

February 2024

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 tech¹. China has also pledged to scale up R&D investments, raising over 1,700 government guidance funds of nearly US\$1 trillion² 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 February 2024 was more than one standard deviation below its 5-year historical mean.

Portfolio Positioning

We remain optimistic about the fundamentals and prospects of China A shares. Although the strength of economic recovery is weaker than expected, market pessimism is largely priced in. We need to wait for stronger macro data to increase market confidence. The sustained increase in capital market stabilisation policies has greatly alleviated market pressure and liquidity risks, leading to an improvement in market sentiment. There have been no substantial changes in the short-term economic fundamentals, and defensive strategy is needed to cope with market volatility. With the passage of time, the economy will end its downtrend and normalise to a cyclical uptrend. In the medium term, we are still confident about economic recovery.

February 2024 Portfolio Performance

UOBAM Ping An ChiNext ETF SGD Class	+14.33 per cent ³
Benchmark: ChiNext Index	+15.34 per cent

Source: Morningstar, Performance from 31 January 2024 to 29 February 2024 in SGD terms

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

Performance Review

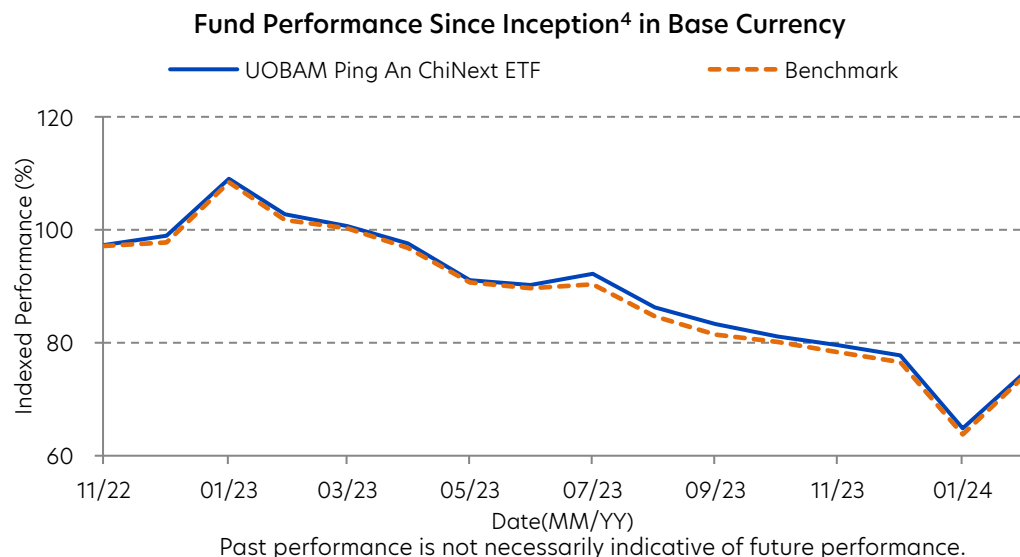
On ChiNext index industry performance, all sectors were in gains, led by Information Technology, Communication Services and Financials.

Suzhou TFC Optical Communication Co Limited was the top performer within ChiNext in February 2024, with a robust return of 58.38 per cent. The firm is an optical device manufacturer, which is a part of the computing power network supply chain. The renewal of interest in AI plays after the launch of the text-to-video generator, Sora, by OpenAI has benefited this ticker as the market expects a rapid increase in AI infrastructure investment.

¹ 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.

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

Performance (Class SGD)



Fund performance is calculated on a NAV to NAV basis.

Benchmark: ChiNext Index

Source: Morningstar. Performance as at 29 February 2024, SGD basis, with dividends and distributions reinvested, if any.

