

China A-share Style Guide

Risk-off continued

We expanded the universes to include all China A shares

In order to capture a better picture of how China's A-share market performs, we now focus on all A-share listed stocks and divide the universe by company market cap, ownership, and industry. We also include a variety of investable universes, such as MSCI China A, northbound HK-mainland connects, Shanghai and Shenzhen A shares.

What's the investing environment?

Pair-wise correlations remained historically low last month, while cross-sectional volatility rose. The low level of co-movement and high level of dispersion indicate the market is driven by stock-specific information and provides a wider spread of returns.

What's inexpensive?

By the end of April, the aggregated forecast PE for all A shares and the MSCI China A index was 13.98x and 15.5x respectively. The valuation for small caps is currently 2.5 times that of large caps on average. Since 2016, the valuation gaps between small versus large caps, new versus old economies, Shenzhen versus Shanghai markets, as well as SOEs versus non-SOEs have been narrowing.

What's working?

The rally in High Value and Low Risk continued last month. Value styles such as High Earnings Yield and EBIT/EV, together with three Low Volatility factors are the top five performers. Under the risk-off mode, Small Cap and Price Reversal continued to underperform. Stocks with High Forecast Earnings Growth also suffered a loss.

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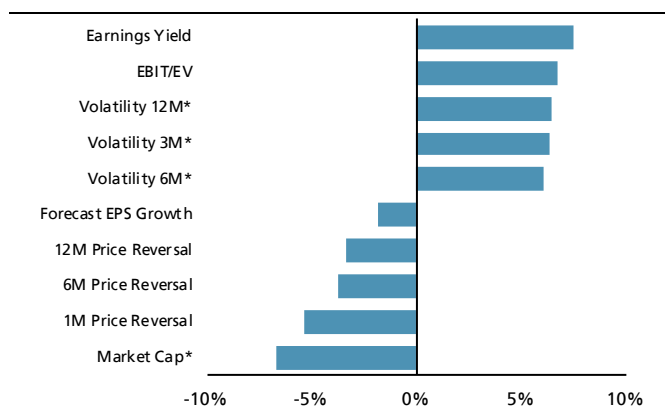
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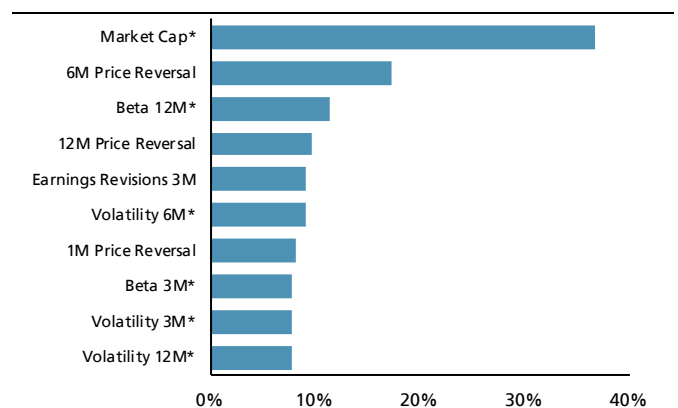
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Figure 1: Top/bottom 5 factors last month – all A shares



Note: Data as of 28 Apr 2017. Style performance is calculated as the difference between high and low baskets, or low minus high if marked by an asterisk.
Source: FactSet, Wind, UBS Quantitative Research

Figure 2: Top 10 factors past five years – all A shares



Note: Data as of 28 Apr 2017. Style performance is calculated as the difference between high and low baskets, or low minus high if marked by an asterisk.
Source: FactSet, Wind, UBS Quantitative Research

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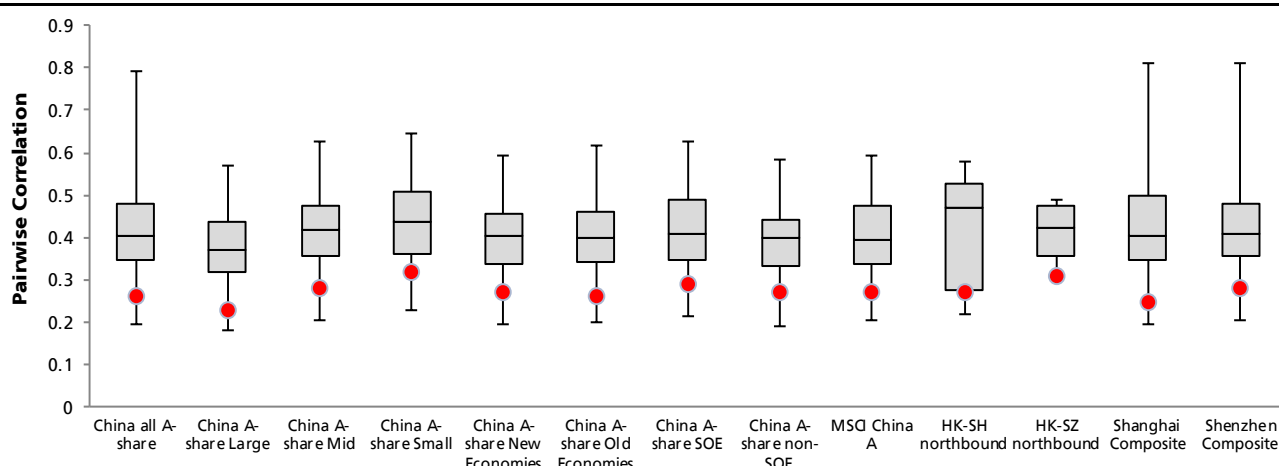
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Market Overview

What's the investing environment?

To gauge to what extent broad market indicators, as opposed to stock specifics, are moving the markets we look at the average pair-wise correlation between stocks, over different universes, calculated using a rolling 12 months of weekly returns. Box plot reports summary statistics of time series since 1995 for all A-share universes, and since 2006 in MSCI China A. When pairwise correlations are high, it indicates that stock prices co-move in the same direction.

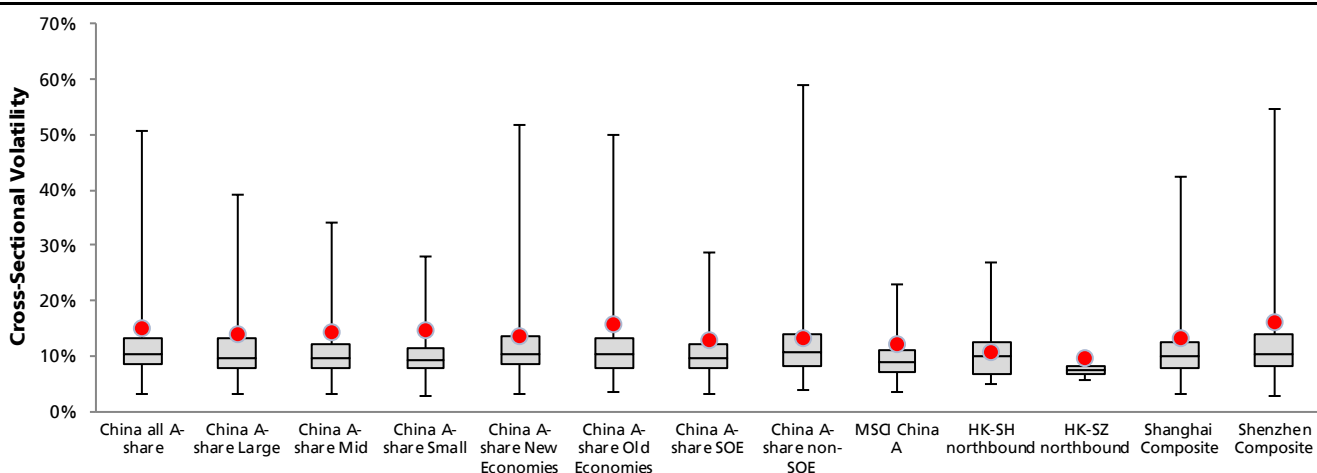
Figure 3: Average pair-wise correlations in the A-share markets



Note: Data as of 28 Apr 2017. Box plot displays summary statistics of the maximum, Q3, median, Q1, and the minimum. Latest levels are marked in red dots.
Source: FactSet, MSCI, Wind, UBS Quantitative Research

We also consider cross-sectional volatility as a measure of market breadth and dispersion – when cross-sectional volatility is high a broad spread of returns are available and stock pickers may do well. We measure this using daily returns.

Figure 4: China A-share markets' cross-sectional volatility

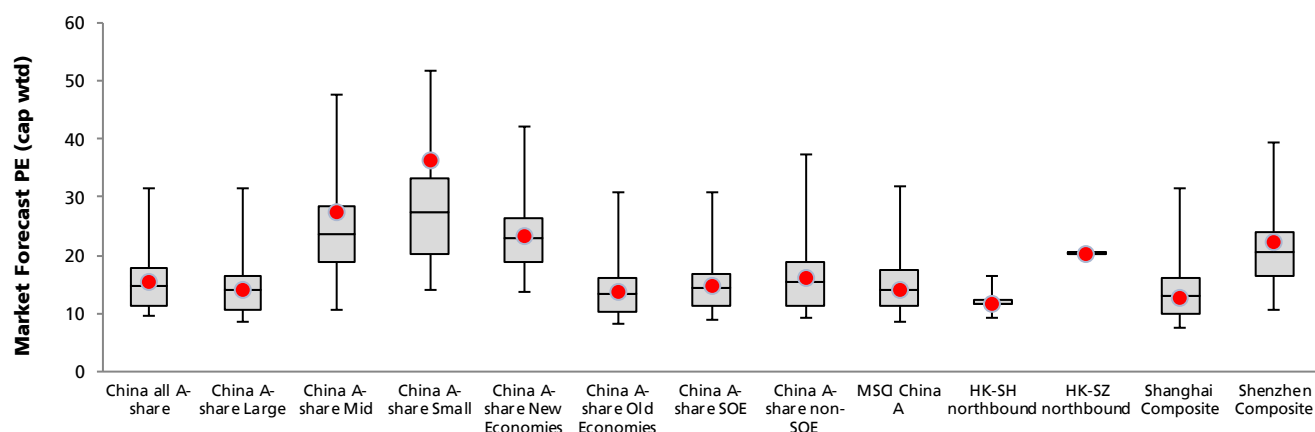


Note: Data as of 28 Apr 2017. Box plot displays summary statistics of the maximum, Q3, median, Q1, and the minimum. Latest levels are marked in red dots.
Source: FactSet, MSCI, Wind, UBS Quantitative Research

What's inexpensive?

In these charts we show valuation (using forecast PE) in different universes, styles, and sectors. Sorting by market capitalisation, we divide the all China A shares into three universes, large caps (LRG), medium caps (MID) and small caps (SML). By company sector and ownership, China A shares are sorted into old versus new economies¹, SOEs versus non-SOEs. We also report valuation in Hong Kong-mainland northbound, Shanghai, Shenzhen A shares and the MSCI China A.

Figure 5: Market forecast PE in different universes

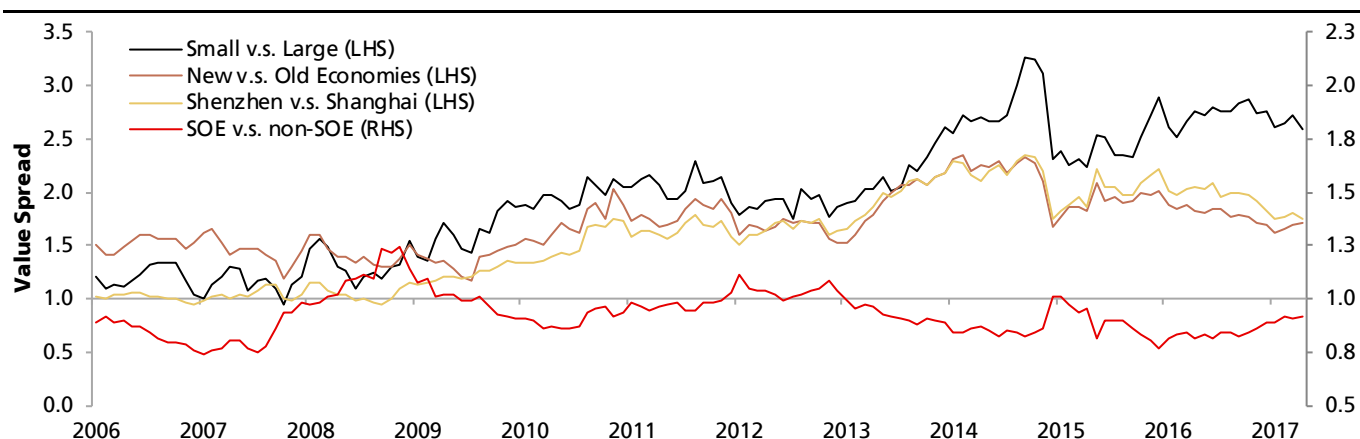


Note: Data as of 28 Apr 2017. Box plot displays summary statistics of the maximum, Q3, median, Q1, and the minimum. Latest levels are marked in red dots.
Source: FactSet, MSCI, Wind, UBS Quantitative Research

To document valuation gap over time, we compare small versus large caps, new versus old economies, Shenzhen versus Shanghai, and SOEs versus non-SOEs. Value spread is calculated as aggregated PE in one basket, divided by that in another basket. For instance, the value spread between SOEs versus non-SOEs is calculated as the aggregated PE of the SOEs basket divided by the aggregated PE of the non-SOEs basket.

