

One-stop solution for investing in China

UBS (Lux) Key Selection SICAV –
China Allocation Opportunity (USD)



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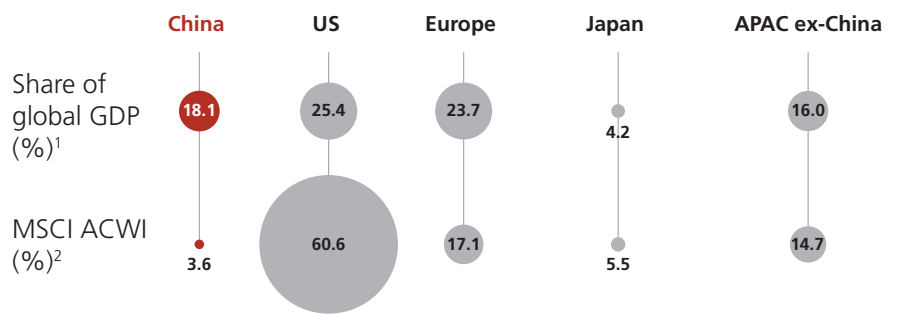
Important information

- Under normal circumstances, the Fund, UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD) (“**UBS China Allocation Opportunity Fund**”), expects to invest up to 65% of its net asset value in equities and equity rights and up to 65% of its net asset value in bonds and claims (i.e. secured obligations such as bank loans and other debt instruments) of companies domiciled or chiefly active in China. The Fund may also invest up to 65% of its net asset value in securities traded on the onshore China securities market. These include Chinese A shares (“A shares”) as well as RMB-denominated fixed-income instruments traded on the Chinese interbank bond market (“CIBM”) or the exchange-traded bond market (“Chinese onshore bonds”). The Fund may invest up to 100% of its net asset value in equities and bonds issued or traded offshore outside the PRC.
- The Fund’s investments may be subject to risks associated with the asset allocation strategy, liquidity, China (such as tax, RMB currency and foreign exchange, and RQFII), equities (including A shares and Stock Connect), fixed income (such as high yield bonds, credit rating and downgrading, and counterparty), fund of funds, securities lending, and repurchase and reverse repurchase agreements.
- The Fund may have concentrated exposure to China. The value of investments in China may be more volatile and unstable than those in more developed markets, and more susceptible to market volatility, settlement difficulties, adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting China.
- The Fund may invest up to 65% of its net asset value in high yield bonds and claims with a rating of BBB (Standard & Poor’s) or lower, a comparable rating from another internationally recognized rating agency or a comparable internal UBS rating.
- The Fund is also subject to risks associated with 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.
- The Fund may use financial derivative instruments for investment management and hedging purposes. The Fund’s net derivative exposure may be up to 50% of its net asset value. The use of financial derivative instruments may become ineffective and/or cause the Fund to suffer significant losses.
- In respect of share classes with “-mdist” in their name, distributions may be paid from capital or effectively out of capital which may result in an immediate reduction of the net asset value per share. This amounts to a withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment.
- The fixed rate distribution share classes (i.e. share classes with a fixed percentage in their name) continue to distribute in periods that the Fund has negative return / is making losses, which further reduces the net asset value of the Fund.
- This investment may involve risks that could result in loss of part or entire amount of investors’ investment.
- Investors should not invest in the Fund solely based on this document and should read the relevant Hong Kong offering documents for further details including risk factors.
- Investors are responsible for their investment decisions and should seek independent financial and professional advice if required.

Why invest in China?

Global investors remain underinvested in China

China is a huge part of the world economy but plays a small part in global indices.



1 Global GDP for 2021, source: IMF, World Economic Outlook (April 2023)
 2 Source: MSCI, Bloomberg, UBS Asset Management, as of 31 March 2023.

Why can a multi-asset approach capture China's growth story?

China is complex with numerous opportunities

A multi asset portfolio can navigate through market cycles and capture opportunities in different asset classes.