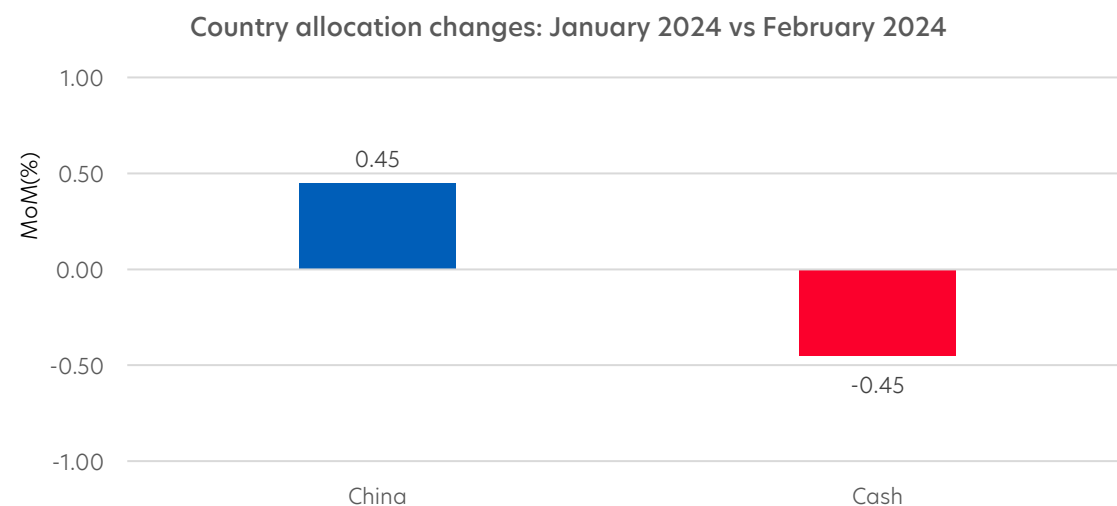
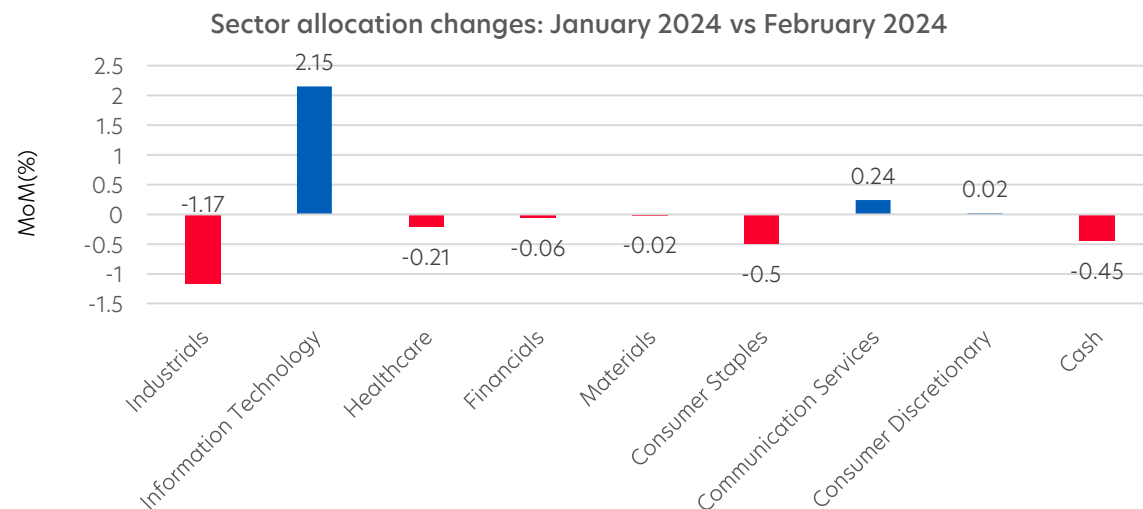
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	14.33	-27.83	-	-	-20.67
Fund (Charges applied [^])	14.33	-27.83	-	-	-20.67
Benchmark	15.34	-27.75	-	-	-21.19

Source: Morningstar. Performance as at 29 February 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. Since inception performance under 1 year is not annualized. Benchmark: ChiNext 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.

⁴ 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 29 February 2024 unless otherwise stated.

Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

As shown on the left charts, the biggest decrease in the sector allocation changes for February 2024 was in Industrials (-1.17 per cent). On the contrary, the largest increase was in Information Technology (+2.15 per cent).

Market Review

In February 2024, strong rescue efforts from the China Securities Regulatory Commission saw the market bottoming out and rebounding. Meanwhile, the release of AI-related policies and the launch of new AI applications served as good catalysts for the AI supply chain. In February 2024, the A-share market rose 9.67 per cent, with a daily average trading volume of Renminbi (RMB) 1.11 trillion. This helped to improve market sentiment. A-share CSI 300 rose 9.35 per cent, the Shanghai Composite Index rose 8.13 per cent, and the ChiNext Index rose 14.8 per cent. Compared to January 2024, the rebound was significant as the liquidity crisis for small and medium-sized stocks at the end of January 2024 was resolved.

In terms of industry, most industries performed well with the technology, media, and telecom (TMT) sector leading the way, followed by computers, communications, electronics, automotive and media industries. Growth was the preferred style in February 2024.

The recalibration of investors' economic and policy expectations will be an important support for the continuous rebound of the market. Since the beginning of 2024, most of the market volatility has been due to the risk aversion brought by the downward revision of domestic fundamentals and policy expectations. However, the surprise cut in the reserve requirement ratio by the central bank before the Lunar New Year holiday, the rapid implementation of the real estate whitelist, the record high credit supply for the same period, and the unexpected Loan Prime Rate (LPR) cut after the long holiday have all sent a strong policy signal. Monetary policy has taken the lead by implementing multiple rounds of easing, hence market would expect fiscal interventions to follow. Recently, the China Securities Regulatory Commission has been vocal about the pain points the market is concerned about, and the capital market is therefore expecting reforms. The release of consumption demand during the Spring Festival and the significant improvements in January's financial data have also signalled economic improvement and lifted investor optimism.

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 7.87 mil

Fund Manager

Colin Ng



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