

March 2025

# UOBAM Ping An ChiNext ETF



## Why Invest?

- **Opportunities across multiple sectors:** UOBAM Ping An ChiNext ETF SGD Class (the “Fund”) seeks a wide range of innovative growth companies and sectors that may stand to ride on the materialisation of the megatrends of the future. This includes Electric Vehicles (EV), Clean Energy, Biotechnology and Cloud Computing.
- **Exposure to leading innovations:** China leads in 5G/6G telecommunications and has a dominant global market share in EV, EV supply chain (including batteries), renewable energy such as solar and wind, and Artificial Intelligence (AI) development.
- **Pro-growth policy support:** To reduce its reliance on foreign technologies, China is developing its technology capabilities and is shifting its focus from consumer-focused tech to hard tech<sup>1</sup>. China has also pledged to scale up R&D investments, raising over 1,700 government guidance funds of nearly US\$1 trillion<sup>2</sup> to support strategic industries.
- **Cheap valuations:** China’s equity market is currently trading at a relatively low valuation and the Price-to-Earnings (PER) ratio as of the end of October 2024 was about one standard deviation below its 5-year historical mean.

## Portfolio Positioning

We remain optimistic about the fundamentals and prospects of China A shares. We view the September (2024) stimulus package and December (2024) Politburo meeting as a policy pivot, which highlighted the government’s commitment and urgency to turn around the economy. In addition, DeepSeek’s launch of a low-cost, high-performance AI model is expected to lift the valuation discount on Chinese AI players and drive rerating in Chinese AI companies. Nevertheless, we could see more volatility going forward, induced by escalating trade tensions between China and the US. We will continue to monitor geopolitical developments and domestic policy support measure announcements.

## March 2025 Portfolio Performance

UOBAM Ping An ChiNext ETF SGD Class	-2.41 per cent <sup>3</sup>
Benchmark: ChiNext Index	-2.97 per cent

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

<sup>3</sup> Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

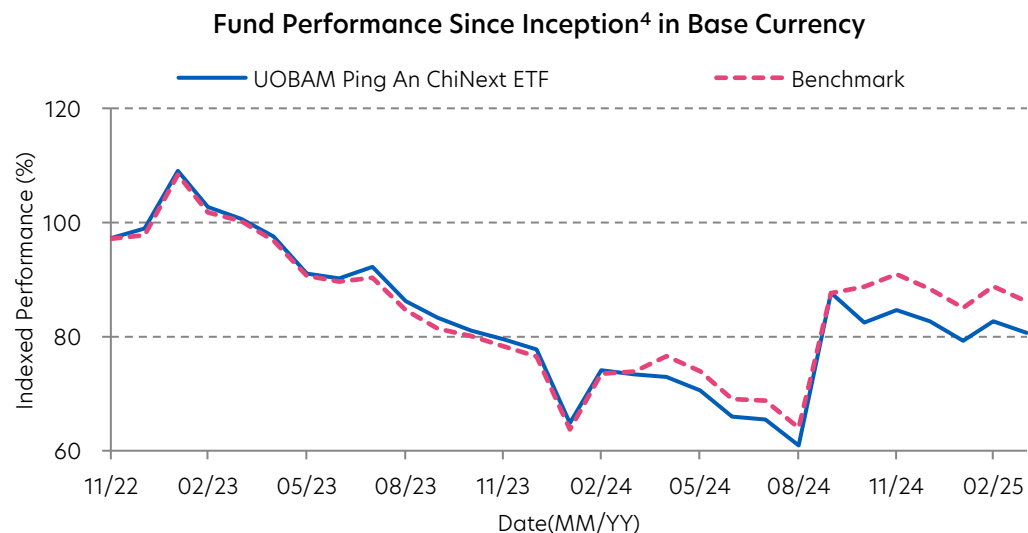
## Performance Review

ChiNext Index declined in March 2025. All sectors were in red except consumer staples. The biggest drag came from Industrials, followed by Financials and Information Technology. The market turned risk-averse near the end of March 2025 as investors were cautious ahead of the US reciprocal tariff announcement. Small/mid-cap stocks and high beta stocks took a bigger hit during the market sell-off.

<sup>1</sup> Hard tech refers to tech that requires continuous research and development (R&D) and advanced scientific and technological capabilities. It includes sectors such as semiconductors, new energy vehicles, renewable energy generation and healthcare.

<sup>2</sup> American Affairs, “Guiding Finance: China’s Strategy for Funding Advanced Manufacturing”, May 2022.

## Performance (Class SGD)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: ChiNext Index

Source: Morningstar. Performance as at 31 March 2025, SGD basis, with dividends and distributions reinvested, if any.

