December 2023

United Greater China Fund

Why Invest?

• **Integration of analyst research and artificial intelligence machine learning (AIML) techniques:** This is one of the first funds to apply UOB Asset Management's (UOBAM) AI-Augmentation@UOBAM framework. This framework harnesses technology to add value to the analysts' decision-making and uncovers hidden investment opportunities by optimising stock selection and allocation.

• **Offers diversification benefits:** The Fund's inclusion of China, Hong Kong and Taiwan markets provides diversification benefits. While China and Taiwan markets were historically highly interdependent, recent global geopolitical tensions and Taiwan's robust growth in advanced engineering have reduced their correlation.

• **Award winning:** The Fund has recently received the Refinitiv Lipper Fund Awards Singapore 2023 Winner, Best Equity Greater China Fund Over 3 Years[1]. This prestigious accolade recognises the Fund in providing consistently strong risk-adjusted performance relative to its peers based on Lipper's proprietary performance-based methodology.

Investment Objective

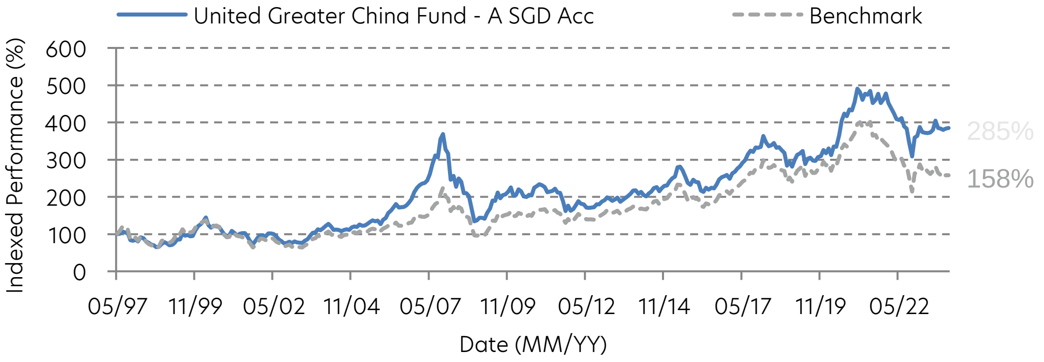
The investment objective of the Greater China Fund is to achieve long-term capital growth primarily through investment in companies with assets or revenues being in or derived from the People's Republic of China, Hong Kong SAR and Taiwan.

Fund Information

Morningstar Rating	Base Currency	Fund Size	Fund Manager
★★★★★	SGD	SGD 46.84 mil	Colin Ng

Historical Performance

Fund Performance Since Inception[2] in Base Currency



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: MSCI Golden Dragon Index

Source: Morningstar. Performance as at 31 December 2023, SGD basis, with dividends and distributions reinvested, if any.

[1] Refer to uobam.com.sg/awards for list of awards by UOBAM.

[2] The United Greater China Fund Class A SGD Acc (ISIN Code: SG9999001093) was incepted on 29 May 1997.

One Month Portfolio Performance

The United Greater China Fund A SGD Acc returned 0.55 per cent in December 2023. Its benchmark, MSCI Golden Dragon Index, returned -0.26 per cent in SGD terms in the same month. Fund performance is on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).

Source: Morningstar, Performance from 30 November 2023 to 31 December 2023 in SGD terms.

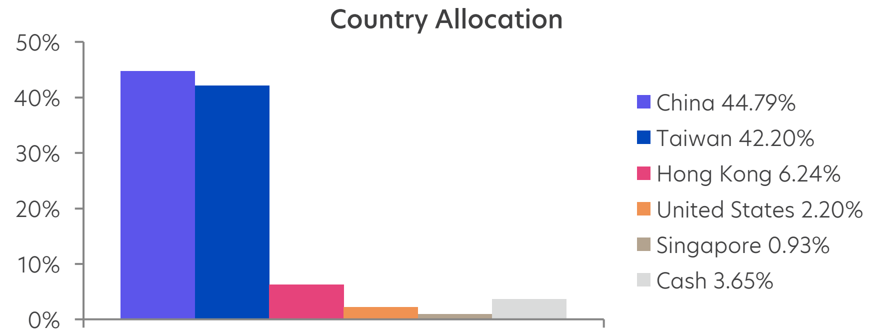
Performance (Class SGD Acc)	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.55	5.89	-5.30	6.53	5.21
Fund (Charges applied^)	-4.48	0.59	-6.91	5.44	5.05
Benchmark	-0.26	-2.53	-11.40	1.36	3.63

