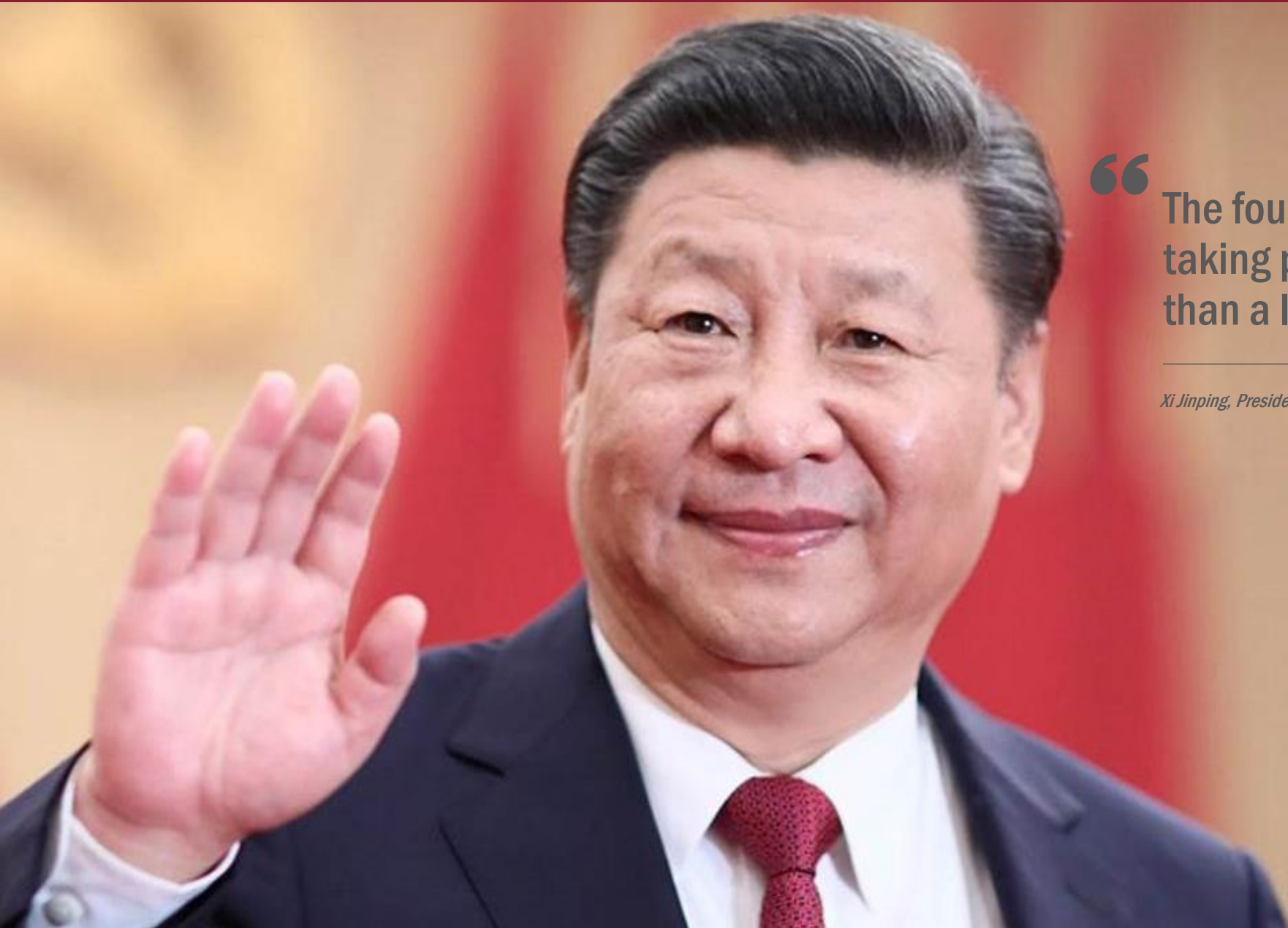




Actively Managed Certificate (AMC) **China Tech Innovators**



“ The fourth Industrial Revolution is taking place at an exponential rather than a linear pace. ”

Xi Jinping, President of the People's Republic of China

Content

Part 1: The Investment Case

Why Focus on Chinese Tech Innovators?

Digitalization in China

Example 1: Artificial Intelligence

Example 2: Revolution in the Automotive Sector

Example 3: Biotechnology

Locational Advantages of Chinese Technology Companies

p. 4 - 10

p. 5

p. 6

p. 7

p. 8

p. 9

p. 10

Part 2: The Investment Strategy

The Investment Strategy (Overview)

Investment Process (1): Candidate Screening

Investment Process (2): Stock Selection

Investment Process (3): Portfolio Structure

Investment Process (4): JPV Corporate Database as Basis for Integrated Valuation Models

p. 11-16

p. 12

p. 13

p. 14

p. 15

p. 16

General Information on Actively Managed Certificate (AMC)

p. 17

Appendix

Top-Holdings in the Portfolio

Example 1: Baidu

Example 2: Inspur Electronic Information Industry

Example 3: Kingsoft Corp.

p. 19-24

p. 20

p. 21

p. 22

p. 23

Contact

p. 24



Part 1: **The Investment Case**

Why ‘China Tech Innovators’?

