

August 2024

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.

August 2024 Portfolio Performance

United China A-Shares Innovation Fund – A SGD Acc	-6.87 per cent ¹
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Source: Morningstar, Performance from 31 July 2024 to 31 August 2024 in SGD terms

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

Performance Review

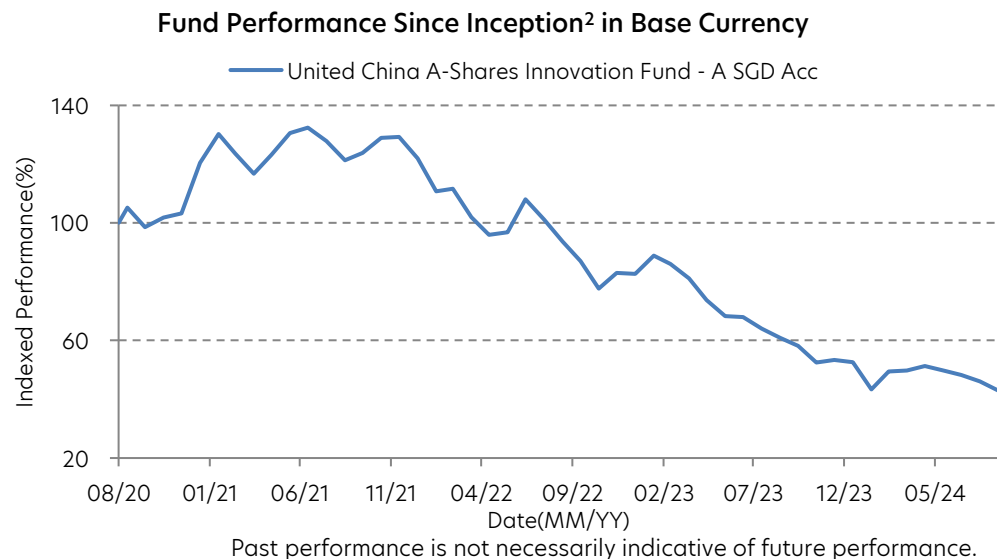
In August 2024, all sectors contributed negatively to the overall Fund’s performance. Industrials, Consumer Discretionary, and Utilities were the top 3 detractors of the performance.

Portfolio Positioning

Our investment opportunities in the A-share market will continue to focus on three main areas: 1.) Central state-owned enterprises and dividend play with good cash flow; 2.) Manufacturers with overseas expansion; and 3.) Artificial Intelligence (AI).

The volatility of the equity index is expected to stabilise and structural investment opportunities will arise in the future. In the foreseeable future, the certainty premium is likely to increase. Assets with predictable growth and companies with strong dividend-paying capability will become increasingly scarce and our portfolio will focus on these stocks.

Performance (Class A SGD Acc)



Fund performance is calculated on a NAV to NAV basis.

Source: Morningstar. Performance as at 31 August 2024, SGD basis, with dividends and distributions reinvested, if any.

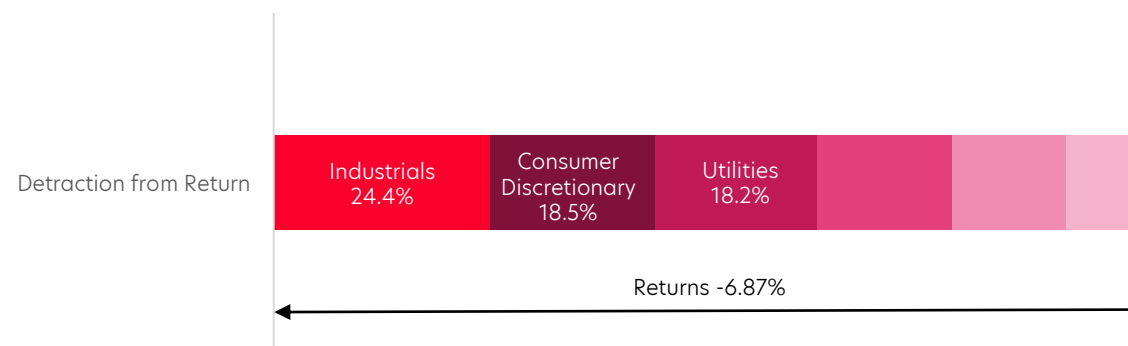
² The United China A-Shares Innovation Fund - Class A SGD Acc (ISIN code: SGXZ49509284) was inception on 17 August 2020.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 August 2024 unless otherwise stated.

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-6.87	-29.55	-29.28	-	-18.91
Fund (Charges applied [^])	-11.52	-33.07	-30.47	-	-19.94

