

February 2025

United China A-Shares Innovation Fund



Why Invest?

- **Opportunities across multiple sectors:** United China A-Shares Innovation Fund – A SGD Acc (the “Fund”) seeks cutting-edge companies not just in Technology but also in Consumer, Industrials, Healthcare, and Materials, including those benefitting from China’s extensive use of e-commerce and mobile applications.
- **Exposure to leading innovations:** China leads in 5G/6G telecommunications and has a dominant global market share in Electric Vehicles (EV), EV supply chain (including batteries), renewable energy such as solar and wind, and Artificial Intelligence (AI) development.
- **Historic rescue for property sector:** China unveiled wide-ranging measures to rescue its property sector in May 2024, including local governments buying unsold homes from developers and easing rules on purchases. The People’s Bank of China (PBoC) will set up a nationwide program to provide 300 billion Chinese yuan in loans to fund state purchases of unsold homes.
- **A blend of growth and value:** The Fund aims to invest in both growth and value stocks by maintaining a reasonable allocation in three directions 1) New Energy and Information Technology Innovation, 2) High-End Manufacturing Upgrades, and 3) Consumption Upgrades.

Portfolio Positioning

DeepSeek recently launched its latest EP inference architecture, significantly improving the model inference output per card. Compared to the traditional model, output has increased by 3-5 times. Although we still believe in the Jervis Paradox, which describes the relationship between computational hardware cost reduction and the explosive growth of applications, the current industry trend of reducing hardware usage through algorithms has far exceeded our expectations. This will lead to the flow of value across the entire industry chain, shifting from upstream hardware to midstream cloud services. From a global perspective, 2025 is expected to be a major year for the implementation of AI applications, with investment opportunities gradually shifting from computational power in the infrastructure sector to hardware terminals and software applications. We will actively adjust our approach in response to this change.

We maintain our previous view that we are in the early stages of the AI application boom. 2025 will be a pivotal year for the widespread adoption of AI, and investment opportunities will gradually shift from infrastructure-related computing power to hardware terminals and software applications. Domestically, we are still in the infrastructure construction phase, with the supply chain related to computing power in a rapid growth phase. We will continue to focus on these areas for our strategic allocation.

February 2025 Portfolio Performance

United China A-Shares Innovation Fund – A SGD Acc	+3.12 per cent ¹
---	-----------------------------

Source: Morningstar, Performance from 31 January 2025 to 28 February 2025 in SGD terms

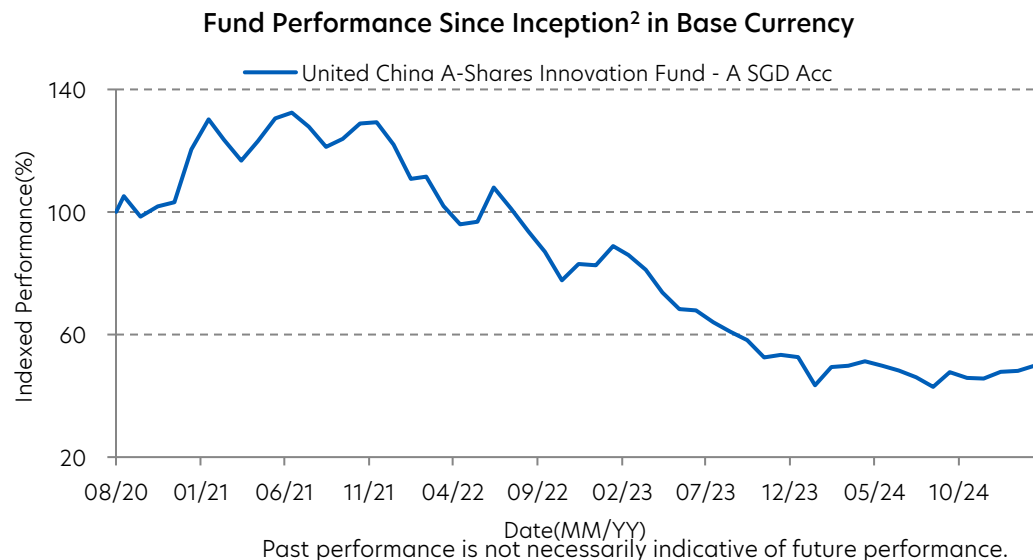
¹ Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

Performance Review

The top three contributors in February 2025 were **Cambricon Technologies Corp. Limited** (AI chips related), **Sichuan Huafeng Technology Co., Limited** (manufacturer of computing power components), and **Hygon Information Technology Co., Limited** (AI chips related).