- China's government is pursuing the goal of becoming a global technology superpower with all its might.
 - ▶ In particular, the key sectors of artificial intelligence, robotics, Internet of Things, e-mobility, fuel cell technology, autonomous driving, quantum computing and biotechnology are being promoted.
- **Digitization** of all areas of life and other megatrends..
 - ▶ Example: China has announced that it will invest a total of USD 411 billion in building 5G infrastructure between 2020 and 2030.
- **Global market leaders** are increasingly coming from China.
 - ▶ Example: The global market share of the company DJI from Shenzhen in drone sales was 54% in 2021.
 - ▶ 9 of the top 20 global Internet companies are from China (measured by revenue).
- **Rapid adaptation of new technologies** by the populace enables rapid commercialization of future technologies.
 - ▶ Example: The Chinese market for mobile payment systems is already 50 times larger than that of the US market.

- **More and more tech giants and unicorns* from China** are establishing themselves as world leaders.
 - ▶ At the end of 2022, there were 243 unicorns in China (vs. 704 in the US).
 (* young, unlisted companies with a market valuation of over USD 1 billion)

Top 10 Global Unicorn Ranking				
Rank	Company	Market Val. (\$B)	Industry	Headquarters
1	ByteDance	140	Social Media	China
2	Ant Group	108	FinTech	China
3	Space X	127	Aerospace	USA
4	SHEIN	100	E-Commerce	China
5	Stripe	95	FinTech	USA
6	Canva	40	Software	Australia
7	Checkout.com	40	FinTech	United Kingdom
8	Instacart	39	Delivery	USA
9	Databricks	38	Data analytics	USA
10	Revolut	33	FinTech	United Kingdom

* Source: Bloomberg NEF

Digitalization – The Driving Force Behind China’s Quest to Become a Technological Superpower



There are **more than 1 billion** Internet users in China.



China has the world’s largest 5G network with **more than 1 billion** 5G-customers (over 60% of all 5G users worldwide).



Share of the digital economy as a percentage of GDP is about **40%**.
(Source: iiMedia Research)



More than **75%** of e-commerce revenue is generated through mobile phone transactions.
(Source: eMarketer)



China’s e-commerce revenue is around **twice as high** as in the USA. (USD 2.04 trillion v. USD 1.03 trillion in 2022).

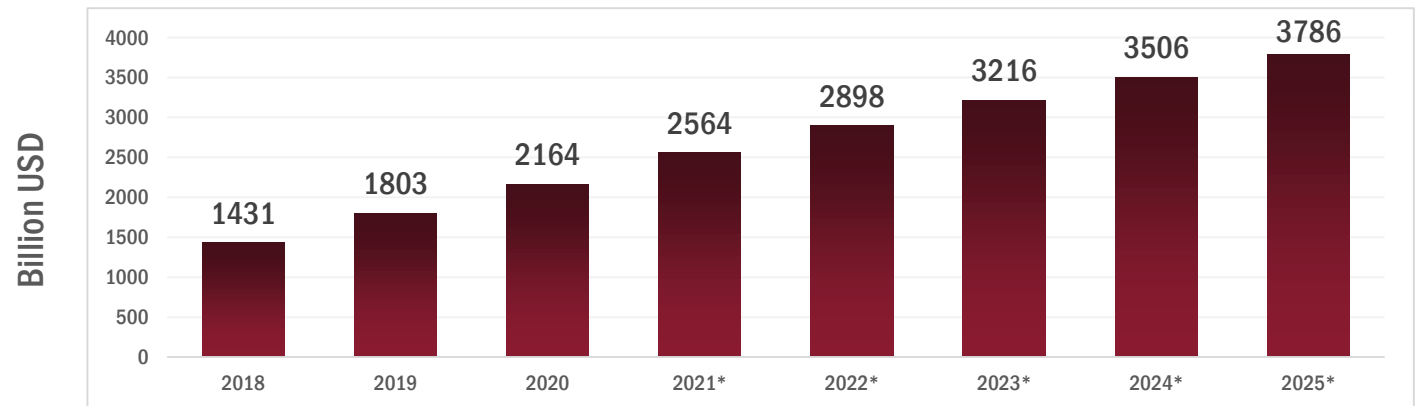


Already **more than 50%** of Chinese internet users order their groceries online.



More than **90%** of all commercial transactions and retail transactions in China’s major cities are carried out using mobile payment services.

