

Invest in China's fast-growing bond market with vision

UBS (HK) Fund Series –
China High Yield Bond (USD)



yuǎn jiàn | foresight, vision



4th China Overseas Fund Golden Bull Award (2020)
One Year Golden Bull Overseas China Fixed Income Fund

For more information about the awards mentioned, please visit the award page of our website.

Important information

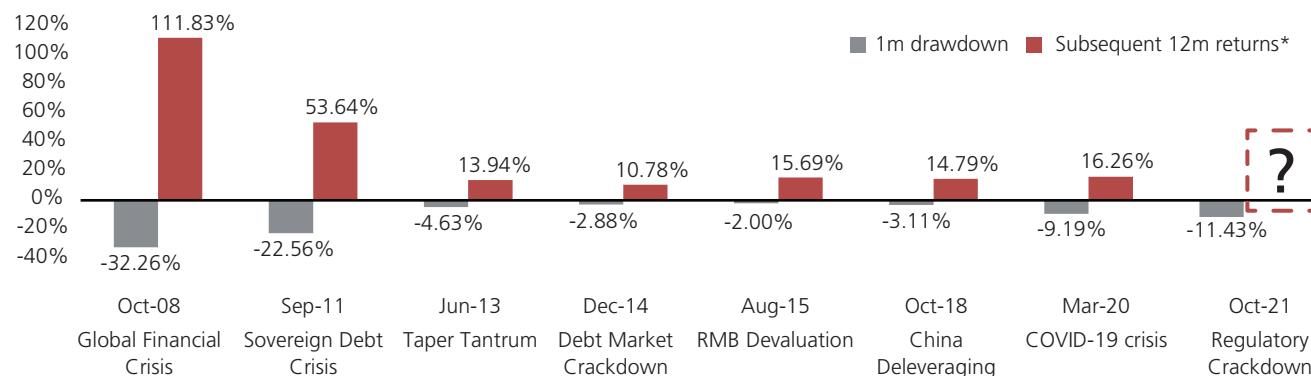
1. The Fund, **UBS (HK) Fund Series – China High Yield Bond (USD) (or “UBS China High Yield Fund”)** invests primarily in debt securities issued by entities which are domiciled or generate a predominant share of their sales and/or their profits in greater China.
2. The Fund intends to invest at least 70% of its net assets in non-investment grade bonds (i.e. assigned with a rating of below BBB- by Standard & Poor's or Fitch Ratings or below Baa3 by Moody's) or bonds which are unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.
3. 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 market may be subject to 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.
4. The Fund may use financial derivative instruments (“FDI”) for hedging and investment purposes. Although FDI will not be used extensively for investment purposes, the use of derivatives may involve additional risks, e.g. leverage, liquidity, counterparty risks.
5. Specifically for the A-mdist unit class(es), the Fund may at the discretion of the Manager 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 unit. Any distributions 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.

China High Yield – why now?

1. Lessons from past crises

We see opportunities in the total 12 month returns of China High Yield following a large monthly drawdown

JACI China High Yield Index

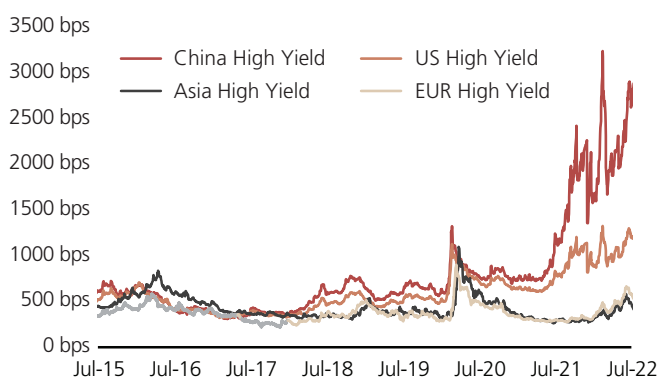


Source: J.P. Morgan Asia Credit Index (JACI), UBS Asset Management, data as of end October 2021.
*Measured as the month with the largest drawdown in a crisis year

