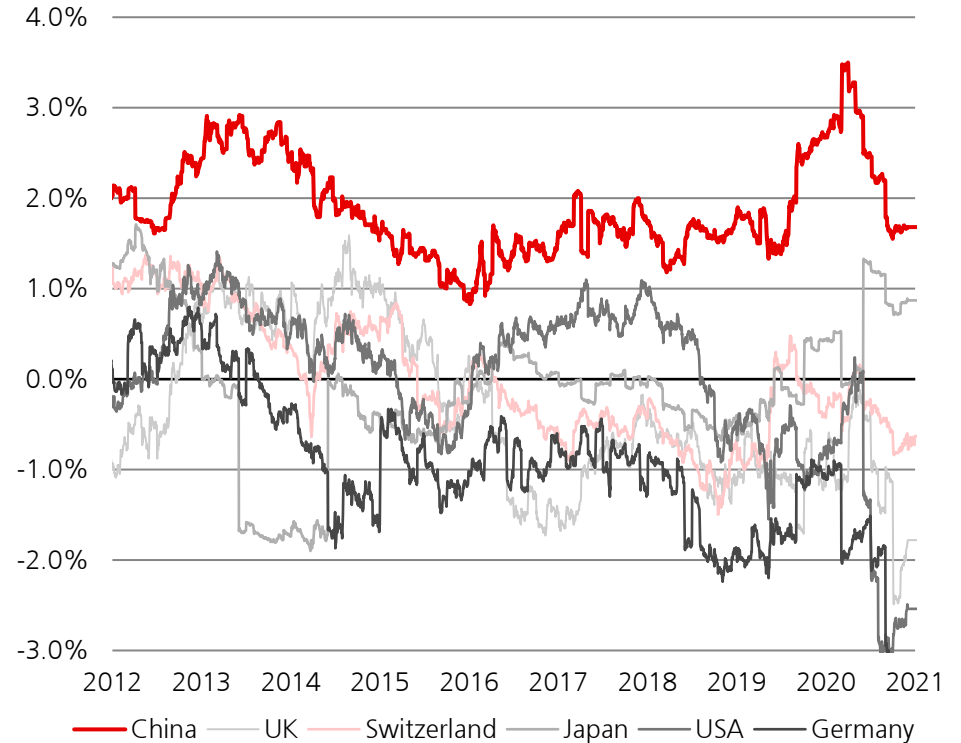
Positive real yielding asset with diversification benefits

Diversification benefits through low correlations (5 years)



Wealth preservation with China bonds

Sovereign real yields (based on core CPI)



Source: Bloomberg

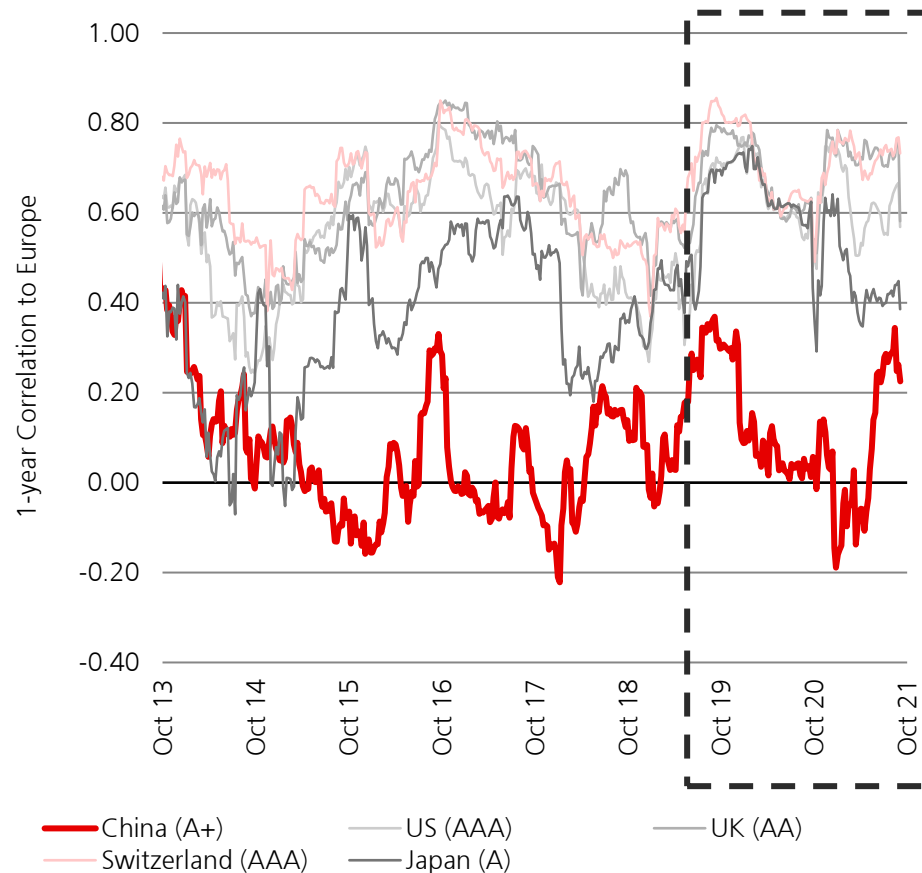
Note: (1) Correlations are made to the China bond market, represented by Bloomberg Index I08271CN. (2) Major equity markets are represented by the following indexes: (S&P 500) Bloomberg code: SPX:IND; Europe Equities represented by EURO STOXX 50 Index, Bloomberg code: SX5E:Ind; China Equities: represented by Shanghai Stock Exchange Composite Index. Bloomberg code: SHCOMP; World Equities represented by MSCI World Index, Bloomberg code: MXWO; UK Equities represented by FTSE 100 Index, Bloomberg code: UKX.

(3) Left hand side chart: China (A+): Bloomberg China Agg Index, US (AAA): J.P. Morgan GBI US, Europe (A+): J.P. Morgan GBI EMU, France (AAA): J.P. Morgan GBI France, Germany (AAA): J.P. Morgan GBI Germany, Switzerland (AAA): Swiss Bond Index (SBI), Australia (AAA): J.P. Morgan GBI Australia, Japan (A): J.P. Morgan GBI Japan, UK (AA): J.P. Morgan GBI UK. (4) Indices used are in local currency.

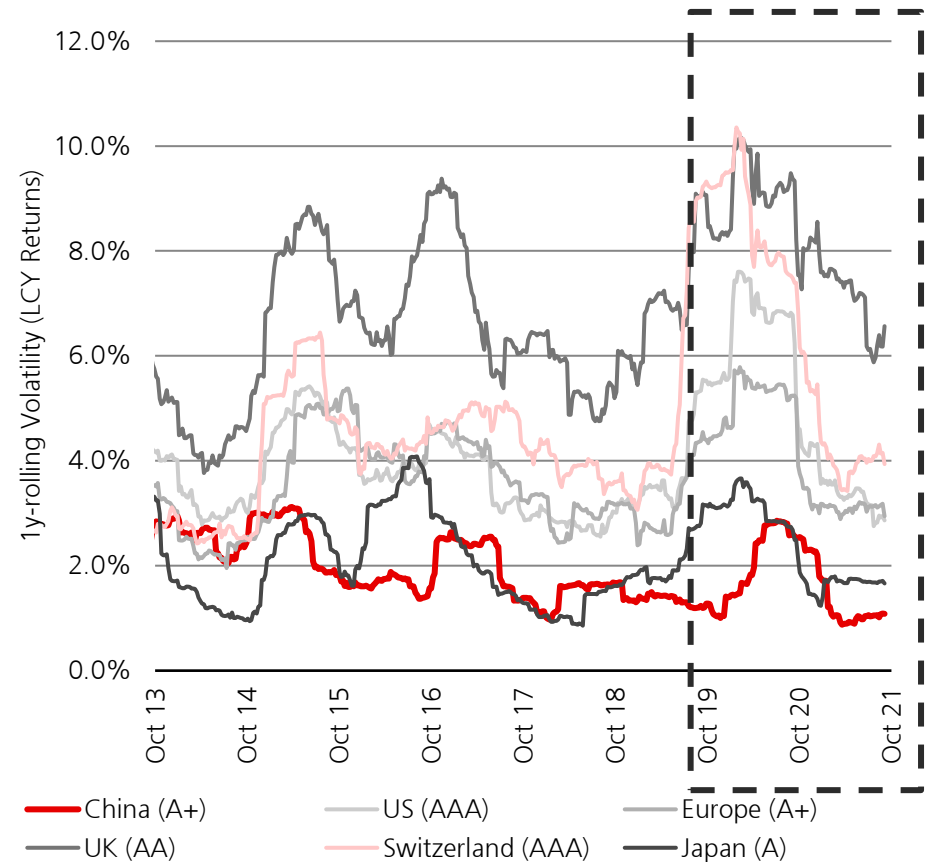
Data as of end October 2021

China bonds with low volatility and correlations

Bond markets were more correlated...



... and were more volatile



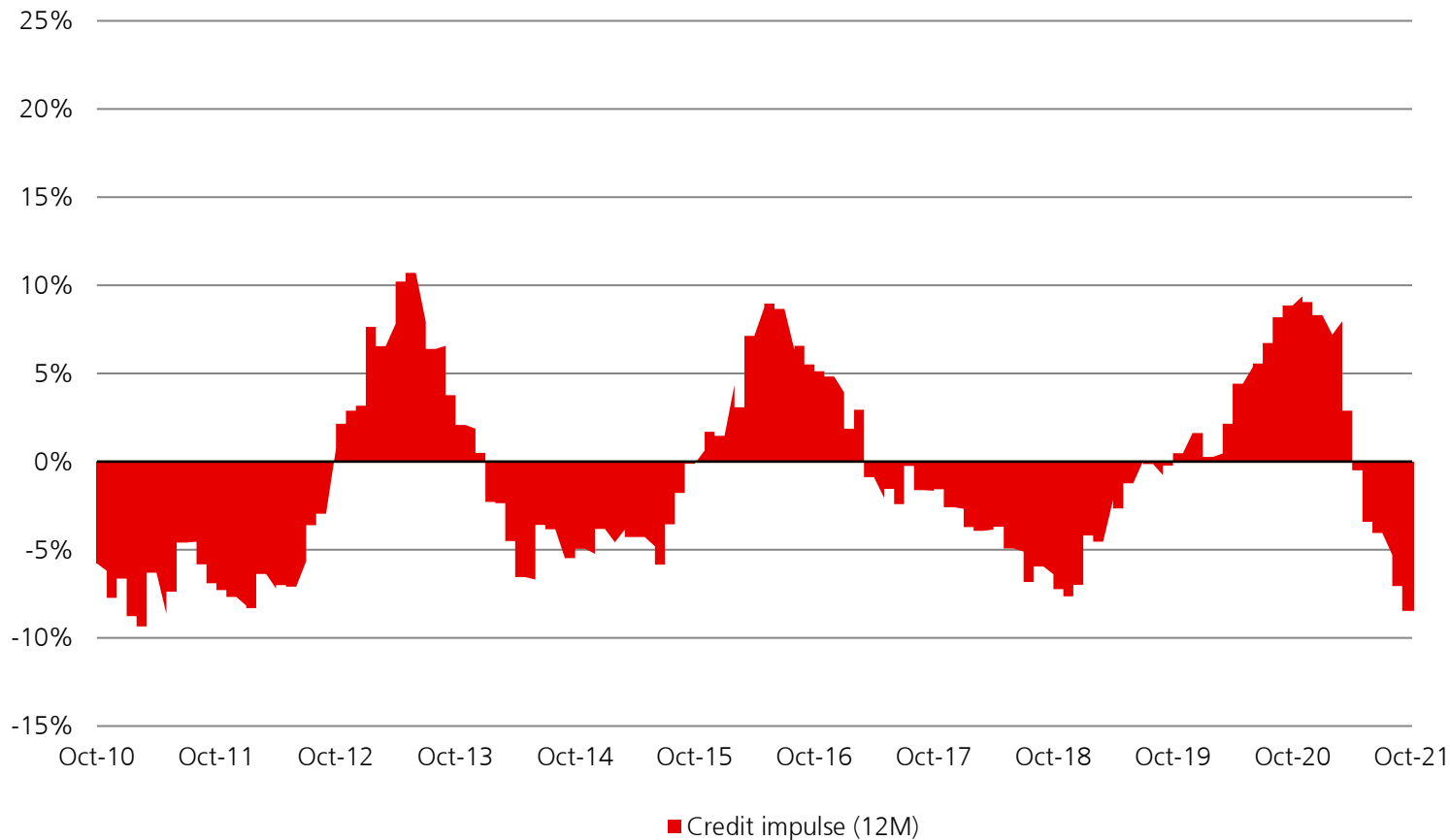
Source: Bloomberg.