E-commerce Sales in China (in Billion USD)



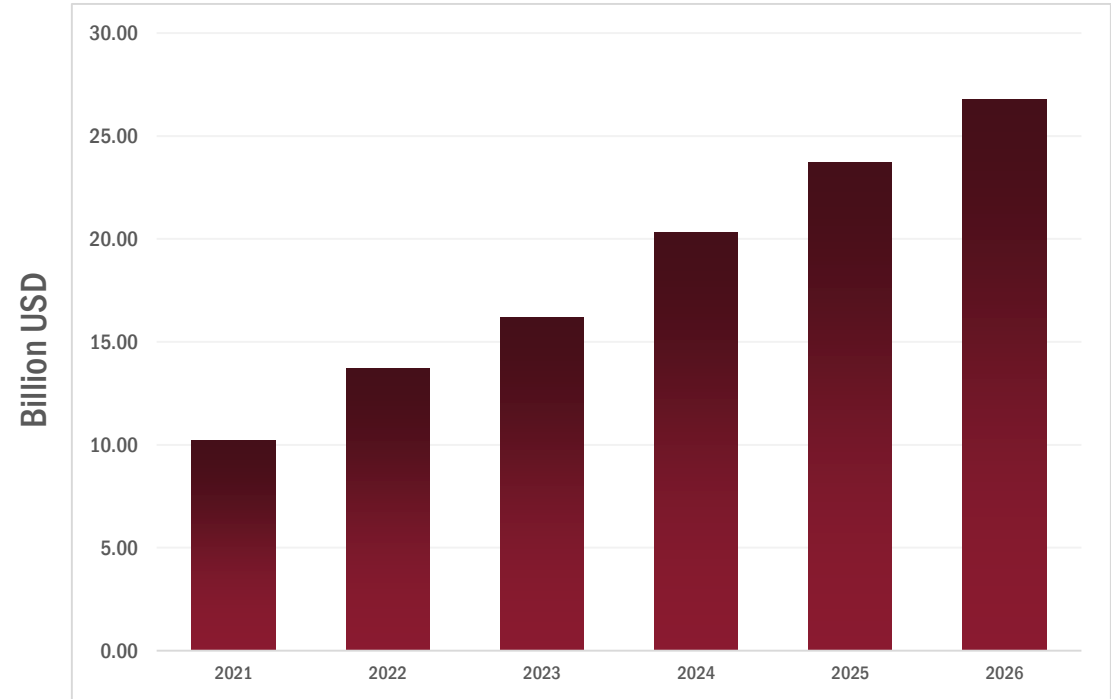
* Source: eMarketer, May 2021

Example 1: Artificial Intelligence

China is on its Way to Becoming the World Leader

- Government goal: **Global leadership in artificial intelligence (AI) by 2030.**
- Forbes: China is "**The First Artificial Intelligence Superpower**".
- In 2021, the world's largest patent holders in machine learning and AI were the Chinese companies Tencent and Baidu, each with more than 9,000 active patents.
- **Gigantic amounts of data** mean a significant competitive advantage for China in the long term ("If data is the new oil, China is the new OPEC. ").
- According to a Stanford University report, Chinese researchers have published 27.5% of all global journal articles on AI in recent years, while the share of researchers from the United States was 12%.
- **China's investment in artificial intelligence is projected to grow by 224% to USD 301.43 billion from 2021 to 2026 (a compound annual growth of 26.5%).**

China AI Market Spending Forecast 2021 - 2026



** Source: IDC, 2022*

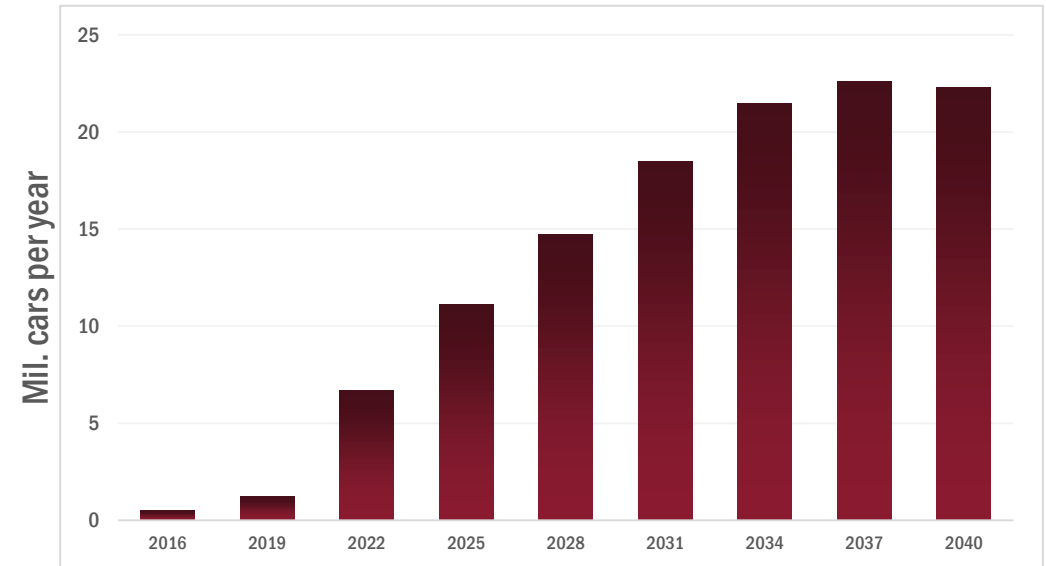
Example 2: Revolution in the Automotive Sector