¹ For old and new economies, we use the classification provided by the UBS-S China Strategy team. For detail, see our 16 April 2014 China H-Share note, [Quantifying new vs. old economy sectors](#).

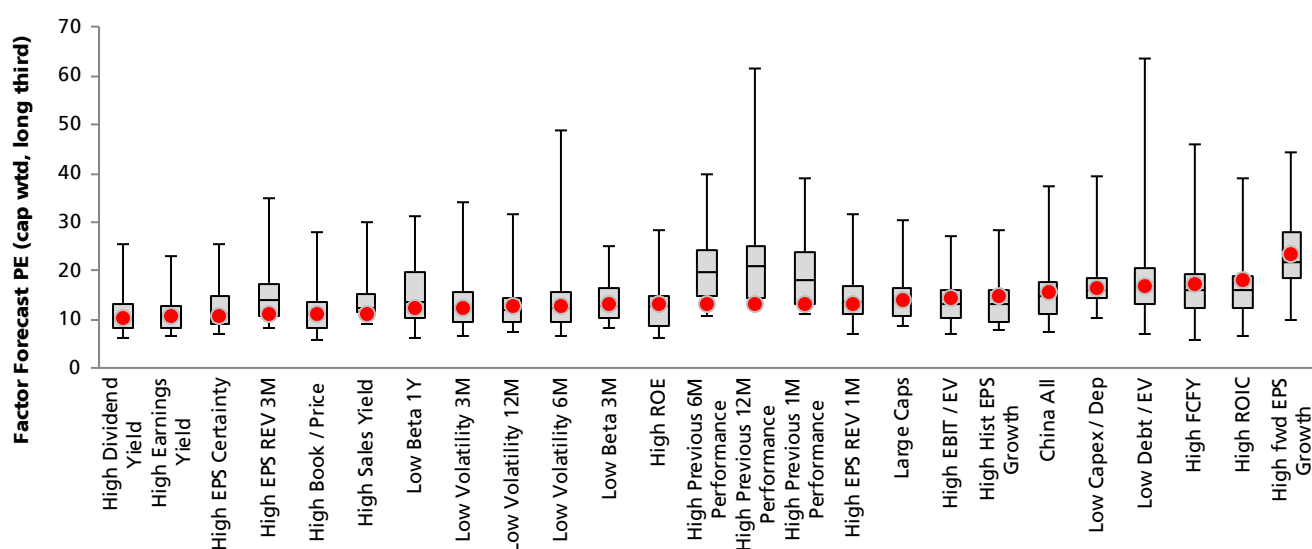
Figure 6: Value spread in different universes (China A-share universe)



Note: Data as of 28 Apr 2017. Value spread is reflected by the gap between aggregated forecast PEs in relevant universes.
Source: FactSet, Wind, UBS Quantitative Research

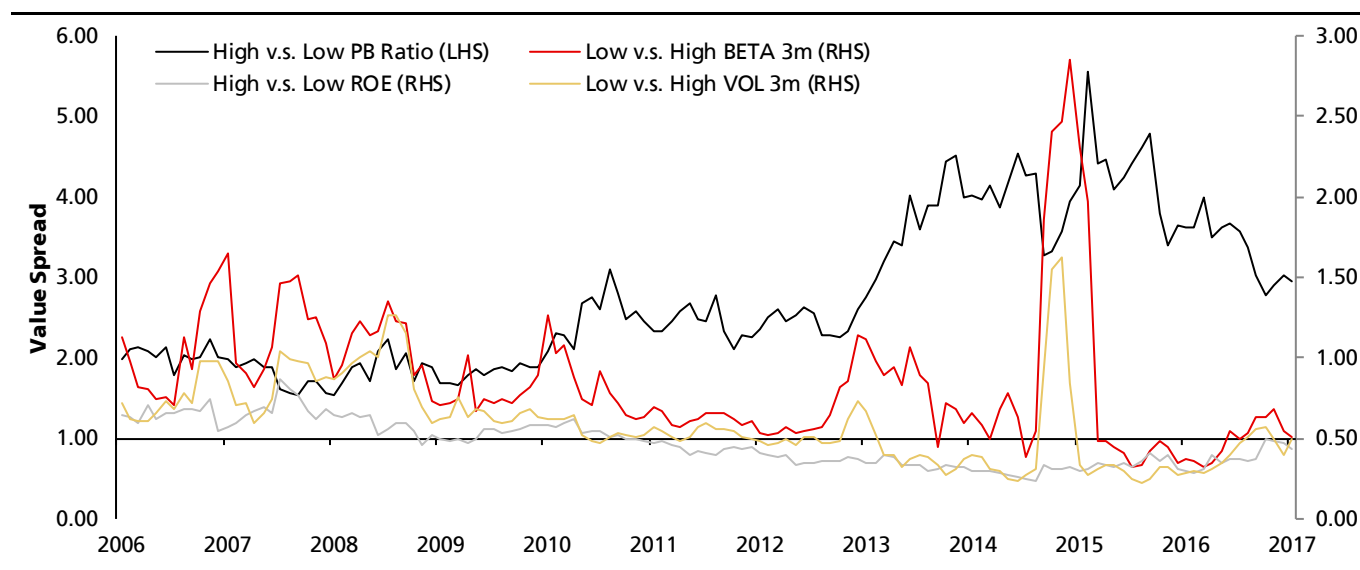
For valuation in different style baskets, the statistics are based on cap-weighted thirds. Value spread is reflected by the aggregated forecast PE in the High basket, divided by that in the Low basket (Low divided by High if marked in legend).

Figure 7: Market forecast PE in different styles (China A-share universe)



Note: Data as of 28 Apr 2017. Box plot displays summary statistics of the maximum, Q3, median, Q1, and the minimum. Latest levels are marked in red dots.
Source: FactSet, MSCI, Wind, UBS Quantitative Research

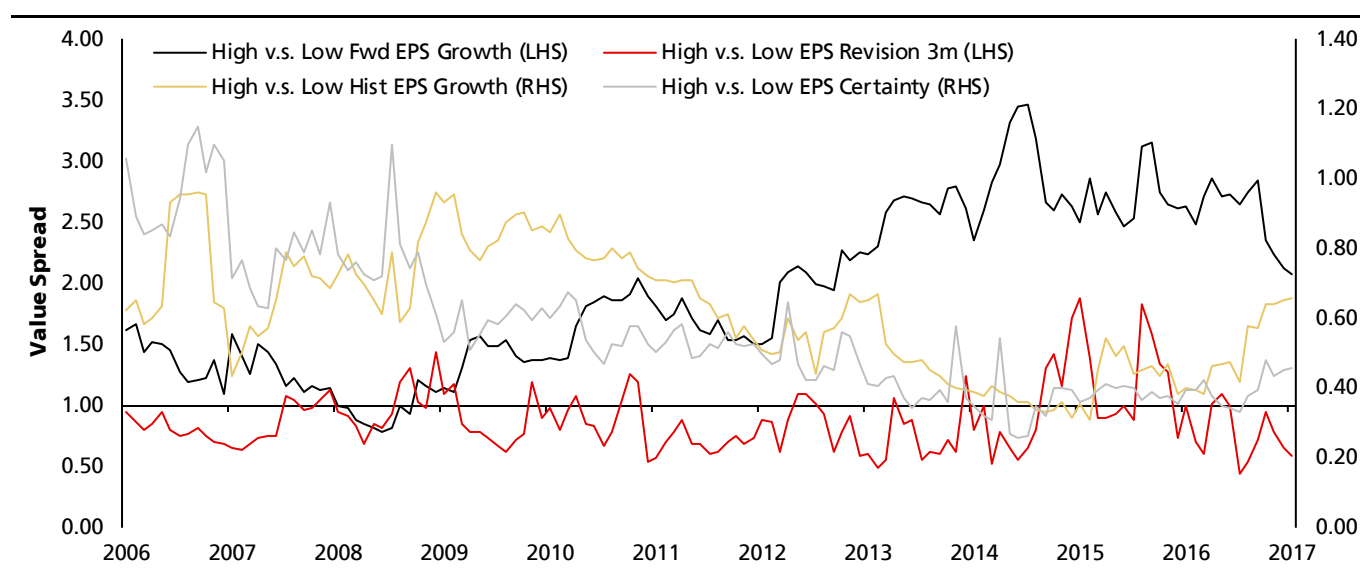
Figure 8: Value spread in different styles (China A-share universe)



Note: Data as of 28 Apr 2017. Value spread is reflected by the gap between aggregated forecast PEs in relevant universes.

Source: FactSet, Wind, UBS Quantitative Research

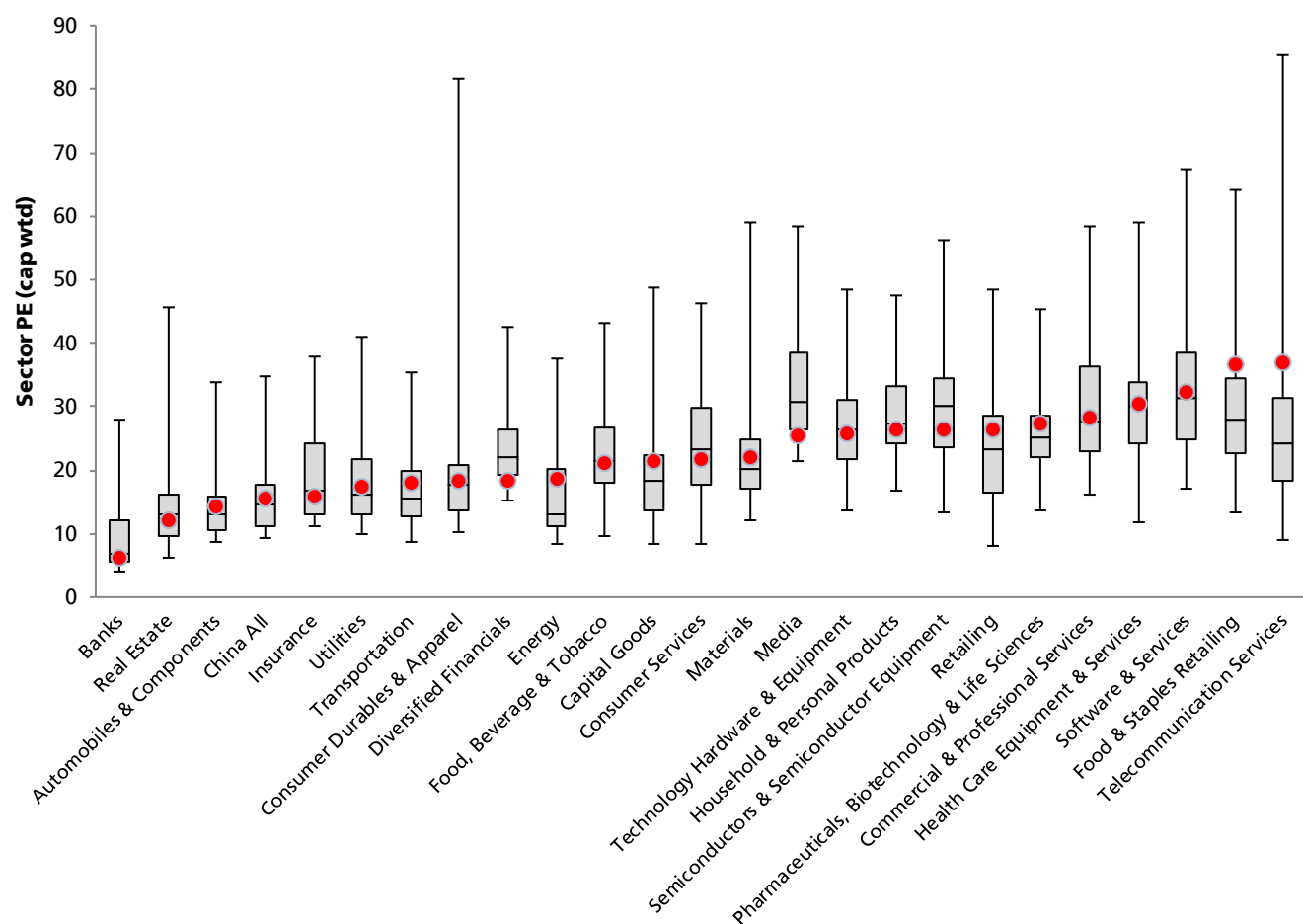
Figure 9: Value spread in different styles (China A-share universe)



Note: Data as of 28 Apr 2017. Value spread is reflected by the gap between aggregated forecast PEs in relevant universes.