The bottom three contributors in February 2025 were **Eoptolink Technology Inc., Limited** (part of the North American computing power supply chain), **Hand Enterprise Solutions Co., Limited** (significant rally in January 2025, but experienced a small pull-back in February 2025), and **Ningbo Tuopu Group Co., Limited** (a core stock of Tesla humanoid robots supply chain).

Performance (Class A SGD Acc)



Fund performance is calculated on a NAV to NAV basis.

Source: Morningstar. Performance as at 28 February 2025, SGD basis, with dividends and distributions reinvested, if any.

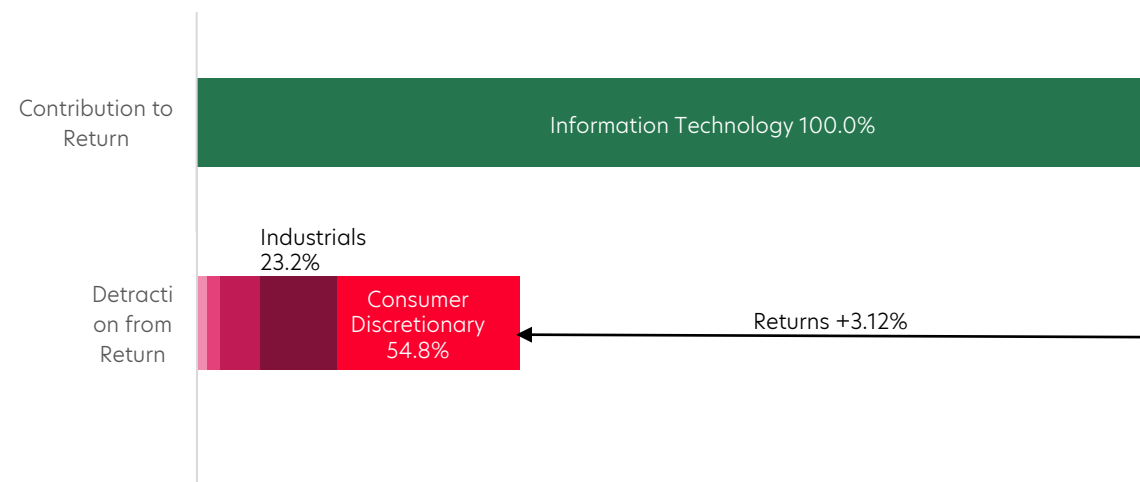
² The United China A-Shares Innovation Fund - Class A SGD Acc (ISIN code: SGXZ49509284) was inception on 17 August 2020.

All statistics quoted in the write-up are sourced from Bloomberg as at 28 February 2025 unless otherwise stated.

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	3.12	0.50	-23.65	-	-14.31
Fund (Charges applied [^])	-2.04	-4.53	-24.94	-	-15.27

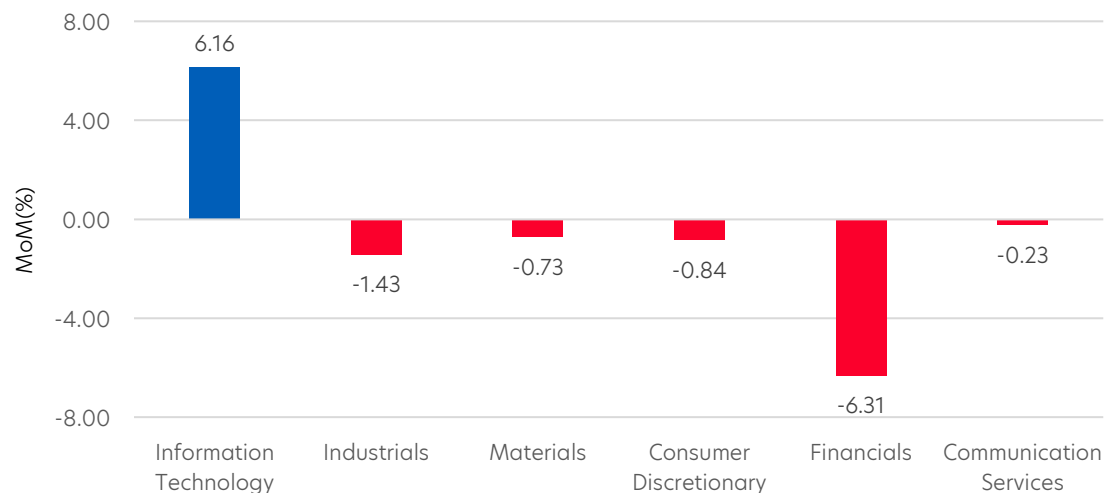
Source: Morningstar. Performance as at 28 February 2025, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Past performance is not necessarily indicative of future performance. [^]Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