China (A+): Bloomberg China Agg Index, US (AAA): J.P. Morgan GBI US, UK (AA): J.P. Morgan GBI UK, Switzerland (AAA): Swiss Bond Index (SBI), Japan (A): J.P. Morgan GBI Japan, Europe (A+): J.P. Morgan GBI EMU. As of end October 2021

Market review

China credit impulse as forward-looking indicator

Bloomberg China Credit Impulse (yoy % change)



Credit impulse

Measures change in new credit issued as a percentage of GDP

China's credit impulse signals economic and investment activity inflection points

China's policy approach has contrasted with global policy measures in the past year

Source: Bloomberg. As of end October 2021

China's three red lines – Re-rating phase for property sector

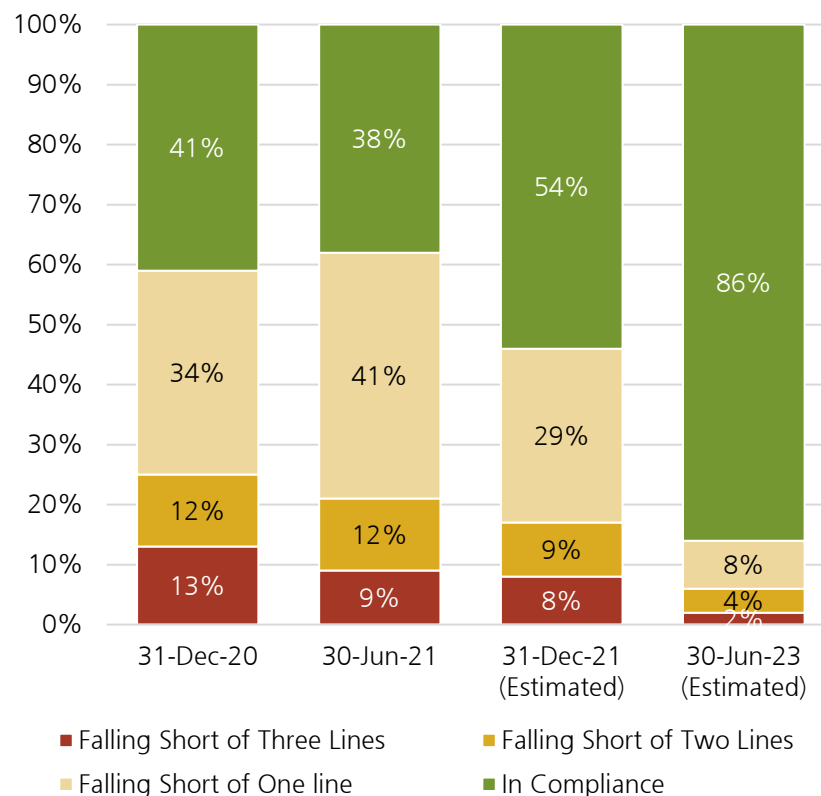
3 red lines: Why, and why now?

- **Housing** is **socially and systemically important** to the economy
- **To control house prices:** Housing is for living in, not speculating. Affordable for all
- **Manage land markets:** Developers bidding up land prices fuels higher housing costs
- **Control household demand for housing:** Tiered caps to banks' exposure to property loans and mortgage lending (Jan 2021)
- **3 criteria:**
 - Cash to short-term debt < 1x,
 - Asset-to-liability ratio of < 70%, and
 - Net-debt-to-equity > 100%

Color code	Number of red lines breached	Allowable annual growth in debt
Green	0	15%
Yellow	1	10%
Orange	2	5%
Red	3	0%

Source: UBS Asset Management

Listed Chinese Developers' Compliance with Three Red Lines

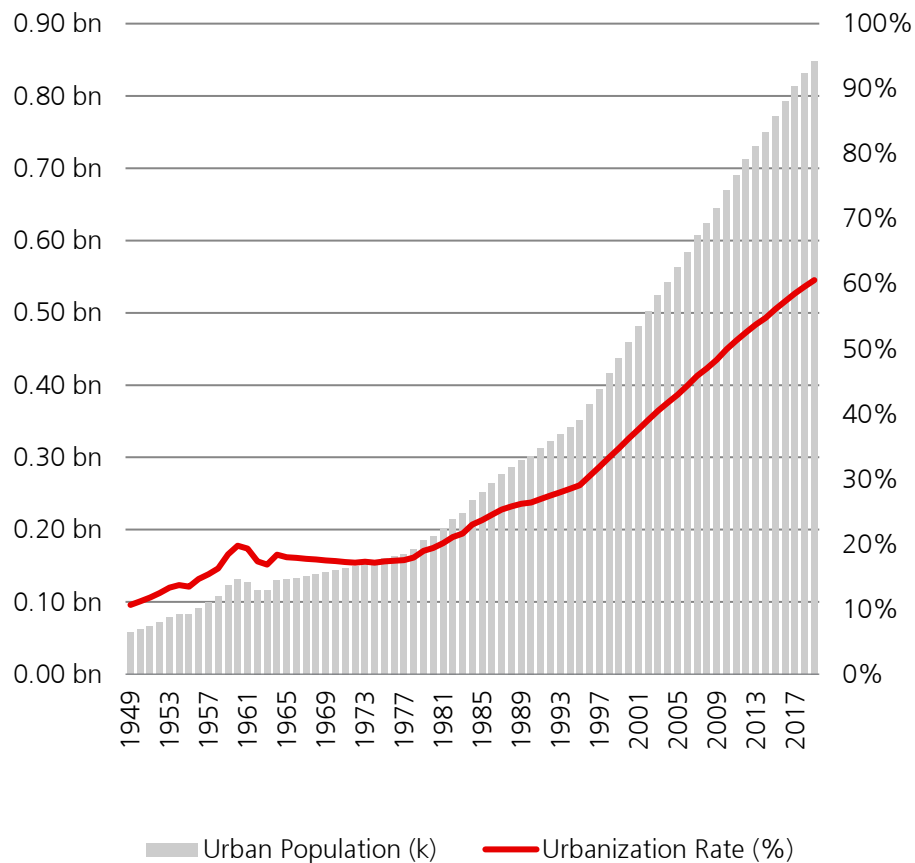


Source: BQuant, Company Filings, Bloomberg Intelligence as of 8 October 2021. Data compiled based on 181 listed Chinese developers as of 1H21. Perpetual capital is treated as equity when calculating net debt to equity ratio. Percentage shown represents a portion of each rating category that falls short of the requirement.

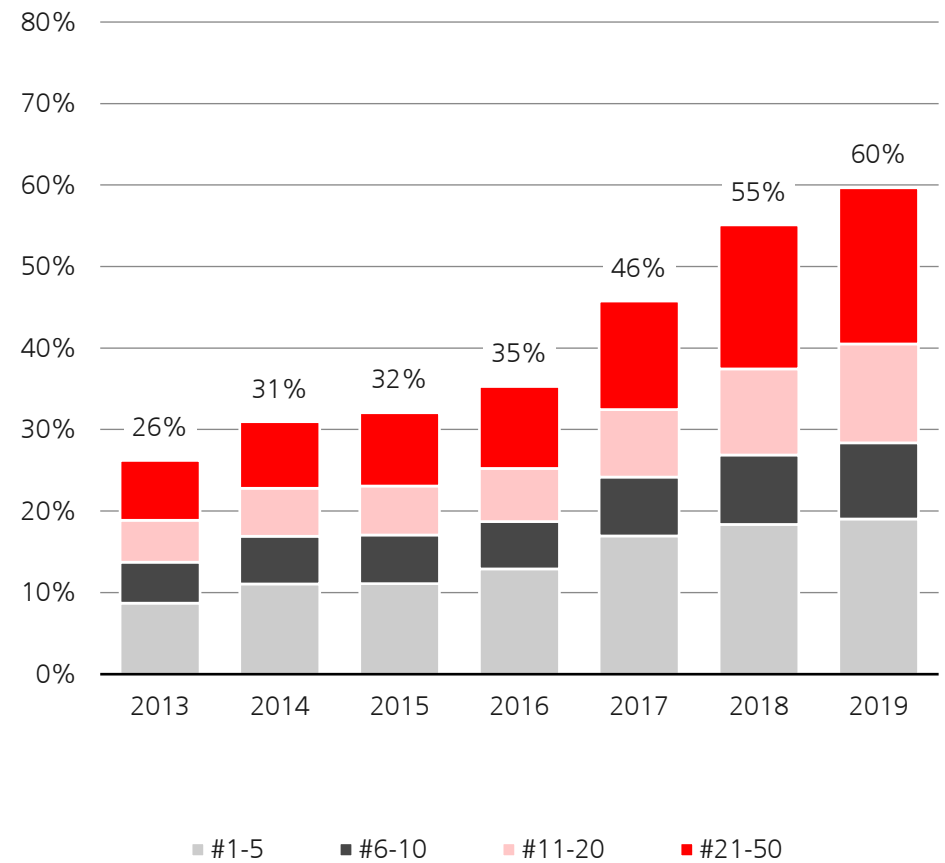
Longer term trends in China

Ongoing urbanization trend in China to an expected 80-90% level provides firm demand backdrop for China property

Ongoing urbanization trend in China



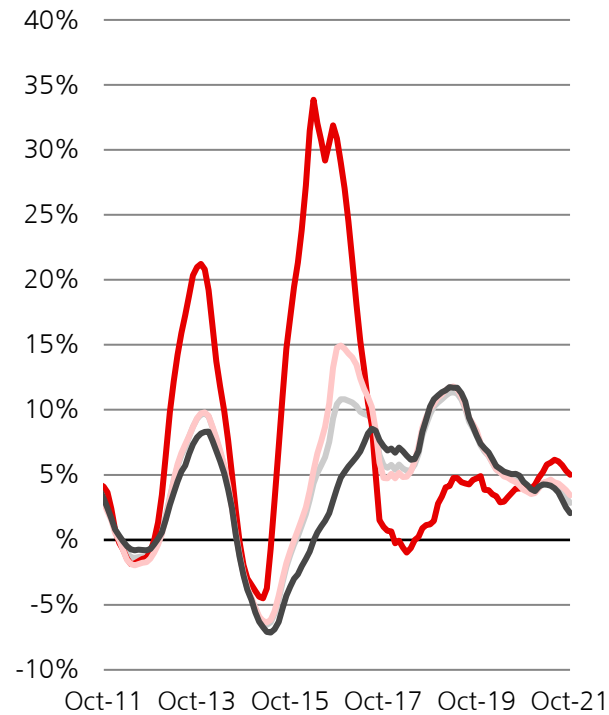
China top 50 developers' market share



Source: WIND, China Bureau of Statistics, as of end October 2020.