Source: FactSet, Wind, UBS Quantitative Research

Figure 10: Market forecast PE in different sectors (China A-share universe)



Note: Data as of 28 Apr 2017. Box plot displays summary statistics of the maximum, Q3, median, Q1, and the minimum. Latest levels are marked in red dots.
Source: FactSet, MSCI, Wind, UBS Quantitative Research

Style Performance

Style performance in all China A shares

Figure 11: Summary of factor performance (high/low portfolio relative to benchmark)

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	2.5%	3.1%	7.3%	5.8%	9.2%	3.9%	0.7%
	High Dividend Yield	2.7%	2.2%	7.6%	5.6%	8.5%	1.5%	-0.8%
	High Book/Price	1.9%	0.4%	6.8%	3.8%	7.2%	2.8%	0.3%
	High FCF Yield	2.2%	3.4%	3.7%	4.0%	4.7%	5.4%	2.5%
	High EBIT/EV	4.5%	3.7%	11.3%	7.5%	12.5%	2.0%	-2.9%
	High Sales Yield	1.4%	0.1%	6.0%	3.2%	6.2%	2.6%	-0.5%
Value - Low	Low Earnings Yield	-5.0%	-7.0%	-9.1%	-7.7%	-14.5%	-10.4%	-4.6%
	Low Dividend Yield	-2.1%	-2.7%	-9.2%	-5.7%	-14.6%	-8.8%	-2.1%
	Low Book/Price	-1.0%	-1.0%	-9.3%	-3.6%	-12.9%	-11.3%	-4.6%
	Low FCF Yield	-0.5%	-1.5%	-2.3%	-2.8%	-4.6%	-7.1%	-3.0%
	Low EBIT/EV	-2.2%	-4.8%	-4.6%	-4.2%	-6.0%	-4.6%	-2.5%
	Low Sales Yield	-2.4%	-3.1%	-11.6%	-7.2%	-14.2%	-5.3%	-0.1%
Quality - High	High ROE	2.3%	3.9%	2.6%	4.4%	2.9%	-2.4%	-1.5%
	High ROIC	2.1%	3.9%	1.4%	2.9%	2.2%	-1.8%	-1.5%
	Low Capex / Depreciation	0.6%	-0.5%	-2.9%	-1.1%	-3.7%	-0.7%	1.9%
	Low Debt / Equity	1.2%	1.6%	6.1%	3.1%	3.5%	4.9%	-0.1%
Quality - Low	Low ROE	-0.2%	-3.3%	1.8%	-1.1%	0.2%	-0.5%	-1.6%
	Low ROIC	-2.3%	-5.5%	-3.2%	-4.8%	-4.3%	3.2%	3.3%
	High Capex / Depreciation	-1.2%	-1.7%	-0.4%	-1.5%	0.4%	3.3%	1.8%
	High Debt / Equity	1.4%	-0.4%	4.1%	2.2%	3.2%	-6.2%	-4.6%
Earnings Momentum - High	High Earnings Revisions 1M	2.9%	2.9%	5.2%	4.8%	4.5%	3.1%	1.2%
Earnings Momentum - Low	Low Earnings Revisions 3M	1.8%	1.1%	3.4%	3.6%	4.8%	5.2%	3.4%
Earnings Momentum - High	Low Earnings Revisions 1M	0.6%	0.0%	-0.4%	0.5%	-1.1%	-5.4%	-4.0%
Earnings Momentum - Low	Low Earnings Revisions 3M	0.5%	-1.1%	-2.5%	-1.4%	-1.8%	-9.9%	-5.7%
Price Reversal - High	Low Previous 1M Performance	-3.4%	-2.2%	-6.3%	-3.6%	-1.8%	3.5%	3.3%
	Low Previous 6M Performance	-2.4%	-4.3%	-7.7%	-7.5%	-6.6%	14.4%	9.7%
	Low Previous 12M Performance	-2.2%	-4.8%	-6.9%	-7.0%	-6.3%	8.9%	2.7%
Price Reversal - Low	High Previous 1M Performance	1.9%	1.0%	0.6%	0.9%	-8.8%	-9.1%	-4.9%
	High Previous 6M Performance	1.3%	0.3%	-0.1%	1.6%	-4.2%	-13.7%	-7.6%
	High Previous 12M Performance	1.2%	2.4%	3.5%	4.2%	0.4%	-14.2%	-6.9%
Growth - High	High Forecast EPS Growth	-0.4%	-2.6%	-5.2%	-3.3%	-4.4%	1.8%	2.7%
	High Historical EPS Growth	2.0%	2.0%	1.6%	2.2%	1.6%	-0.8%	-1.7%
Growth - Low	Low Forecast EPS Growth	1.4%	1.1%	4.1%	2.8%	3.6%	-2.6%	-3.8%
	Low Historical EPS Growth	0.0%	-2.6%	2.1%	0.1%	1.8%	1.6%	-1.8%
Size	Small Caps	-5.2%	-3.4%	-1.9%	-6.6%	11.7%	37.7%	32.4%
	Large Caps	1.4%	1.4%	2.4%	2.5%	0.1%	-4.8%	-4.2%
Risk - Low	Low Beta 3M	0.8%	-0.3%	1.6%	0.8%	0.9%	7.0%	4.3%
	Low Beta 12M	1.4%	1.2%	3.5%	3.1%	2.9%	8.8%	6.5%
	High Earnings Certainty	2.1%	3.3%	5.3%	5.3%	7.3%	0.1%	-0.3%
	Low Volatility 3M	1.8%	0.9%	4.7%	3.1%	6.2%	5.7%	2.9%
	Low Volatility 6M	2.0%	1.1%	6.6%	3.6%	7.1%	8.6%	4.6%
	Low Volatility 12M	2.4%	1.7%	7.0%	4.3%	7.5%	3.5%	1.4%
Risk - High	High Beta 3M	-3.1%	-3.4%	-7.6%	-4.4%	-8.7%	-3.2%	-3.5%
	High Beta 12M	-2.4%	-3.3%	-9.0%	-6.8%	-10.1%	-3.9%	-5.0%
	Low Earnings Certainty	-0.3%	-2.8%	-0.8%	-1.2%	-3.0%	-5.6%	-6.2%
	High Volatility 3M	-4.5%	-5.6%	-12.6%	-8.7%	-16.9%	-9.1%	-4.8%
	High Volatility 6M	-4.0%	-3.6%	-11.7%	-6.5%	-14.5%	-9.3%	-4.5%
	High Volatility 12M	-4.0%	-4.3%	-12.3%	-7.7%	-16.6%	-11.9%	-6.3%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Style performance for different size bands

Figure 12: Factor performance summary – large caps (China A shares)

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	1.1%	1.5%	5.8%	4.0%	9.3%	7.2%	3.8%
	High Dividend Yield	1.6%	1.6%	6.9%	4.3%	9.9%	6.4%	3.6%
	High Book/Price	1.1%	-0.6%	6.1%	2.4%	8.1%	6.1%	3.4%
	High FCF Yield	2.0%	3.2%	2.6%	3.5%	3.3%	5.6%	2.5%
	High EBIT/EV	3.1%	4.6%	11.6%	7.1%	15.0%	5.9%	0.8%
	High Sales Yield	1.0%	-0.5%	6.0%	2.5%	7.2%	6.9%	2.2%
Value - Low	Low Earnings Yield	-3.2%	-4.8%	-7.9%	-6.2%	-14.8%	-11.8%	-5.6%
	Low Dividend Yield	-1.8%	-2.0%	-5.1%	-3.0%	-10.5%	-7.1%	-0.8%
	Low Book/Price	-0.6%	0.4%	-8.0%	-2.4%	-12.9%	-12.7%	-5.0%
	Low FCF Yield	-0.3%	-1.1%	-1.5%	-2.3%	-3.3%	-7.9%	-3.5%
	Low EBIT/EV	-2.4%	-4.2%	-5.4%	-5.0%	-9.9%	-4.6%	-1.9%
	Low Sales Yield	-1.0%	-0.5%	-9.6%	-4.5%	-12.7%	-6.4%	-1.4%
Quality - High	High ROE	1.9%	5.1%	3.1%	4.7%	4.8%	1.0%	1.5%
	High ROIC	1.8%	4.3%	2.0%	3.2%	4.7%	-1.7%	-0.8%
	Low Capex / Depreciation	0.5%	-0.6%	-3.8%	-1.7%	-5.0%	-1.2%	1.2%
	Low Debt / Equity	0.8%	1.0%	4.7%	2.2%	2.9%	7.0%	1.3%
Quality - Low	Low ROE	-0.2%	-2.7%	1.9%	-0.7%	1.4%	1.6%	-0.4%
	Low ROIC	-1.7%	-5.1%	-3.0%	-4.2%	-6.4%	-0.4%	-0.6%
	High Capex / Depreciation	0.0%	-1.0%	1.4%	0.2%	0.3%	1.3%	0.0%
	High Debt / Equity	1.8%	0.2%	5.5%	2.7%	5.9%	-3.0%	-2.6%
Earnings	High Earnings Revisions 1M	2.1%	1.8%	4.2%	3.3%	4.8%	6.1%	3.1%
Momentum - High	High Earnings Revisions 3M	0.9%	0.2%	2.5%	2.3%	4.9%	8.4%	6.2%
Earnings	Low Earnings Revisions 1M	-0.2%	-0.9%	-1.3%	-0.8%	-0.9%	-3.3%	-2.2%
Momentum - Low	Low Earnings Revisions 3M	0.2%	-0.9%	-2.2%	-1.6%	-0.8%	-6.7%	-3.4%
Price Reversal - High	Low Previous 1M Performance	-2.5%	-1.7%	-6.5%	-2.6%	-3.0%	2.2%	1.3%
	Low Previous 6M Performance	-2.5%	-4.4%	-8.1%	-8.0%	-6.9%	9.2%	6.1%
	Low Previous 12M Performance	-1.9%	-4.7%	-6.9%	-7.6%	-6.3%	8.3%	1.7%
Price Reversal - Low	High Previous 1M Performance	2.0%	1.3%	1.4%	1.8%	-5.6%	-7.8%	-3.2%
	High Previous 6M Performance	1.2%	0.0%	0.3%	1.9%	-2.3%	-11.1%	-5.7%
	High Previous 12M Performance	1.0%	2.9%	4.5%	4.8%	2.7%	-12.0%	-4.7%
Growth - High	High Forecast EPS Growth	-1.2%	-3.9%	-5.1%	-3.4%	-5.1%	-1.0%	0.5%
	High Historical EPS Growth	2.2%	3.6%	2.3%	3.0%	4.8%	2.6%	1.8%
Growth - Low	Low Forecast EPS Growth	0.3%	-0.1%	2.8%	1.1%	3.7%	0.7%	-1.1%
	Low Historical EPS Growth	0.1%	-2.4%	2.3%	0.1%	1.8%	-2.2%	-3.2%
Size	Small Caps	-3.8%	-3.3%	-10.2%	-7.2%	-7.9%	7.1%	9.9%
	Large Caps	0.7%	0.3%	2.9%	1.8%	3.2%	-0.7%	-1.5%
Risk - Low	Low Beta 3M	0.6%	-0.3%	0.8%	0.1%	1.6%	7.1%	4.9%
	Low Beta 12M	1.2%	0.9%	3.4%	2.8%	4.6%	9.0%	7.0%
	High Earnings Certainty	1.2%	2.5%	4.3%	3.9%	7.6%	2.7%	1.9%
	Low Volatility 3M	0.7%	-0.6%	3.8%	1.4%	6.4%	8.5%	5.5%
	Low Volatility 6M	1.2%	0.0%	5.7%	2.2%	8.3%	9.1%	5.9%
	Low Volatility 12M	1.6%	0.7%	6.4%	3.2%	8.6%	6.3%	4.0%
Risk - High	High Beta 3M	-1.6%	-1.2%	-3.8%	-2.1%	-5.5%	-2.0%	-2.6%
	High Beta 12M	-1.6%	-2.2%	-7.5%	-5.5%	-10.6%	-4.1%	-5.4%
	Low Earnings Certainty	-0.6%	-3.4%	-1.7%	-2.0%	-3.9%	-4.1%	-5.2%
	High Volatility 3M	-2.2%	-2.2%	-9.1%	-4.6%	-15.7%	-10.3%	-6.0%
	High Volatility 6M	-2.6%	-2.0%	-11.6%	-5.1%	-16.4%	-12.7%	-8.0%
	High Volatility 12M	-3.4%	-2.4%	-12.7%	-6.8%	-17.6%	-15.4%	-9.5%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Figure 13: Factor performance summary – small caps (China A shares)

