

May 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 March 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. Recent Purchasing Managers’ Index (PMI) data have boosted confidence slightly, but more confirmation is needed to ensure the sustainability of the economic recovery. Market sentiment was better by the significant improvement in risk appetite at the end of April 2024 and we saw substantial net inflows from foreign capital. We believe in the near term, further upward momentum will continue in the market.

May 2024 Portfolio Performance

UOBAM Ping An ChiNext ETF SGD Class	-3.26 per cent ³
Benchmark: ChiNext Index	-3.47 per cent

Source: Morningstar, Performance from 30 April 2024 to 31 May 2024 in SGD terms

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

Performance Review

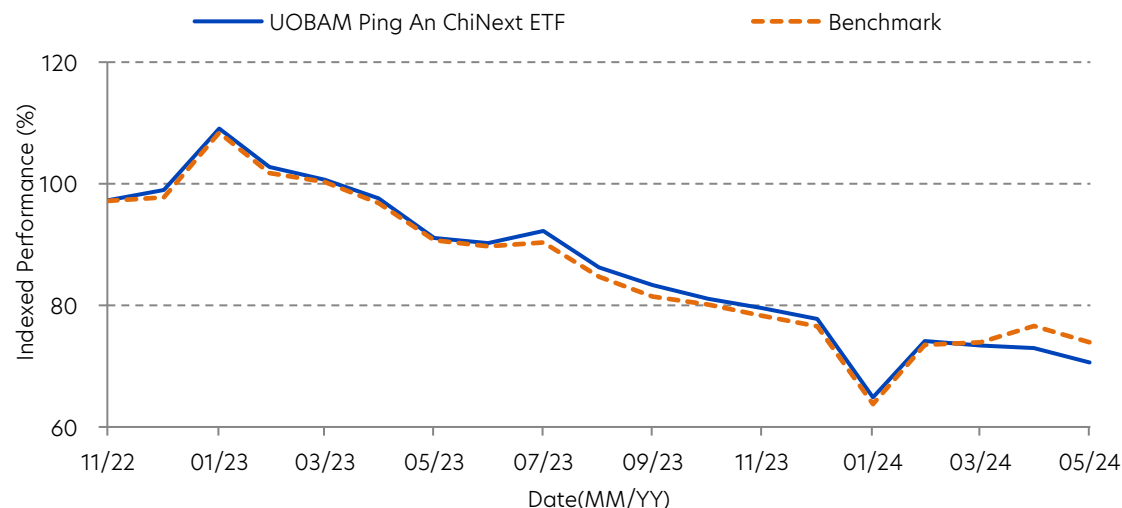
On ChiNext Index industry performance, Consumer Staples was the only sector with a positive contribution to return. On the other hand, Information Technology, Healthcare and Industrials were the primary laggards in May 2024.

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 Since Inception⁴ in Base Currency



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 May 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	-3.26	-22.49	-	-	-20.20
Fund (Charges applied [^])	-3.26	-22.49	-	-	-20.20
Benchmark	-3.47	-18.48	-	-	-17.77

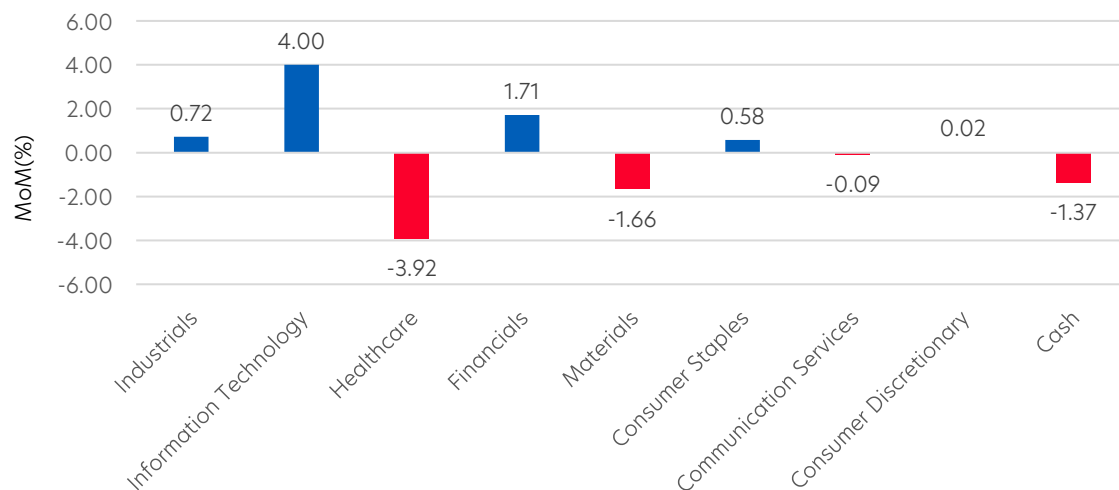
Source: Morningstar. Performance as at 31 May 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Since inception performance under 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.