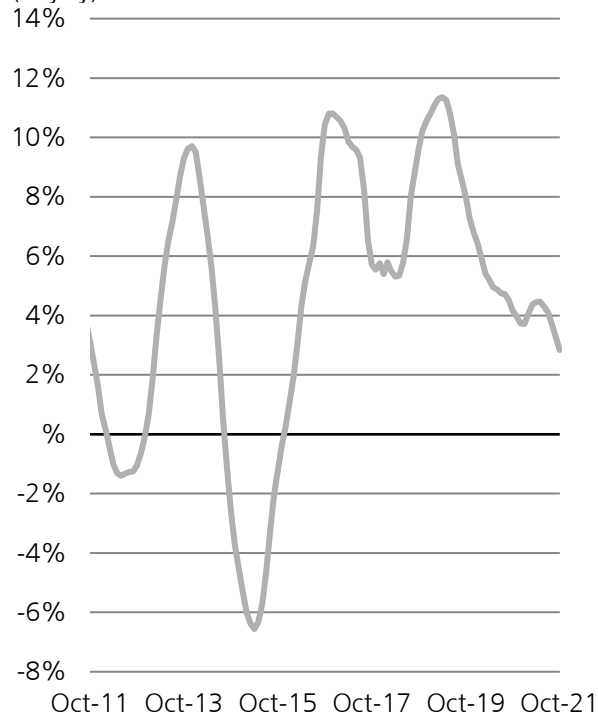
China housing market backdrop

China's house prices (%yoy)

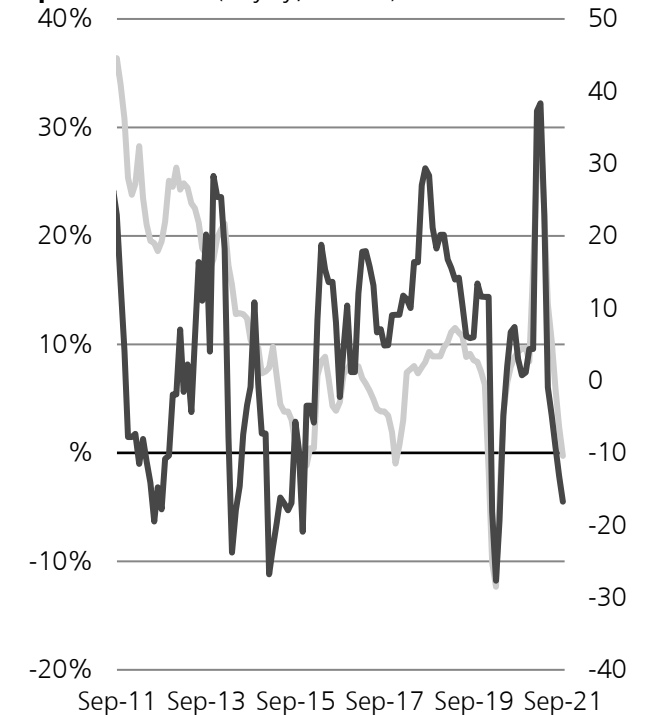


— 70-city average — 1st tier city
— 2nd tier city — 3rd tier city

China: 70-city average property prices (%yoy)



China: real estate investment and floor space started (%yoy, 3mma)



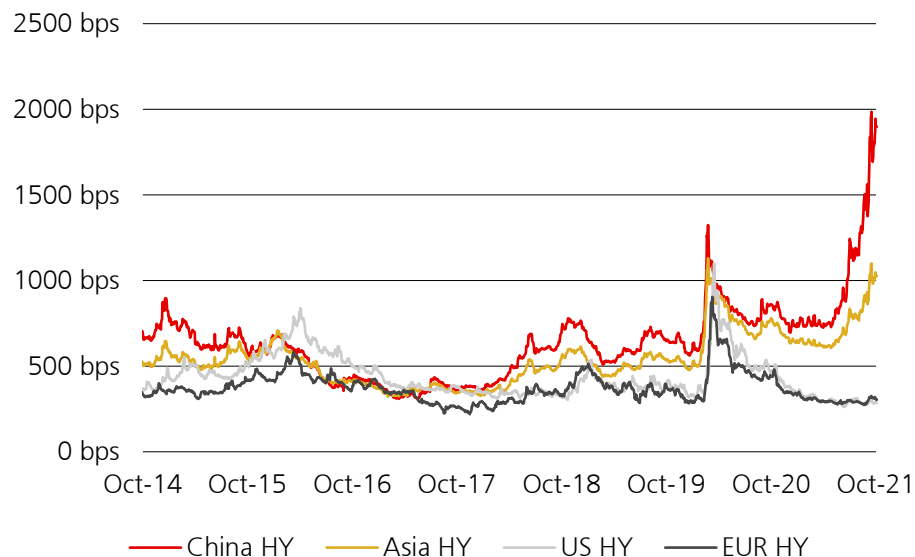
— real estate FAI — floor space started (RHS)

Source: Bloomberg. As of end October 2021

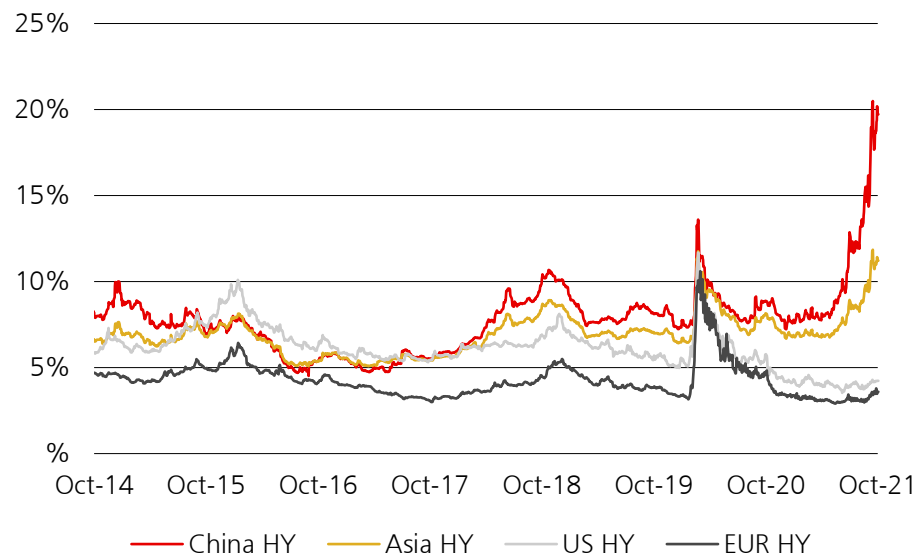
Credit spreads and credit yields

Credits spreads still wider than historical levels, yields present an attractive income proposition

High Yield Credit Market: Spreads



High Yield Credit Market: Yields



Spread	China HY	Asia HY	US HY	EUR HY
Latest	1898	1026	286	306
MTD Change	+523	+165	+1	+11
YTD Change	+1,197	+387	-99	-45
All-time wides	3350	1274	1971	2013
All-time tights	256	154	233	183
Current percentile	97%	99%	4%	17%

Yield	China HY	Asia HY	US HY	EUR HY
Latest	19.73%	11.22%	4.23%	3.59%
MTD Change	5.37%	1.82%	0.19%	0.44%
YTD Change	12.44%	4.47%	0.05%	0.19%

Source: Bloomberg, J.P. Morgan. As of end October 2021
For information purposes only. Past performance is not a reliable indicator of future results

For professional / institutional / qualified investors only



Hedge Funds: An alpha opportunity

John Bradshaw

December 2021

O'CONNOR

China Equity Long/Short Strategy

Capturing China's transition to alpha investing



John Bradshaw

Head of Asia Long/Short team,
Senior Portfolio Manager, based in Singapore.

John joined O'Connor in 2012 and has over 27 years of investment industry experience, with focus on Asia for over 20 years.

¹ Performance cited net of fees. Please refer to slide 10 for more detailed performance information

China Equities: It's now about Alpha, not just Beta

Structurally improving opportunity set

- Historically, relative value investing in China was limited to exposure to dual listed companies, or single names in A-share market hedged with indices or ETF products. Much of the performance was [driven by beta from directional positions rather than alpha](#)
- Recent [QFII and RQFII reform](#) will enable an A-share borrow market to develop further, including both foreign and domestic banks and broker/dealers. We expect the [short borrowing capability can double](#) as soon as credit accounts open and grow by 5x in next 3yrs
- A-share market is likely to experience [significant efficiency gains](#) as true relative value investment disciplines will be possible and markets balance more between domestic retail and international institutional investors
- Information asymmetries, relevance of data science, rapidly evolving industries, divergence in management talent and regulatory ambiguity should lead to [potential dispersion of returns and performance among Chinese companies](#)

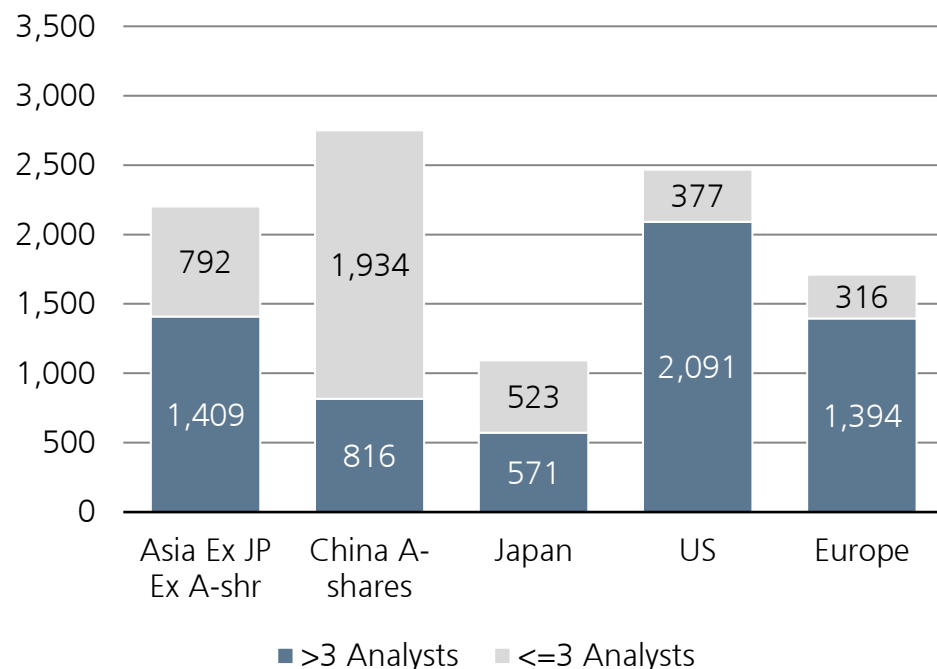


China is still untapped for investors seeking alpha

Inefficiency creates opportunities

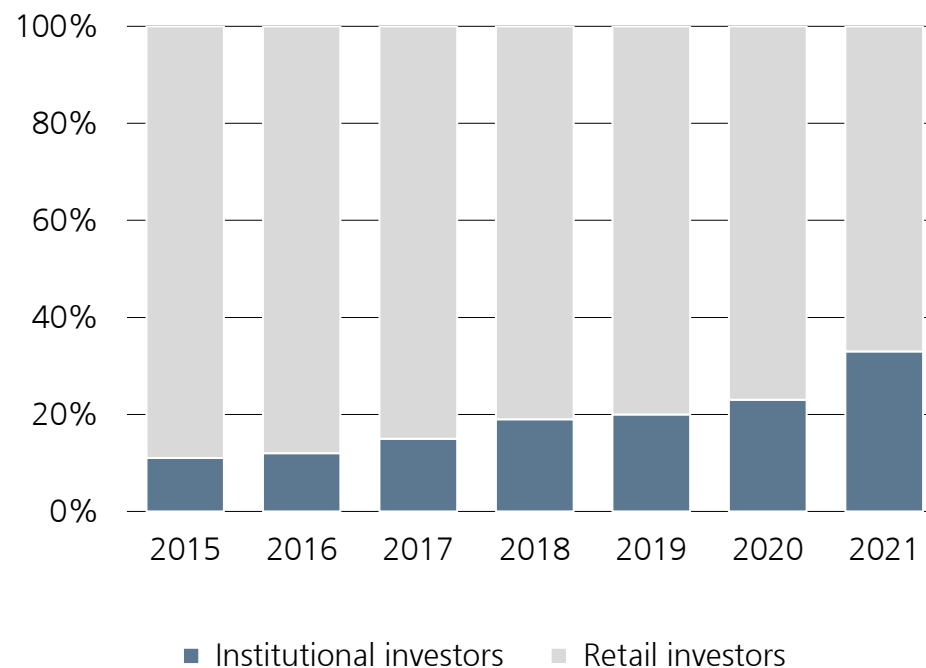
China's equity universe is under-researched by the sell side¹