China is the Leader in E-Mobility and Autonomous Driving

- Cars with alternative drives (battery and fuel cell) are an important pillar of the 'Made in China 2025' strategy.
- There are already around **13 million electric vehicles** on China's roads. In 2022, China had a two-thirds share of all purely electric vehicles sold worldwide.
- China has **1.8 million public electric car charging stations**, while the US only has around 160,000 (as of December 2022). With an extensive investment of USD 19 billion, this number is expected to increase to **4.8 million**.
- **China has a leading position and a pioneering role in autonomous driving.** The development of this megatrend is strongly promoted by progressive regulation and advertised test zones. The Jiading District in Shanghai, for example, is considered to be the best and largest test area for autonomously driving cars in the world. Some major Chinese cities have already approved the use of robotic taxis.
- **Baidu, Alibaba and Tencent** are clear pioneers in autonomous driving. In addition, other major Chinese automakers have announced **mass production of self-driving cars** within a few years.

- According to McKinsey, China has the potential to become the **largest market for autonomous driving** in the world. It is quite possible that by 2040, two thirds of the passenger kilometres in China will be covered in autonomous vehicles and the market volume will reach USD 2 trillion per year by that time.

Annual electric vehicle sales in China (forecast)



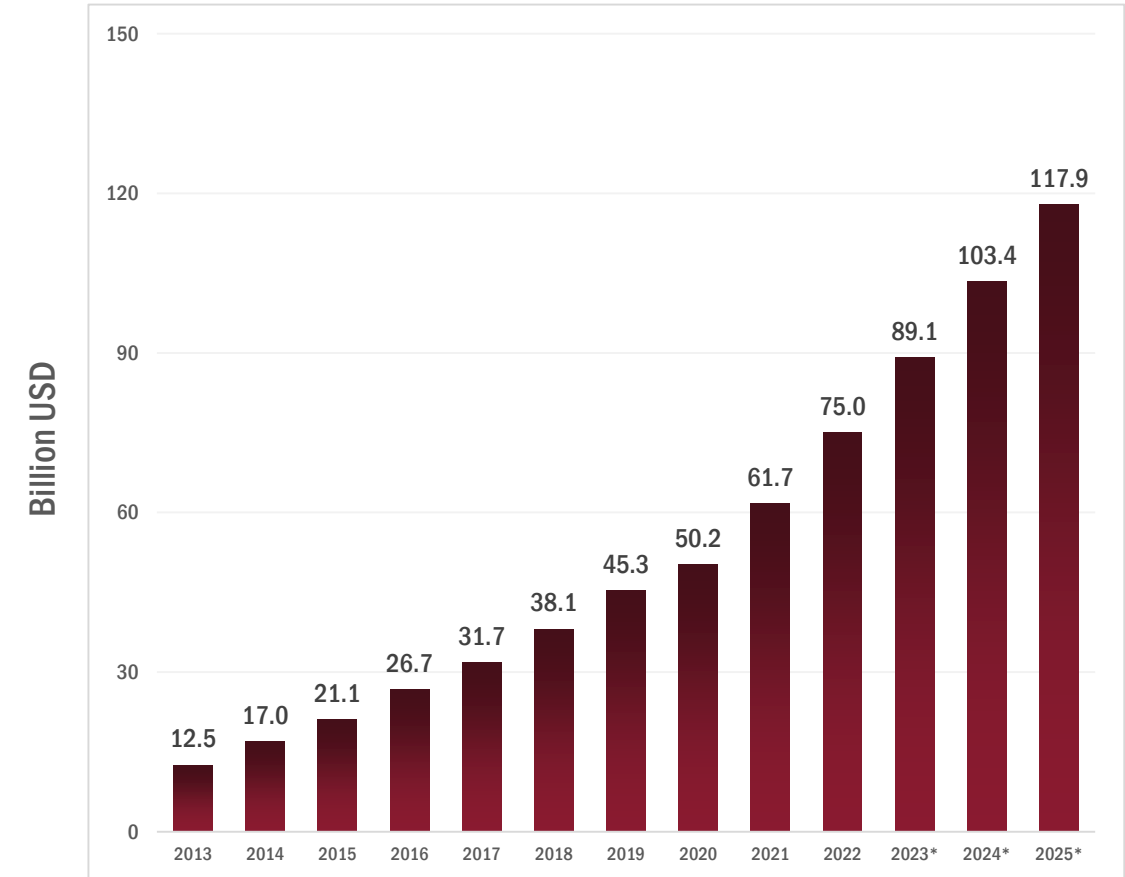
* Source: Bloomberg NEF

Example 3: Biotechnology

Huge Growth of 8.5% per Year

- With a volume of USD 147 billion, China's pharmaceutical market is **the second largest in the world**.
- The market size of China's biotech sector is projected to increase by a whopping 135% from 2020-2025.
- **Government funding:** The Chinese biotechnology sector has a special role in both 'Thousand Talents Plan' and the 'Made in China 2025' strategy.
- The Chinese population currently accounts for **one quarter of all new cancer cases worldwide** (approx. 4,8 million per year). Furthermore, approx. **141 million Chinese citizens** suffer from **diabetes**. As a result of trends like these, the government is seeking to build up a local biotechnology and pharmaceutical industry and is investing heavily in order to accelerate its development.
- The number of people over 60 is expected to increase from 210 million in 2020 to over 400 million in 2040. This will ensure sustained high growth in pharmaceutical products.
- **Attracting talented professionals:** in the past six years, **250,000 Chinese citizens** living abroad returned to China to undertake research in **biosciences**.