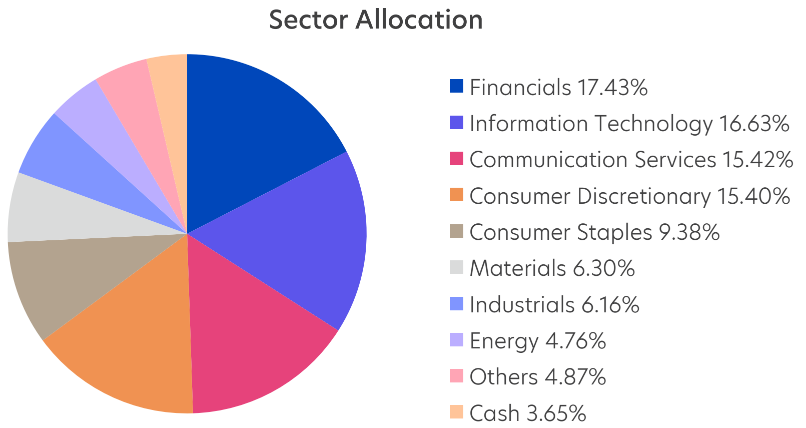
Source: Morningstar. Performance as at 31 December 2023, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Since inception performance under 1 year is not annualized. Benchmark: MSCI Golden Dragon Index. 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.

Portfolio Review

The Fund outperformed its benchmark in December 2023 thanks to a combination of positive allocation, selection, and FX effects. Stock selection within China and Hong Kong markets were the main reasons for outperformance. On allocation, our heavy overweight in Taiwan also contributed to the good performance. In terms of sector, Communication Services, Materials and Healthcare were the top contributors to excess return while Consumer Discretionary was the primary laggard.

Portfolio Characteristics





All statistics quoted in the write-up are sourced from Bloomberg as at 31 December 2023 unless otherwise stated.

Source: Morningstar, as of 31 December 2023

Market Review

Most market indices extended the downtrend in December. During the month, the CSI 300 fell by 1.86%, the Shanghai Composite Index fell by 1.81%, and the Strategic Emerging Industries Index fell by 1%. Meanwhile, stocks with small to medium size market capitalization were more active in the market, especially for firms from emerging industries. There could be more stock selection opportunities among companies with market capitalization below RMB 10 billion.

The economy is still in slow recovery. It remains to be seen if the release of positive policy signals and the implementation of stimulus measures could help to stabilize the economy. In November, the value-add of industries above designated size nationwide increased by 6.6% year-on-year. Affected by seasonal factors, the manufacturing PMI in December dropped to 49%. In November, the CPI was affected by the decline in food and pork prices, recording a year-on-year decrease of 0.5%, while the core CPI growth remained stable. The year-on-year decline in PPI has widened in November, in part attributed to a significant fall in production materials.

In terms of liquidity, the Central Economic Work Conference emphasized strengthening countercyclical and cross-cycle adjustments while placing equal emphasis on the use of fiscal and monetary policies. The central bank has restarted the Pledged Supplemental Lending (PSL) which saw three major policy banks getting a net increase of RMB 350 billion in collateral supplementary loans. The central bank's net investment in Medium Term Lending Facility (MLF) in December was RMB 800 billion. Both the 1Y and 5Y LPRs remain unchanged in December, and it is expected that there is further downside potential for the 5-year LPR.

AI Insights

In December 2023, our proprietary machine-learning model further increased allocation to Taiwan, which aligned well with our overweight call on the back of improving semiconductor cycle. We have picked more stocks in Taiwan information technology space to capitalise on potential earnings momentum in 2024 as inventory replenishment takes place.

Outlook and Positioning

We remain optimistic about the fundamentals and long-term prospects of Greater China markets.

In terms of sector allocation, we continue to trim our positions in Financials as market priced in more interest rate cuts in the US. Meanwhile, we are rotating into Consumer Discretionary and Information Technology.

We will dynamically adjust the portfolio construction to capture key market themes and use bottom-up approach to identify alpha opportunities.

We remain cognizant of key risks in the market such as US/China/Taiwan geopolitics in view of upcoming Taiwan and US elections, escalation in the Israel-Palestine conflict, China macroeconomic recovery and US interest rate trajectory.

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