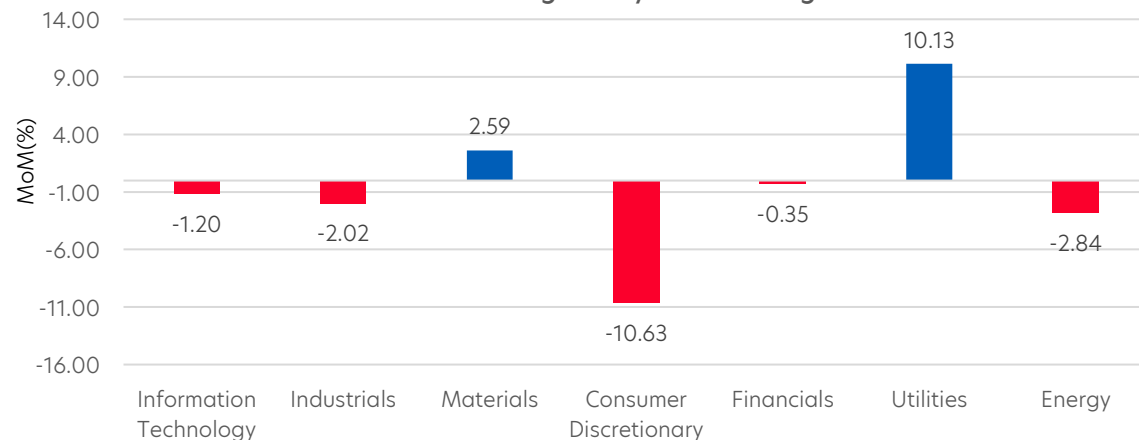
Source: Morningstar. Performance as at 31 August 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Past performance is not necessarily 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: August 2024

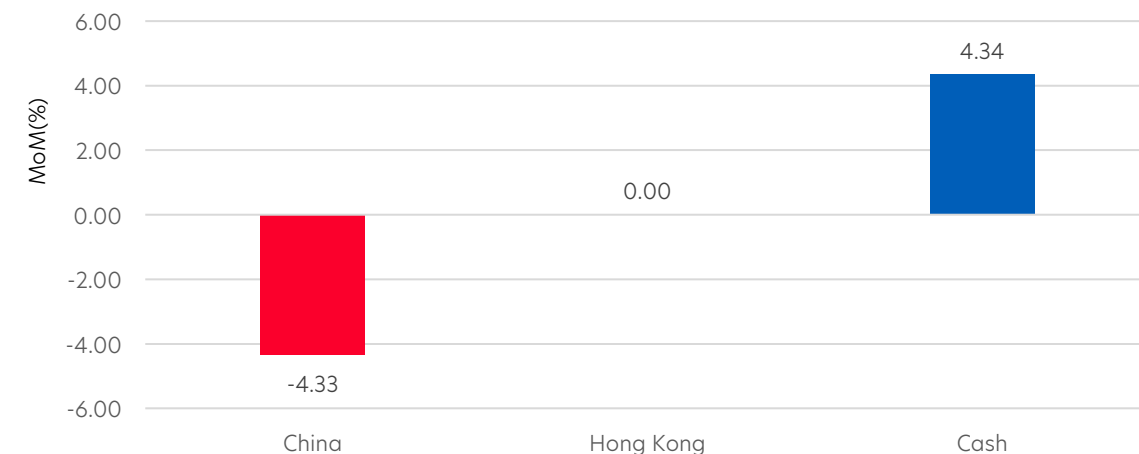


Portfolio Changes

Sector allocation changes: July 2024 vs. August 2024



Country allocation changes: July 2024 vs. August 2024



Source: UOBAM

Portfolio Review

Analyst Insights

There has not been much change in the portfolio allocation in August 2024, which included high-dividend stocks represented by banks; manufacturing companies in traditional industries focusing on overseas expansion; and innovative companies along the Artificial Intelligence (AI) supply chain.

In terms of sector allocation, we have increased our weight in utility-related companies while reducing exposure to consumer industries that are at risk of future tariff hikes.

As shown on the left charts, the biggest decrease in the sector allocation changes for August 2024 was in Consumer Discretionary (-10.63 per cent). On the contrary, the largest increment was in Utilities (+10.13 per cent) in August 2024.

Market Review

In August 2024, the China Securities Index (CSI) 300 fell by 2.47 per cent while the CSI Small Cap 500 Index fell by 2.92 per cent in Chinese yuan renminbi (CNY) terms.

In August 2024, A-share indices declined, with the Shanghai Composite Index falling by 3.29 per cent, the Shanghai Stock Exchange (SSE) 50 Index down 1.69 per cent, and the ChiNext Index declining by 6.38 per cent. Despite a significant appreciation of the CNY in August 2024, data revealed that northbound fund flow continued to show a net outflow. Market turnover continued to fall with the stock trading volume at CNY 13.14 trillion in August 2024, down 12.9 per cent from the previous month, resulting in further liquidity shortage in the market. Overall, the market remains in a slow downward trend and is unlikely to rebound significantly in the near term.

Sector performance was mixed in August 2024. Cyclical and some oversold sectors showed better gains, while high-dividend sectors with good performance previously experienced divergence. Specifically, the real estate sector performed well, benefiting from the expected cut in the mortgage rate of outstanding housing loans. The non-bank financial sector also saw gains in anticipation of a wave of consolidation in brokerages. Within the high-dividend sectors, there was notable divergence. The coal and petrochemical sectors, which suffered previously due to unstable performance, saw better gains, while more stable sectors such as power and utilities experienced larger declines in August 2024.

Economic data and high-frequency economic indicators for August 2024 signalled a continuing weakening in economic growth. Purchasing Managers' Index (PMI) remained below the expansionary threshold, social financing and credit data showed weak financing demand, and overall macroeconomic conditions remained in a contraction state. Persistent weakness in real estate investment continued to be a drag while consumer data unexpectedly dropped significantly despite being resilient previously. Although exports, infrastructure and manufacturing investments remained strong, the exports were expected to face a downturn by the end of 2024 or early 2025. The market is waiting for further economic stimulus policies, with expectations for new rounds of monetary, fiscal, industrial, and foreign trade policies in the fourth quarter of 2024, which could stabilise the market gradually.

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 125.17 mil

Fund Manager

Colin Ng



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