**Market size of biopharmaceuticals in China from 2013 to 2025
(in billion USD)**



* Source: China Briefing, 2022

Locational Advantages of Chinese Technology Companies (3 Levels)

Government Funding

Made in China 2025:

Facilitates the advancement of Industry 4.0; billions in funding for AI, robotics and other future technologies.

Thousand Talents Plan:

Targeted recruitment of scientists, innovators and companies.

863 Program:

Government research program for the development of cutting-edge technologies.

First-Rate Infrastructure

Traditional Infrastructure:

Since 1991, around 8.5% of GDP each year for economic infrastructure in China vs. just 2.5% of GDP in the USA and Europe.

Digitalization:

Already over 2,31 million 5G cell towers vs. about 100,000 in the U.S far more than in the rest of the world

Electric Car Revolution:

Currently more than 1,8 million public charging stations for electric cars in China vs. just around 160,000 in the US.

Massive Human Capital

Schools:

Pupils from Shanghai have been at the top of the OECD's PISA education rankings since 2009.

Universities:

Tsinghua University has had more than 10%* of the most cited publications in STEM subjects worldwide since 2013.

Future:

OECD: ten times as many STEM graduates* as in the USA and 25 times more than Germany by 2030.

* STEM = Science, Technology, Engineering & Mathematics



Part 2: **The Investment Strategy**

Investment Strategy

of the Actively Managed Certificate (AMC)

- **Active management** and (qualitative and quantitative) **continual screening** of portfolio holdings.
- Opportunistic **bottom-up strategy at share level**, top-down in regard to general market risks.
- **Investment goals:**
 - ▶ Strong focus on companies in the **fields of digitalization, automation, robotics, drones, the Internet of Things, artificial intelligence, 3D printing, renewable energies, electric cars, virtual reality, augmented reality and biotechnology.**
 - ▶ Greater diversification and lower volatility in the AMC compared to other index products.
- **No specific benchmark** – general aim is to outperform the Hang Seng China Enterprises Index.
- Comprehensive **risk management** through sufficient diversification and technical analysis models.
- Use of derivative instruments possible in **critical market situations** (although only in exceptional situations).

Investment Process (1):

Candidate Screening

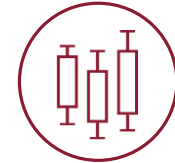


Creative, well-connected think tank – aim: early identification of **technologies that will revolutionize the market** as well as **promising enterprises in innovative sectors**.



Regular reading and analysis of:

- **Technical articles**
- **Sector-specific news**
- **Commentary by analysts**
- **Company reports**



Periodical screening of **more than 200 shares** in innovative fields within the Chinese economy.



Observation of the entire value chain for the sectors under consideration.



Continual analysis/screening of IPO market for early identification of attractive opportunities.

Investment Process (2):

Stock Selection

Top-down Analysis

Macroanalysis

Quantitative:

- Sector growth
- Sector valuation
- Value chain

Qualitative:

- Who are the market leaders?
- Key technologies
- Competition/substitutions

Bottom-up Analysis

Microanalysis

Quantitative:

- Valuation metrics
- Revenue potential
- ROE, dividends

Qualitative:

