

# Offering a one-stop solution for investing in Asia

## UBS (HK) Fund Series – **Asia Allocation Opportunity** (USD)



**BENCHMARK**  
**Fund of the Year Awards 2020**

Asia Allocation Mixed Asset  
Best-in-class House Award

For more information about the awards mentioned, please visit the award page of our website.

### Important information

1. The Fund, **UBS (HK) Fund Series – Asia Allocation Opportunity (USD) ("UBS Asia Allocation Opportunity Fund")**, invests primarily in Asia equities and Asian debt securities. The asset allocation of the Fund will change according to the Manager's views of fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.
2. The Fund's investments may be subject to risks associated with equities (including small/mid-capitalization companies risk, REITs risk), debt securities (such as credit/counterparty risk, interest rate risk, downgrading risk, valuation risk, credit rating risk, credit rating agency risk, volatility and liquidity risk, sovereign debt risk, and risk associated with debt securities rated below investment grade and/or unrated), dynamic asset allocation model, investing in Mainland China (such as regulatory risk, tax risk, RMB currency and conversion risk, China equity market risk, Stock Connect risk, CIBM risk, Bond Connect risk, QFII/RQFII risk, and SME Board, ChiNext market and/or STAR Board risk), currency and exchange rate, currency hedging, concentration and emerging markets.
3. The Fund's investments are concentrated in Asia (including China). The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments, and more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting Asia (including China).
4. The Fund may gain exposure by investing in ETFs and will be subject to the risks associated with the underlying ETFs such as passive investment risk, tracking error risks, underlying index related risks, counterparty risks, trading risks and termination risk. The performance of the underlying ETFs will result in a corresponding impact on the Fund. The Fund may also gain exposure by investing in other collective investment schemes and will be subject to the risks associated with the underlying funds. The Fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the net asset value of the Fund.
5. The Fund may invest in debt instruments with loss-absorption features. Such instruments are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger event(s) which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
6. The Fund may use financial derivative instruments for investment and hedging purposes. The Fund's net derivative exposure may be up to 50% of the Fund's net asset value. The use of financial derivative instruments may involve additional risks such as counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk.
7. In respect of unit classes with "-mdist" in their name, dividends may be paid from capital or effectively out of capital (i.e. pay distributions out of gross income while charging/paying all or part of the Fund's fees and expenses to/out of the capital of the Fund, resulting in an increase in distributable income for the payment of distributions) of the Fund, at the discretion of the manager, which amount to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such dividends may result in an immediate decrease of the net asset value per unit. The distribution amount and net asset value of the hedged unit classes may be adversely affected by differences in the interest rates of the reference currency of the hedged unit classes and the Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes. The fixed rate distribution unit classes (i.e. unit classes with "6%-mdist", "7%-mdist" or "8%-mdist" in their names) continue to distribute in periods that the Fund has negative return or is making losses, which further reduces the net asset value of the Fund.
8. This investment may involve risks that could result in loss of part or entire amount of investors' investment.
9. Investors should not invest in the Fund solely based on this document and should read the relevant offering documents for further details including risk factors.
10. Investors are responsible for their investment decisions and should seek independent financial and professional advice if required.

# Asia continues to be a key driver of economic growth

This multi-asset Asia Fund invests across equities, Real Estate Investment Trusts (REITs), investment grade and high yield bonds. The top down asset allocation is actively managed and it taps into the UBS active traditional capabilities for security selection.

## UBS (HK) Asia Allocation Opportunity (Fund)

### Why invest in Asia? Why Multi-asset?

#### 1

#### Supply chain shifts drive foreign direct investment (FDI) growth in ASEAN and India\*

##### 1

##### Strong Policy Support

- FDI incentives and tax incentives
- Reforming the economy through digital transformation and upskilling labour...

##### 2

##### Cheap Manufacturing Cost

- Average monthly manufacturing wages of China is 2.78 times higher than the average of Indonesia, India, Philippines, Vietnam, Thailand and Malaysia<sup>1</sup>

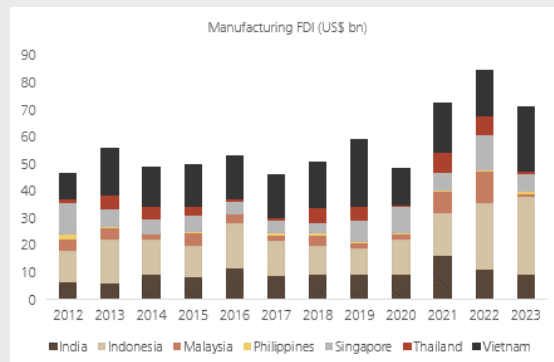
##### 3

##### Geographical Advantage

- Neighboring the China's pearl river delta region

\*The ASEAN and India exposure in MSCI Asia Ex Japan is 27.0%. Source: UBS Asset Management, As of 30 June 2023  
<sup>1</sup> Average monthly manufacturing wages: Source: ILO, Haver, National statistic agencies, UBS, As of 2019

