

November 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.

## November 2024 Portfolio Performance

United China A-Shares Innovation Fund – A SGD Acc	-0.52 per cent <sup>1</sup>
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Source: Morningstar, Performance from 31 October 2024 to 30 November 2024 in SGD terms

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

## Performance Review

The top three contributors in November 2024 were **Beijing Kingsoft Office Software Inc.** (Beijing Kingsoft), **NAURA Technology Group Co. Limited**, and **Cambricon Technologies Corporation Limited**. Beijing Kingsoft is a newly added artificial intelligence (AI) application stock.

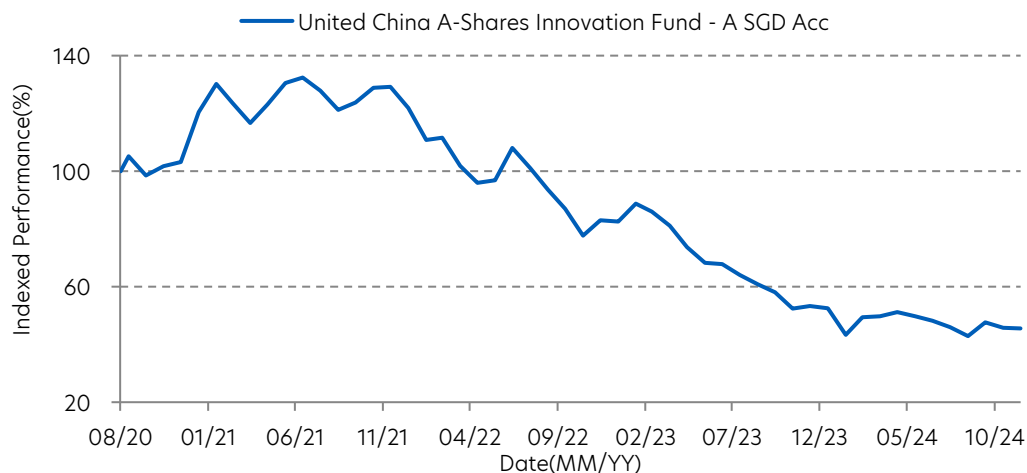
The bottom three contributors in November 2024 were **China Pacific Insurance Co. Limited** (China Pacific), **Accelink Technologies Co. Limited**, and **Nantong Jianghai Capacitor Co. Limited**.

## Portfolio Positioning

The current phase of market consolidation is nearing its end, and we are optimistic about the outlook. We anticipate the upcoming implementation of a new round of policies will drive growth further. We are bullish on the technology sector, with a focus on domestic computing power and AI applications. We believe AI has entered the second phase of its application implementation, and the widespread adoption of computing power will drive AI implementation across various industries. Recently, the second quarter earnings of many US companies have begun to demonstrate the stimulatory effect of AI on products and business growth. We will continue to increase our exposure to this trend.

### Performance (Class A SGD Acc)

#### Fund Performance Since Inception<sup>2</sup> in Base Currency



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Source: Morningstar. Performance as at 30 November 2024, SGD basis, with dividends and distributions reinvested, if any.

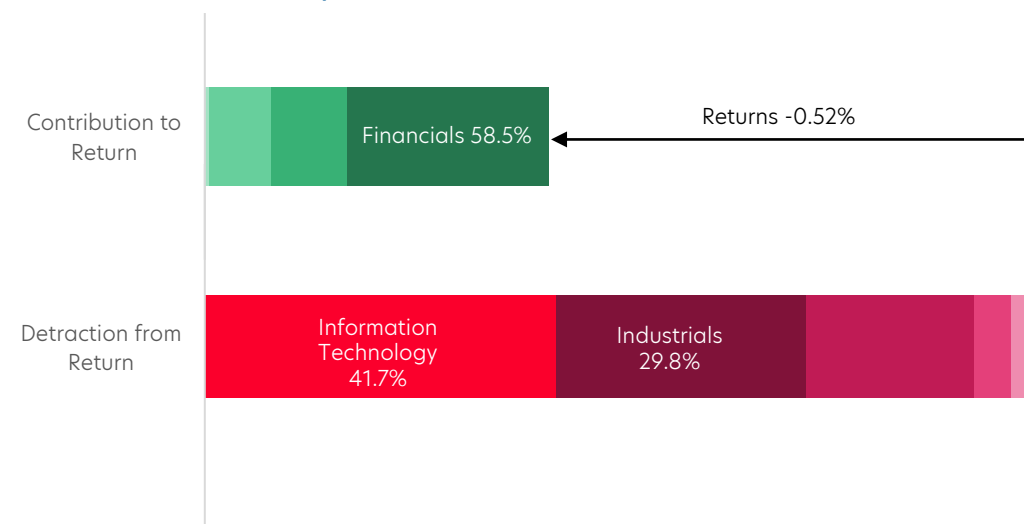
<sup>2</sup> The United China A-Shares Innovation Fund - Class A SGD Acc (ISIN code: SGXZ49509284) was inception on 17 August 2020.