- Product mix
- Product quality
- Management
- Market position

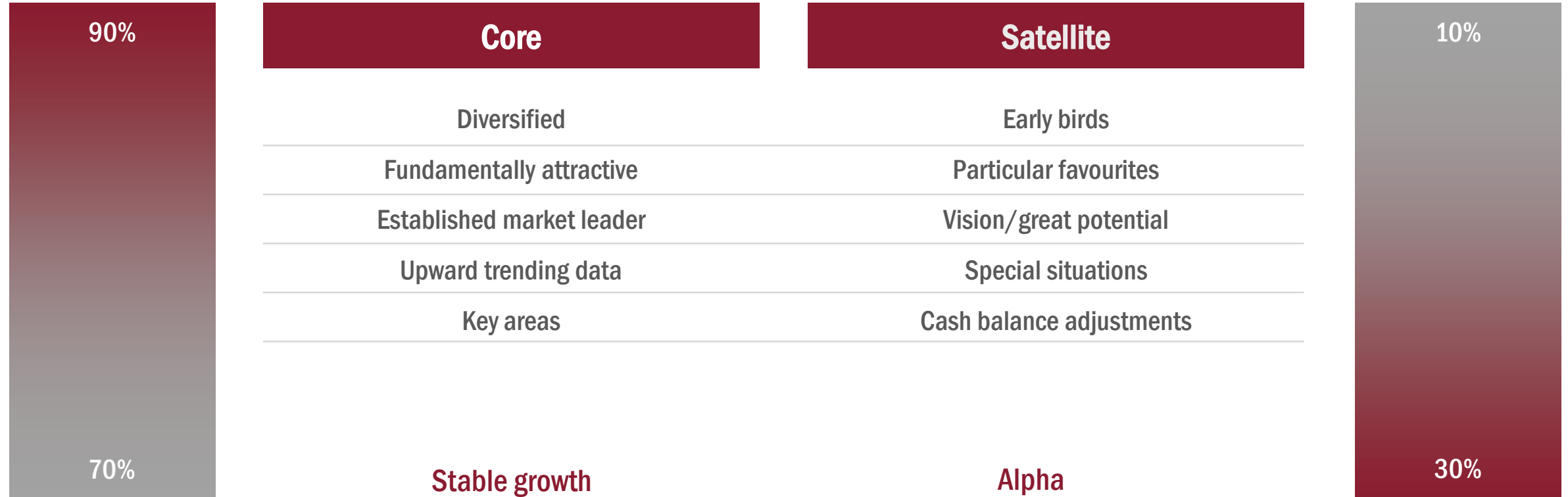
Critical Assessment

Relative Assessment

- Fair value
- Avoid exaggerations
- Identify driving factors
- Comparison with peer group
- Market entry barriers
- Potential risks
- Debt
- Risk/returns

Investment Process (3):

Portfolio Structure





Investment Process (4):

JPV Corporate Database as Basis for Valuation Models

MarketCap	P/E	P/E	PB	PEG	EKQ	TOT. DEBT	DVD	BETA	EKR	Free CF (USD)	Free CF (USD)	Operating	EBITDA	EBITDA M	BB expected	EPS GROWTH
USD (mln)	2018	2018	2017	2016	Equity Ratio			ROE		(minus Inv.)	Operation	Margin	Margin	3 year avg	5Y growth rate	1 Year
10764	18.47	16.36	2.83	4.28	49.26%	97.07%	1.38%	3.64%		-14	304	19.13%	26.79%	26.62%	12.23%	-87.53%
4968	6.97	6.47	1.00	1.62	52.12%	108.86%	#WERT!	1.30	7.47%	27	781	14.25%	14.16%	15.22%	14.20%	#WERT!
1121	24.78	14.43	3.85	284.98	12.75%	14.62%	#WERT!	1.70	23.48%	20	21	-4.19%	29.81%	-8.02%	82.28%	84.44%
441	#N/A	#N/A	#N/A	4.34	94.20%	1622.79%	#WERT!	1.22	-16.69%	-11	-1	-1075.75%	-729.02%	-991.07%	42.86%	-59.62%
14309	33.40	28.01	6.02	20.13	38.41%	57.26%	1.42%	0.81	11.80%	-249	163	2.60%	4.19%	4.08%	8.00%	130.14%
1937	7.92	7.35	0.81	0.02	54.12%	117.94%	2.75%	1.19	10.78%	-114	101	6.81%	10.71%	11.81%	12.33%	-5.84%
4076	16.00	14.68	46.79	8.40	1.97%	2.01%	0.64%	1.18	#WERT!	199	263	26.63%	30.04%	30.64%	8.44%	-8.72%
1945	15.86	12.36	4.37	0.00	38.51%	57.49%	2.04%	0.84	29.50%	-111	123	28.82%	41.90%	47.12%	19.58%	-1.70%
11	19.99	7.04	8.66	56.30%	128.83%	3.05%	0.86	21.95%	109	153	25.81%	30.65%	29.73%	9.86%	58.85%	
85	10.77	1.35	0.00	65.25%	187.74%	1.89%	1.28	11.28%	832	2850	11.40%	19.27%	16.07%	6.44%	45.65%	
93	13.37	3.14	5.37	48.31%	93.46%	2.14%	1.23	-14.44%	193	340	12.37%	8.77%	10.15%	10.70%	62.29%	
92	12.95	1.89	13.15	57.36%	134.51%	2.62%	1.36	25.01%	-3	92	7.53%	11.28%	8.68%	31.33%	34.48%	
97	11.27	1.69	1.27	48.72%	87.69%	2.25%	0.79	9.07%	-147	1169	7.10%	11.84%	12.00%	4.26%	-3.54%	
17	36.52	2.31	270.06	30.36%	43.63%	#WERT!	1.23	16.29%	56	95	10.81%	24.13%	13.83%	63.77%	#WERT!	
97	12.23	1.89	9.00	37.75%	90.64%	3.92%	0.80	42.24%	2044	2652	19.86%	25.48%	17.65%	-9.57%	152.67%	
95	56.37	1.91	97.88	39.87%	66.30%	0.28%	0.84	12.57%	20	31	9.97%	12.76%	12.64%	5.35%	-4.17%	
16	16.21	1.89	3.59	46.36%	86.44%	2.11%	1.14	12.91%	458	458	2.54%	4.29%	5.37%	7.88%	-22.88%	
52	12.83	5.97	14.47	29.54%	41.93%	0.58%	1.36	41.56%	3264	3609	26.61%	30.81%	24.75%	14.45%	105.13%	
45	12.02	1.25	0.22	45.09%	82.12%	1.88%	0.84	12.57%	20	31	9.97%	12.76%	12.64%	5.35%	-4.17%	
80	8.22	3.34	0.26	69.19%	224.57%	1.00%	1.23	16.29%	56	95	10.81%	24.13%	13.83%	63.77%	#WERT!	
24	8.22	2.64	0.84	47.31%	89.78%	2.93%	0.80	42.24%	2044	2652	19.86%	25.48%	17.65%	-9.57%	152.67%	
92	12.44	1.12	0.21	71.10%	246.03%	2.51%	0.84	12.57%	20	31	9.97%	12.76%	12.64%	5.35%	-4.17%	
75	14.16	2.90	11.45	49.36%	97.46%	2.25%	1.14	12.91%	458	458	2.54%	4.29%	5.37%	7.88%	-22.88%	
97	9.78	6.74	2.69	48.14%	92.84%	1.77%	1.36	41.56%	3264	3609	26.61%	30.81%	24.75%	14.45%	105.13%	
44	35.18	6.51	27.47	88.91%	801.79%	#WERT!	1.43	13.10%	49	82	20.97%	23.00%	27.90%	18.37%	19.75%	
598	181.59	60.53	6.65	#WERT!	32.83%	48.44%	#WERT!	1.10	-2.12%	-18	9	0.77%	9.63%	6.35%	34.62%	50.00%
1058	54.57	38.18	0.94	#WERT!	82.20%	461.77%	#WERT!	1.75	-3.47%	40	52	-4.57%	5.40%	-58.49%	34.30%	49.32%
947	13.00	21.67	2.21	#WERT!	92.87%	1301.59%	#WERT!	0.71	0.03%	6	42	9.52%	32.00%	#WERT!	-26.39%	-99.90%
142	#N/A	#N/A	2.25	#WERT!	77.80%	350.40%	#WERT!	1.56	-12.05%	-5	-3	#WERT!	#WERT!	#WERT!	-266.67%	-60.00%
3525	17.39	14.28	5.32	-115.73	45.48%	83.42%	3.94%	1.39	-17.20%	240	307	-12.13%	-1.83%	2.66%	28.00%	23.51%
375	42.51	19.47	7.10	242.02	37.89%	61.01%	#WERT!	0.44	12.07%	45	46	3.55%	6.81%	5.78%	118.84%	100.00%
164	#N/A	#N/A	#N/A	#WERT!	93.81%	1615.26%	#WERT!	#N/A	#WERT!	-13	-7	-79.92%	#WERT!	-43.36%	4.05%	-1340.00%
464	#N/A	139.49	13.31	#WERT!	69.14%	224.02%	#WERT!	0.85	-31.91%	-8	-7	-35.20%	-26.01%	-30.44%	333.12%	40.21%
15141	29.56	27.29	9.25	2.69	61.32%	158.56%	1.39%	0.94	29.81%	369	640	27.85%	35.77%	34.94%	8.00%	4.04%
599	#N/A	#N/A	6.93	14.99	98.87%	8733.91%	3.24%	0.90	15.53%	15	15	61.78%	65.06%	64.18%	#WERT!	7.09%
28	#N/A	#N/A	1.60	#WERT!	88.96%	666.81%	#WERT!	0.71	-41.74%	-4	-4	-4443.30%	-4184.54%	-5490.83%	-5.68%	37.27%
151	9.24	8.53	1.26	0.04	56.13%	127.96%	2.21%	0.88	14.23%	-2	0	10.16%	10.94%	11.91%	10.23%	-5.74%
862	16.17	14.61	3.30	12.35	84.72%	554.53%	#WERT!	1.05	16.02%	13	21	16.55%	22.96%	14.54%	12.00%	-33.52%