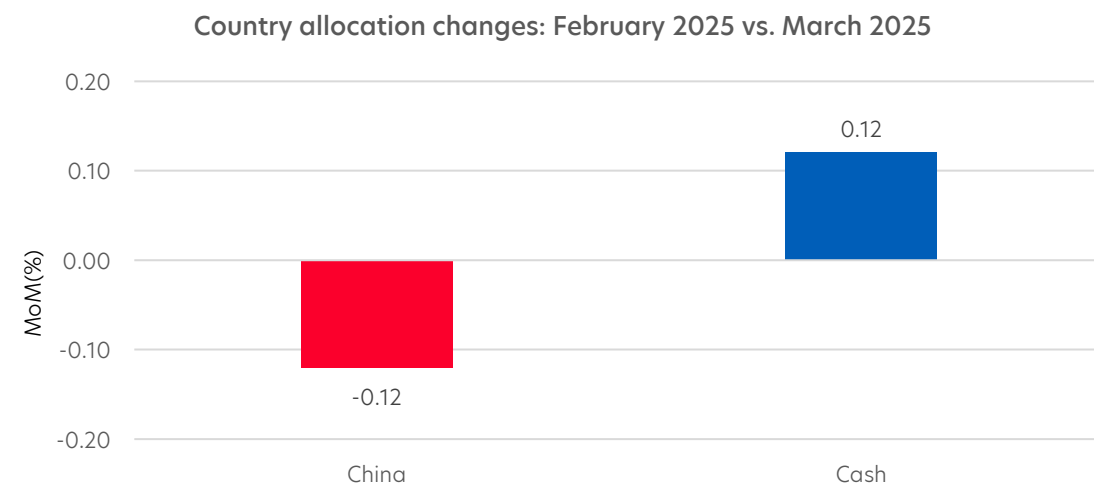
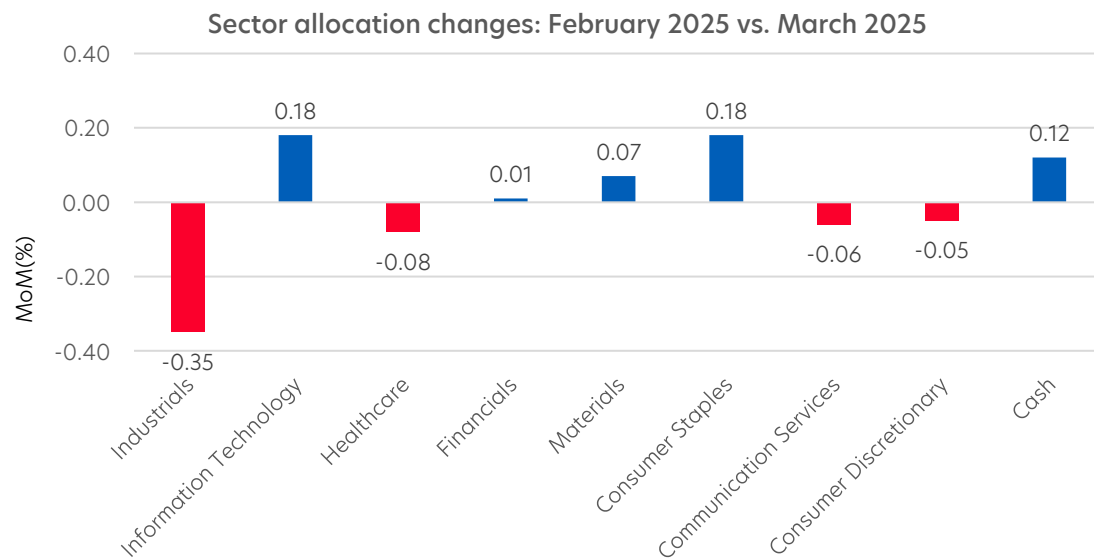
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-2.41	9.93	-	-	-8.63
Fund (Charges applied <sup>^</sup> )	-7.29	4.43	-	-	-10.58
Benchmark	-2.97	16.59	-	-	-6.08

Source: Morningstar. Performance as at 31 March 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. Since inception performance under 1 year is not annualized. Benchmark: ChiNext 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.

<sup>4</sup> The UOBAM Ping An ChiNext ETF - Class SGD (ISIN Code: SGXC54700155) was inceptioned on 14 November 2022.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 March 2025 unless otherwise stated.

## Portfolio Changes



Source: UOBAM

## Portfolio Review

### Analyst Insights

As shown in the left charts, the largest increase in the sector allocation changes for March 2025 was in Information Technology (+0.18 per cent). On the contrary, the largest decrease was in Industrials (-0.35 per cent).

## Market Review

In March 2025, China's equity market pulled back after a strong rally. Given the significant gains from earlier, the technology sector experienced corrections, while the cyclical and consumer sectors performed better. The broad market indices had mixed results in March 2025, with the China Securities Index (CSI) 300 falling by 0.07 per cent, the Shanghai Composite Index rising by 0.45 per cent, and the ChiNext Index dropping by 3.07 per cent.

At the beginning of March 2025, high valuations in the AI sector and reigniting tariff disruptions saw investors turning risk-averse. The market became volatile and corrected the positive sentiment within a short period of time. Later, the government work report set a positive tone by maintaining an optimistic economic growth target and ramping up fiscal measures as expected. "Boosting consumption" is becoming the primary task for 2025. The emphasis on developing new productivity growth engines laid a solid macroeconomic foundation, and global investors' confidence in Chinese assets improved, leading to a broader revaluation of Chinese assets, ranging from technology to cyclical sectors. By mid-March 2025, the release of macroeconomic data alongside the upcoming earnings season saw the market entering a "reality-check" phase. As fundamentals improve and policy support increases, the market seeks low-valuation stocks with strong earnings potential.

At the industry level, the market was more volatile in the first half of March 2025 before restoring stability in the second half. Sectors such as non-ferrous metals, home appliances, and coal performed well. In March 2025, global risk aversion, alongside geopolitical factors driven by President Trump, led to increased demand for safe-haven assets and a shift to gold. Strategic metals, being scarce upstream resources, became an important "leverage" in the US-China trade negotiation. The home appliance sector saw short-term improvement driven by domestic policy support and export frontloading. In addition, stable operations and solid performance during earnings releases led to the market's short-term preference for this sector. In early March 2025, the coal sector was the worst-performing sector year to date. However, improved economic expectations saw a rotation into oversold coal stocks and drove a rebound in the sector.

## Investment Objective

The investment objective of UOBAM Ping An ChiNext ETF is to provide investment results that, before fees, costs and expenses (including any taxes and withholding taxes), closely correspond to the performance of the ChiNext Index.

## Fund Information

### Base Currency

SGD

### Fund Size

SGD 2.71 mil

### Fund Manager

Colin Ng



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