All statistics quoted in the write-up are sourced from Bloomberg as at 30 November 2024 unless otherwise stated.

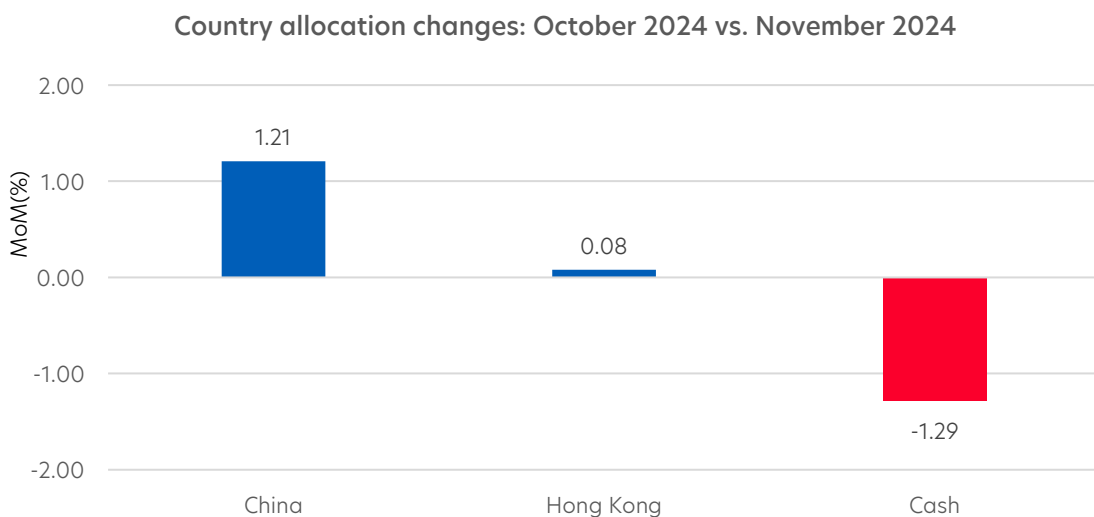
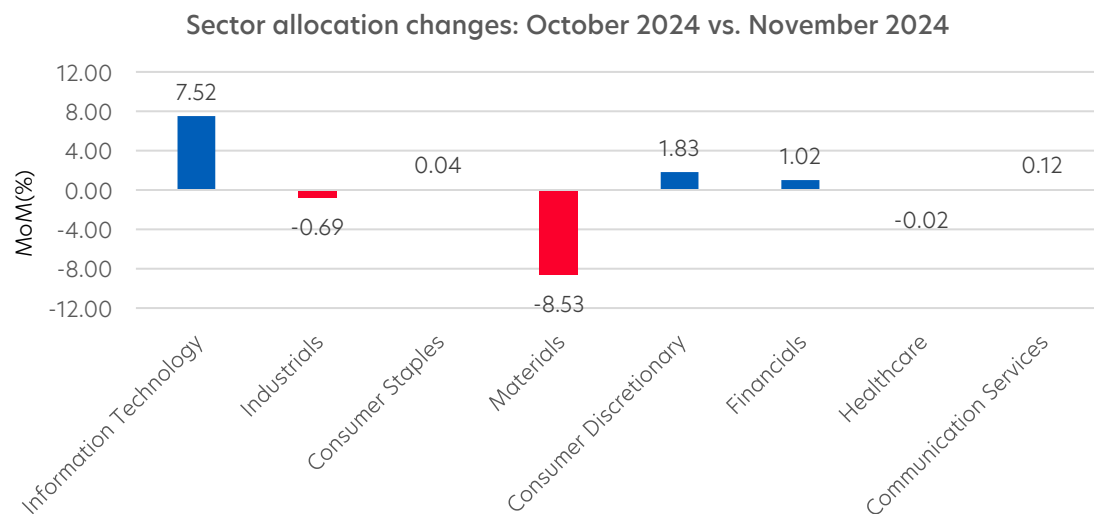
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-0.52	-14.52	-29.33	-	-16.73
Fund (Charges applied <sup>^</sup> )	-5.49	-18.79	-30.52	-	-17.72

