

# Grow with future leaders in China



yuǎn jiàn | foresight, vision

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



Morningstar Rating™

As of 31 July 2023

## Awards



**Fund Selector Asia House  
Awards Singapore 2021**  
Best Equity House



**Benchmark Fund of the Year Awards 2020**  
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

**Fund Selector Asia Fund Awards  
Hong Kong 2021**  
Gold Award - Greater China/China Equity  
category

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

### Important informatio

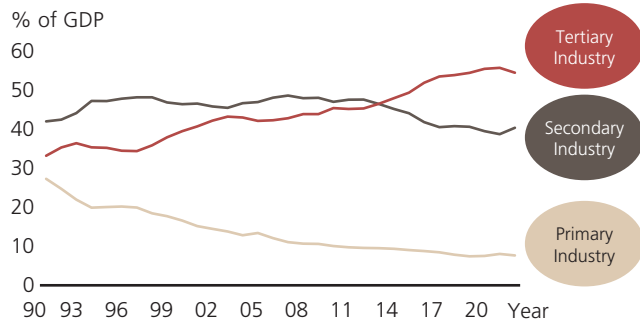
1. The Fund, **UBS (Lux) Equity Fund – China Opportunity (USD)** ( “**UBS China Opportunity Equity Fund**” ) primarily invests in shares of companies that are either domiciled in or with their main business in China. The aggregate exposure (whether direct or indirect) to China A-Share and China B-Share 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 Sub-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 now is the best time to invest in China equity market?

## China's economic transformation brings up new investment opportunities

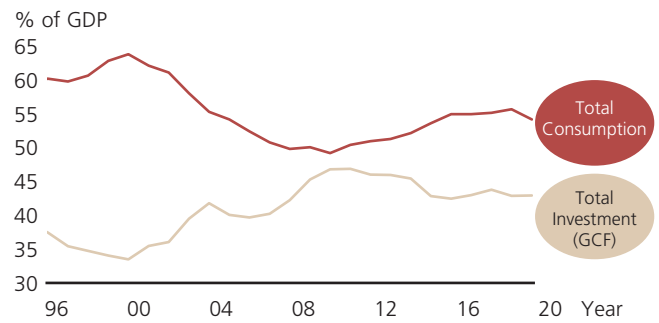
China's economic transformation will consolidate China's international position. Besides, China's economic growth, which is underpinned by various favorable factors, has created a lot of opportunities for the investors

Rebalancing towards a more **service...**



Source: Morgan Stanley Research, data as of Q4 2021

...more **consumption driven** economy



Source: Morgan Stanley Research, data as of December 2020

Note: Primary industry involves the extraction and collection of natural resources. Secondary industry refers to Industry and Construction. Tertiary industry refers to Transport, Storage and Post; Wholesale and Retail Trade; Hotels & Catering Services; Financial Intermediation; Real Estate and Others. GCF: gross capital formation.

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

Service and consumption are the main drivers for China's economic development, and they boost economic growth.

China's online retail market has room to grow

Urbanization continuously increases the demand for services

Significant growth in spending on innovation R&D and international filing

Aging population boosts the healthcare sector market's growth

Meanwhile, the China market has risks but many opportunities, and it is still attractive:

- The second largest stock market in the world
- Many opportunities conducive to active management
- Technology and R&D to rival the U.S.
- 5-Year-Plan to achieve long-term planning

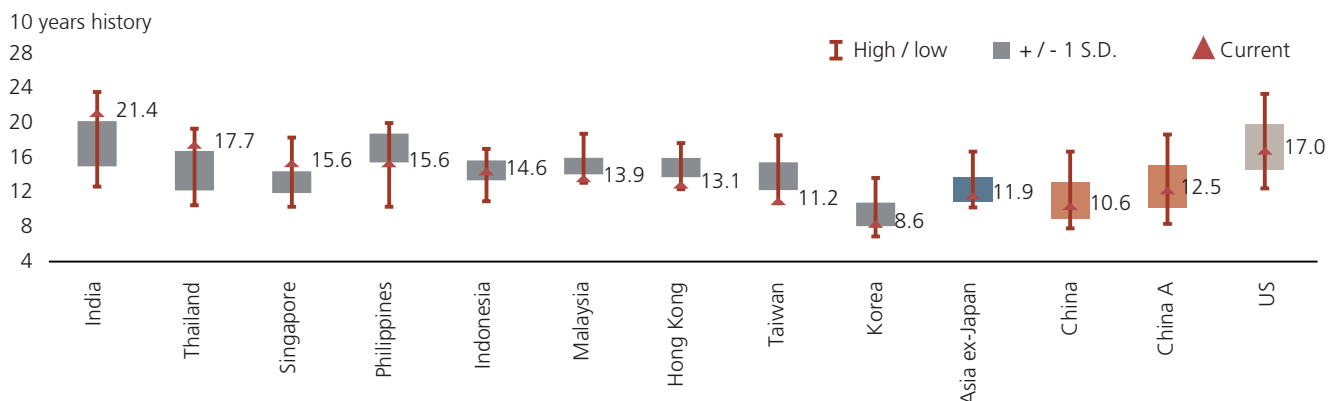
- US-China friction may continue
- Tightening regulatory environment
- Some hot sectors are overvalued
- Covid is still impeding economic growth
- Potential contagion risk from real estate sectority