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	6.0%	3.5%	4.2%	5.0%	16.1%	23.6%	16.2%
	High Dividend Yield	3.3%	-0.4%	-3.6%	1.5%	-5.0%	6.5%	7.6%
	High Book/Price	2.1%	-0.7%	2.4%	1.6%	3.8%	9.1%	6.5%
	High FCF Yield	1.2%	-1.4%	-3.0%	-0.8%	-7.5%	-4.4%	-3.8%
	High EBIT/EV	3.2%	1.1%	3.3%	2.8%	0.6%	-3.7%	-5.2%
	High Sales Yield	0.7%	-2.2%	-0.3%	-0.3%	-3.7%	-7.1%	-7.2%
Value - Low	Low Earnings Yield	-2.1%	-6.3%	-11.1%	-6.6%	-14.9%	-7.1%	-2.1%
	Low Dividend Yield	1.3%	-4.0%	-9.5%	-4.6%	-8.7%	1.4%	4.6%
	Low Book/Price	-0.2%	-3.2%	-9.7%	-4.1%	-2.9%	2.6%	7.8%
	Low FCF Yield	0.5%	-2.6%	-3.0%	-3.6%	-7.3%	-8.7%	-5.1%
	Low EBIT/EV	-0.3%	-2.2%	-0.3%	0.1%	-7.0%	-11.6%	-7.5%
	Low Sales Yield	-1.3%	-5.4%	-10.3%	-8.1%	-16.5%	-8.6%	-3.2%
Quality - High	High ROE	3.9%	1.0%	-2.8%	-0.3%	12.3%	21.5%	17.7%
	High ROIC	-0.5%	-1.9%	-7.4%	-4.6%	-9.6%	-5.8%	-3.5%
	Low Capex / Depreciation	0.1%	-2.5%	-7.9%	-3.6%	-12.4%	-5.4%	-1.0%
	Low Debt / Equity	2.3%	1.3%	5.3%	3.7%	-3.0%	-9.7%	-9.4%
Quality - Low	Low ROE	-0.8%	-3.9%	-4.4%	-2.8%	-11.3%	-7.0%	-4.6%
	Low ROIC	-0.8%	-5.5%	-5.1%	-4.9%	-11.7%	-8.8%	-5.4%
	High Capex / Depreciation	-1.0%	-5.7%	-4.7%	-6.1%	-11.6%	-11.6%	-9.1%
	High Debt / Equity	-1.4%	-0.7%	-2.6%	-0.5%	-9.4%	-11.8%	-6.3%
Earnings	High Earnings Revisions 1M	2.6%	2.4%	0.9%	3.0%	0.9%	5.6%	10.0%
Momentum - High	High Earnings Revisions 3M	2.2%	0.2%	-3.3%	0.3%	-4.0%	7.9%	11.1%
Earnings	Low Earnings Revisions 1M	2.2%	-1.0%	-7.0%	-0.3%	-11.1%	-5.3%	0.7%
Momentum - Low	Low Earnings Revisions 3M	4.6%	1.8%	-3.3%	1.8%	-9.5%	-11.5%	-5.9%
Price Reversal - High	Low Previous 1M Performance	-2.0%	-3.4%	-9.3%	-6.2%	-11.6%	7.9%	8.4%
	Low Previous 6M Performance	-0.9%	-3.2%	-6.7%	-4.3%	-6.1%	9.7%	6.1%
	Low Previous 12M Performance	-1.6%	-5.5%	-7.3%	-5.0%	-8.5%	6.4%	3.9%
Price Reversal - Low	High Previous 1M Performance	0.4%	-2.2%	-5.0%	-2.6%	-12.7%	-14.2%	-10.7%
	High Previous 6M Performance	-0.9%	-4.9%	-6.5%	-4.8%	-19.6%	-18.6%	-10.8%
	High Previous 12M Performance	0.2%	-3.4%	-5.6%	-4.4%	-16.1%	-18.3%	-10.0%
Growth - High	High Forecast EPS Growth	2.1%	-0.9%	-2.1%	-0.6%	-6.0%	1.6%	6.7%
	High Historical EPS Growth	-0.5%	-2.4%	-4.4%	-2.0%	-10.8%	-10.9%	-9.3%
Growth - Low	Low Forecast EPS Growth	-1.2%	-3.7%	-7.0%	-3.9%	-13.1%	-12.8%	-8.8%
	Low Historical EPS Growth	1.5%	-3.0%	-2.2%	-2.3%	-9.5%	-13.9%	-9.6%
Size	Small Caps	-0.2%	4.2%	13.5%	5.7%	27.8%	37.6%	28.0%
	Large Caps	0.2%	-1.6%	-6.7%	-2.4%	-12.7%	-18.2%	-13.3%
Risk - Low	Low Beta 3M	-0.4%	-2.5%	-2.8%	-2.5%	-4.4%	6.3%	5.1%
	Low Beta 12M	-0.8%	-2.3%	-4.2%	-2.7%	-7.2%	2.3%	3.5%
	High Earnings Certainty	6.6%	4.4%	1.2%	5.6%	14.7%	26.9%	23.8%
	Low Volatility 3M	2.1%	-0.5%	-1.3%	0.5%	-2.0%	-1.2%	-0.1%
	Low Volatility 6M	2.4%	-0.2%	1.4%	0.7%	-1.4%	1.5%	0.9%
	Low Volatility 12M	1.9%	0.3%	2.6%	1.4%	-2.3%	2.8%	1.9%
Risk - High	High Beta 3M	-0.8%	-3.1%	-9.1%	-5.4%	-12.7%	-10.7%	-5.4%
	High Beta 12M	-0.9%	-4.3%	-9.3%	-6.4%	-14.8%	-8.6%	-5.3%
	Low Earnings Certainty	0.4%	-3.4%	-4.7%	-1.8%	-6.7%	5.4%	7.9%
	High Volatility 3M	-3.0%	-5.7%	-11.2%	-8.6%	-17.3%	-10.0%	-6.2%
	High Volatility 6M	-2.7%	-5.9%	-11.9%	-8.2%	-19.0%	-12.0%	-6.4%
	High Volatility 12M	-1.6%	-5.6%	-10.0%	-6.4%	-18.0%	-11.6%	-5.8%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Style performance for new versus old economies

Figure 14: Factor performance summary – new economies (China A shares)

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	4.1%	6.1%	11.4%	9.4%	15.4%	5.8%	-0.4%
	High Dividend Yield	3.5%	5.0%	11.8%	9.0%	15.5%	1.4%	-4.9%
	High Book/Price	1.8%	1.4%	7.2%	4.6%	12.1%	8.6%	5.0%
	High FCF Yield	3.2%	3.2%	5.3%	5.2%	6.1%	3.4%	2.1%
	High EBIT/EV	7.7%	8.1%	13.5%	11.9%	21.2%	5.2%	0.0%
	High Sales Yield	1.5%	0.1%	3.9%	2.3%	5.1%	0.9%	0.2%
Value - Low	Low Earnings Yield	-5.7%	-9.9%	-16.3%	-12.9%	-23.5%	-8.8%	-2.0%
	Low Dividend Yield	-2.4%	-3.2%	-8.5%	-6.2%	-17.2%	-10.8%	-1.3%
	Low Book/Price	0.6%	0.7%	-5.8%	-1.1%	-13.0%	-10.9%	-7.5%
	Low FCF Yield	-0.7%	-2.1%	-4.2%	-3.1%	-6.5%	-3.9%	0.2%
	Low EBIT/EV	-2.1%	-5.7%	-7.2%	-4.0%	-16.7%	-11.8%	-3.3%
	Low Sales Yield	-0.6%	-2.7%	-7.5%	-5.0%	-12.1%	-6.8%	-3.1%
Quality - High	High ROE	3.7%	5.7%	7.2%	7.3%	6.1%	-1.8%	-2.5%
	High ROIC	2.6%	3.4%	5.5%	4.6%	6.5%	-3.3%	-3.5%
	Low Capex / Depreciation	1.7%	0.6%	-2.0%	0.2%	-5.7%	-4.4%	-3.1%
	Low Debt / Equity	-2.4%	-2.1%	-3.6%	-2.8%	-7.7%	-3.7%	-1.7%
Quality - Low	Low ROE	-3.2%	-5.6%	-4.4%	-5.5%	-5.4%	-0.7%	2.6%
	Low ROIC	-4.3%	-8.6%	-8.4%	-8.5%	-11.2%	0.2%	2.4%
	High Capex / Depreciation	-0.2%	-0.9%	-0.7%	-1.6%	-2.3%	0.3%	-1.2%
	High Debt / Equity	1.5%	3.6%	8.1%	7.0%	11.9%	-1.5%	-2.0%
Earnings	High Earnings Revisions 1M	4.4%	5.5%	8.7%	8.1%	8.1%	2.3%	1.4%
Momentum - High	High Earnings Revisions 3M	1.3%	4.6%	8.5%	6.7%	10.0%	5.5%	3.3%
Earnings	Low Earnings Revisions 1M	1.2%	2.2%	1.6%	1.9%	-1.1%	-4.8%	-5.3%
Momentum - Low	Low Earnings Revisions 3M	0.6%	-0.8%	-1.9%	0.0%	-4.2%	-8.2%	-5.2%
Price Reversal - High	Low Previous 1M Performance	-3.8%	-3.6%	-9.5%	-5.9%	-2.9%	10.4%	5.9%
	Low Previous 6M Performance	-2.2%	-6.6%	-10.3%	-8.6%	-10.4%	7.1%	0.7%
	Low Previous 12M Performance	-2.2%	-6.2%	-9.5%	-7.6%	-7.0%	4.4%	0.3%
Price Reversal - Low	High Previous 1M Performance	2.5%	1.7%	1.2%	2.0%	-9.0%	-12.2%	-7.8%
	High Previous 6M Performance	3.1%	5.3%	7.4%	7.2%	5.2%	-9.8%	-3.9%
	High Previous 12M Performance	2.9%	5.0%	8.0%	6.8%	4.7%	-8.4%	-3.6%
Growth - High	High Forecast EPS Growth	-0.3%	-1.9%	-4.5%	-2.5%	-7.8%	2.8%	4.9%
	High Historical EPS Growth	3.9%	4.3%	5.1%	5.7%	3.5%	-6.3%	-8.6%
Growth - Low	Low Forecast EPS Growth	2.1%	2.8%	7.0%	5.1%	9.4%	-2.4%	-4.0%
	Low Historical EPS Growth	-2.1%	-4.1%	-2.5%	-2.6%	-1.4%	2.9%	0.5%
Size	Small Caps	-6.5%	-5.2%	-0.9%	-6.4%	13.5%	40.3%	32.1%
	Large Caps	2.2%	2.8%	3.0%	3.5%	0.2%	-7.9%	-6.5%
Risk - Low	Low Beta 3M	1.0%	2.1%	4.4%	3.6%	4.3%	1.5%	-0.5%
	Low Beta 12M	2.6%	4.2%	7.6%	6.7%	7.8%	2.8%	1.3%
	High Earnings Certainty	3.2%	5.6%	10.3%	8.6%	14.7%	2.1%	0.4%
	Low Volatility 3M	2.7%	4.0%	9.1%	6.8%	11.9%	2.8%	1.3%
	Low Volatility 6M	3.0%	3.8%	9.7%	7.1%	11.7%	0.7%	-0.7%
	Low Volatility 12M	3.7%	4.8%	10.4%	8.1%	11.7%	-1.9%	-2.2%
Risk - High	High Beta 3M	-3.7%	-5.9%	-13.5%	-9.1%	-16.0%	-3.9%	-2.1%
	High Beta 12M	-3.3%	-7.6%	-13.4%	-11.1%	-16.1%	-3.5%	-3.1%
	Low Earnings Certainty	-0.4%	-1.5%	-3.0%	-1.2%	-10.4%	-2.6%	0.1%
	High Volatility 3M	-4.3%	-6.7%	-15.5%	-10.8%	-20.8%	-4.5%	-4.0%
	High Volatility 6M	-4.6%	-7.0%	-14.0%	-11.0%	-20.0%	-2.8%	-1.3%
	High Volatility 12M	-3.9%	-6.8%	-14.1%	-10.2%	-20.6%	-0.9%	0.0%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Figure 15: Factor performance summary – old economies (China A shares)