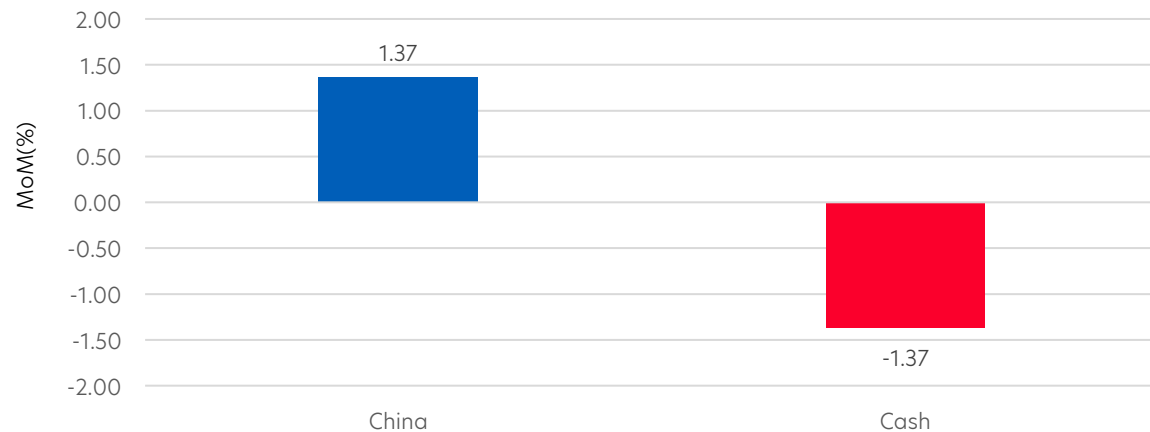
All statistics quoted in the write-up are sourced from Bloomberg as at 31 May 2024 unless otherwise stated.

Portfolio Changes

Sector allocation changes: April 2024 vs. May 2024



Country allocation changes: April 2024 vs. May 2024



Source: UOBAM

Portfolio Review

Analyst Insights

As shown on the left charts, the biggest decrease in the sector allocation changes for May 2024 was in Healthcare (-3.92 per cent). On the contrary, the largest increase was in Information Technology (+4.00 per cent).

Market Review

In May 2024, China's A-share index moved lower. The Shanghai Composite Index fell by 0.58 per cent, the Shanghai Stock Exchange (SSE) 50 Index fell by 0.08 per cent, the China Securities Index (CSI) 300 fell by 0.68 per cent, and the ChiNext Index fell by 2.87 per cent in Chinese yuan renminbi (CNY) terms. During early May 2024, China's equity market continued the uptrend from April 2024. However, factors such as weaker-than-expected economic data, fluctuations in global commodity prices, and stricter stock exchange regulations caused the equity market to reverse by mid-month. Overall, there was a significant difference in market performance between the first and second halves of May 2024, impacting the Fund's overall performance.

Industry performance was mixed with the market mainly focusing on leading companies with low valuations, high dividend yields, and improved cash flow. As a result, high dividend-yield sectors such as coal and banking led gains. Additionally, sectors benefiting from favourable industrial policies such as defence, real estate, power, and power equipment also performed relatively well. On the other hand, media, computers, and communications, experienced larger declines in May 2024 due to pessimistic sentiments.

The nationwide real estate policies announced on 17 May 2024 lifted the expectations of economic stabilisation in the near term. However, with the release of more policy details and high-frequency economic data, there was a significant divergence in the market views. The market remained defensive with the lower trading volume, leading to significant pullbacks in stocks later in May 2024. The Shanghai Composite Index closed below 3100 points at the end of May 2024. Further stimulus from industrial policies and monetary easing will be needed to reverse the market's pessimistic outlook on the economy and stabilise the equity market around the 3100-point mark.

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 1.95 mil

Fund Manager

Colin Ng



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