

# United Greater China Fund

November 2023

## 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 received the Refinitiv Lipper Fund Awards Singapore 2023 Winner, Best Equity Greater China Fund Over 3 Years<sup>2</sup>. 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

★★★★★

### Fund Size

SGD 46.64 mil

### Base Currency

SGD

### Fund Manager

Colin Ng



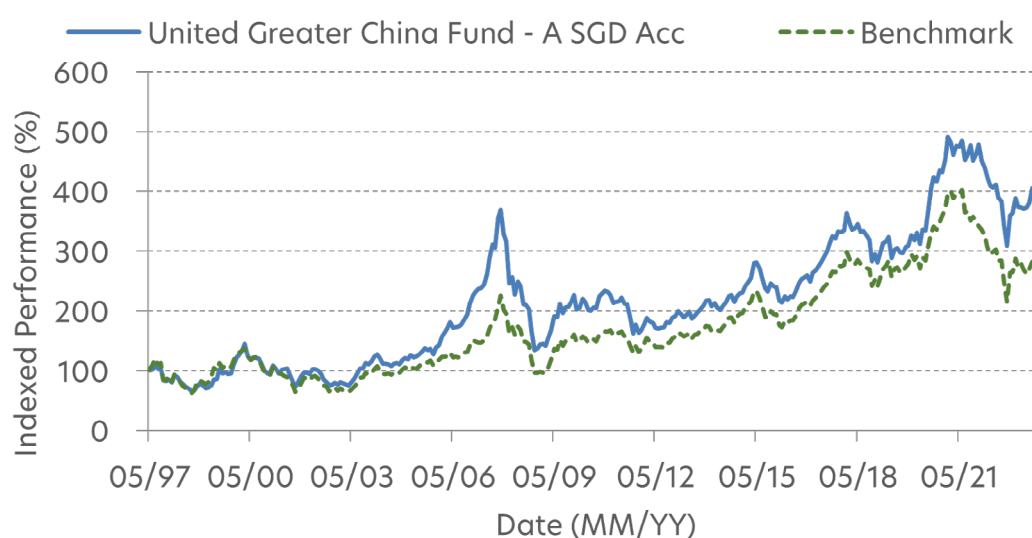
<sup>1</sup> Refer to [uobam.com.sg/awards](https://uobam.com.sg/awards) for recent list of awards by UOBAM.

## One Month Portfolio Review

The United Greater China Fund A SGD Acc returned 0.96 per cent<sup>2</sup> in November 2023. Its benchmark, MSCI Golden Dragon Index, returned 2.75 per cent<sup>3</sup> in SGD terms in the same month.

## Historical Performance

### Fund Performance Since Inception<sup>4</sup> 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 30 November 2023, SGD basis, with dividends and distributions reinvested, if any.

<sup>2</sup> Source: Morningstar, Performance from 31 October 2023 to 30 November 2023 in SGD terms, on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).

<sup>3</sup> Source: Morningstar, Performance from 31 October 2023 to 30 November 2023 in SGD terms.

<sup>4</sup> The United Greater China Fund Class A SGD Acc (ISIN Code: SG9999001093) was inception on 29 May 1997.

All statistics quoted in the write-up are sourced from Bloomberg as of 30 November 2023 unless otherwise stated.



## Annualised and Cumulative Performance

Performance (Class A SGD Acc)					
	Cumulative Performance (%)	Annualised Performance (%)			
	1 Month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.96	6.66	-3.92	5.43	5.20
Fund (Charges applied <sup>^</sup> )	-4.08	1.33	-5.55	4.35	5.04
Benchmark	2.75	-1.92	-10.39	0.47	3.65

Source: Morningstar. Performance as at 30 November 2023, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the percent change. Benchmark: MSCI Golden Dragon Index. Past performance is not necessarily indicative of future performance. <sup>^</sup>Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

The Fund underperformed its benchmark in November 2023 as positive FX effect did not manage to offset the negative impact from allocation and selection. Stock selection within China and Hong Kong markets were the primary performance drags. In terms of sector, Financials, Real Estate and Materials were the top contributors to excess return while Communication Services was the primary laggard.

## Market Review

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Market indices were volatile in November 2023 and performance varied significantly among major indices. A-share mainstream indices continued the downtrend, with the CSI 300 Index declining 2.14 per cent, the SSE 50 Index declining 1.89 per cent, the Shenzhen Component Index falling 1.39 per cent and the ChiNext index falling 2.32 per cent. On the other hand, the Beijing Stock Exchange 50 Index rallied 27.54 per cent and the Shanghai Stock Exchange Index rose 0.36 per cent. At sector level, Coal, Media and Social Services, Machinery and Equipment, and Pharmaceutical and Biological industries led gains while Beauty Care, Non-Ferrous Metals, Non-Banking Finance, Power Equipment and Building Materials industries saw the most losses. Meanwhile, stocks with small to medium size market capitalisation were active in the market, especially for firms from emerging industries. There could be more stock selection opportunities among companies with market capitalisation below RMB 10 billion.

The economy is still in a slow recovery. The manufacturing Purchasing Managers' Index (PMI) fell to 49.4 in November 2023 due to seasonal factors. In October 2023, the profits of industrial enterprises above designated size increased by 2.7% year-on-year. October 2023 Consumer Price Index (CPI) was down 0.2 per cent year-on-year, affected by the decline in food prices such as hog while the growth rate of core CPI fell. October 2023 Producer Price Index (PPI) decline widened on a year-on-year basis as production demand contracted. In terms of liquidity, the central bank released the third quarter monetary policy report, which proposed to further reduce the actual lending interest rate and keep the RMB exchange rate stable at a reasonable and balanced level. In November, the central bank launched a RMB 1.45 trillion medium-term lending facility (MLF) operation, with a net injection of RMB 600 billion, the largest scale this year. Two Loan Prime Rate (LPR) interest rates remain unchanged in October 2023, and it is expected that there is further downside potential for the 5-year LPR.



## AI Insights

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In November 2023, our proprietary machine-learning model maintained the underweight call in China and maintained our overweight in Taiwan, with a slight upward revision to Hong Kong allocation. Taiwan market has been supported by foreign funds on the back of moderating interest rates and improving earnings expectations. With improving semiconductor cycle, we are gaining confidence in the information technology space in Taiwan.

## Outlook and Positioning

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

In terms of sector allocation, we trimmed our allocation to Taiwan Financials as market narrative transitioned from higher-for-longer to Goldilocks with the easing in US financial conditions. The weight was shifted to Materials where we have an overweight position in Taiwan steel industry as rebar prices trended higher.

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, escalation in the Israel-Palestine conflict and US interest rate trajectory.



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