Screening valuation metrics on key financial data, such as free cash flow, P/EBITDA, P/B, return on equity, etc.

Key growth figures, etc.

General Information on Actively Managed Certificates (AMC)

China Tech Innovators

<p>Investment product</p> <p>Actively Managed Certificate</p>	<p>Issuer</p> <p>UBS AG, Zürich</p>	<p>Tradability</p> <p>Daily at current net asset value (NAV)</p>		
<p>Fee structure</p> <table border="0"> <tr> <td data-bbox="456 715 1075 1232"> <p>Institutional class:</p> <p>1.25% management fee 10% performance fee (high water mark)</p> <p>ISIN: CH0432693775 WKN: UX5PLP Valor: 43269377</p> </td> <td data-bbox="1075 715 1656 1232"> <p>Retail class:</p> <p>1,75% Management Fee 10% Performance Fee (high water mark)</p> <p>ISIN: CH0432693692 WKN: UX5GKG Valor: 43269369</p> </td> </tr> </table>		<p>Institutional class:</p> <p>1.25% management fee 10% performance fee (high water mark)</p> <p>ISIN: CH0432693775 WKN: UX5PLP Valor: 43269377</p>	<p>Retail class:</p> <p>1,75% Management Fee 10% Performance Fee (high water mark)</p> <p>ISIN: CH0432693692 WKN: UX5GKG Valor: 43269369</p>	<p>Benefits</p> <p>Diversification in the area of Chinese future technologies; longstanding management expertise in Chinese equities.</p>
<p>Institutional class:</p> <p>1.25% management fee 10% performance fee (high water mark)</p> <p>ISIN: CH0432693775 WKN: UX5PLP Valor: 43269377</p>	<p>Retail class:</p> <p>1,75% Management Fee 10% Performance Fee (high water mark)</p> <p>ISIN: CH0432693692 WKN: UX5GKG Valor: 43269369</p>			