Performance Contributors/Detractors: February 2025

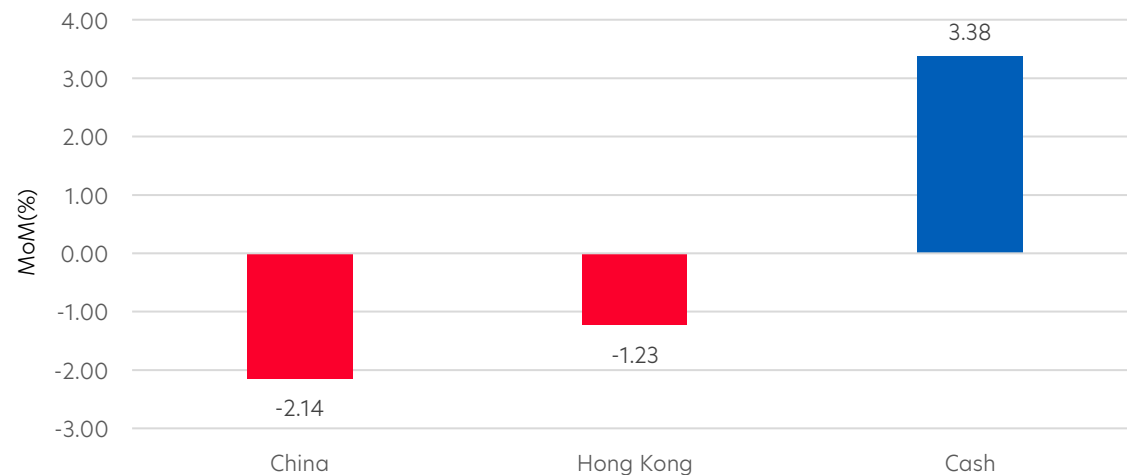


Portfolio Changes

Sector allocation changes: January 2025 vs. February 2025



Country allocation changes: January 2025 vs. February 2025



Source: UOBAM

Portfolio Review

Analyst Insights

In February 2025, we continued to reduce our holdings in traditional finance and switch from conventional manufacturing to AI-related fields. Meanwhile, some individual stocks with significant gains in early 2025 experienced some pullback, dragging down the overall portfolio return.

As shown on the left charts, the biggest decrease in the sector allocation changes for February 2025 was in Financials (-6.31 per cent). On the contrary, the largest increment was in Information Technology (+6.16 per cent) in February 2025.

Market Review

In February 2025, China's equity market was in an uptrend, with the Technology sector leading the gain. However, the market experienced a small correction at the end of February 2025, reducing the overall gain. The China Securities Index (CSI) 300 rose by 1.91 per cent, the Shanghai Composite Index rose by 2.16 per cent, and the ChiNext Index rose by 5.16 per cent in February 2025.

At the beginning of February 2025, the market moved higher gradually, centred around technology growth (AI, Robotics), driven by the catalyst from DeepSeek. Additionally, the implementation of new US tariffs temporarily removed geopolitical overhang, which boosted market activities. In mid-February 2025, expectations of further policy stimulation increased. The State Council held a meeting to discuss measures to boost consumption, support residents' income growth, increase capital income, accelerate the development of new types of consumption, and encourage the integration of "artificial intelligence + consumption" and other sectors. A private enterprise symposium, held for the first time in seven years, was also convened in Beijing, signalling support for the healthy and high-quality development of the private economy. Technology stocks became the main focus in February 2025. At the end of February 2025, tariff concerns resurfaced as Trump announced plans to impose an additional 10 per cent tariff on Chinese imports starting 4 March 2025, prompting risk-averse capital outflows. Meanwhile, the AI theme experienced short-term fluctuations and consolidation, leading the market to shift from technology stocks to cyclical sectors.