Calendar year performance (%)							
2016	2017	2018	2019	2020	2021	2022	2023
10.2	54.1	3.5	37.5	40.0	8.4	-5.2	6.8
4.4	20.3	0.5	23.5	29.5	4.0	-8.3	2.7
0.9	6.8	-4.0	13.4	9.8	-0.1	-20.6	-11.2
-5.2	6.2	-18.9	9.5	7.5	-21.7	-21.9	-11.7
-19.1	4.7	-33.0	3.4	5.7	-25.0	-27.2	-19.9

■ JACI China Investment Grade ■ Bloomberg Barclays China Aggregate (RMB onshore bonds)
■ JACI China High Yield ■ MSCI A shares (onshore China equities)
■ MSCI China (mainly offshore China equities)

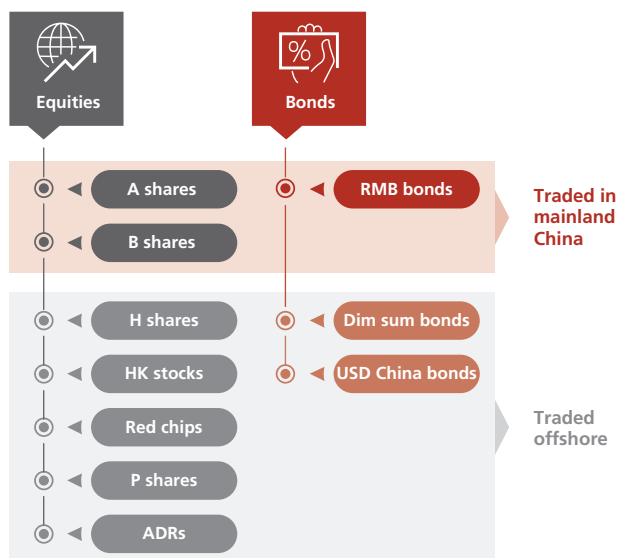
Source: Bloomberg, data as of 31 December 2023. Table shows the total returns in percentage terms. MSCI China Index, MSCI China A Shares Index, JACI China Index, returns are measured in USD. Bloomberg Barclays China Aggregate Total Return Index in USD unhedged. Past performance is not indicative of future results.

Why invest in UBS China Allocation Opportunity Fund?

1. One-stop shop for investing in China

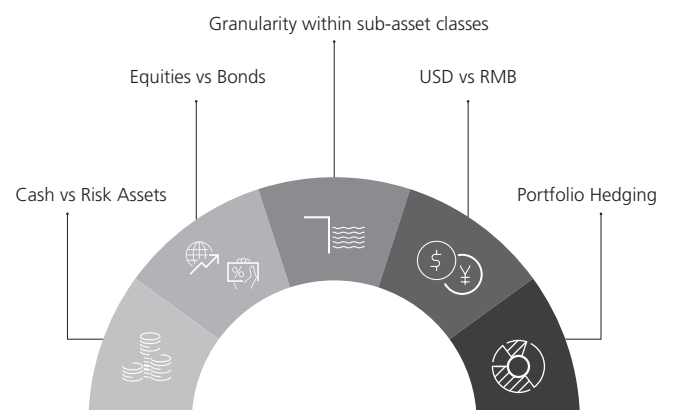
A unique multi-asset China fund that balances between asset classes and onshore as well as offshore assets.

All of China – captured



2. Actively managed portfolio aims for maximum diversity

Five levers to steer asset allocation to serve as a diversifier to achieve a strong risk-adjusted return profile.



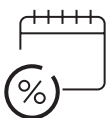
For illustrative purposes only.

Fund overview



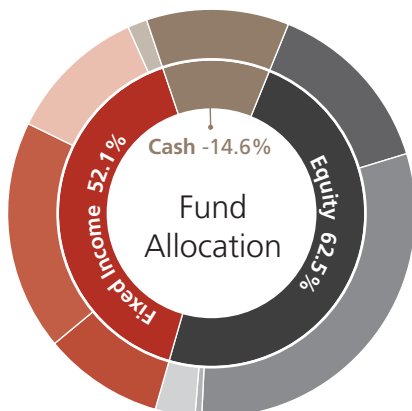
Average credit rating³

A-



Modified duration³

3.6 yrs



Category	Percentage
Equity	62.5%
Onshore equities	18.3%
Companies listed in HK	39.4%
ADRs ⁴	0.7%
Other EQ	4.1%
Fixed Income	52.1%
USD High Yield	12.3%
USD Investment Grade	23.6%
RMB Investment Grade	14.3%
US Treasuries	2.0%
Cash	-14.6%

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

3 Applied to fixed income sleeve only. The breakdown excludes funds, ETFs, derivatives and cash holdings. 4 ADR: American depository receipt.