50+% of the stocks are considered under-researched in Asia;
Only **16%** are considered under-researched in EU and US.¹



Increased retail participation exhibits a decisive momentum quality

Shenzhen investor composition²

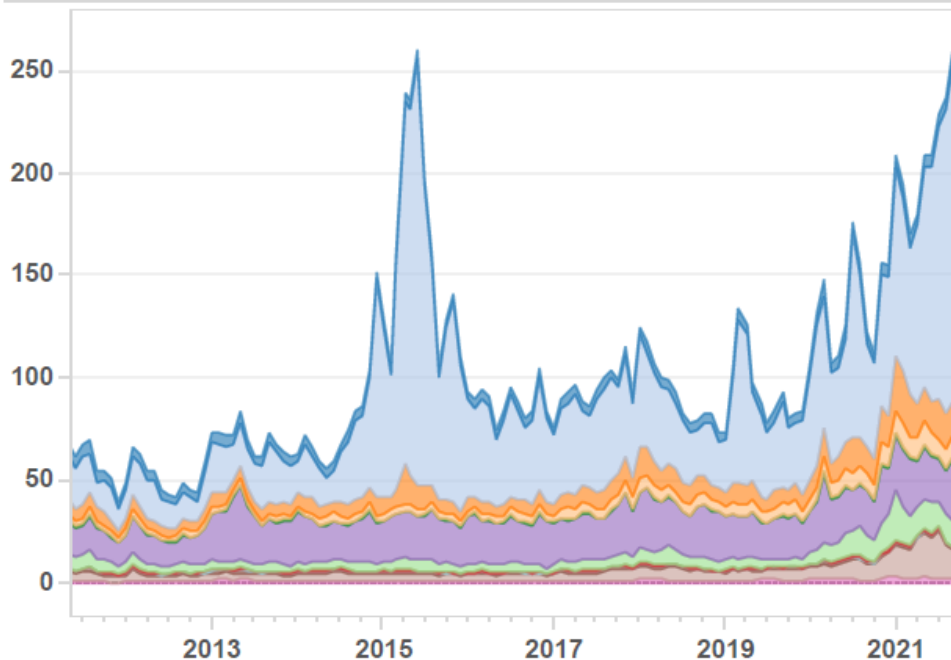


¹ Source: Reuters Eikon; UBS HFS, as of April 2021. Universe is based on companies with \geq \$500m market cap and \geq \$0.5m average daily turnover. Universe is based on stocks listed in Japan, China, United States, countries within MSCI AC Asia, countries within MSCI AC Europe. Analyst coverage is based on Reuters Eikon

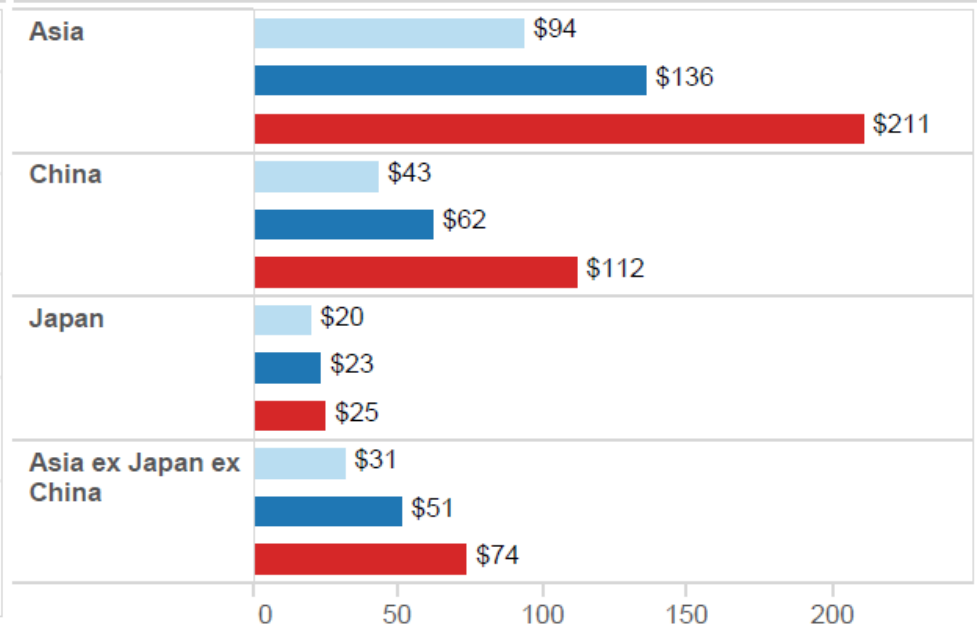
² Source: SZSE, UBS, as of June 2021

High turnover may create attractive entry and exit points

Asia Daily Turnover (USD Bn)



Avg Daily Turnover (USD Bn)



- Australia
- India
- Korea
- Singapore
- China
- Indonesia
- Malaysia
- Taiwan
- HK
- Japan
- Philippines
- Thailand

- 2019 Average
- 2020 Average
- Jan - Sept 2021

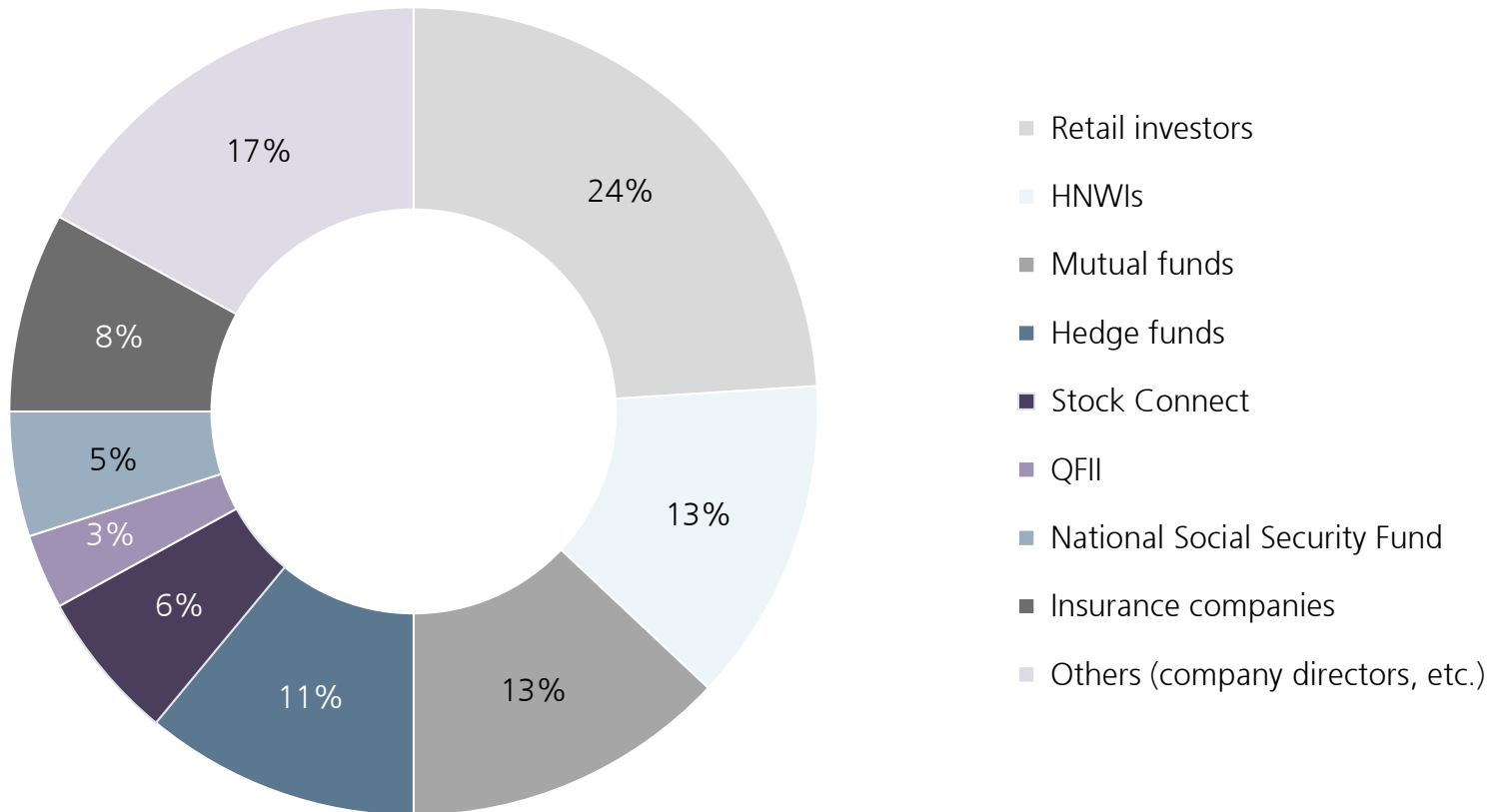
Source: Credit Suisse Trading Strategy, Bloomberg, Reuters

As of September 2021

Low Penetration by Hedge Funds

Under-representation by hedge funds potentially offers an attractive return profile, as they offer durability against risk aversion

Free-float market cap by investor type¹



Source: Wind, CSRC, CIRC, NSSF, UBS Securities estimates

¹ Source: Investor holding data updated as of December 2020

Key themes creating relative value opportunities

Six mega-trends



Growth in credit markets – Big increase in US corporate credit issued in 2020, outpacing dynamic risk capital in credit from banks and hedge funds



SPACs – Rampant growth of special purpose acquisition companies is outpacing IPOs

2



China transition from beta to alpha – Growing Chinese equity markets are seeking to attract international capital

5



Private credit – Regulatory limits on banks' structured lending leads to growth for private credit

3



Environmental focus – The growth of environmentally focused investing

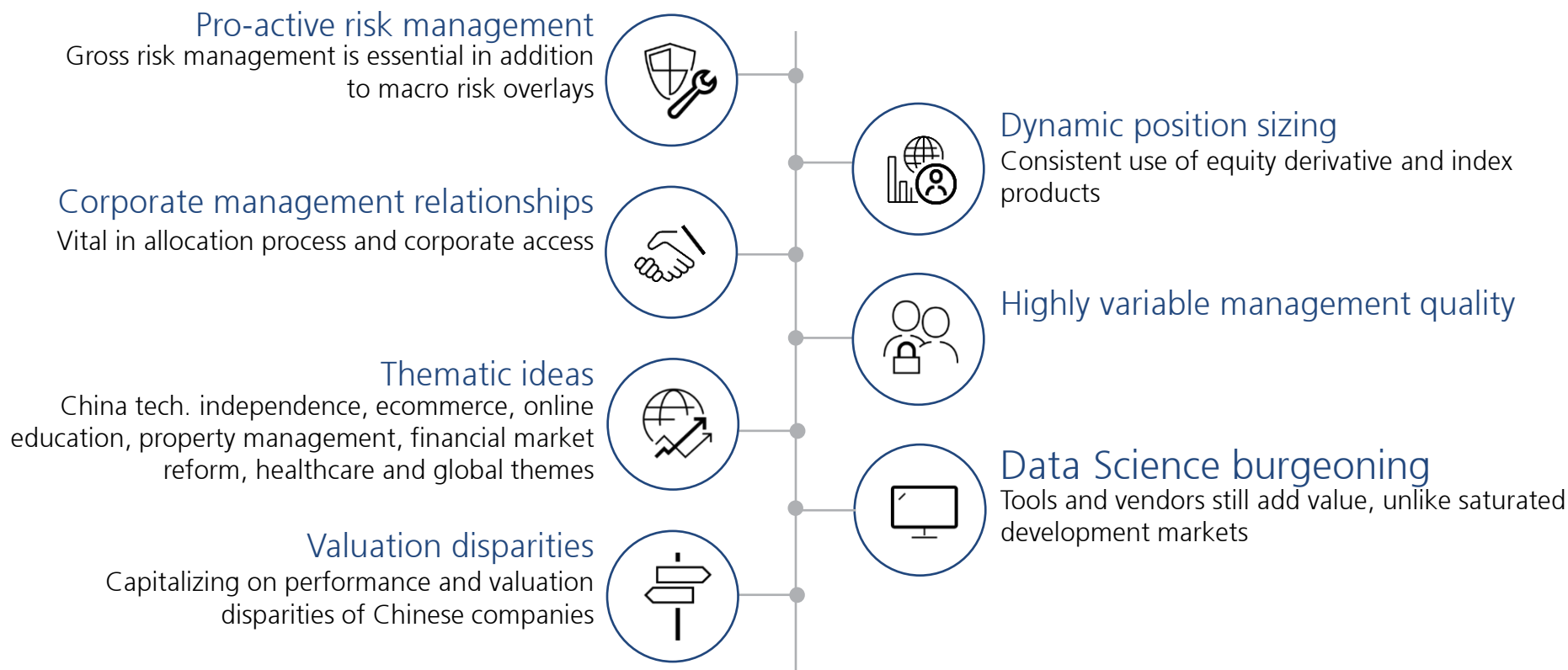
6



Working capital finance – Private investors step up to finance supply chains

For illustrative purposes only.