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	2.2%	2.8%	5.6%	5.0%	7.1%	3.0%	1.5%
	High Dividend Yield	2.5%	1.4%	5.7%	4.2%	6.4%	1.5%	0.8%
	High Book/Price	2.2%	0.9%	6.5%	3.9%	6.9%	2.6%	1.4%
	High FCF Yield	1.6%	3.1%	1.6%	3.1%	2.7%	6.7%	3.0%
	High EBIT/EV	3.9%	3.1%	10.0%	6.3%	9.7%	0.3%	-2.8%
	High Sales Yield	1.8%	0.7%	6.2%	3.5%	6.2%	4.8%	0.7%
Value - Low	Low Earnings Yield	-4.8%	-5.6%	-5.8%	-5.4%	-10.1%	-11.4%	-7.5%
	Low Dividend Yield	-2.0%	-3.1%	-3.7%	-2.6%	-8.5%	-6.2%	-3.9%
	Low Book/Price	-2.8%	-2.7%	-11.2%	-5.5%	-13.7%	-14.1%	-7.7%
	Low FCF Yield	-0.4%	-1.5%	-1.5%	-2.8%	-3.6%	-7.9%	-3.8%
	Low EBIT/EV	-2.1%	-4.1%	-4.5%	-4.4%	-4.1%	-3.0%	-4.2%
	Low Sales Yield	-3.1%	-3.2%	-12.4%	-7.5%	-13.9%	-5.3%	-0.5%
Quality - High	High ROE	1.6%	3.0%	1.8%	3.7%	1.9%	-1.8%	-1.0%
	High ROIC	0.9%	2.8%	-0.2%	1.5%	-0.2%	-2.3%	-2.0%
	Low Capex / Depreciation	0.1%	-0.9%	-3.1%	-1.6%	-3.3%	1.5%	2.8%
	Low Debt / Equity	2.1%	2.7%	6.4%	4.2%	4.1%	6.4%	0.7%
Quality - Low	Low ROE	0.1%	-2.9%	1.7%	-0.6%	0.4%	-2.5%	-3.4%
	Low ROIC	-2.6%	-4.9%	-4.9%	-5.7%	-5.3%	3.6%	2.8%
	High Capex / Depreciation	-1.6%	-1.9%	-1.5%	-2.6%	0.5%	4.3%	3.5%
	High Debt / Equity	1.1%	-1.8%	2.5%	0.9%	-0.3%	-7.5%	-6.3%
Earnings	High Earnings Revisions 1M	2.4%	1.9%	3.8%	3.7%	3.1%	3.3%	1.5%
Momentum - High	High Earnings Revisions 3M	1.9%	0.1%	1.7%	2.7%	2.5%	3.4%	3.0%
Earnings	Low Earnings Revisions 1M	0.2%	-0.8%	-1.2%	-0.1%	-1.2%	-4.5%	-3.9%
Momentum - Low	Low Earnings Revisions 3M	0.3%	-1.4%	-2.3%	-1.7%	-1.2%	-7.5%	-6.0%
Price Reversal - High	Low Previous 1M Performance	-3.2%	-1.7%	-4.4%	-2.4%	-0.5%	2.5%	3.4%
	Low Previous 6M Performance	-2.5%	-3.6%	-6.2%	-6.4%	-4.8%	15.2%	11.1%
	Low Previous 12M Performance	-1.8%	-3.7%	-4.2%	-5.3%	-4.3%	9.2%	3.0%
Price Reversal - Low	High Previous 1M Performance	1.6%	0.8%	0.1%	0.7%	-8.2%	-7.6%	-4.9%
	High Previous 6M Performance	0.7%	-1.6%	-2.5%	-0.8%	-7.2%	-13.2%	-8.3%
	High Previous 12M Performance	0.4%	0.8%	1.6%	2.6%	-0.3%	-13.5%	-7.4%
Growth - High	High Forecast EPS Growth	-0.5%	-2.8%	-5.1%	-3.5%	-2.1%	0.6%	0.9%
	High Historical EPS Growth	0.7%	0.5%	0.4%	0.8%	0.8%	1.2%	0.3%
Growth - Low	Low Forecast EPS Growth	1.3%	0.7%	2.4%	1.9%	1.2%	-3.6%	-3.8%
	Low Historical EPS Growth	0.7%	-1.9%	2.8%	0.7%	2.3%	0.7%	-0.5%
Size	Small Caps	-4.6%	-2.9%	-2.5%	-6.7%	10.8%	35.1%	30.4%
	Large Caps	1.1%	0.9%	2.0%	2.1%	0.1%	-3.7%	-3.3%
Risk - Low	Low Beta 3M	0.8%	-1.1%	0.4%	-0.1%	-0.3%	8.8%	5.7%
	Low Beta 12M	0.9%	0.0%	1.7%	1.6%	1.1%	9.9%	7.2%
	High Earnings Certainty	1.7%	2.4%	3.2%	4.0%	4.2%	-0.6%	0.8%
	Low Volatility 3M	1.6%	0.1%	3.0%	1.8%	4.2%	7.0%	4.4%
	Low Volatility 6M	1.8%	0.4%	4.9%	2.5%	5.1%	8.9%	5.4%
	Low Volatility 12M	1.9%	0.6%	5.1%	2.8%	5.4%	3.6%	2.3%
Risk - High	High Beta 3M	-2.9%	-2.0%	-4.8%	-2.6%	-6.1%	-2.1%	-2.6%
	High Beta 12M	-1.5%	-1.3%	-5.9%	-4.1%	-6.9%	-2.6%	-4.2%
	Low Earnings Certainty	0.0%	-2.7%	-0.1%	-0.8%	-0.9%	-5.2%	-6.9%
	High Volatility 3M	-4.6%	-5.2%	-11.5%	-7.9%	-15.4%	-8.5%	-5.3%
	High Volatility 6M	-3.7%	-2.5%	-10.9%	-5.1%	-13.7%	-10.3%	-6.4%
	High Volatility 12M	-4.0%	-3.1%	-10.8%	-6.2%	-13.5%	-14.9%	-9.2%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Style performance for SOEs versus non-SOEs

Figure 16: Factor performance summary – SOEs (China A shares)

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	2.1%	3.5%	6.0%	5.0%	8.7%	5.9%	3.2%
	High Dividend Yield	2.5%	3.7%	8.2%	5.8%	11.1%	5.2%	3.1%
	High Book/Price	1.6%	0.5%	6.3%	2.9%	7.0%	3.5%	2.6%
	High FCF Yield	1.6%	2.6%	1.1%	2.5%	3.4%	6.0%	3.6%
	High EBIT/EV	3.1%	1.7%	7.8%	4.2%	8.0%	0.4%	-1.7%
	High Sales Yield	1.3%	-0.3%	5.9%	1.6%	5.9%	3.4%	1.2%
Value - Low	Low Earnings Yield	-4.2%	-5.3%	-5.1%	-5.1%	-11.8%	-9.2%	-6.3%
	Low Dividend Yield	-2.2%	-2.5%	-0.8%	-1.4%	-5.9%	-2.9%	-1.5%
	Low Book/Price	-0.2%	2.4%	-4.7%	0.2%	-5.4%	-13.3%	-8.3%
	Low FCF Yield	-0.5%	-1.2%	-0.6%	-1.6%	-3.7%	-7.8%	-3.2%
	Low EBIT/EV	-2.4%	-3.6%	-4.3%	-3.0%	-5.8%	-0.3%	0.5%
	Low Sales Yield	-1.4%	-0.9%	-8.7%	-4.1%	-8.1%	-2.4%	-1.3%
Quality - High	High ROE	1.8%	5.2%	5.5%	5.7%	7.6%	-0.3%	-0.3%
	High ROIC	2.0%	5.5%	3.6%	4.6%	6.5%	-1.1%	-1.4%
	Low Capex / Depreciation	0.0%	0.4%	0.7%	-0.1%	2.8%	4.0%	2.9%
	Low Debt / Equity	0.0%	1.8%	4.9%	2.8%	3.8%	11.0%	4.4%
Quality - Low	Low ROE	-0.7%	-4.7%	1.9%	-1.9%	-1.9%	-1.7%	-2.6%
	Low ROIC	-3.5%	-4.9%	-4.9%	-5.1%	-7.0%	3.1%	2.9%
	High Capex / Depreciation	-2.3%	-1.3%	-3.3%	-2.8%	-1.3%	4.2%	5.2%
	High Debt / Equity	1.1%	-1.3%	2.9%	2.1%	0.0%	-6.3%	-4.6%
Earnings	High Earnings Revisions 1M	1.9%	1.2%	3.8%	3.2%	6.7%	7.2%	2.8%
Momentum - High	High Earnings Revisions 3M	1.4%	-1.0%	1.1%	1.3%	4.2%	6.2%	3.3%
Earnings	Low Earnings Revisions 1M	0.0%	1.4%	0.2%	1.8%	-1.3%	-4.6%	-2.7%
Momentum - Low	Low Earnings Revisions 3M	0.3%	1.5%	-1.1%	0.2%	-0.3%	-6.9%	-5.0%
Price Reversal - High	Low Previous 1M Performance	-3.5%	-1.3%	-4.0%	-1.5%	-1.5%	4.7%	3.8%
	Low Previous 6M Performance	-3.6%	-4.5%	-3.8%	-7.0%	-3.7%	12.0%	8.7%
	Low Previous 12M Performance	-2.5%	-3.6%	-3.7%	-5.9%	-4.3%	6.4%	0.8%
Price Reversal - Low	High Previous 1M Performance	1.9%	1.7%	1.9%	2.4%	-4.5%	-4.4%	-2.4%
	High Previous 6M Performance	1.3%	1.2%	-0.1%	2.1%	-2.3%	-9.3%	-7.6%
	High Previous 12M Performance	1.2%	2.2%	3.2%	4.0%	3.6%	-8.5%	-5.4%
Growth - High	High Forecast EPS Growth	-0.8%	-5.6%	-5.0%	-5.1%	-5.1%	1.5%	-0.2%
	High Historical EPS Growth	0.8%	3.1%	3.0%	2.2%	6.3%	2.0%	0.5%
Growth - Low	Low Forecast EPS Growth	1.1%	2.5%	3.0%	2.6%	2.7%	-3.7%	-3.0%
	Low Historical EPS Growth	0.6%	-2.8%	1.6%	0.3%	0.3%	2.8%	0.5%
Size	Small Caps	-6.4%	-6.1%	-7.9%	-10.7%	-1.3%	20.8%	20.1%
	Large Caps	1.3%	1.2%	2.4%	2.1%	1.6%	-1.7%	-2.1%
Risk - Low	Low Beta 3M	1.1%	0.7%	3.5%	1.8%	3.2%	5.6%	3.7%
	Low Beta 12M	1.2%	1.4%	3.2%	3.1%	2.8%	8.0%	5.5%
	High Earnings Certainty	1.8%	4.7%	5.4%	5.6%	8.6%	1.4%	0.6%
	Low Volatility 3M	1.2%	0.7%	3.5%	2.0%	4.9%	4.4%	3.1%
	Low Volatility 6M	1.3%	1.2%	5.6%	2.7%	6.8%	6.6%	4.3%
	Low Volatility 12M	2.1%	2.2%	6.3%	4.1%	6.9%	4.4%	2.8%
Risk - High	High Beta 3M	-2.4%	-1.5%	-7.0%	-2.2%	-7.6%	1.0%	-0.2%
	High Beta 12M	-1.9%	-1.8%	-6.5%	-4.2%	-7.6%	-2.3%	-3.8%
	Low Earnings Certainty	-0.3%	-5.0%	-2.0%	-3.0%	-5.3%	-6.1%	-6.7%
	High Volatility 3M	-4.1%	-3.7%	-9.2%	-5.6%	-15.0%	-7.8%	-4.5%
	High Volatility 6M	-3.7%	-3.2%	-12.5%	-5.4%	-15.2%	-10.5%	-6.6%
	High Volatility 12M	-5.3%	-6.6%	-15.2%	-10.1%	-16.5%	-15.1%	-10.4%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Figure 17: Factor performance summary – non-SOEs (China A shares)