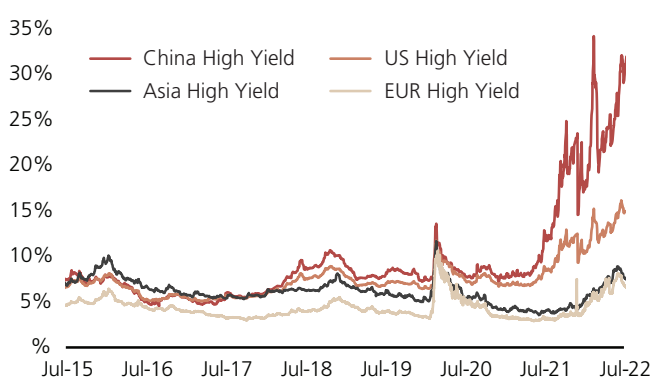
2. Credit spreads and credit yields

Credits spreads at all-time wides: Yields present an attractive income potential

High Yield Credit Market: Spreads



High Yield Credit Market: Yields



Source: Bloomberg, J.P. Morgan. As of end July 2022. For information purposes only. **Past performance is not indicative of future results.** Yield is not guaranteed.

Fund overview



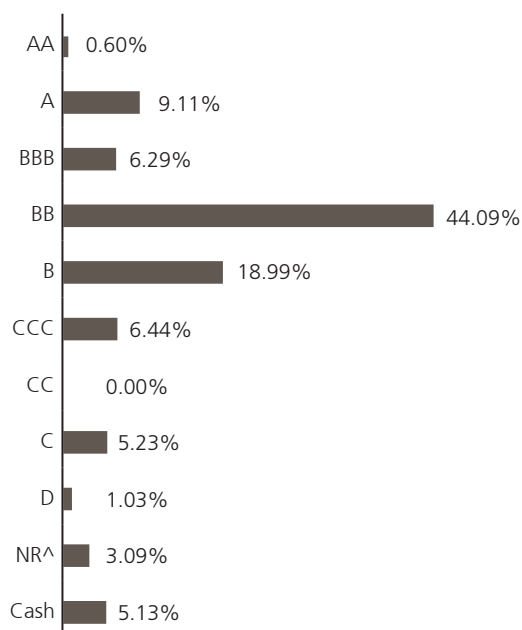
Fund performance

Performance (in USD, %)	Cumulative returns	Peer group average ¹
YTD²	-37.05	-26.14
1-Year	-37.05	-26.14
3-Year	-51.41	-39.16
5-Year	-48.02	-34.94
Since inception	-47.29	-32.57

Source: Morningstar, data as of 31 December 2022. UBS (HK) Fund Series – China High Yield Bond (USD) fund inception: 6 March 2017. Performance is calculated on NAV to NAV basis, with dividend reinvested, based on class A USD-acc. Performance shown is net of fees. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. **Past performance is not indicative of future results.** Annual performance of UBS (HK) Fund Series – China High Yield Bond (USD) Class A USD-acc: 2017 since inception (1.41%), 2018 (-5.81%), 2019 (13.58%), 2020 (5.97%), 2021 (-27.17%).

1 Peer group average refers to Morningstar other Bond category.
2 YTD: Year-to-date

Credit rating breakdown



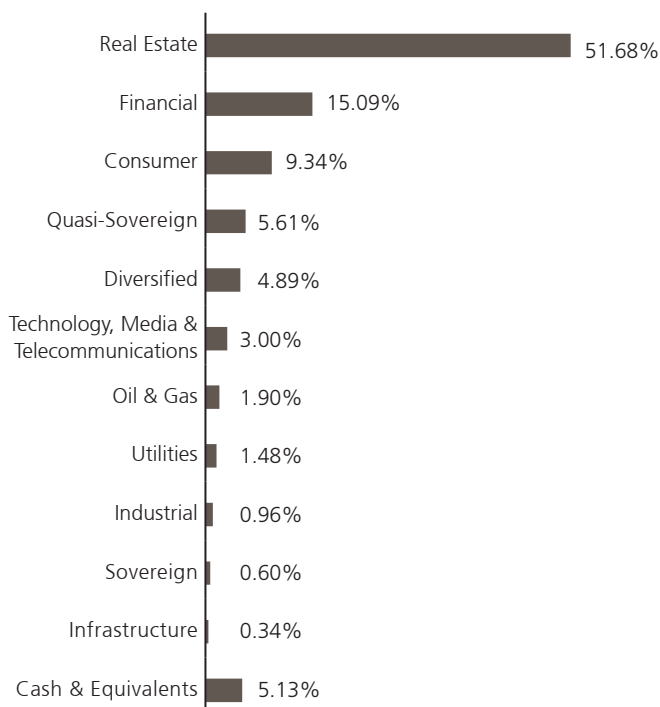
Source: UBS Asset Management. Data as of 31 December 2022.
^NR: Not rated

Overall characteristics

Average YTM (gross) ³	16.62%
Average rating	BB-
Average duration	2.22 years

Source: UBS Asset Management. Data as of 31 December 2022.
³ Investors should note that yield to maturity (YTM) of the portfolio is shown for reference only and does not represent the actual performance of the Fund or the dividend yield received by investors.