Relative value investing looks to capture China opportunity



China Alpha opportunities looking into 2022

Challenging macro background: COVID-19 prevention policy, earnings growth normalization and tapering may all be headwinds next year

- Structural opportunities still exist under this scenario

Carbon neutralization: Has become our most exciting opportunity in this decade

- EV and Battery supply chain, Green power and impact on commodities

Pro growth policies: Likely to come back again with less regulatory risk ahead

- Property and its supply chain, mega Internet platforms and new infrastructure investment

Intensive R&D: Has fundamentally improved leading players' competitiveness

- Biotech, semiconductor, ADAS and automation upgrade

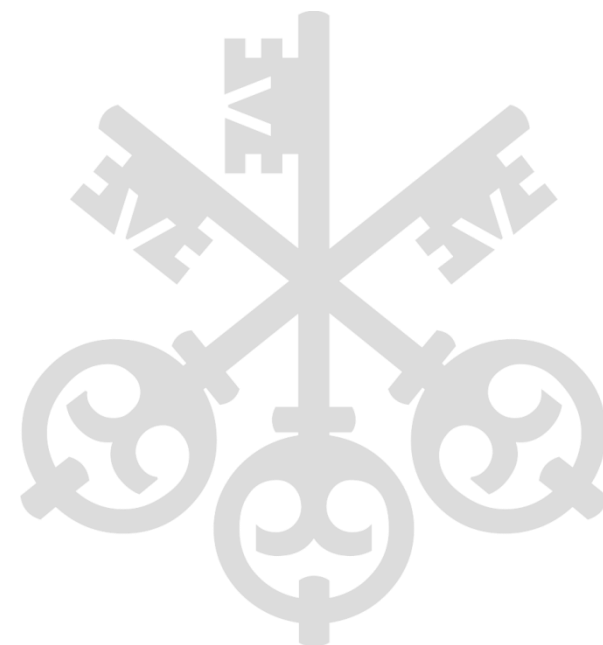
Z-generation: With stronger spending power and more diversified demand

- New Chinese consumer trends, AR/VR and new lifestyle



Equity Markets: When is the right time to reenter the Chinese stock market?

Projit Chatterjee
UBS Asset Management



The Big Picture: China's Over-arching Objectives



Security

Technological and resource independence, cybersecurity and data security, strong military, political stability



Financial Stability

Manage high debt levels, esp. within Real Estate sector, promote RMB internationalization



Common Prosperity

Reducing income inequality, enhance social safety net, improve labor welfare, affordable housing and healthcare.



Environment

Improve environment quality, reduce carbon emissions.



Dual Circulation

Expanding domestic demand, reduce dependence on foreign markets, expand capacity for innovation

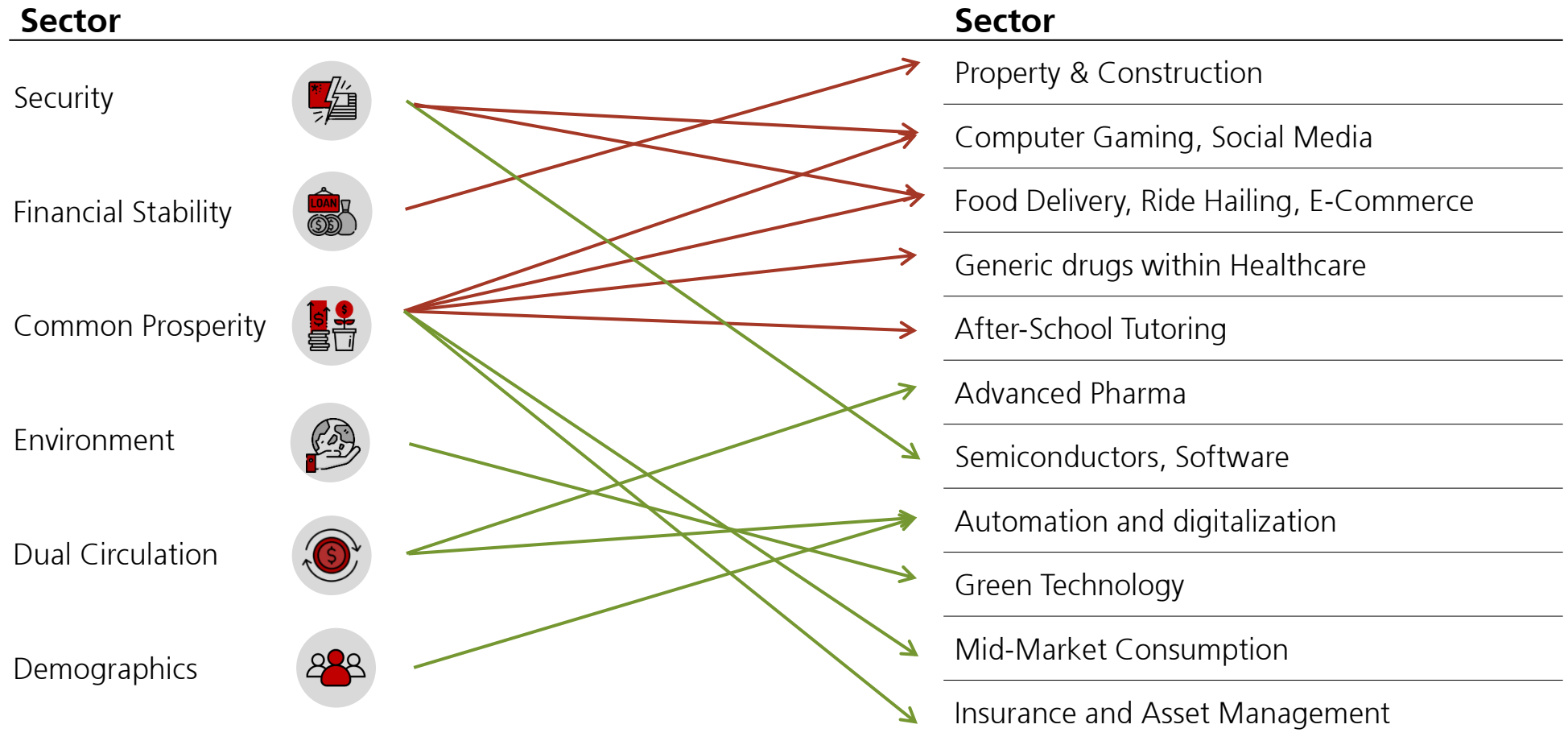


Demographics

Managing challenges of an aging population and shrinking labor pool

Sector Implications

Short-term adjustment/pain for certain sectors in the interest of longer-term objectives



Legend

- Negative impact
- Positive impact

Sector Implications

Short-term adjustment/pain for certain sectors in the interest of longer-term objectives

Sectors facing challenges



Property & Construction

High debt & property prices



Computer Gaming, Social Media

Misspent youth



Food Delivery, Ride Hailing, E-Commerce

High profits for few, low wages for many



Generic drugs within Healthcare

High basic healthcare costs



After-School Tutoring

High education costs

Sectors with tailwinds



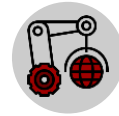
Advanced Pharma

Innovation & differentiation,
lower cost global competitiveness



Semiconductors, Software

Technological independence



Automation and digitalization

Enhance productivity, Aging population,
Value-added manufacturing



Green Technology

Improve environmental quality,
reduce carbon emissions



Mid-Market Consumption

Increasing consumption for the middle-class

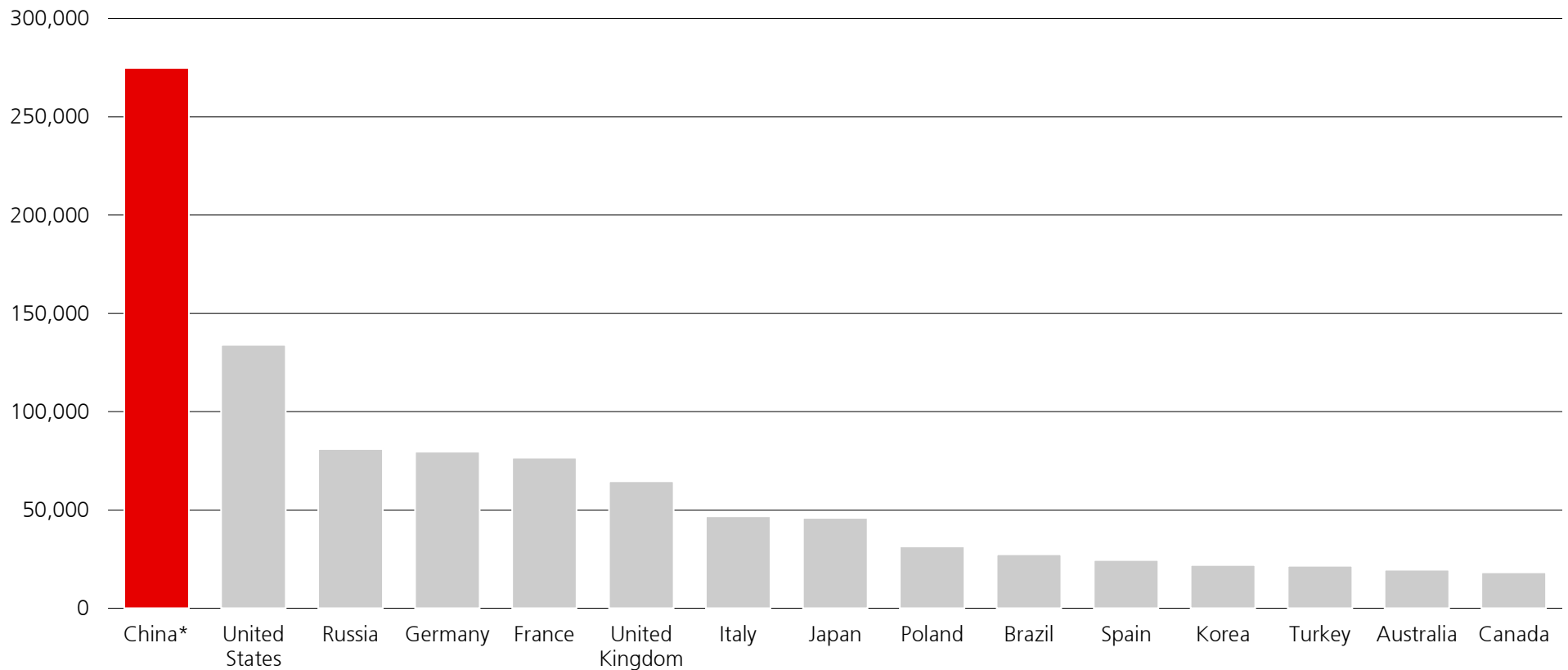


Insurance and Asset Management

Increasing insurance coverage, promote
income & wealth for the middle-class

No. of STEM graduates much higher than other countries

STEM postgraduates in 2019 (Total)