“ The market leader of today isn't necessarily the market leader of tomorrow. ”

Ma Huateng, founder of Tencent





Appendix

Top Holdings in the Portfolio

Name	Country	Market cap	Sectors	PE24e	Equity Ratio as a%	Weighting
Baidu	China	USD 49.9 billion	Search engine Artificial Intelligence Autonomous Driving	14.3	61%	7.4%
China Mobile	China	USD 181.4 billion	Telecommunications 5G	8.8	67%	7.0%
Lenovo	China	USD 13.3 billion	Computer Smartphones Software	7.9	16%	5.2%
Alibaba Group	China	USD 239.4 billion	E-Commerce Fintech	9.5	64%	4.6%
Inspur Electronic Information Industry	China	USD 7.6 billion	Artificial Intelligence Cloud computing Data centers	19.3	43%	3.6%
China Communications Services	China	USD 3.1 billion	5G Telecom infrastructure	5.7	38%	3.3%

* Date: 05.09.2023, Source: Bloomberg

Example 1:

Baidu



Business sectors: Search engine, mapping, streaming, artificial intelligence, autonomous driving.

40'000 employees worldwide and more than 2 billion users around the world.

Enroute to becoming a major global player in artificial intelligence.



- The management team discussed plans to develop artificial intelligence with its investors **back in 2010** – this was **five years before Google** used the term ‘machine learning’ at an investor conference for the first time.
- Artificial intelligence has established itself as the basis for all future strategies; major investments in development of AI platforms, e.g. for **mobile applications** and **IoT**, for **voice recognition (Deep Speech)** and for **autonomous driving (Apollo)**.
- Has filed more than **22,000 patents in the field of artificial intelligence** as of April 2022 (No. 1 worldwide). In particular, the **enormous amounts of data** are proving to be a huge advantage in the development of AI-based services.
- **Apollo** is set to become the ‘**Android**’ of **autonomous driving**, at least in China; efforts are also under way to establish the technology **internationally** (partners: Ford, Hyundai, Daimler, Volkswagen, Volvo, Nvidia, Intel, Microsoft and many more).
- **Clear international pioneer in autonomous driving:** In 2019, Baidu plans to introduce an **autonomous taxi fleet in Changsha**, in 2020 it plans to **commercialize the first autonomous vehicles from mass production** (cooperation with BAIC, BYD and Volvo).

Example 2:

Inspur Electronic Information Industry



Business sector: **Data centre infrastructure**

Specialisation: Artificial Intelligence Servers and Cloud Servers

Clear research focus in the field of artificial intelligence



- Inspur Electronic Information Industry is a provider of **data centre infrastructure, cloud computing and AI solutions** and is one of the top 3 server manufacturers in the world. Inspur is the leader in China.
- AI servers are a particularly high-growth specialisation. They are already responsible for **20%** of server sales.
- Inspur servers repeatedly break **global records** in various categories in performance studies of AI servers for **machine learning** applications.
- With '**Meta-Brain**', Inspur has built a technology ecosystem that is used by the machine learning platforms TensorFlow, PyTorch, MXNet and PaddlePaddle among others.
- With research and development, Inspur has been focusing on **AI computing power, deep learning frameworks, AI algorithms and application optimisation** for four years, with the aim of becoming one of the leading companies in the field of AI.

Example 3:

Kingsoft Corp.



Business sectors: software, cloud, artificial intelligence

Specialization: Office software, gaming software, cloud services and AI-controlled writing assistance

Considered as 'China's Microsoft' with almost 600 million active users.



- One of the largest software companies in China with offerings in the areas of office applications, cloud, entertainment/gaming and cyber security. Kingsoft services are actively used by almost 600 million people.
- Globally known flagship product: The office app **WPS Office** - an alternative to MS Office - has already been installed more than 1.2 billion times worldwide. Kingsoft is therefore often referred to as 'China's Microsoft'. Kingsoft is also the largest independent cloud provider in China.
- 80% of employees, including founder Qiu Bojun and CEO Ge Ke, are programmers.
- The Kingsoft Cloud subsidiary is listed on NASDAQ and the Beijing Kingsoft Office Software subsidiary is listed on the Shanghai Star Stock Exchange. Fun fact: The shares in these two subsidiaries were worth far more in the stock market at the end of 2022 than Kingsoft Corp. itself.
- Kingsoft is seen as a key beneficiary of the ongoing software and technology localization movement in China. 69 of the 120 Chinese Fortune 500 companies (58%) are customers as are in addition, 82 of the 96 most important state-owned companies (SOEs).
- In the field of artificial intelligence, Kingsoft has made a name for itself with its **smart voice assistant**. It also conducts research in the field of generative AI.



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