In terms of industry, investment enthusiasm has been high since the Lunar New Year, with the average daily trading volume reaching Renminbi (RMB) 1.84 trillion. The launch of DeepSeek's R1 broke the market's perception of China as a follower in the AI field and accelerated the application's implementation. On a broad scale, DeepSeek was integrated into society with localized deployment. Additionally, another appearance by Yushu Technology's humanoid robot at the Spring Festival Gala and the acceleration in the speed of upgrade for dog robots and AI and Robotics have led to market interest in AI and robotics stocks. For industry performance, the Computer (16.31 per cent) and Machinery Equipment (10.71 per cent) sectors saw the biggest gains.

Looking ahead, market sentiment is likely to be further boosted by policy expectations. Regarding the upcoming Two Sessions in March 2025, it is expected that the Gross Domestic Product (GDP) growth target for 2025 will be set at around 5 per cent, and fiscal policies will become more proactive. The deficit ratio may rise to around 4 per cent, and the issuance of special bonds may increase. In terms of monetary policy, the tone of "moderate easing" will continue. Although short-term actions such as cuts in the Reserve Requirement Ratio (RRR) and interest rate may be limited, these may take place after the Two Sessions and into the second quarter of 2025. Key policy focuses include the development of new productive forces, consumption and people's livelihood, and capital market reforms. In the area of technological innovation, sectors like AI, humanoid robots, and the digital economy are expected to receive more policy support to address "bottleneck" issues and enhance China's core competitiveness. Expanding domestic demand and stimulating consumption will also be a major policy focus, with measures such as car purchase subsidies and appliance trade-in potentially being upsized to boost the consumer market. On the external front, Trump's policy uncertainties, particularly trade policies, could impact the global economy and capital markets. Additionally, rising geopolitical tensions could trigger heightened risk aversion in the market.

Investment Objective

The investment objective of the United China A-Shares Innovation Fund is to achieve long-term capital appreciation by investing primarily in A-Shares of companies listed in the People's Republic of China which are beneficiaries of technology, innovation and trends.

Fund Information

Base Currency
SGD

Fund Size
SGD 120.70 mil

Fund Manager
Colin Ng



Important Notice and Disclaimers

All information in this publication is based upon certain assumptions and analysis of information available as at the date of the publication and reflects prevailing conditions and UOB Asset Management Ltd ("UOBAM")'s views as of such date, all of which are subject to change at any time without notice. Although care has been taken to ensure the accuracy of information contained in this publication, UOBAM makes no representation or warranty of any kind, express, implied or statutory, and shall not be responsible or liable for the accuracy or completeness of the information.

Potential investors should read the prospectus of the fund(s) (the "Fund(s)") which is available and may be obtained from UOBAM or any of its appointed distributors, before deciding whether to subscribe for or purchase units in the Fund(s). Returns on the units are not guaranteed. The value of the units and the income from them, if any, may fall as well as rise, and is likely to have high volatility due to the investment policies and/or portfolio management techniques employed by the Fund(s). Please note that the graphs, charts, formulae or other devices set out or referred to in this document cannot, in and of itself, be used to determine and will not assist any person in deciding which investment product to buy or sell, or when to buy or sell an investment product. An investment in the Fund(s) is subject to investment risks and foreign exchange risks, including the possible loss of the principal amount invested. Investors should consider carefully the risks of investing in the Fund(s) and may wish to seek advice from a financial adviser before making a commitment to invest in the Fund(s). Should you choose not to seek advice from a financial adviser, you should consider carefully whether the Fund(s) is suitable for you. Investors should note that the past performance of any investment product, manager, company, entity or UOBAM mentioned in this publication, and any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance of any investment product, manager, company, entity or UOBAM or the economy, stock market, bond market or economic trends of the markets. Nothing in this publication shall constitute a continuing representation or give rise to any implication that there has not been or that there will not be any change affecting the Funds. All subscription for the units in the Fund(s) must be made on the application forms accompanying the prospectus of that fund.

The above information is strictly for general information only and is not an offer, solicitation advice or recommendation to buy or sell any investment product or invest in any company. This publication should not be construed as accounting, legal, regulatory, tax, financial or other advice. Investments in unit trusts are not obligations of, deposits in, or guaranteed or insured by United Overseas Bank Limited, UOBAM, or any of their subsidiary, associate or affiliate or their distributors. The Fund(s) may use or invest in financial derivative instruments and you should be aware of the risks associated with investments in financial derivative instruments which are described in the Fund(s)' prospectus.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

UOB Asset Management Ltd Co. Reg. No. 198600120Z