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	2.6%	2.9%	6.9%	5.9%	8.0%	2.7%	-0.4%
	High Dividend Yield	2.6%	1.9%	7.5%	6.0%	7.2%	0.7%	-1.3%
	High Book/Price	1.5%	0.4%	5.2%	3.5%	6.6%	3.0%	-0.1%
	High FCF Yield	2.1%	3.2%	2.3%	3.3%	0.7%	2.5%	0.5%
	High EBIT/EV	5.7%	8.2%	11.0%	11.0%	15.0%	5.6%	-2.3%
	High Sales Yield	1.6%	1.0%	5.5%	3.5%	5.5%	0.9%	-0.2%
Value - Low	Low Earnings Yield	-4.4%	-6.2%	-10.9%	-8.5%	-14.2%	-10.0%	-3.4%
	Low Dividend Yield	-1.3%	-0.9%	-5.8%	-3.4%	-10.8%	-9.8%	-2.3%
	Low Book/Price	-1.5%	-1.6%	-7.6%	-3.1%	-11.9%	-11.7%	-3.7%
	Low FCF Yield	-0.6%	-1.0%	-3.5%	-2.8%	-4.0%	-1.6%	0.7%
	Low EBIT/EV	-2.3%	-5.6%	-6.9%	-7.0%	-9.3%	-8.9%	-4.0%
	Low Sales Yield	-2.2%	-2.6%	-8.8%	-5.4%	-13.2%	-7.6%	-1.0%
Quality - High	High ROE	2.6%	3.9%	3.9%	5.5%	2.9%	-3.5%	-2.5%
	High ROIC	0.6%	1.9%	-0.6%	1.1%	-1.3%	-3.1%	-0.6%
	Low Capex / Depreciation	1.3%	0.1%	-0.9%	0.5%	-3.5%	-3.6%	-1.3%
	Low Debt / Equity	1.4%	2.4%	4.9%	2.8%	-1.8%	-4.0%	-6.8%
Quality - Low	Low ROE	-1.9%	-2.2%	-1.7%	-2.6%	0.4%	3.1%	2.5%
	Low ROIC	-2.4%	-3.8%	-3.6%	-4.9%	-3.8%	3.2%	3.6%
	High Capex / Depreciation	-0.9%	-1.1%	-0.8%	-1.5%	-0.9%	0.8%	0.1%
	High Debt / Equity	2.2%	4.1%	3.7%	3.5%	6.8%	-0.9%	2.4%
Earnings	High Earnings Revisions 1M	3.5%	5.7%	8.0%	8.3%	4.3%	2.4%	2.8%
Momentum - High	High Earnings Revisions 3M	1.4%	3.8%	5.2%	5.8%	4.8%	4.1%	3.5%
Earnings	Low Earnings Revisions 1M	1.0%	-0.5%	-0.8%	-0.5%	-0.5%	-7.8%	-5.4%
Momentum - Low	Low Earnings Revisions 3M	1.2%	-1.0%	-1.9%	-0.9%	-1.5%	-12.3%	-4.7%
Price Reversal - High	Low Previous 1M Performance	-3.3%	-1.6%	-4.9%	-3.0%	-0.1%	4.8%	4.4%
	Low Previous 6M Performance	-1.3%	-3.0%	-6.1%	-4.9%	-3.9%	16.7%	9.2%
	Low Previous 12M Performance	-1.5%	-4.3%	-7.4%	-5.5%	-6.0%	14.8%	6.9%
Price Reversal - Low	High Previous 1M Performance	2.3%	1.7%	-0.5%	0.9%	-9.4%	-8.2%	-4.0%
	High Previous 6M Performance	1.1%	0.4%	-0.8%	0.3%	-6.6%	-19.5%	-10.5%
	High Previous 12M Performance	0.8%	2.9%	4.2%	4.5%	-0.8%	-17.4%	-8.7%
Growth - High	High Forecast EPS Growth	-0.1%	1.2%	-1.8%	0.2%	-1.6%	2.1%	5.3%
	High Historical EPS Growth	2.7%	2.2%	3.0%	3.9%	1.6%	-6.0%	-5.5%
Growth - Low	Low Forecast EPS Growth	0.5%	-0.9%	3.2%	1.7%	1.7%	-3.9%	-5.0%
	Low Historical EPS Growth	-2.3%	-2.1%	-1.0%	-2.1%	0.2%	1.9%	-2.7%
Size	Small Caps	-5.0%	-4.7%	0.2%	-6.1%	17.0%	44.2%	34.9%
	Large Caps	1.5%	1.6%	1.6%	2.5%	-2.0%	-8.1%	-6.4%
Risk - Low	Low Beta 3M	0.4%	-0.6%	1.7%	0.9%	0.6%	6.3%	6.0%
	Low Beta 12M	1.6%	1.8%	3.9%	3.5%	2.8%	4.8%	5.9%
	High Earnings Certainty	1.8%	2.0%	4.4%	4.6%	5.0%	-1.8%	-1.0%
	Low Volatility 3M	2.1%	1.6%	5.2%	4.0%	6.5%	6.6%	4.0%
	Low Volatility 6M	2.3%	1.7%	6.0%	4.3%	6.4%	7.9%	4.1%
	Low Volatility 12M	2.4%	1.6%	6.0%	4.3%	6.0%	1.0%	0.3%
Risk - High	High Beta 3M	-2.7%	-3.6%	-8.1%	-5.7%	-9.8%	-6.7%	-7.7%
	High Beta 12M	-1.7%	-2.4%	-6.7%	-5.5%	-7.7%	-4.0%	-6.6%
	Low Earnings Certainty	-0.9%	-0.5%	-1.3%	-0.2%	-3.2%	-2.4%	-3.6%
	High Volatility 3M	-4.2%	-5.6%	-12.4%	-9.4%	-16.3%	-10.4%	-7.0%
	High Volatility 6M	-4.2%	-3.4%	-10.1%	-6.4%	-14.1%	-5.6%	-4.1%
	High Volatility 12M	-3.3%	-1.7%	-7.6%	-4.2%	-11.9%	-2.3%	-1.3%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Style performance in MSCI China A

Figure 18: Summary of factor performance (high/low portfolio relative to benchmark)

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	0.8%	1.0%	4.8%	3.1%	7.7%	6.6%	4.7%
	High Dividend Yield	1.1%	1.4%	5.4%	3.6%	7.8%	7.5%	5.8%
	High Book/Price	0.7%	-1.1%	4.4%	1.3%	6.9%	8.9%	6.9%
	High FCF Yield	1.6%	3.5%	2.3%	4.1%	1.7%	3.9%	-0.6%
	High EBIT/EV	2.6%	5.2%	9.7%	6.9%	12.5%	10.8%	3.1%
	High Sales Yield	0.6%	1.1%	6.1%	2.8%	7.6%	9.9%	3.7%
Value - Low	Low Earnings Yield	-3.7%	-4.7%	-9.4%	-7.1%	-15.2%	-13.1%	-8.3%
	Low Dividend Yield	-1.0%	0.3%	-4.6%	-1.4%	-8.7%	-9.4%	-4.2%
	Low Book/Price	1.2%	4.2%	-2.2%	2.1%	-4.0%	-12.4%	-7.7%
	Low FCF Yield	-0.6%	-0.9%	-0.2%	-1.6%	-0.4%	-3.8%	-1.0%
	Low EBIT/EV	-1.9%	-3.4%	-1.9%	-2.4%	-5.0%	-7.6%	-3.3%
	Low Sales Yield	-0.4%	-0.3%	-6.9%	-3.0%	-8.0%	-4.9%	-2.4%
Quality - High	High ROE	2.1%	4.7%	4.5%	5.3%	6.6%	1.8%	1.9%
	High ROIC	1.7%	5.1%	4.1%	4.8%	6.5%	-1.0%	-1.3%
	Low Capex / Depreciation	0.8%	0.2%	-1.9%	-0.3%	-1.9%	-1.3%	0.3%
	Low Debt / Equity	1.3%	2.4%	6.0%	3.7%	4.0%	4.8%	0.0%
Quality - Low	Low ROE	-0.7%	-2.8%	0.3%	-1.9%	-1.2%	4.8%	1.6%
	Low ROIC	-2.6%	-5.1%	-4.3%	-4.8%	-7.3%	-2.2%	-2.7%
	High Capex / Depreciation	-0.9%	-0.8%	-0.4%	-1.1%	-2.5%	-0.3%	-1.5%
	High Debt / Equity	2.7%	5.1%	5.3%	5.6%	5.6%	-0.7%	-0.2%
Earnings	High Earnings Revisions 1M	2.5%	4.6%	6.3%	6.2%	4.1%	5.1%	3.7%
Momentum - High	High Earnings Revisions 3M	0.6%	1.7%	4.5%	3.9%	5.7%	6.8%	5.3%
Earnings	Low Earnings Revisions 1M	-0.5%	-0.3%	-1.4%	-0.5%	-0.3%	-4.1%	-3.2%
Momentum - Low	Low Earnings Revisions 3M	-0.9%	-2.1%	-4.1%	-3.4%	-2.3%	-5.8%	-3.3%
Price Reversal - High	Low Previous 1M Performance	-3.1%	-2.4%	-5.5%	-2.6%	-2.0%	1.4%	0.2%
	Low Previous 6M Performance	-4.1%	-4.7%	-10.1%	-8.0%	-8.0%	8.1%	4.3%
	Low Previous 12M Performance	-3.6%	-5.3%	-7.8%	-9.2%	-5.3%	10.9%	1.4%
Price Reversal - Low	High Previous 1M Performance	3.0%	3.8%	3.4%	3.4%	-1.9%	-1.6%	0.7%
	High Previous 6M Performance	1.8%	2.4%	2.9%	3.5%	-0.7%	-8.4%	-4.7%
	High Previous 12M Performance	1.7%	3.3%	4.9%	5.1%	2.5%	-13.0%	-6.8%
Growth - High	High Forecast EPS Growth	-1.6%	-2.4%	-4.3%	-2.7%	-5.1%	-3.5%	-1.6%
	High Historical EPS Growth	1.9%	4.0%	3.9%	4.0%	6.0%	0.5%	0.5%
Growth - Low	Low Forecast EPS Growth	0.0%	-0.3%	3.2%	1.0%	3.6%	2.0%	-0.3%
	Low Historical EPS Growth	-0.2%	-1.6%	-1.2%	-0.9%	-1.8%	-1.3%	-2.6%
Size	Small Caps	-3.5%	-4.4%	-7.8%	-7.2%	-5.9%	10.0%	6.9%
	Large Caps	1.0%	1.1%	3.0%	2.2%	3.0%	-1.6%	-1.2%
Risk - Low	Low Beta 3M	0.2%	-0.6%	0.1%	-0.2%	1.6%	5.8%	5.3%
	Low Beta 12M	1.0%	1.5%	3.3%	2.9%	3.9%	7.5%	7.3%
	High Earnings Certainty	0.8%	2.4%	4.6%	3.8%	6.7%	3.3%	3.0%
	Low Volatility 3M	0.0%	-0.9%	2.8%	0.4%	5.5%	10.4%	8.3%
	Low Volatility 6M	0.3%	-0.4%	4.5%	0.9%	7.3%	10.7%	8.9%
	Low Volatility 12M	1.0%	1.2%	5.8%	2.9%	7.3%	10.0%	7.4%
Risk - High	High Beta 3M	-0.8%	-0.1%	-1.5%	-0.2%	-2.3%	-1.2%	-2.7%
	High Beta 12M	-1.4%	-2.3%	-6.5%	-4.9%	-7.9%	-4.9%	-6.4%
	Low Earnings Certainty	-0.7%	-2.1%	-2.0%	-1.8%	-4.0%	-4.9%	-6.2%
	High Volatility 3M	-1.3%	-1.1%	-5.8%	-2.1%	-11.2%	-12.0%	-8.6%
	High Volatility 6M	-1.8%	-1.5%	-10.1%	-3.3%	-14.1%	-13.5%	-10.3%
	High Volatility 12M	-2.8%	-3.3%	-12.4%	-6.9%	-15.3%	-16.8%	-13.0%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Style performance for Connect markets

Figure 19: Factor performance summary – Hong Kong-Shanghai Northbound

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	Since 2014
Value - High	High Earnings Yield	0.3%	1.3%	2.6%	2.2%	4.4%	5.6%
	High Dividend Yield	1.0%	1.8%	3.5%	2.9%	6.4%	5.6%
	High Book/Price	0.2%	-0.7%	2.6%	0.6%	3.3%	4.1%
	High FCF Yield	0.8%	2.8%	1.0%	2.2%	2.3%	6.7%
	High EBIT/EV	2.4%	5.4%	8.3%	6.5%	10.7%	4.8%
	High Sales Yield	1.0%	-0.6%	5.1%	0.7%	5.7%	6.4%
Value - Low	Low Earnings Yield	-1.2%	-4.9%	-2.9%	-4.5%	-7.6%	-15.1%
	Low Dividend Yield	-1.1%	0.0%	2.3%	0.8%	-0.9%	-6.1%
	Low Book/Price	0.5%	3.5%	-3.4%	0.7%	-2.3%	-11.2%
	Low FCF Yield	-0.1%	0.3%	1.1%	-0.2%	-1.1%	-4.3%
	Low EBIT/EV	-3.3%	-3.0%	-3.1%	-3.6%	-5.3%	-9.8%
	Low Sales Yield	-0.1%	1.2%	-5.6%	-1.5%	-5.6%	-4.2%
Quality - High	High ROE	1.6%	3.5%	2.2%	3.4%	4.5%	2.7%
	High ROIC	1.6%	5.4%	3.1%	4.1%	6.8%	1.1%
	Low Capex / Depreciation	0.3%	-0.3%	-1.8%	-1.1%	1.0%	3.5%
	Low Debt / Equity	2.1%	6.0%	8.0%	5.8%	7.4%	10.1%
Quality - Low	Low ROE	0.3%	-2.7%	2.2%	-1.1%	-1.1%	-2.2%
	Low ROIC	-1.5%	-5.5%	-2.8%	-4.4%	-7.4%	-3.2%
	High Capex / Depreciation	-0.2%	-2.4%	0.4%	-0.9%	-2.1%	1.5%
	High Debt / Equity	0.3%	-2.1%	2.4%	0.7%	0.7%	-3.2%
Earnings	High Earnings Revisions 1M	0.8%	-0.1%	1.0%	0.7%	2.4%	7.1%
Momentum - High	High Earnings Revisions 3M	0.3%	-1.5%	-0.6%	-0.2%	0.2%	4.5%
Earnings	Low Earnings Revisions 1M	-0.1%	0.7%	-0.4%	0.6%	0.1%	-1.3%
Momentum - Low	Low Earnings Revisions 3M	-0.5%	-0.2%	-2.4%	-1.5%	-1.5%	-5.0%
Price Reversal - High	Low Previous 1M Performance	-2.9%	-1.4%	-4.1%	-1.5%	-2.0%	2.9%
	Low Previous 6M Performance	-2.8%	-3.1%	-4.1%	-5.9%	-4.3%	9.1%
	Low Previous 12M Performance	-1.9%	-2.8%	-4.2%	-6.1%	-4.1%	8.6%
Price Reversal - Low	High Previous 1M Performance	2.2%	1.3%	3.0%	1.8%	-1.0%	0.3%
	High Previous 6M Performance	0.4%	-0.8%	-2.2%	-0.2%	-4.8%	-6.1%
	High Previous 12M Performance	0.8%	1.4%	0.9%	2.4%	-2.1%	-6.9%
Growth - High	High Forecast EPS Growth	-1.2%	-4.7%	-1.5%	-2.9%	-2.1%	-3.6%
	High Historical EPS Growth	1.5%	2.8%	1.4%	1.5%	3.9%	6.0%
Growth - Low	Low Forecast EPS Growth	-0.3%	0.5%	0.5%	0.6%	-0.2%	-2.3%
	Low Historical EPS Growth	0.3%	-2.4%	2.3%	-0.2%	0.6%	-3.5%
Size	Small Caps	-3.8%	-2.3%	-9.8%	-7.5%	-8.0%	7.4%
	Large Caps	0.5%	0.3%	1.8%	1.1%	1.7%	0.2%
Risk - Low	Low Beta 3M	0.4%	0.1%	-0.2%	0.2%	-0.4%	10.9%
	Low Beta 12M	0.6%	0.0%	0.6%	1.1%	0.3%	15.3%
	High Earnings Certainty	0.3%	2.6%	1.8%	2.7%	4.6%	2.8%
	Low Volatility 3M	-0.2%	-0.7%	1.2%	0.2%	1.9%	7.7%
	Low Volatility 6M	0.7%	0.4%	3.0%	1.4%	3.9%	9.5%
	Low Volatility 12M	0.6%	0.4%	3.0%	1.6%	3.7%	5.1%
Risk - High	High Beta 3M	-1.9%	-1.4%	-1.3%	-2.1%	-2.0%	-3.1%
	High Beta 12M	-0.9%	-0.6%	-2.8%	-2.9%	-1.9%	-6.2%
	Low Earnings Certainty	-0.3%	-3.6%	-1.2%	-2.5%	-4.2%	-9.9%
	High Volatility 3M	-1.1%	-0.6%	-5.6%	-2.5%	-11.1%	-9.2%
	High Volatility 6M	-2.5%	-1.7%	-11.6%	-4.8%	-14.6%	-13.4%
	High Volatility 12M	-2.7%	-1.9%	-10.9%	-5.6%	-10.9%	-16.2%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, Wind, UBS Quantitative Research

