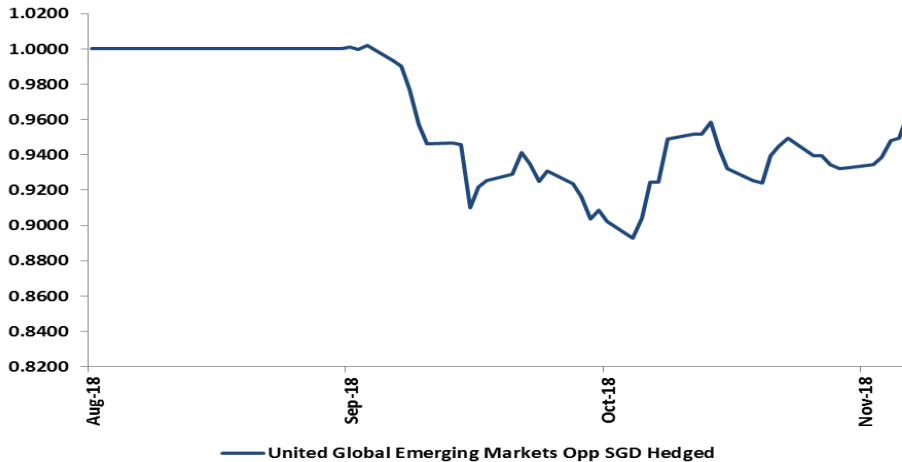




FUND OBJECTIVE & STRATEGY

The Fund seeks to provide long term capital appreciation by investing in the UBS (Lux) Equity SICAV – Global Emerging Markets Opportunity (USD) (Target Fund) which invests mainly in the stocks of companies in emerging economies across the globe. It seeks to achieve its investment objective by investing a minimum of 90% of the Fund's NAV in the Target Fund at all times.

NAV MOVEMENT



Source: Lipper

FUND DETAILS

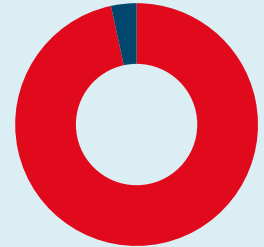
LAUNCH DATE	27 August 2018
FINANCIAL YEAR END	31 March
CATEGORY/TYPE OF FUND	Feeder Fund (Wholesale) / Growth
BASE CURRENCY	USD
CLASS OF UNITS	SGD hedged Class
INITIAL OFFER PRICE	SGD 1.0000
UNITS IN CIRCULATION - SGD HEDGED CLASS	83,609.68
NET ASSET VALUE ("NAV")	SGD 80,583.95
NET ASSET VALUE - TOTAL FUND	USD 765,718.63
NAV PER UNIT	SGD 0.9638
MINIMUM INITIAL INVESTMENT	SGD 1,000
MINIMUM ADDITIONAL INVESTMENT	SGD 100
TRUSTEE	Deutsche Trustees Malaysia Berhad
SALES CHARGE	Up to 5.00% of NAV per unit of the Class
ANNUAL MANAGEMENT FEE	Up to 1.80% per annum of the NAV of the Class
ANNUAL TRUSTEE FEE	Up to 0.06% per annum of the NAV of the Fund, minimum of RM15,000 p.a.
EXIT PENALTY	Nil.
PERFORMANCE BENCHMARK	MSCI Emerging Markets Index (net)
ASSET ALLOCATION	A minimum of 90% of the Fund's NAV in the Target Fund. Up to 10% of the Fund's NAV in cash and / or liquid assets.
INVESTMENT MANAGER OF THE TARGET FUND	UBS AG, UBS Asset Management, Basel and Zurich

TOP 10 HOLDINGS OF THE TARGET FUND

TAIWAN SEMICONDUCTOR MFG	6.70%
SAMSUNG ELECTRONICS CO	6.32%
ALIBABA GROUP HLDG ADR	5.88%
CHINA CONSTRUCTION BK H	5.16%
TENCENT HOLDINGS LI (CN)	4.51%
NASPERS N	4.45%
BANCO BRADESCO PN	4.29%
CHINA MOBILE	3.66%
BANK MANDIRI	3.61%
OTP BANK	1.77%

Source: UOBAM

PORTFOLIO ALLOCATION



Collective Investment Scheme	96.61%
Cash	3.39%
Total	100.00%

Source: UOBAM(M)

SECTOR ALLOCATION OF THE TARGET FUND

Financials	32.05%
Information Technology	26.82%
Consumer Discretionary	10.23%
Materials	9.63%
Consumer Staples	6.26%
Energy	5.91%
Communication Services	3.66%
Utilities	1.97%
Real Estate	1.71%
Cash	1.77%
Total	100.00%

Source: UOBAM

GEOGRAPHICAL ALLOCATION OF THE TARGET FUND

China	33.80%
Korea	17.10%
Brazil	7.77%
India	7.73%
Taiwan	6.70%
South Africa	6.48%
Russia	5.69%
Indonesia	3.61%
Hungary	3.58%
Thailand	2.02%
Malaysia	1.94%
Mexico	1.81%
Cash	1.77%
Total	100.00%

Source: UOBAM



HISTORICAL NAV (SGD)

Highest	28/9/2018	1.002
Lowest	29/10/2018	0.8926

Source: Lipper

PERFORMANCE ATTRIBUTION OF TARGET FUND

Emerging markets equities (MSCI EM) returned (+4.1% in USD terms), outperforming developed markets (MSCI World) by (+3.0%) driven by prospects for a US-China trade war pause and a less hawkish US Fed which helped EM currencies on the month.