Equity exposure (62.5%)

Sector breakdown ⁵	Fund (%)
Communication Services ⁶	23.1
Financials	17.0
Consumer Discretionary	13.9
Information Technology	11.3
Consumer Staples	9.8
Industrials	6.5
Energy	5.8
Health Care	3.9
Materials	3.4
Real Estate	3.0
Utilities	2.3

Top 5 Stock holdings ⁸	Fund (%)
Tencent Holdings Ltd	5.3
Kweichow Moutai Co Ltd	3.7
NetEase Inc	3.6
China Mobile Ltd	2.8
Taiwan Semiconductor Manufacturing Co Ltd	1.8

Fixed Income exposure (52.1%)

Industry breakdown ⁷	Fund (%)
Financial	31.8
Quasi-Sovereign	22.3
Sovereign	16.2
Real Estate	12.8
Technology, Media and Telecom	7.7
Consumer	2.1
Utilities	1.7
Diversified	1.6
Oil & Gas	1.1
Transport	0.9
Infrastructure	0.8
Industrial	0.7
Metals & Mining	0.3

Top 5 Bond holdings ⁸	Fund (%)
US Treasury 4.625% 05/31/2031	2.0
The Export-Import Bank of China 3.625% 07/31/2024	0.9
Tencent Holdings LTD 2.39% 06/03/2030	0.7
China Development Bank 3.7% 10/20/2030	0.7
IND & COMM BK OF CHINA 3.2% 09/24/2026	0.6

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.**

5 Excludes Others. 6 The sector has been renamed from Telecommunication Services to Communication Services in the MSCI Equity Indexes as part of the November 2018 Semi-Annual Index. 7 The breakdown excludes funds, ETFs, derivatives and cash holdings.

8 Include lookthrough of ETFs and futures.

Risk-adjusted performance

Accumulative performance since fund inception (rebased to 100)



Performance (in USD, %, net of fees)	Cumulative returns
YTD ⁹	5.72
1 year	1.38
3 years	-41.81
5 years	-29.38

Source: UBS Asset Management, Morningstar. Data as of 30 June 2024. **Past performance is not indicative of future results.**

Performance is calculated on NAV to NAV basis, with dividend reinvested, based on P-acc (USD). Performance shown is net of fees.

UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD) fund inception date: 8 June 2015. Annual performance of UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD) P-acc: 2016 (2.05%), 2017 (25.84%), 2018 (-10.70%), 2019 (27.00%), 2020 (16.00%), 2021 (-20.42%), 2022 (-25.06%), 2023 (-9.49%).

9 YTD: Year-to-date (since beginning of the year).

Fund information

Fund name	UBS (Lux) Key Selection SICAV – China Allocation Opportunity (USD)
Fund inception date	8 June 2015
Base currency	USD
Total fund assets	USD 0.933 billion (as of 30 June 2024)
Management fee	1.44% p.a.; hedged share classes: 1.48% p.a.
Dealing	Daily

Available share classes	ISIN	Distribution Yield	Subscription Fee
(USD) P-acc	LU1226287529	Distribution reinvested	Up to 4%
(USD) P-mdist ^{11,12}	LU1226287875	5.9%	
(USD) P-6%-mdist ^{11,12}	LU1226288253	6.0%	
(USD) (AUD hedged) P-mdist ^{11,12}	LU2092904486	4.8%	
(USD) (AUD hedged) P-6%-mdist ^{11,12}	LU1269690746	6.0%	Up to 5% ¹⁰
(USD) (HKD) P-mdist ^{11,12}	LU1951186391	6.0%	
(USD) (HKD) P-6%-mdist ^{11,12}	LU1226288170	6.0%	
(USD) (RMB hedged) P-6%-mdist ^{11,12}	LU1226287958	6.0%	
(USD) (SGD hedged) P-mdist ^{11,12}	LU1226287792	4.5%	

Source: UBS Asset Management. Above numbers may be subject to rounding.

¹⁰ Hong Kong distributors will currently only charge up to 5% of the subscription amount. However, investors should note that a maximum of up to 6% of the subscription amount may be charged upon giving 1 month's prior notice to affected investors.

¹¹ 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.

¹² 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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