

# UBS China Opportunity Equity Fund USD P-acc

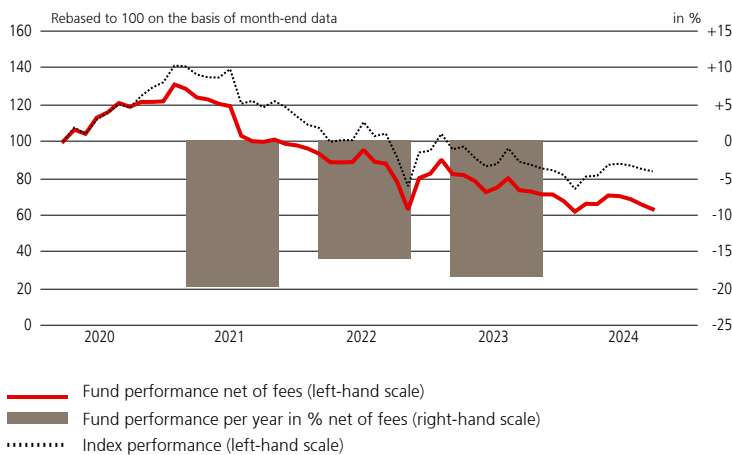
## Performance **Review**

UBS (Lux) Equity Fund - China Opportunity (USD) (EUR) 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	LTD <sup>3</sup>	4 years Ø p.a. 4
					YTD <sup>2</sup>		years
Fund (EUR)	n.a.	-19.68	-15.69	-18.15	-6.54	-39.72	-47.82
Benchmark <sup>4</sup>	n.a.	-14.08	-16.39	-13.99	2.45	-21.68	-30.41

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> LTD: launch-to-date

<sup>4</sup> Reference Index in currency of share class (without costs)

### Monthly performance

In August the fund performed negatively with 3.9%. 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 6.5%. 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

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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

UBS Opportunity Equity Funds invest in equities and may therefore be subject to high fluctuations in value. As these UBS Funds pursue an active management style, each Fund's performance can deviate substantially from that of its reference index. All investments are subject to market fluctuations. Every Fund has specific risks, which can significantly increase under unusual market conditions. The fund can use derivatives, which may result in additional risks (particularly counterparty risk). This Fund may not be appropriate for investors who plan to withdraw their money before the recommended holding period disclosed in the PRIIPs KID, if available for this share class.

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