#### Supply chain diversification is advantageous to ASEAN & India...



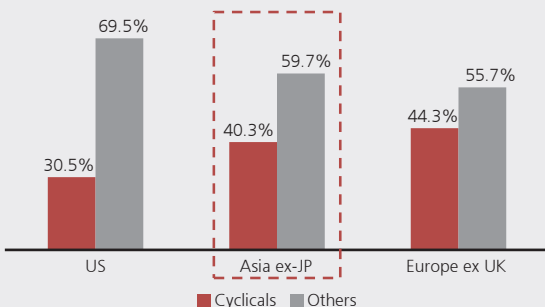
For illustration purpose only. 2. Source: Haver, UBS. As of 2022.

#### 2

#### Asian equity markets have evolved

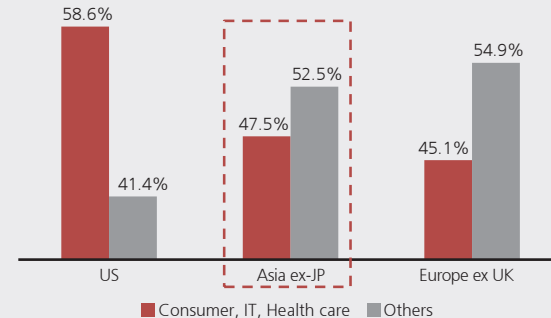
#### Asian equity is less cyclical than appreciated...

Sector exposure: Cyclical vs Others



#### ...It offers parallel opportunity to the new growth engine

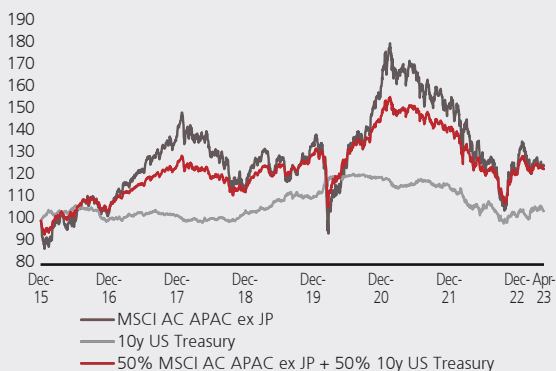
Sector exposure: Consumer, IT, Health Care vs Others



Source: Bloomberg, As of 21 July 2023

#### 3

#### A multi-asset approach would provide a smoother journey



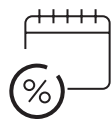
Source: UBS Asset Management, Bloomberg. For illustration purpose only. Past performance is not a reliable indicator of future results. Time period: 31 December 2015 - 30 April 2023.

# Fund overview



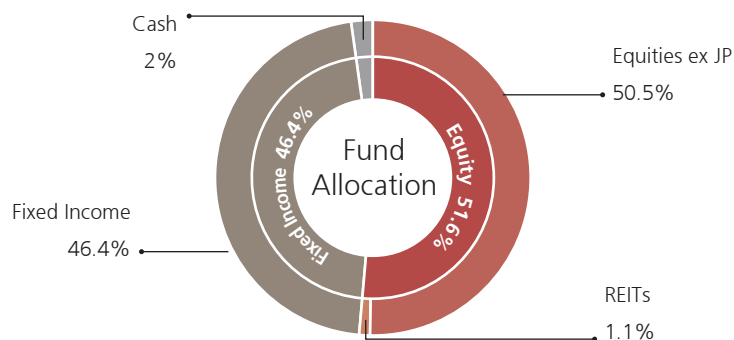
Estimated portfolio yield

4.0%



Option adjusted duration

2.0 years



Source: UBS Asset Management, data as of 30 June 2024. Charts may not add up to 100% due to rounding. **Yield is not guaranteed.**

## Asia Equity exposure (51.6%)

### Market allocation<sup>3</sup>

	Fund (%)
<b>Asian Equities (Ex REITs)</b>	
China	22.8
Taiwan	20.6
India	15.9
Hong Kong	10.7
Australia	8.4
South Korea	7.6
Singapore	4.3
Japan	2.5
Malaysia	1.1
New Zealand	0.4
Thailand	0.3
Indonesia	0.2
Other	3.1
<b>REITs</b>	
Japan	0.8
Australia	0.6
Singapore	0.4
Hong Kong	0.3

## Asia Fixed Income exposure (46.4%)

### Market allocation<sup>3,4</sup>

	Fund (%)
China	21.9
Hong Kong	14.4
India	10.5
South Korea	8.7
Indonesia	6.3
Singapore	6.2
Philippines	5.2
Macau	3.9
Thailand	3.2
Japan	2.9
Sri Lanka	2.4
Pakistan	2.1
Malaysia	1.8
Australia	1.8
Taiwan	1.1
Mongolia	1.0
Vietnam	0.8
Mauritius	0.5
New Zealand	0.4
Others	5.0