- Considerable structural growth areas
- Growing discretionary and premium consumption
- Clean energy and environmental priority

## Attractive valuation

### Chance to earn abnormal profits through long-term holding

12M forward price-to-earnings ratio (P/E)



Source: FactSet, MSCI, UBS Asset Management. As of end August 2022. **Past performance is not indicative of future results.**  
 Note: For reference only. **This information should not be considered as a recommendation to purchase or sell any security**  
 S.D. : Standard deviation

# Why invest in UBS China Opportunity Equity Fund?

## Fund performance

5 years performance (Repositioning date performance rebased to 100)



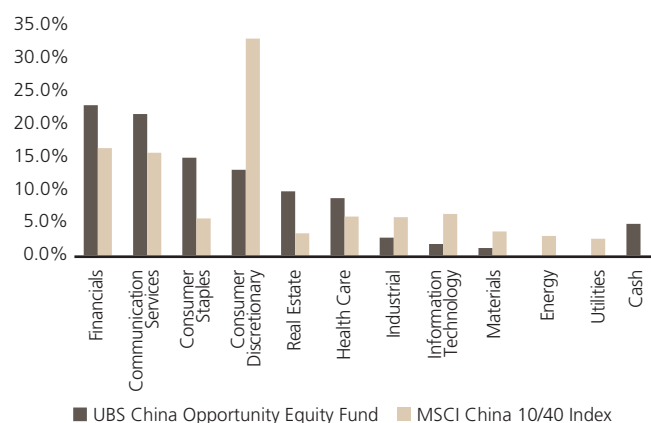
Performance (in USD, %) (net of fees)	Fund cumulative returns	Reference Index: MSCI China 10/40	Peer Average: China Equity
YTD <sup>1</sup>	0.42	4.71	-1.47
1 Year	-2.89	1.14	-6.55
3 Years	-35.71	-22.37	-25.11
5 Years	-8.46	-10.74	-7.18

Source: UBS Asset Management, Morningstar, Bloomberg, data as of 31 July 2023, 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: 2017 (59.69%), 2018 (-14.83%), 2019 (41.56%), 2020 (28.28%), 2021 (-25.90%), 2022 (-20.70%). **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).

<sup>1</sup> 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 (%)
Kweichow Moutai	9.83	0.98
Tencent Holdings Ltd	9.79	8.45
NetEase Inc	9.68	2.11
Alibaba Group Holding Ltd	7.18	8.86
Ping An Bank Co Ltd	4.93	2.49
China Merchants Bank	4.53	1.25
AIA Group Ltd	3.97	-
Ping An Bank Co Ltd	3.83	0.10
CSPC Pharmaceutical Group	3.82	0.37
Meituan	3.78	4.68

Source: UBS Asset Management. MSCI, Corporate information. Data as of 31 July 2023.

**This information should not be considered as recommendation to buy or sell any security. The portfolio is actively managed, thus the allocations and positionings can be changed any time at UBS's / the portfolio manager's sole discretion.**

## Invest in attractive sectors and leading companies

Our fund's analysts conduct in-depth industry and company research and identify leading companies in China that would outperform industry earnings growth and have attractive valuations.



### China Merchants Bank

- One of the leading retail and consumer banking franchise in China
- Well-positioned to benefit from China's growing wealth
- A majority of profits comes from its resilient retail business
- High share of low-cost demand deposits to total deposits (highest in its sector<sup>2</sup>), leading to high growth potential



### Kweichow Moutai

- Market leading in the Baiju (white liquor) market in China
- The company is well positioned to benefit from the consumer premiumization trend in China, given its strong presence in the ultra-premium Baiju segment
- Consumption upgrades, stronger brand image and healthier competition landscape will be key drivers for the long term growth

**This information should not be considered as a recommendation to purchase or sell any security.**

<sup>2</sup> JP Morgan, as of end December 2020.

## Fund information

Fund name	UBS (Lux) Equity Fund – China Opportunity (USD) <sup>3</sup>
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
Total fund assets	USD 4.853 billion (as of 31 July 2023)
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 <sup>5,6</sup>	LU1152091168	
(HKD) P-mdist <sup>5,6</sup>	LU1152091754	Up to 5% <sup>4</sup>
(AUD hedged) P-mdist <sup>5,6</sup>	LU1230129766	

- 3 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.
- 4 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.
- 5 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.
- 6 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.

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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.

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

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