Source: OECD, PRC MOE

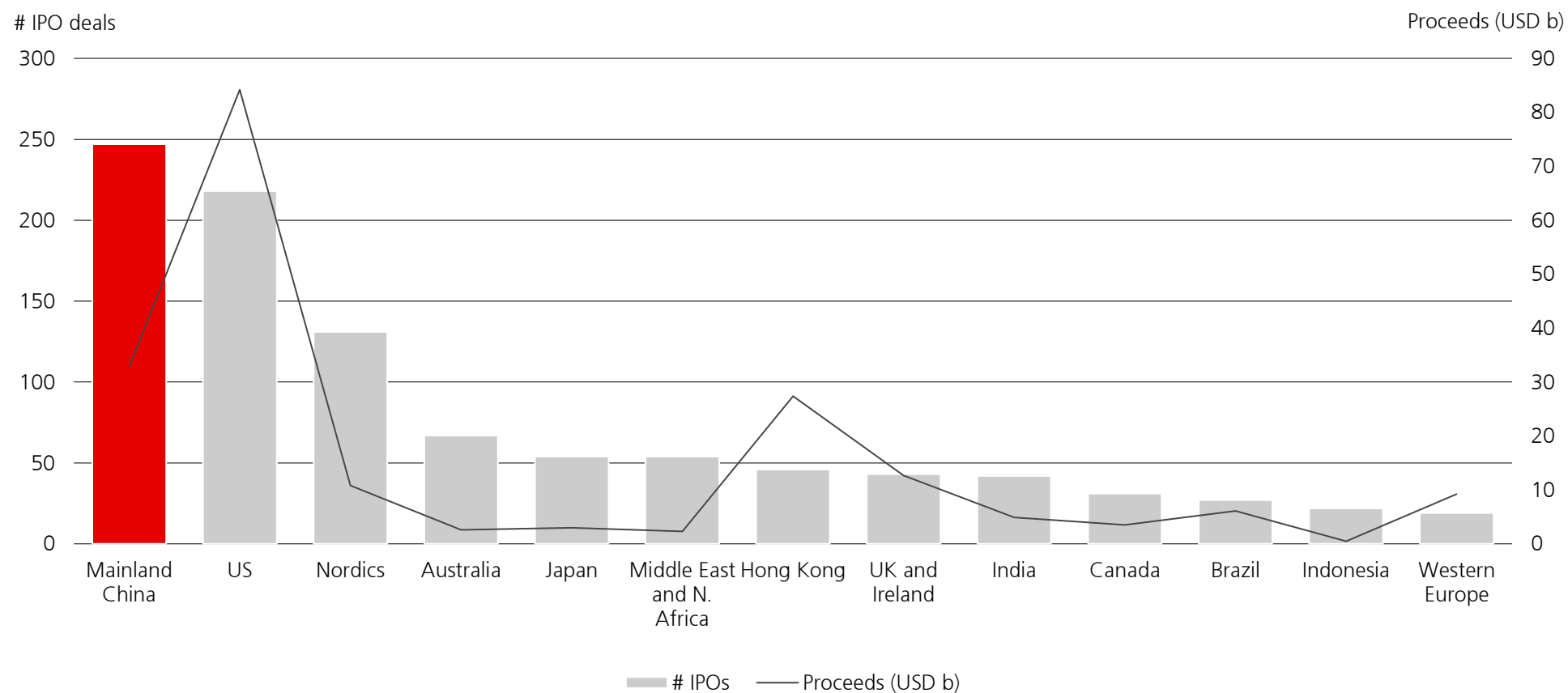
* Data for China includes Masters and Doctoral graduates in Science and Engineering

Data for all other countries include Masters and Doctoral graduates in Natural sciences, mathematics and statistics and Engineering, manufacturing and construction

STEM = Science Technology Engineering Mathematics

The largest number of IPOs of any country

Number and Proceeds (USD b) of IPOs* across markets in 1H 2021



Source: EY Global IPO trends: Q2 2021

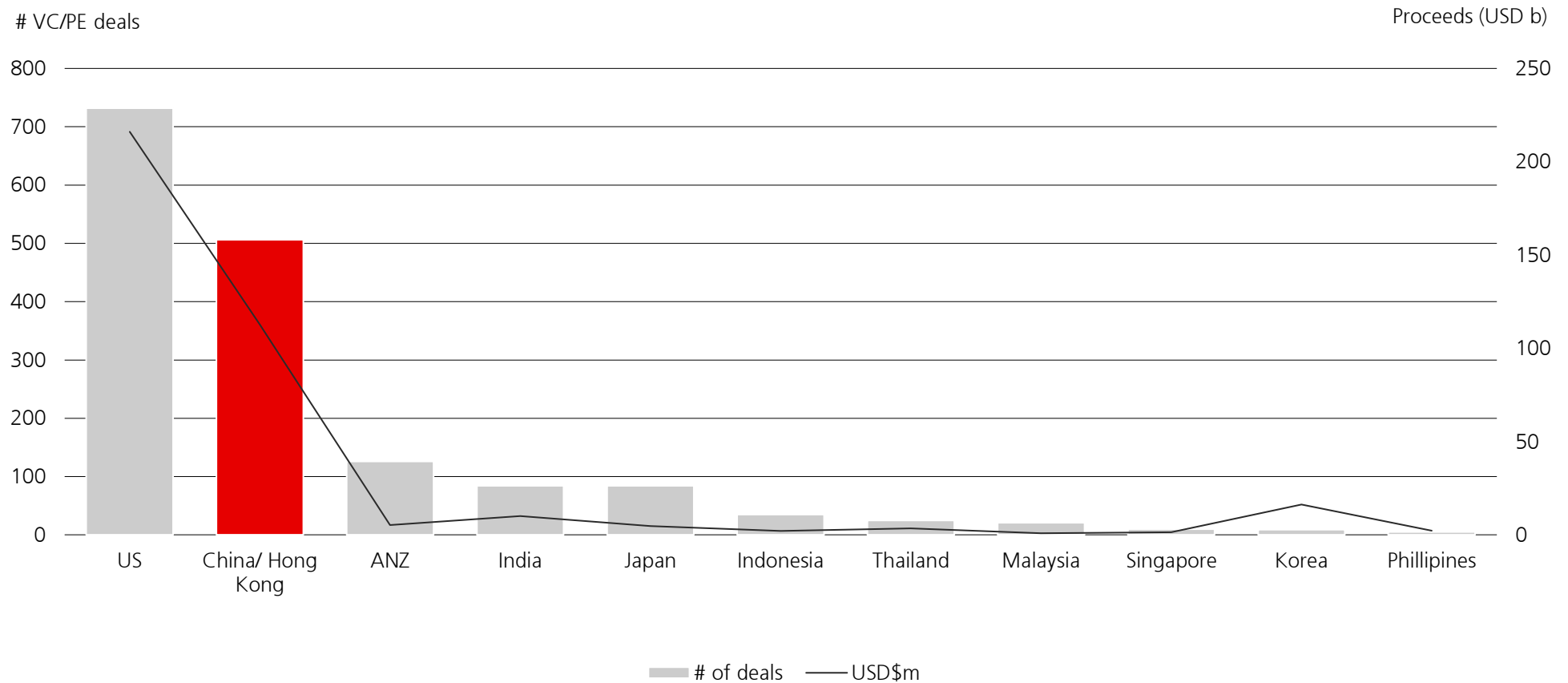
Data based on domicile of the exchange, regardless of the listed company domicile.

*Definition of IPO includes both Initial and Secondary offering

** Nordics include Denmark, Norway, Sweden and Finland

The 2nd largest VC/PE market in the world

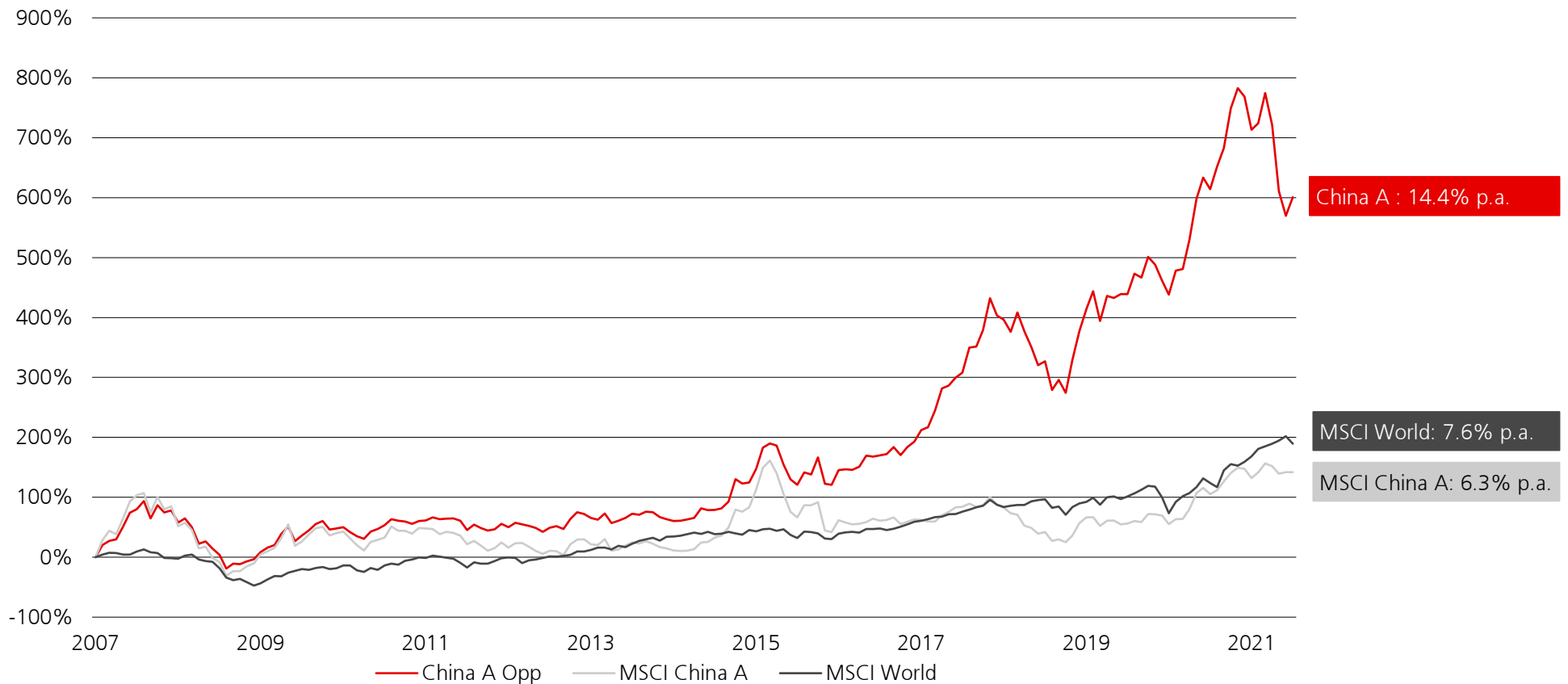
Number and Proceeds (USD b) of VC/PE investments across markets YTD Oct 2021



Source: dialogic, Data as of 15 October 2021

China onshore: A large opportunity for active investors

Large retail participation and high market volatility provide a large alpha opportunity



Source: Bloomberg, Global Composite System.

Note: 30 March 2007 to end September 2021, gross of fees. Past performance is not a reliable indicator of future results. Quarterly update.