### Sector allocation<sup>3</sup>

	Fund (%)
Information Technology	27.6
Financials	21.5
Consumer Discretionary	10.6
Communication Services	8.7
Industrials	6.0
Materials	5.1
Real Estate	5.1
Energy	4.7
Consumer Staples	4.4
Utilities	2.7
REITs	2.1
Health Care	1.6

### Sector allocation<sup>3,4</sup>

	Fund (%)
Financial	36.1
Sovereign	13.5
Quasi-Sov	10.9
Real Estate	8.6
TMT <sup>5</sup>	8.0
Consumer	6.3
Utilities	4.2
Industrial	3.3
Oil & Gas	2.8
Diversified	2.4
Metals & Mining	1.8
Infrastructure	1.1
Transport	1.0

Top 5 Asia Equity & REITs holdings <sup>6</sup>	Fund (%)
Taiwan Semiconductor Manufacturing Co Ltd	4.9
TENCENT HOLDINGS LTD	2.2
Samsung Electronics Co Ltd	2.0
PDD Holdings Inc	1.3
Hon Hai Precision Industry Co Ltd	1.1

Top 5 Asia Fixed Income holdings <sup>6</sup>	Fund (%)
US TREASURY N/B 4.625% 05/31/2031	3.9
AUSTRALIAN GOVERNMENT 6% 09/16/2034	2.8
IND & COMM BK OF CHINA 3.58% 09/23/2025	0.8
ISLAMIC REP OF PAKISTAN 7.375% 04/08/2031	0.5
STATE GRID OVERSEAS INV 4.25% 05/02/2028	0.5

Source: UBS Asset Management, data as of 30 June 2024. This information should not be considered as recommendation to buy or sell any security. The portfolio is actively managed, thus the allocations and positionings can be changed any time at UBS's /the portfolio manager's sole discretion.

3 Reweight to 100% 4 Physical bonds only 5 Technology, Media, and Telecom 6 Exposure includes look through of ETFs and futures

## Fund information

Fund name	UBS (HK) Fund Series – Asia Allocation Opportunity (USD)
Fund inception date	17 March 2021
Base currency	USD
Management fee (p.a.)	Up to 1.3%
Subscription fee (p.a.)	Up to 3%
Distribution frequency	A-acc: reinvestment; A-mdist <sup>7, 8</sup> : expected monthly

Available share classes	ISIN	Distribution yield
Class A USD-acc	HK0000678273	Distribution reinvested
Class A USD-mdist <sup>7, 8</sup>	HK0000678281	5.1%
Class A USD-6%-mdist <sup>7, 8</sup>	HK0000678299	5.9%
Class A HKD-mdist <sup>7, 8</sup>	HK0000678307	4.9%
Class A HKD-6%-mdist <sup>7, 8</sup>	HK0000678315	5.9%
Class A RMB hedged-mdist <sup>7, 8</sup>	HK0000678323	4.3%
Class A USD-8%-mdist <sup>7, 8</sup>	HK0000959244	8.0%
Class A HKD-8%-mdist <sup>7, 8</sup>	HK0000959251	8.0%

Source: UBS Asset Management, 30 June 2024.

7 The share classes with “-mdist” aim to pay dividends on a monthly basis. **Dividend is not guaranteed. Dividend may be paid out of capital.** Share classes with “-mdist” in their name may also make distributions out of capital and realized capital gains, at the discretion of the Management Company, or pay distributions out of gross income while charging/paying all or part of the fund’s fees and expenses to/out of the capital of the relevant fund, resulting in an increase in distributable income for the payment of distributions by the fund and therefore, the fund may effectively pay distributions out of capital. Any distributions involving payment of dividends out of the fund’s capital or payment of dividends effectively out of the fund’s capital (as the case may be) may result in an immediate reduction of the next asset value per share/unit.

8 A positive distribution yield does not imply a positive return. Distribution yield = (Dividend per unit on last record date x 12 / Previous month-end NAV) x 100. The distribution yields shown here are for reference only. These share classes continue to distribute in periods that the Fund has negative return/is making losses which further reduces the NAV of the Fund. In extreme circumstances, investors may not be able to get back the original investment amount. Constant distributing share classes must not be seen as alternative to savings account or fixed-interest paying investment.

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Investment involves risks, and past performance figures shown are not indicative of future performance. The value of the funds and income from them can go up as well as down and consequently you may not get back the amount originally invested. Investors please refer to the offering document for further details including the risk factors.

The investment returns of some of our range of funds are denominated in currency other than USD/HKD. US/HK Dollar-based investors are therefore exposed to fluctuations in the US/HK dollar/ foreign currency exchange rate.

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Source for all data and charts (if not indicated otherwise): UBS Asset Management.

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