Source: Morningstar. Performance as at 30 November 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. <sup>^</sup>Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

### Performance Contributors/Detractors: November 2024



### Portfolio Changes



Source: UOBAM

### Portfolio Review

#### Analyst Insights

The Fund has increased its allocation to growth stocks by about 8 per cent in November 2024. We have added a relatively large position in medium-to-large cap growth stocks, mainly focused on AI computing power and consumer electronics.

As shown on the left charts, the biggest decrease in the sector allocation changes for November 2024 was in Materials (-8.53 per cent). On the contrary, the largest increment was in Information Technology (+7.52 per cent) in November 2024.

## Market Review

In November 2024, the market performance showed divergence. After a "Super Week" at the beginning of November 2024 with the US presidential election, the Federal Open Market Committee (FOMC) meeting, and the Standing Committee of the National People's Congress meeting, both China and global markets entered a "policy vacuum" period, with investors taking a wait-and-see approach. During the "Super Week", Donald Trump was elected as the 47th President of the US, securing a clean sweep of all three branches of the government. Meanwhile, the Federal Reserve announced a 25 basis points (bps) interest rate cut. These events contributed to continuing the "Trump trade" with US stocks and the US Dollar Index rising while gold prices fell. However, by late November 2024, the performance of global assets began to reverse. US Treasury (UST) yields and the US Dollar Index started to decline, with the 10-year UST yield falling from 4.4 per cent to 4.2 per cent. In addition, geopolitical tensions surrounding the Russia-Ukraine conflict and the Korean Peninsula intensified, while Trump's inclination to withdraw from international agreements accelerated the de-dollarization trend and led to a V-shaped reversal in gold prices.

In terms of the benchmark indices, the Shanghai Composite Index rose by 1.42 per cent, the Shenzhen Component Index increased by 0.19 per cent, the ChiNext Index gained 2.75 per cent, the STAR 50 Index surged by 3.91 per cent and the China Securities Index (CSI) 300 rose by 0.66 per cent. At the same time, the Shanghai Stock Exchange 50 Index (SSE 50) fell by 0.31 per cent, and the CSI 500 Index declined by 0.84 per cent.

In November 2024, the Chinese yuan depreciated rapidly (against US dollars) to around 7.25 and stabilised within a narrow range. In terms of sector performance, the accelerated market rotation led to strong performances in sectors with specific catalysts. The consumer sector saw significant gains, with Retail (up by 13.59 per cent) leading the index. Other leading sectors included Conglomerates (+8.57 per cent), Textiles and Apparel (+6.90 per cent), Media (+6.65 per cent), Light manufacturing (+6.33 per cent), and Computer Technology (+4.39 per cent). In contrast, growth sectors showed weak momentum, with Defence and Military (-2.58 per cent), Construction materials (-2.46 per cent), Household appliances (-2.41 per cent), Utilities (-2.23 per cent), and Telecommunications (-1.91 per cent) lagging in November 2024.

Looking ahead, various factors that caused market volatility in November 2024 were gradually easing. On the one hand, with Trump's new cabinet largely confirmed and expectations of a more dovish US Federal Reserve gaining traction, the US dollar and UST yields have pulled back, helping to restore global risk appetite. On the other hand, China's policies aimed at stabilising economic growth are feeding through to the economy, leading to improved economic data and market expectations. With the Central Economic Work Conference to be held in December 2024 (to make plans for 2025), risk appetite is expected to be restored. Experience suggested that markets often show positive performance around the time of the Central Economic Work Conference in December. Especially when clear signs of policy reversal emerge before the meeting, expectations for stable growth could drive stronger market performance. Additionally, since mid-November 2024, the pace of market rotation has increased, indicating that the market was lacking a clear investment theme. Going forward, as the Central Economic Work Conference provides clearer guidance on economic and industrial policies for 2025, it will help guide market consensus and provide direction for main investment trends.

## 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

<b>Base Currency</b>	<b>Fund Size</b>	<b>Fund Manager</b>
SGD	SGD 124.69 mil	Colin Ng



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