

# UBS China Opportunity Equity Fund USD P-acc

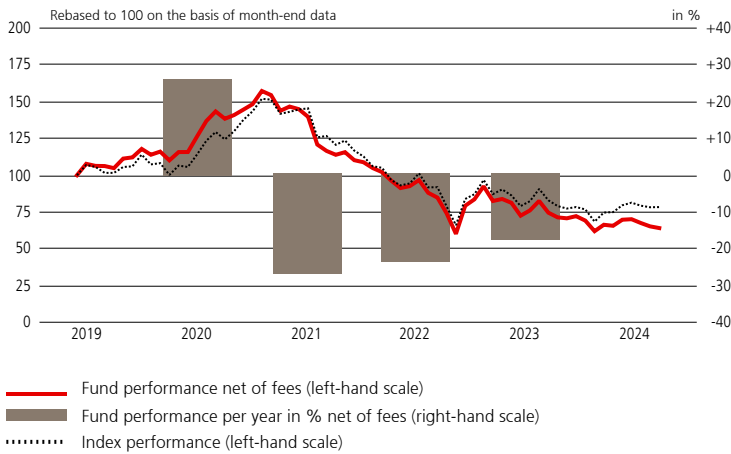
## Performance Review

UBS (Lux) Equity Fund - China Opportunity (USD) (EUR hedged) P-acc



**On the economic front, macro data sent out mixed signals. China's trade surplus came down from its historical high due to a slowdown in exports. Higher yields, stronger Q2 results and a weaker dollar-yuan exchange rate contributed to the better performance of offshore equities.**

### Performance (basis EUR, net of fees)<sup>1</sup>



**Past performance is not a reliable indicator of future results.**

### Performance in % (net of fees)<sup>1</sup>

| in %                   | 2020  | 2021   | 2022   | 2023   | 2024  | Aug. 2024 | 5 years Ø p.a. | 5 years |
|------------------------|-------|--------|--------|--------|-------|-----------|----------------|---------|
| Fund (EUR)             | 25.82 | -26.63 | -23.19 | -17.31 | -7.34 | -1.79     | -39.71         | -9.63   |
| Benchmark <sup>3</sup> | 25.86 | -21.42 | -22.76 | -11.87 | 2.05  | 0.14      | -22.91         | -5.07   |

The performance shown does not take account of any commissions, entry or exit charges.

<sup>1</sup> These figures refer to the past. **If the currency of a financial product, financial service or its costs is different from your reference currency, the return and/or costs can increase or decrease as a result of currency fluctuations.** Source for all data and chart (if not indicated otherwise): UBS Asset Management.

<sup>2</sup> YTD: year-to-date (since beginning of the year)

<sup>3</sup> Reference Index in currency of share class (without costs)

### Monthly performance

In August the fund performed negatively with 1.8%. Fixed asset investment (FAI) growth slowed to 3.6% year-on-year from January to July due to the continued contraction in real estate investment and further moderation in infrastructure. Meanwhile, retail sales showed a moderate uptick compared to the previous month.

### YTD performance

YTD as of the end of August, the fund has delivered a negative performance of 7.3%. The investment environment was choppy, with the market overemphasising the risk factors for Chinese equities.

### Performance contributors

The market was led by the financial sector over the month, which also contributed to the fund's performance. Holdings in consumer staples such as Kweichow Moutai also rebounded.

### Performance detractors

Meanwhile, positions in communication services detracted. While NetEase's Q2 results slightly missed expectations, with the firm reporting a decline in deferred gaming revenue, we noted that market expectations were high. We believe that the company's rich gaming portfolio should sustain long-term growth in the future.

### For more information

UBS Fund Infoline: 0800 899 899

Internet: [www.ubs.com/funds](http://www.ubs.com/funds)

Contact your client advisor

### Portfolio management representatives

Bin Shi

Morris Wu

Denise Cheung

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## Sector exposure (%)

|                        | Fund  | Deviation from index |
|------------------------|-------|----------------------|
| Communication Services | 21.82 | +6.6                 |
| Financial Services     | 17.53 | -1.9                 |
| Consumer Discretionary | 15.15 | -16.2                |
| Consumer Staples       | 14.85 | +10.3                |
| Health Care            | 10.60 | +6.3                 |
| Real estate            | 7.75  | +5.7                 |
| Industrials            | 3.96  | -1.5                 |
| Information Technology | 1.95  | -4.6                 |
| Materials              | 1.00  | -2.7                 |
| Energy                 | 0.00  | -4.4                 |
| Utility                | 0.00  | -3.0                 |
| Others                 | 5.39  | +5.4                 |

## Largest over- / underweights (%)

|                                | Deviation from index |
|--------------------------------|----------------------|
| KWEICHOW MOUTAI CO LTD-A       | 8.3                  |
| NETEASE INC                    | 6.6                  |
| FAR EAST HORIZON LTD           | 4.0                  |
| CHINA MERCHANTS BANK-H         | 3.8                  |
| AIA GROUP LTD                  | 3.8                  |
| BYD CO LTD-H                   | -2.1                 |
| BANK OF CHINA LTD-H            | -2.2                 |
| XIAOMI CORP                    | -2.3                 |
| ALIBABA GROUP HOLDING LTD      | -2.8                 |
| CHINA CONSTR BANK 'H' SHS CNY1 | -4.0                 |

## 10 largest equity positions (%)<sup>1</sup>

|                                | Fund |
|--------------------------------|------|
| Tencent Holdings Ltd           | 9.9  |
| Kweichow Moutai Co Ltd         | 9.2  |
| NetEase Inc                    | 8.4  |
| Alibaba Group Holding Ltd      | 6.7  |
| China Merchants Bank Co Ltd    | 5.1  |
| Far East Horizon Ltd           | 4.0  |
| CSPC Pharmaceutical Group Ltd  | 3.8  |
| AIA Group Ltd                  | 3.8  |
| Meituan                        | 3.5  |
| Anhui Gujing Distillery Co Ltd | 3.3  |

<sup>1</sup> This is not a recommendation to buy or sell any security

## Current investment strategy

As China's growth normalises, investor confidence has taken a hit and valuations remain well below their historical average. Lower valuations can sow the seeds for long-term alpha generation within China. As bottom-up investors, we continue to believe that extensive boots on the ground research is required to identify the best opportunities.

## Risks

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