China A benefits from low correlation across global indices

A strong case for inclusion in a portfolio for diversification purposes and improve risk-return profile

Correlation (TR USD)

February 2002 to July 2021

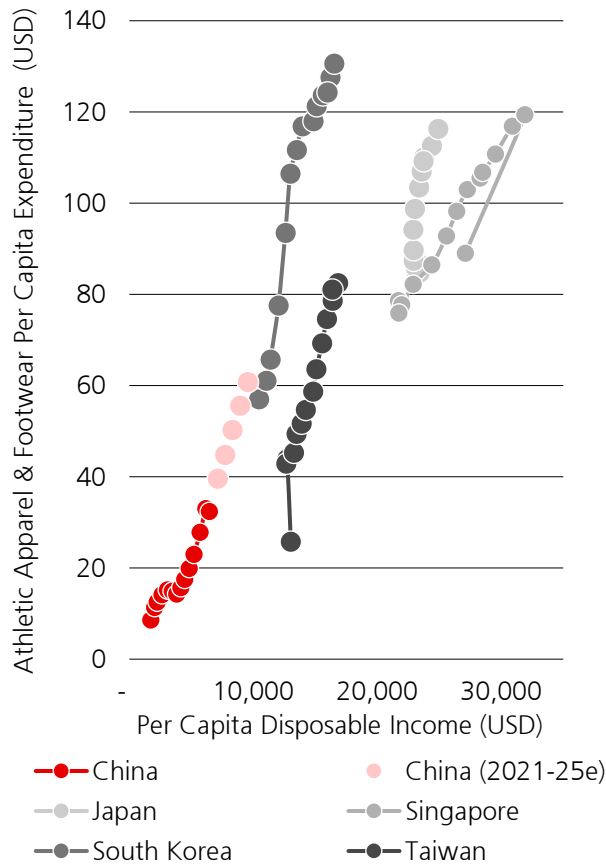
	MSCI N. America	MSCI Europe	MSCI Pacific	MSCI China ex A-Shares	MSCI China A-Shares	MSCI EM Asia ex China	MSCI EM EMEA	MSCI EM LATAM
MSCI North America	1.00	0.88	0.76	0.59	0.35	0.77	0.74	0.71
MSCI Europe	0.88	1.00	0.80	0.64	0.36	0.80	0.83	0.76
MSCI Pacific	0.76	0.80	1.00	0.67	0.35	0.79	0.81	0.70
MSCI China ex A-Shares	0.59	0.64	0.67	1.00	0.60	0.76	0.69	0.64
MSCI China A-Shares	0.35	0.36	0.35	0.60	1.00	0.43	0.35	0.37
MSCI EM Asia ex China	0.77	0.80	0.79	0.76	0.43	1.00	0.82	0.77
MSCI EM EMEA	0.74	0.83	0.81	0.69	0.35	0.82	1.00	0.86
MSCI EM LATAM	0.71	0.76	0.70	0.64	0.37	0.77	0.86	1.00

Source: Bloomberg, as of 30 July 2021

Sectors with tailwinds

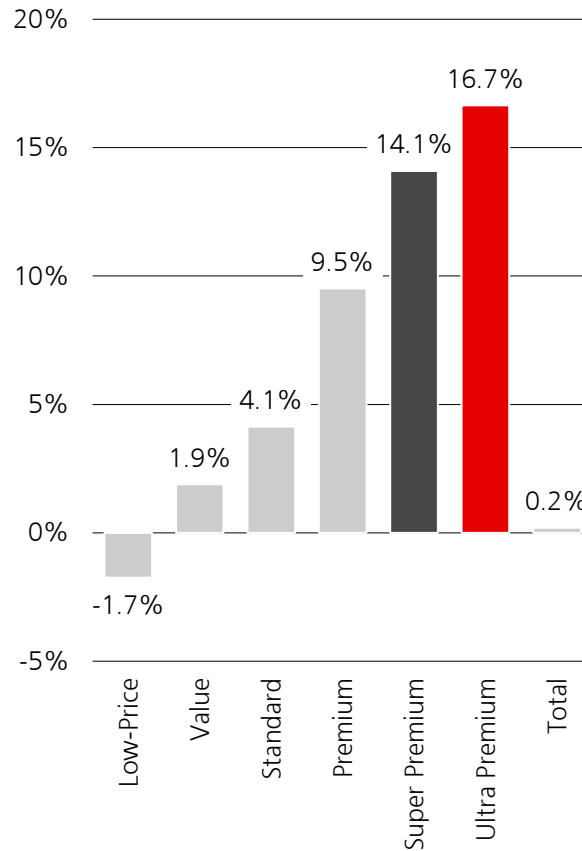
Domestic demand, discretionary consumption, and local brands

Athletic Apparel & Footwear Per Capita Expenditure (USD)



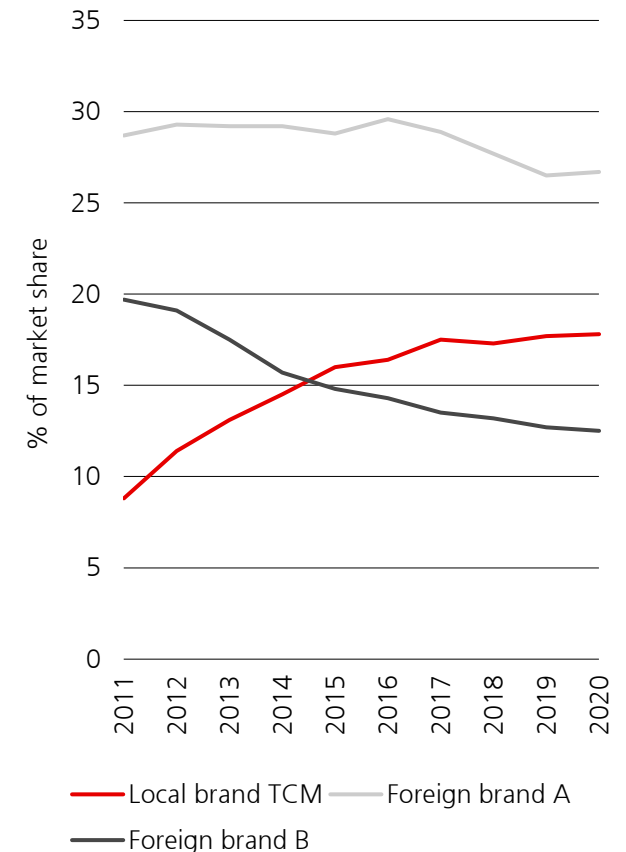
Source: Euromonitor, Morgan Stanley Research.
Data as of December 2020.

Baijiu volume CAGR (2018-2023E)



Source: IWSR, NBS, Canback, Bernstein analysis & estimates,
updated September 2019

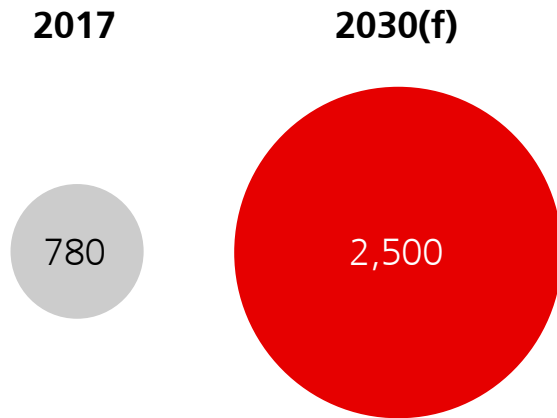
Toothpaste market share in China



An aging population presents opportunities for some sectors

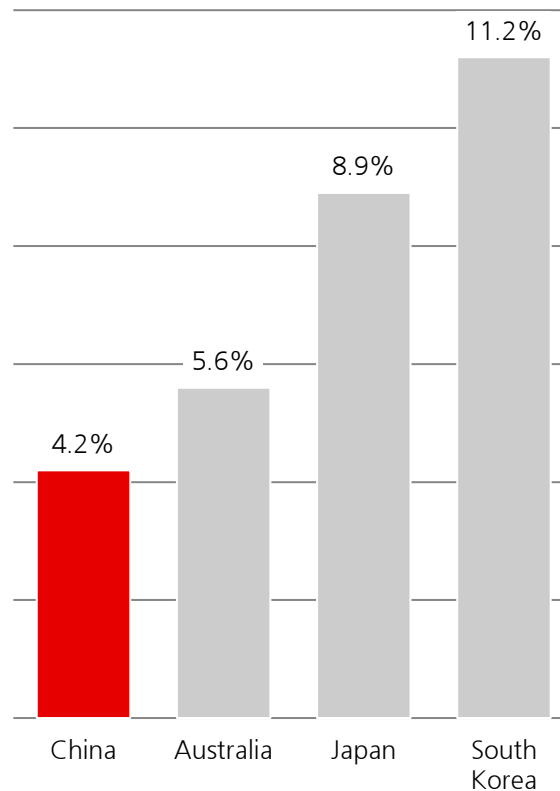
Demand for healthcare, insurance and asset management expected to increase

Healthcare market size in China
(USD billions)



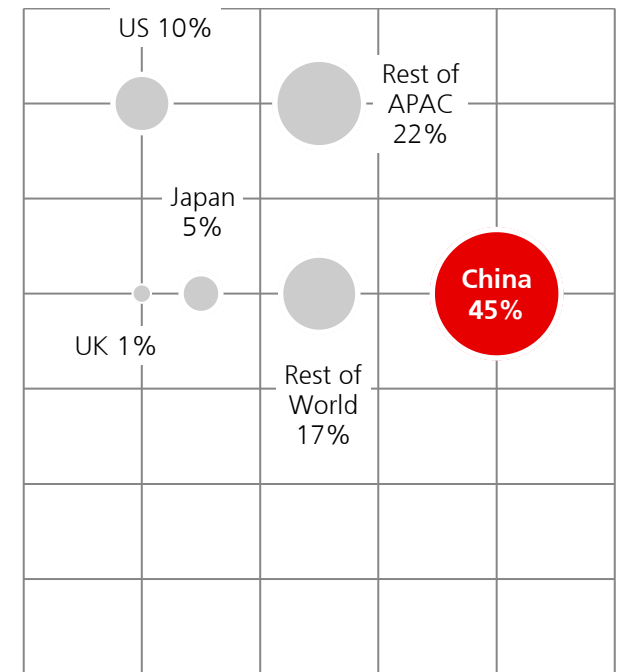
Source: China Daily, December 2017

Insurance penetration
Gross written premiums as % of GDP, 2018



Source: Ernst & Young, Asia-Pacific Insurance Outlook, 2020

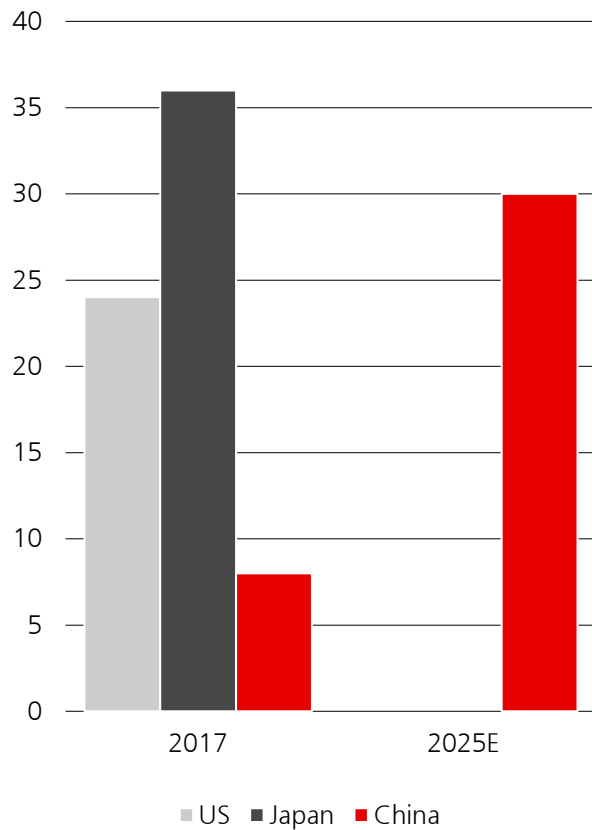
Asset Management services
Forecasted growth in AUM¹ between 2017-2021e (%)