Outperformers include Turkey (+13.1%) buoyed by lira appreciation, Indonesia (+12.3%) and India (+10.4%), all of which benefiting from sharply lower oil prices on the month (with Brent -22.2%). China returned (+7.3%) helped by policy support from the authorities and willingness shown by the US to negotiate a trade deal. In contrast, Korea (+3.4%) and Taiwan (-0.7%) lagged, impacted by their tech sector following weak guidance from Apple. Underperformers also included Russia (-1.8%) impacted by lower oil prices and sanctions risk following renewed tensions with Ukraine, as well as Mexico (-4.8%) amid political uncertainty.

The strategy outperformed its benchmark on the month. We saw a strong rebound in some of the bank names in the portfolio particularly HDFC Bank (India), Bank Mandiri (Indonesia), OTP (Hungary) as well as continued strength for Bradesco (Brazil). However, exposure to Banorte (Mexico) detracted amid rising political uncertainty. The stock derated sharply, now offering good value as the company continues to deliver operationally. Elsewhere, our bottom up underweight to energy added value along with our stock selection among consumer sectors (via holdings in Lg Household and Health and Naspers). In contrast, our holdings in materials underperformed including Vale given the reversal in iron ore/steel prices on the month, and Mondi amid concerns around a potential peak in the containerboard cycle.

OUTLOOK AND STRATEGY OF TARGET FUND

The favourable cycle for Emerging markets (EM) that started in 2016, triggered by years of reduced capex helping to improve fundamentals, was paused in 2018 following several risk events materializing – described below. We however expect the environment to be more favorable again in 2019 as these headwinds subside and EM growth stabilizes. With depressed valuations and continued strong fundamentals, we believe that EM/Asian equities will offer good returns over a 12-24 month period. 2018 was a year with many top down issues. Some of the key ones in our view were:

- US-China trade tensions – At the start of 2018, this seemed to be about economics. However, the issue seems to have grown to become a geopolitical issue.
- China's deleveraging and increasing regulation – China started a deleveraging campaign in 2017 (in particular on shadow banking) which contributed to reduced credit to the private sector and a slowdown in the economy. There have also been regulatory headwinds in many industries including internet, education and alcoholic beverages. These have combined to worsen investor sentiment in China.
- The strength of the US economy, dollar and interest rates, resulting in an outflows from emerging market assets back into US dollar assets.

Of these three headwinds, we see some improvement in the last two. China has switched to a moderate stimulating stance (both fiscal and monetary) and the government has promised to give more support to the private sector in order to moderate the economic slowdown. The US economy, while still very strong thanks to large tax cuts, is expected to slow towards more trend rates of GDP growth. Hence pressure from the US Dollar's strength should also moderate. This in turn should eventually re-direct flows to emerging markets economies, whose growth is set to stabilize in 2019. While some risks are moderating, some new risks are on the horizon for 2019 including an election cycle in several Asian countries like India, Thailand and Indonesia. These may lead to some volatility although also have potential positive of pre-election fiscal spending. Also, policy risks in China are still present, notwithstanding the Government's apparent change of attitude to the private sector. And there are still significant uncertainties on how the trade and geopolitical situation between US and China will evolve, despite the recent accommodative move by the Trump administration. Nevertheless, in our view, the market has reasonably priced in the above risks with valuations having de-rated and now at quite low levels (1.5x book value on EM vs 1.8 long term average). Currencies have also corrected and are inexpensive. And overall, there are no major economic imbalances across EM/Asian countries with the exception of select countries like Turkey and Argentina where we have no exposure. Many are running current account surpluses, have low FX debt and high FX reserves. There are also few signs of overheating or overinvestment. Meanwhile, earnings are set to continue to improve. Within Asia, we see South East Asia as a potential beneficiary of the trade conflict, as companies gradually diversify their production away from China. In China, we find several selected high quality companies which are cheap after the correction of 2018. India and Indonesia, despite the election cycle, remain amongst the best long term growth stories given demographics and under-penetration of consumer goods. Outside Asia, this is no plain sailing but some improvements are possible in a few countries. Brazil has a new President with textbook policies but execution risks remain and valuations are already pricing a lot of positives. In Mexico, political uncertainty from the new administration's policies have impacted sentiments. The economic impact should however be limited for now. Elsewhere, geopolitics and sanctions remain an overhang on Russia, while the outlook for South Africa could be moderately brighter if Ramaphosa consolidates power and enacts reforms.

In conclusion, considering all the above and the structural growth story of EM, we would be buying EM with a horizon of 12-24 months or more. Our analysis shows large opportunities exist in various sectors, including consumer, internet/e-commerce, and financials. While there are some small vulnerable spots in EM, we are mindful of these risks and have very limited exposures to these areas.

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