Figure 20: Factor performance summary – Hong Kong-Shenzhen Northbound

Type	Factor Name	last month	3 months	YTD
Value - High	High Earnings Yield	3.0%	4.6%	7.9%
	High Dividend Yield	2.3%	3.3%	7.5%
	High Book/Price	0.8%	0.1%	2.9%
	High FCF Yield	2.5%	2.7%	5.5%
	High EBIT/EV	4.7%	4.4%	9.5%
	High Sales Yield	1.6%	1.8%	4.2%
Value - Low	Low Earnings Yield	-4.7%	-7.5%	-9.8%
	Low Dividend Yield	-2.3%	-2.0%	-4.7%
	Low Book/Price	-0.9%	-1.1%	-1.7%
	Low FCF Yield	-0.7%	-1.4%	-3.3%
	Low EBIT/EV	-2.2%	-3.8%	-3.8%
	Low Sales Yield	-2.3%	-5.9%	-7.5%
Quality - High	High ROE	2.6%	4.6%	7.3%
	High ROIC	2.1%	3.9%	5.1%
	Low Capex / Depreciation	0.8%	-1.0%	-0.2%
	Low Debt / Equity	0.7%	0.3%	0.5%
Quality - Low	Low ROE	-1.6%	-2.5%	-3.4%
	Low ROIC	-1.6%	-3.3%	-3.8%
	High Capex / Depreciation	-0.4%	1.5%	0.8%
	High Debt / Equity	0.1%	4.3%	4.3%
Earnings	High Earnings Revisions 1M	3.6%	4.0%	8.2%
Momentum - High	High Earnings Revisions 3M	1.2%	1.6%	4.6%
Earnings	Low Earnings Revisions 1M	-0.2%	-0.6%	-1.6%
Momentum - Low	Low Earnings Revisions 3M	-0.3%	-0.6%	-2.7%
Price Reversal - High	Low Previous 1M Performance	-3.0%	-2.5%	-3.1%
	Low Previous 6M Performance	-2.1%	-4.4%	-7.4%
	Low Previous 12M Performance	-2.8%	-5.4%	-8.6%
Price Reversal - Low	High Previous 1M Performance	2.9%	3.3%	4.7%
	High Previous 6M Performance	2.6%	3.6%	6.4%
	High Previous 12M Performance	2.5%	4.0%	7.1%
Growth - High	High Forecast EPS Growth	-0.7%	-1.6%	-2.5%
	High Historical EPS Growth	2.2%	2.6%	4.7%
Growth - Low	Low Forecast EPS Growth	0.2%	-0.4%	1.7%
	Low Historical EPS Growth	-0.4%	-1.5%	-2.0%
Size	Small Caps	-3.0%	-3.5%	-7.1%
	Large Caps	1.5%	1.8%	3.5%
Risk - Low	Low Beta 3M	0.1%	0.7%	0.6%
	Low Beta 12M	1.9%	4.0%	5.9%
	High Earnings Certainty	1.8%	2.3%	5.3%
	Low Volatility 3M	1.0%	1.8%	2.6%
	Low Volatility 6M	1.6%	2.9%	3.2%
	Low Volatility 12M	2.8%	4.4%	5.8%
Risk - High	High Beta 3M	-1.3%	-2.6%	-0.8%
	High Beta 12M	-1.8%	-4.3%	-6.1%
	Low Earnings Certainty	-1.0%	-2.0%	-2.3%
	High Volatility 3M	-2.1%	-4.3%	-4.9%
	High Volatility 6M	-3.0%	-4.5%	-4.5%
	High Volatility 12M	-2.9%	-4.9%	-6.3%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, Wind, UBS Quantitative Research

Style performance in Shanghai and Shenzhen

Figure 21: Factor performance summary – Shanghai A-share market

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	1.3%	1.7%	4.2%	3.6%	5.5%	3.5%	2.3%
	High Dividend Yield	2.0%	2.1%	6.4%	4.6%	7.8%	3.4%	2.3%
	High Book/Price	1.6%	0.4%	5.2%	3.1%	5.8%	3.9%	3.1%
	High FCF Yield	1.8%	3.4%	2.6%	3.5%	3.6%	7.3%	4.0%
	High EBIT/EV	3.5%	5.1%	12.2%	8.2%	13.0%	1.8%	-1.3%
	High Sales Yield	1.0%	-0.5%	4.3%	1.9%	3.6%	6.0%	2.3%
Value - Low	Low Earnings Yield	-4.6%	-5.3%	-4.6%	-5.3%	-9.7%	-10.1%	-7.6%
	Low Dividend Yield	-0.5%	-0.4%	1.5%	1.2%	-2.5%	-3.7%	-2.0%
	Low Book/Price	-0.3%	1.3%	-4.3%	-0.7%	-2.5%	-11.2%	-5.9%
	Low FCF Yield	-0.2%	-0.7%	-1.4%	-1.8%	-4.7%	-9.4%	-4.7%
	Low EBIT/EV	-3.5%	-5.1%	-6.1%	-5.5%	-7.8%	-4.7%	-3.8%
	Low Sales Yield	-0.7%	-1.4%	-9.1%	-4.6%	-7.8%	-3.7%	-1.2%
Quality - High	High ROE	1.6%	3.4%	2.6%	4.3%	3.9%	-0.9%	-0.2%
	High ROIC	1.7%	4.0%	1.6%	2.8%	4.9%	-0.9%	-1.4%
	Low Capex / Depreciation	0.5%	-0.3%	-1.4%	-0.6%	-0.1%	1.5%	1.8%
	Low Debt / Equity	1.3%	3.4%	5.9%	4.1%	1.8%	9.0%	2.7%
Quality - Low	Low ROE	0.6%	-3.5%	3.1%	-0.8%	0.3%	-2.0%	-3.2%
	Low ROIC	-2.5%	-6.4%	-7.5%	-7.0%	-10.1%	1.5%	0.7%
	High Capex / Depreciation	-2.3%	-3.6%	-3.7%	-4.1%	-2.6%	4.6%	6.1%
	High Debt / Equity	1.3%	-1.3%	3.8%	1.8%	1.4%	-6.1%	-4.6%
Earnings	High Earnings Revisions 1M	1.6%	0.6%	2.9%	2.3%	3.2%	5.5%	2.5%
Momentum - High	High Earnings Revisions 3M	1.2%	-0.7%	1.1%	1.6%	2.5%	5.5%	3.8%
Earnings	Low Earnings Revisions 1M	0.5%	0.6%	0.8%	1.8%	0.5%	-2.8%	-1.4%
Momentum - Low	Low Earnings Revisions 3M	0.3%	-0.6%	-1.2%	-0.6%	-0.2%	-6.5%	-4.3%
Price Reversal - High	Low Previous 1M Performance	-3.8%	-1.6%	-4.2%	-1.8%	-2.1%	1.8%	2.9%
	Low Previous 6M Performance	-2.9%	-4.1%	-3.1%	-5.8%	-4.5%	9.6%	7.6%
	Low Previous 12M Performance	-1.9%	-3.3%	-3.3%	-5.0%	-4.3%	7.1%	1.3%
Price Reversal - Low	High Previous 1M Performance	1.7%	-0.4%	-0.5%	0.1%	-5.6%	-4.8%	-2.6%
	High Previous 6M Performance	0.7%	-1.3%	-2.1%	-0.3%	-4.8%	-8.5%	-7.0%
	High Previous 12M Performance	1.0%	1.2%	2.3%	3.1%	3.3%	-11.4%	-7.0%
Growth - High	High Forecast EPS Growth	-0.4%	-5.1%	-6.8%	-5.1%	-7.4%	-2.4%	-3.2%
	High Historical EPS Growth	1.3%	0.8%	0.9%	1.0%	2.0%	2.1%	1.2%
Growth - Low	Low Forecast EPS Growth	0.9%	1.1%	2.9%	2.1%	2.3%	-2.6%	-2.3%
	Low Historical EPS Growth	0.8%	-2.9%	2.2%	0.4%	0.8%	1.5%	-0.7%
Size	Small Caps	-6.7%	-4.3%	-4.4%	-8.5%	5.1%	28.0%	24.2%
	Large Caps	1.2%	0.8%	1.9%	1.9%	0.7%	-2.3%	-2.1%
Risk - Low	Low Beta 3M	1.1%	0.2%	1.5%	1.5%	0.8%	8.1%	5.2%
	Low Beta 12M	1.2%	0.0%	1.9%	1.9%	1.3%	10.3%	7.3%
	High Earnings Certainty	1.4%	2.9%	3.6%	4.3%	5.9%	0.7%	1.0%
	Low Volatility 3M	1.2%	0.1%	3.2%	1.9%	4.1%	6.9%	4.7%
	Low Volatility 6M	1.4%	0.4%	4.5%	2.5%	5.5%	8.2%	5.3%
	Low Volatility 12M	1.8%	0.9%	4.8%	3.1%	5.2%	3.8%	2.4%
Risk - High	High Beta 3M	-4.1%	-3.8%	-5.4%	-5.0%	-7.6%	-3.9%	-3.8%
	High Beta 12M	-2.4%	-2.2%	-7.1%	-5.3%	-8.4%	-6.3%	-6.5%
	Low Earnings Certainty	-0.1%	-3.2%	0.3%	-1.2%	-2.0%	-4.9%	-7.2%
	High Volatility 3M	-4.9%	-4.9%	-10.8%	-7.6%	-17.9%	-13.1%	-8.8%
	High Volatility 6M	-3.9%	-4.2%	-14.6%	-7.3%	-19.2%	-15.8%	-11.3%
	High Volatility 12M	-4.5%	-5.7%	-14.4%	-9.1%	-16.6%	-16.3%	-11.7%

Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, Wind, UBS Quantitative Research