Sector allocation



Source: UBS Asset Management. Allocation breakdown by Market Value (%). Data as of 31 December 2022. The portfolio is actively managed, thus the allocations and positionings can be changed any time at UBS's / the portfolio manager's sole discretion.

Top 10 holdings

Security	MV(%)
Fortune Star BVI Ltd 5 18 May 2026	3.23%
RKPF Overseas 2020 A Ltd 5.125 26 Jul 2026	2.93%
New Metro Global Ltd 4.8 15 Dec 2024	2.63%
Country Garden Hldgs 5.125 14 Jan 2027	2.37%
China SCE Grp Hldgs Ltd 6 04 Feb 2026	2.25%
Bank Of Communications 3.8 31 Dec 2999	2.23%
Bank Of China 3.6 31 Dec 2999	2.19%
Shui On Development Hldg 5.5 29 Jun 2026	1.91%
Ind & Comm Bk Of China 3.58 31 Dec 2999	1.86%
Shui On Development Hldg 6.15 24 Aug 2024	1.79%

Source: UBS Asset Management. Data as of 31 December 2022. The above information should not be considered as recommendation to purchase or sell any particular security.

Fund information

Fund name	UBS (HK) Fund Series – China High Yield Bond (USD)
Fund inception date	6 March 2017
Base currency	USD
Management fee	1.25% p.a.
Dealing and NAV calculation	Daily
Subscription fee	Up to 3%

Available share class	ISIN	Distribution frequency	Dividend yield
Class A USD-acc	HK0000318607	Accumulation	–
Class A USD-mdist ^{4,5}	HK0000318615	Expected monthly	7.9%
Class A HKD-mdist ^{4,5}	HK0000322476	Expected monthly	7.8%
Class A RMB hedged mdist ^{4,5}	HK0000590700	Expected monthly	7.3%

Source: UBS Asset Management, December 2022.

- 4 The share classes with “-mdist” aim to pay dividends on a monthly basis. **Dividend is not guaranteed.** Dividend may be paid out of capital. Share classes with “-mdist” in their name 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 the fund’s fees and expenses to/out of the capital of the relevant fund, resulting in an increase in distributable income for the payment of distributions by the fund and therefore, the fund 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.
- 5 A positive distribution yield does not imply a positive return. Distribution yield = (Dividend per unit on last record date x 12 / Previous month-end NAV) x 100. The distribution yields shown here are for reference only. These share classes continue to distribute in periods that the Fund has negative return/is making losses which further reduces the NAV of the Fund. In extreme circumstances, investors may not be able to get back the original investment amount. Constant distributing share classes must not be seen as alternative to savings account or fixed-interest paying investment.

Follow us on WeChat and LinkedIn for more insights



WeChat



LinkedIn

Visit www.ubs.com/am-hk

Investment involves risks, and past performance figures shown are not indicative of future performance. 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. Investors please refer to the offering document for further details including the risk factors.

The investment returns of some of our range of funds are denominated in currency other than USD/HKD. US/HK Dollar-based investors are therefore exposed to fluctuations in the US/HK dollar/ foreign currency exchange rate.

Units of UBS funds mentioned in this publication may not be offered, sold or delivered in the USA.

The document has not been reviewed by the Securities and Futures Commission in Hong Kong. The document is issued by UBS Asset Management (Hong Kong) Limited.

A number of comments in this document are based on current expectations and are considered “forward-looking statements”. Actual future results may prove to be different from expectations and any unforeseen risk or event may arise in the future. The opinions expressed are a reflection of UBS Asset Management’s judgment at the time this document is compiled and any obligation to update or alter forward-looking statements as a result of new information, future events, or otherwise is disclaimed.

You are advised to exercise caution in relation to this document. The information in this document does not constitute advice and does not take into consideration your investment objectives, legal, financial or tax situation or particular needs in any other respect. Investors should be aware that past performance of investment is not necessarily indicative of future performance. Potential for profit is accompanied by possibility of loss. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Source for all data and charts (if not indicated otherwise): UBS Asset Management.

© Copyright UBS © Copyright UBS 2023. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

