

UOBAM (Malaysia) launches United Great Dragon Fund to enable retail investors to benefit from China's growth opportunities



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UOBAM (Malaysia) chief executive officer Lim Suet Ling said China offers long-term potential for Malaysian investors who seek to capitalise on its growth opportunities. NSTP/EMAIL

KUALA LUMPUR: UOB Asset Management (UOBAM) Malaysia today launched the United Great Dragon Fund to provide retail investors with access to China-listed companies which is set to become the future growth drivers of China's economy.

The fund invests primarily in UOB Asset Management Ltd's United China A-Shares Innovation Fund (Target Fund), focusing on companies in China's A-shares market.

UOB Asset said these companies are likely to be major beneficiaries of technology, innovation and long-term growth trends such as rising consumer affluence and growing urbanisation.

UOBAM (Malaysia) chief executive officer Lim Suet Ling said China offers long-term potential for Malaysian investors who seek to capitalise on its growth opportunities.

"The country is forecast to replace the United States as the world's largest economy by 2028 as it shifts from an export-driven economy to one that focuses on high-growth industries driven by technological advancements," she said in a statement today.

She said this shift is characterised by increasing domestic consumption and the development of higher value-add sectors such as healthcare equipment, industrial automation, new energy vehicles, biotechnology, software and advanced materials, tourism and entertainment.

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"We believe the future of China is all about innovation. For example, biomedicine and high-end medical equipment are among the 10 key industries identified in the 'Made in China 2025' plan, which aims to transform these industries into self-sufficient and globally dominant players.

"Almost six years after the plan's launch in 2015, one of the country's key and most visible achievements in biomedicine is the development of a Covid-19 vaccine that has been used on the country's high-risk groups since July 2020, said Lim.

The United Great Dragon Fund is suitable for retail investors seeking returns over the medium and long term.

The fund seeks to achieve long-term capital appreciation by investing a minimum of 90 per cent of its net asset value in the Target Fund and the balance in liquid assets such as money market instruments and deposits.

Previously, China A-shares were open only to China-based investors but the government recently relaxed its restrictions on foreign ownership to global institutional investors.

With the United Great Dragon Fund, retail investors can gain greater access to China's growth opportunities via its A-share market.

As China is poised for a new growth phase, Lim said the China A-shares weightage in emerging and global indices such as the Morgan Stanley Capital Index (MSCI) will likely increase significantly over the next five to seven years.

"We estimate another US\$300 billion to US\$400 billion of inflows into China A-shares if MSCI's inclusion ratio for these shares are increased to 100 per cent from the current 20 per cent.

"The increase in the inclusion ratio will see the free float of China A-shares owned by foreign institutional investors grow to 17 per cent from the current 3.5 per cent.

"This will give Malaysia's retail investors access to new growth opportunities otherwise only available for institutional investors."

The United Great Dragon Fund is available in ringgit, renminbi and US dollar with an initial minimum investment of RM1,000, RMB1,000 and US\$1,000 respectively.

UOBAM (Malaysia) is the fund's manager, while UOB Asset Management Ltd and Ping An Fund Management Company Ltd are the management company and sub-manager of the target fund respectively. The fund is available for subscription at selected distributors nationwide.