Figure 22: Factor performance summary – Shenzhen A-share market

Type	Factor Name	last month	3 months	6 months	YTD	1-Year	3-Year	5-Year
Value - High	High Earnings Yield	4.2%	5.9%	10.0%	8.5%	13.2%	5.6%	-1.1%
	High Dividend Yield	4.0%	5.8%	10.8%	9.3%	12.9%	4.9%	-1.6%
	High Book/Price	2.0%	1.1%	6.3%	3.7%	10.8%	5.8%	0.5%
	High FCF Yield	2.8%	3.3%	4.4%	4.8%	3.7%	1.9%	-1.0%
	High EBIT/EV	7.3%	8.9%	13.1%	12.0%	17.3%	4.9%	-4.3%
	High Sales Yield	2.6%	2.1%	7.3%	4.6%	9.3%	4.8%	-0.5%
Value - Low	Low Earnings Yield	-5.0%	-9.6%	-13.4%	-10.8%	-18.5%	-12.1%	-4.9%
	Low Dividend Yield	-2.1%	-4.8%	-8.5%	-6.0%	-15.3%	-13.1%	-4.4%
	Low Book/Price	-1.6%	-3.0%	-8.9%	-4.5%	-15.6%	-15.5%	-7.4%
	Low FCF Yield	-0.4%	-2.3%	-2.4%	-3.0%	-3.4%	-1.9%	0.4%
	Low EBIT/EV	-0.7%	-4.6%	-2.2%	-2.4%	-3.3%	-7.0%	-2.6%
	Low Sales Yield	-2.4%	-3.6%	-9.3%	-6.3%	-14.6%	-9.0%	-2.5%
Quality - High	High ROE	3.3%	5.5%	4.8%	6.3%	3.4%	-3.0%	-2.1%
	High ROIC	2.8%	3.7%	2.9%	3.6%	1.3%	-3.5%	-2.6%
	Low Capex / Depreciation	0.7%	-0.9%	-3.5%	-1.3%	-6.0%	-3.6%	-0.1%
	Low Debt / Equity	1.7%	0.4%	4.2%	2.0%	1.1%	-4.3%	-7.4%
Quality - Low	Low ROE	-1.5%	-2.3%	0.5%	-1.1%	1.5%	-1.0%	-2.0%
	Low ROIC	-2.0%	-4.8%	-1.9%	-4.1%	-1.9%	1.6%	2.5%
	High Capex / Depreciation	-0.6%	-0.6%	1.3%	-0.5%	1.3%	0.7%	-1.9%
	High Debt / Equity	2.1%	4.1%	3.5%	4.5%	6.2%	-2.1%	-0.4%
Earnings	High Earnings Revisions 1M	4.6%	5.8%	6.7%	7.8%	4.1%	-1.8%	1.0%
Momentum - High	High Earnings Revisions 3M	2.3%	4.1%	5.0%	5.7%	5.2%	3.2%	2.6%
Earnings	Low Earnings Revisions 1M	0.6%	-0.9%	-2.7%	-1.7%	-5.4%	-7.6%	-6.8%
Momentum - Low	Low Earnings Revisions 3M	1.3%	0.0%	-1.4%	-0.3%	-1.7%	-10.8%	-6.9%
Price Reversal - High	Low Previous 1M Performance	-2.9%	-2.8%	-5.6%	-3.8%	-0.8%	10.6%	6.2%
	Low Previous 6M Performance	-1.3%	-4.4%	-7.3%	-6.0%	-4.3%	10.8%	3.8%
	Low Previous 12M Performance	-1.6%	-5.4%	-7.7%	-6.6%	-4.4%	10.6%	2.6%
Price Reversal - Low	High Previous 1M Performance	2.1%	3.3%	1.6%	3.0%	-5.0%	-12.4%	-7.9%
	High Previous 6M Performance	1.8%	1.8%	2.8%	3.3%	-2.6%	-15.0%	-7.4%
	High Previous 12M Performance	1.6%	3.8%	4.8%	4.7%	-0.1%	-14.2%	-6.7%
Growth - High	High Forecast EPS Growth	-0.1%	-0.4%	-1.1%	-0.3%	-1.0%	2.9%	5.8%
	High Historical EPS Growth	2.5%	2.5%	2.8%	3.7%	1.0%	-5.9%	-7.3%
Growth - Low	Low Forecast EPS Growth	1.2%	0.5%	2.4%	1.9%	2.1%	-4.6%	-7.4%
	Low Historical EPS Growth	-1.1%	-1.8%	0.9%	-0.5%	3.0%	-0.2%	-4.7%
Size	Small Caps	-3.9%	-3.3%	2.1%	-4.1%	17.3%	40.2%	32.5%
	Large Caps	1.7%	2.2%	1.7%	2.8%	-2.2%	-8.9%	-7.6%
Risk - Low	Low Beta 3M	-0.1%	-1.1%	0.1%	-0.8%	0.0%	-0.2%	0.8%
	Low Beta 12M	1.6%	3.5%	4.8%	4.6%	4.1%	1.5%	2.9%
	High Earnings Certainty	3.2%	3.5%	5.3%	5.5%	7.7%	-0.3%	1.0%
	Low Volatility 3M	2.6%	3.0%	5.7%	4.5%	8.4%	4.2%	2.1%
	Low Volatility 6M	2.7%	2.5%	6.0%	4.1%	7.8%	3.7%	1.4%
	Low Volatility 12M	3.3%	3.4%	7.8%	5.6%	9.1%	2.8%	1.2%
Risk - High	High Beta 3M	-1.4%	-2.9%	-6.4%	-3.7%	-7.6%	-2.8%	-3.4%
	High Beta 12M	-1.9%	-4.0%	-7.8%	-6.5%	-9.4%	-2.4%	-5.6%
	Low Earnings Certainty	-0.5%	-1.6%	-1.4%	-0.7%	-2.9%	-4.1%	-5.7%
	High Volatility 3M	-3.9%	-6.6%	-11.6%	-8.6%	-15.6%	-7.7%	-4.3%
	High Volatility 6M	-4.0%	-3.8%	-8.7%	-5.6%	-13.3%	-5.2%	-2.6%
	High Volatility 12M	-3.4%	-4.0%	-8.3%	-5.9%	-13.4%	-5.4%	-3.3%

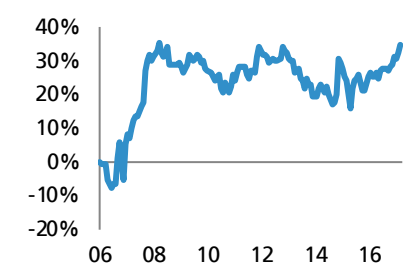
Note: Data as of 28 Apr 2017. Returns for periods greater than 12 months are annualised.

Source: FactSet, Wind, UBS Quantitative Research

Factor performance charts

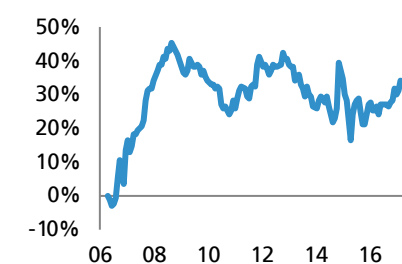
The charts below show the cumulative returns of selected factors that are often used by investors in stock screen and factor models, and provide a visual representation of the recent effectiveness of different factors. A positive slope suggests that a factor has been effective at distinguishing between outperformers (long) and the benchmark². The back-test universe is all China A shares.

Figure 23: High Earnings Yield



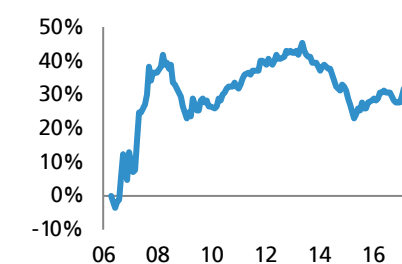
Source: UBS Quantitative Research

Figure 24: High Dividend Yield



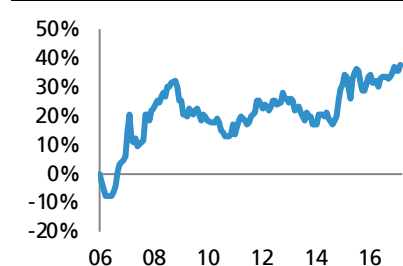
Source: UBS Quantitative Research

Figure 25: High ROE



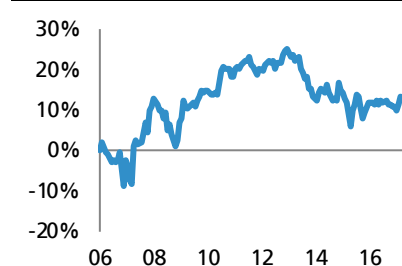
Source: UBS Quantitative Research

Figure 26: Low Volatility 3M



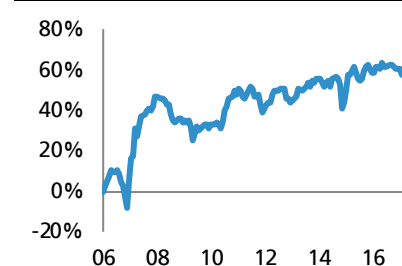
Source: UBS Quantitative Research

Figure 27: High Historical EPS Growth



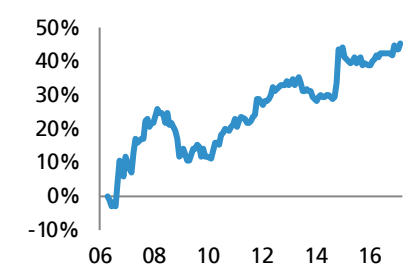
Source: UBS Quantitative Research

Figure 28: High Forecast EPS Growth



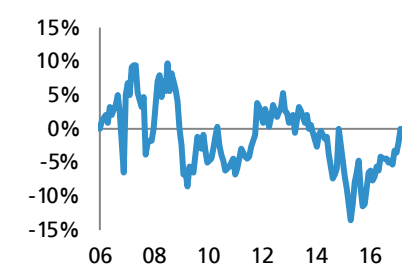
Source: UBS Quantitative Research

Figure 29: High 3m Earnings Revision



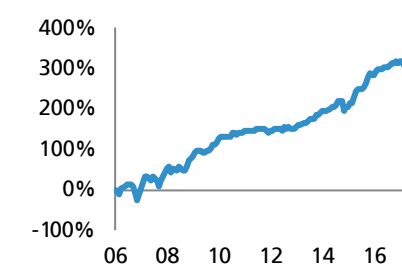
Source: UBS Quantitative Research

Figure 30: High Earnings Certainty



Source: UBS Quantitative Research

Figure 31: Small caps



Source: UBS Quantitative Research

² We calculated the factors above in the direction that we thought was the most intuitive. For example, institutional investors typically prefer cheaper stocks to more expensive stocks, so we calculated the Book to Price factor as high minus low. On the other hand, we felt investors tend to prefer less volatile stocks to more volatile stocks, and so computed the Volatility factor as low minus high. Therefore when the cumulative returns trend is rising, this indicates relatively more positive factor returns, which suggests that the factor has been effective at distinguishing between outperforming and underperforming stocks.

Appendix

Description of factors

Style portfolios are formed by assigning stocks in a representative universe into three baskets, high, medium and low, according to respective factors such as the market capitalisation, book-to-price ratio, and dividend yield. Style performance is calculated as the difference between high and low baskets (typically high minus low, or indicated by an asterisk (*) if low minus high). Portfolio returns are free-float market capitalisation-weighted and rebalanced on a monthly basis.

We focus on representative factors in different styles, including value, growth, momentum, quality size and risk. We calculated the factors in the direction that we thought was the most intuitive. For example, institutional investors typically prefer cheaper stocks to more expensive stocks, so we calculate the Book to Price factor as high minus low. On the other hand, we felt most investors tend to prefer less-volatile stocks to more-volatile stocks, and so computed the Volatility factor as low minus high.

Figure 32: Factor definitions

Type	Name	Definition
Value	Earnings Yield	The inverse of the 12m forward PE multiple
	Dividend Yield	The 12m forward dividend yield
	Book / Price	The inverse of the 12m forward P/BV multiple
	EBIT / EV	EBIT / EV
	Free Cash-flow Yield	Free cash flow / market capitalisation
	Sales Yield	Sales / EV
Quality	ROE	The 12m forward Earnings Yield / Book to Price
	ROIC	EBIT / Invested Capital
	Capex / Depreciation*	Capital Expenditure / Depreciation
	Debt / EV*	Net debt / EV
Earnings Momentum	1M Earnings Momentum	The percentage change in forecast EPS over the previous month
	3M Earnings Momentum	The percentage change in forecast EPS over the previous 3 months
Price Reversal	1M Price Reversal	The month's local price return, for the 'current' month-end
	6M Price Reversal	The -6m to 'current' local price return, for the 'current' month-end
	12M Price Reversal	The -12m to 'current' local price return, for the 'current' month-end
Growth	Forecast EPS Growth	The percentage change of the 12m forward EPS over the 12m trailing EPS
	Historical EPS Growth	The average EPS growth in the trailing 5 years
Size	Market Capitalisation*	The month-end free-float market cap
Risk	Beta 3M*	Average Beta over the past 3 months
	Beta 1Y*	Average Beta over the past 12 months
	Earnings Certainty	-log (the standard deviation of 12m EPS forecasts / the absolute value of average 12m EPS forecasts)
	Volatility 3M*	Volatility of daily total returns on trading days over the past 3 months
	Volatility 6M*	Volatility of daily total returns on trading days over the past 6 months
	Volatility 12M*	Volatility of daily total returns on trading days over the past 12 months

Source: FactSet, MSCI, Wind, UBS Quantitative Research

Valuation Method and Risk Statement

Our quantitative models rely on reported financial statement information, consensus earnings forecasts and stock prices. Errors in these numbers are sometimes impossible to prevent (as when an item is misstated by a company). Also, the models employ historical data to estimate the efficacy of stock selection strategies and the relationships among strategies, which may change in the future. Additionally, unusual company-specific events could overwhelm the systematic influence of the strategies used to rank and score stocks.

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UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	46%	30%
Neutral	FSR is between -6% and 6% of the MRA.	38%	28%
Sell	FSR is > 6% below the MRA.	16%	18%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 March 2017.

1: Percentage of companies under coverage globally within the 12-month rating category.

2: Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3: Percentage of companies under coverage globally within the Short-Term rating category.

4: Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

KEY DEFINITIONS: **Forecast Stock Return (FSR)** is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months. **Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium). **Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation. **Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case. **Equity Price Targets** have an investment horizon of 12 months.

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