Source: Casey Quirk, 2017;
1 AUM = Asset under Management

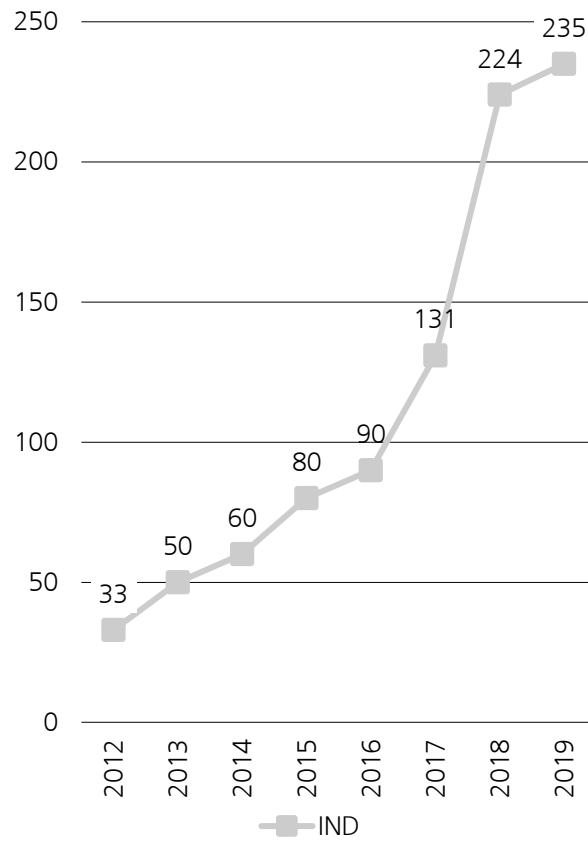
Health care expenditure is set to rise in China

We expect consolidation in China's generics market (Top 4)



Sources: Citi Research estimates, IQVIA, July 2021

Rising number of New Drug IND¹ in China

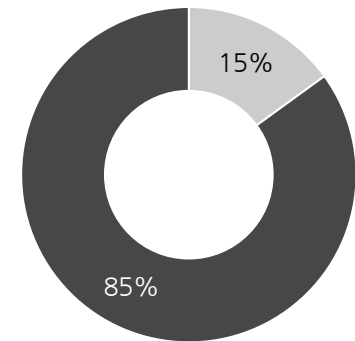


Sources: Citi Research, CDE, July 2021

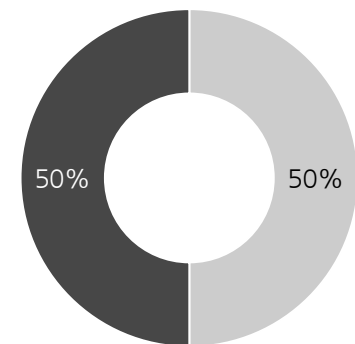
1 IND = Investigational New Drugs

Online pharmaceutical sales (%)

2018



2029 (e)



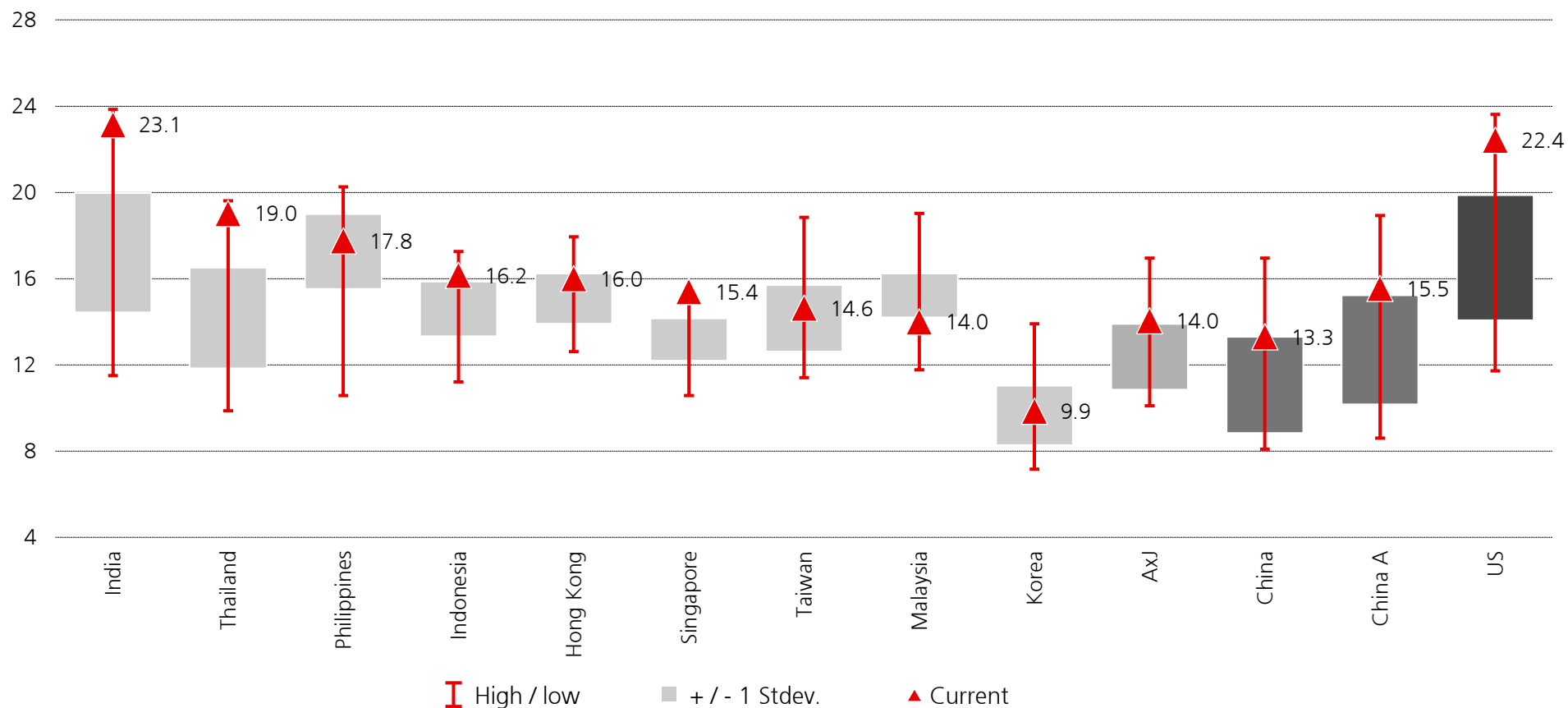
■ Online ■ Offline

Source: Citi Research, Ministry of Commerce, March 2021

Valuations are reasonable

12M forward price-to-earnings ratio (P/E), as of end October 2021

10 years history



Source: FactSet, MSCI, UBS Asset Management. Past performance is not a reliable indicator of future results

Note: This information should not be considered as a recommendation to purchase or sell any security

Thank you

Any questions?

Massimiliano Castelli, PhD, MSC

Head Global Strategy, Global Sovereign Markets
Managing Director



Years of financial industry
experience: 20

Education: University of
Rome (Italy), PhD; University
of London (UK), MSc

As Head of Global Strategy he analyzes the market trends affecting the investment behavior of central banks, sovereign wealth funds and other state-controlled investment institutions and work closely with the investment teams in providing investment advice and developing tailored investment solutions for this client segment

Max established himself as a global thought leader on the macroeconomic, financial and political trends in sovereign wealth management. He has often been called in by leading institutions as an expert on global economic and financial matters. Max has recently published *The New Economics of Sovereign Wealth Funds* in the Wiley Finance Series, a book providing a thorough guide to sovereign wealth funds, covering the drivers of the industry, how it operates and grows, the interest from and in Western markets and the pivotal role that sovereign wealth funds play in the world economy

In his sixteen year long international professional career, Max has been Head of governmental affairs for UBS in Europe, Middle East and Africa, EMEA Senior Economist and consultant advising governments and corporates in emerging markets on behalf of international institutions

Max holds a PhD in Economics from the University of Rome where he lectured and a Msc in Economics from the University of London. He is a member of the Executive Committee of the Asset Management Investment Council (ICMA) and a Fellow at the Centre for International Markets, Money and Regulations at Bocconi University.

Note: As of November 2021

WANG Tao 汪涛

Chief China Economist, Head of Asia Economics - UBS Global Research
Managing Director



Education: Dr. Wang received her Ph.D. in Economics from New York University and her bachelor's degree from Renmin University in Beijing.

Dr. Tao Wang is a Managing Director and Head of Asia Economic Research at UBS Global Research. She leads a top ranked team that covers macroeconomic and policy issues in Asia and China, and she has ranked as the top China/Asia economist in multiple Institutional Investor surveys. Dr. Wang advises China's policy agencies and the central bank on a regular basis and attended the 2015 expert consultation session of Premier Li Keqiang. Prior to joining UBS, Dr. Wang was Head of Greater China Economics and Strategy at Bank of America and Head of Asian Economics at BP plc. Before joining the private sector, Dr. Wang was a Senior Economist at the International Monetary Fund (IMF) covering China. During the eight years she spent at the IMF, Dr. Wang was involved in program negotiations and annual consultations with member countries in Asia, Europe and the Middle East, and published a number of research papers. Dr. Wang served as a member of the Mainland Opportunities Committee of the Hong Kong Financial Services Development Council between 2016 and 2021.

Note: As of October 2021

Hayden Briscoe

Head of Fixed Income, Global Emerging Markets and Asia Pacific
Managing Director



Years of investment
industry experience: 31

Education: University of
New South Wales
(Australia), BA

Hayden Briscoe has overall responsibility for all Global Emerging Markets and Asia Pacific fixed income activities at UBS Asset Management. He is also a member of the Global Fixed Income Management and Global Fixed Income Investment Committees.

Prior to joining UBS Asset Management, Hayden was a Senior Vice President and Director of Asia Pacific Fixed Income at Alliance Bernstein. In this role he was instrumental in building out their Asian fixed income platform and responsible for regional and country portfolios as well as having input in global aggregate strategies.

Hayden previously worked at Schroders Investment Management, Colonial First State and Bankers Trust, where he fulfilled fund management, portfolio management, and trader roles.

Note: As of April 2021

John Bradshaw

Head of Asia Long/Short team, Senior Portfolio Manager
Managing Director



Years of investment
industry experience: 27

John Bradshaw is the Senior Portfolio Manager for the Asian Long/Short strategy.

John joined O'Connor in April 2012, prior to this he worked at UBS Investment Bank running the Asian Tactical Trading strategy for the segregated proprietary trading team called "The Fundamental Investment Group" from 2005 to 2012. Most of this time was spent in Hong Kong before moving to Singapore in 2011.

From 2001 to 2005, he was the Head of the Cash Equity Trading team for UBS Investment Bank which involved facilitating client business, trading a proprietary trading book as well as managing a team of seven professionals across Hong Kong/London and New York. Prior to his move to Hong Kong in 2001, he was based in London as a UK Equity Trader.

John has over 27 years of investment experience, has three A level examinations and joined SG Warburg in 1991 direct from school into their training program.

Note: As of November 2021

Projit Chatterjee, CFA

Senior Equity Specialist, Emerging Markets and Asia Pacific Equities
Managing Director



Years of investment
industry experience: 25

Education: Indian Institute
of Technology (India),
B.Tech;
Indian Institute of
Management (India), MBA

Projit Chatterjee is a Senior Equity Specialist within the Emerging Markets and Asia-Pacific Equities team. He has primary responsibility for overall product positioning and development of Emerging Markets and Asian equity strategies, as well as marketing and communication of these strategies to existing and prospective clients globally.

He is a member of the Emerging Markets Equity Strategy Committee and is based in Singapore.

Projit joined UBS in 1997 as a Corporate Finance Analyst with UBS Investment Bank in Mumbai, India. In 1999, he moved to UBS Asset Management in Zurich to work in Strategic Projects, International Fund Marketing. In Zurich, Projit held various roles in the areas of strategic business development, business management and investment solutions. He also led an acquisition project in the Indian market.

Before joining UBS, Projit worked as a money market and foreign exchange dealer in the treasury of MashreqBank, a UAE bank in Mumbai.

Note: As of March 2021

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