

## Singapore - Centric Bond

UOB Asset Management Ltd

## United SGD Fund

## FUND OBJECTIVE

UOB ASSET MANAGEMENT LTD

The investment focus of the fund is to invest substantially all its assets in money market and short term interest bearing debt instruments and bank deposits with the objective of achieving a yield enhancement over Singapore dollar deposits.



## ABOUT THE FUND MANAGER

Established in 1986, UOBAM is a leading manager with more than 20 years of experience in investing in equities and fixed income instruments of regional and global markets. The firm possesses an experienced team of 70 investment professionals, conducting independent rigorous fundamental research within a proven investment process and framework. UOBAM is headquartered in Singapore, with regional business and investment offices in Malaysia, Thailand, Brunei, Taiwan and Japan.

In terms of market coverage, UOBAM has acquired specialist skills in equity investment in global markets and in major global sectors. In the bond markets, UOBAM covers the Organisation of Economic Co-operation and Development (OECD) countries to emerging markets. UOBAM's investment philosophy is to emphasise on securities selection using a bottom-up approach. UOBAM makes regular company visits and supplements its fundamental investment approach with quantitative tools to control risks and to aid in the portfolio construction process. UOBAM has also established itself as one of the leading players in structured credits and investment solutions, managing third party investments in equities and bonds.

The portfolio manager is Ms Joyce Tan Mui Ling, Director. Joyce joined UOBAM in 2007. Joyce is a CFA charter holder and graduated with a Bachelor of Business (Financial Analysis and Applied Economics) (Hons) from Nanyang Technological University of Singapore in 1997. Joyce is responsible for the portfolio management of Singapore fixed income portfolios as well as covering Asia financial credits. Prior to joining UOBAM, she was the Assistant Fund Manager (Fixed Income) of ING Investment Management Asia Pacific (Singapore) Ltd in similar capacity. She has 12 years of industry experience.

## OUR COMMENTS

[For our analysis, we ran performance data for both Singapore-centric short duration bond funds, as well as Singapore money market funds]

In terms of performance, the United SGD Fund ranked first among its peers over cumulative one-year, two-year, three-year, four-year and five-year periods ended 31 March 2011. Over five years, the fund delivered an annualised 4.7% return, more than double the peer average. In terms of risk, the fund's maximum drawdown over three years (end March 2008 to end March 2011) was -1.6%, versus the -1% peer average. The fund's downside deviation over the past three years was 0.7%, versus the 0.4% peer average.

We like the fund's use of credit to generate a higher portfolio yield, without excess interest rate (duration) risk, a strategy which makes sense in the current interest rate environment. The fund's duration was 2.0 years, but maintains a healthy yield to maturity of 3.8% (as of 31 December 2010). Recent communication with the fund managers indicate that they are aware of rising interest rates, and remain defensively positioned in terms of portfolio duration.

Currency risk is mitigated as the fund is managed from an SGD-perspective. The fund's factsheet (as of 31 March 2011) highlights holdings in supposedly longer-maturity securities. Our communication with the fund manager indicates that these securities are expected to be called by the issuer over the next three years and are hence priced like shorter-maturity instruments, which conforms to the fund's investment objective.

FUNDSUPERMART COMPILATIONS. PERFORMANCE FIGURES IN SGD TERMS, BASED ON BID PRICES AND DIVIDENDS RE-INVESTED. ANALYSIS BASED ON MOTHER FUND WHERE FEEDER INCEPTED AFTER END-MARCH 2008.

## FUND INFORMATION

Launch Date	18 May 1998
Annual Management Fee	0.50%
Annual Expense Ratio as at 31 Dec 2010*	0.59%
CPF Investment Scheme	OA / SA
Fund Size as at 31 Mar 2011*	SGD 433.70 million

The fund size in the "Fund Information" section refers to that of the feeder fund, if the fund has a feeder fund structure.  
\*Source: UOB Asset Management Ltd

## RISK AS AT END MARCH 2011

3-year Annualised Volatility**	1.90
3-year Annualised Sharpe Ratio**	1.74
Our Risk Classification	2 - Low Risk

\*\*3-Year volatility and Sharpe Ratio figures are based on bid prices, adjusted for dividends re-invested and in SGD

## PERFORMANCE AS AT END MARCH 2011

52-week High	SGD 1.49
52-week Low	SGD 1.42

52-week high/low figures are based on bid prices without dividends, in the fund's denominated currency and compiled by Fundsupermart

PERIOD	1 YR	2 YR	3 YR	5 YR	10 YR
Annualised Returns To Date (%)	3.0	7.3	5.2	4.3	3.1

Performance figures are based on offer-to-bid prices, dividends re-invested, in SGD and compiled by Fundsupermart

3 MTH	6 MTH	1 YR	2 YR	3 YR	5 YR	10 YR
ABSOLUTE RETURNS TO DATE (%)						
1.4	2.3	5.2	17.5	18.9	26.1	38.7

ANNUALISED RETURNS TO DATE (%)						
N.A.	N.A.	5.2	8.4	5.9	4.7	3.3

PERIOD	2006	2007	2008	2009	2010
Annual Returns (%)	2.8	3.3	-0.6	11.6	5.9

Performance figures are based on bid prices, dividends re-invested, in SGD and compiled by Fundsupermart

## TOP HOLDINGS AS AT END MARCH 2011

Savu Investments Ltd 3.8% 17/1/14

SMFG Preferred Capital 2 8.7% 29/5/49

ANZ Capital Trust II 5.3% 29/12/49

Westpac Capital Trst III 5.8% 29/12/49

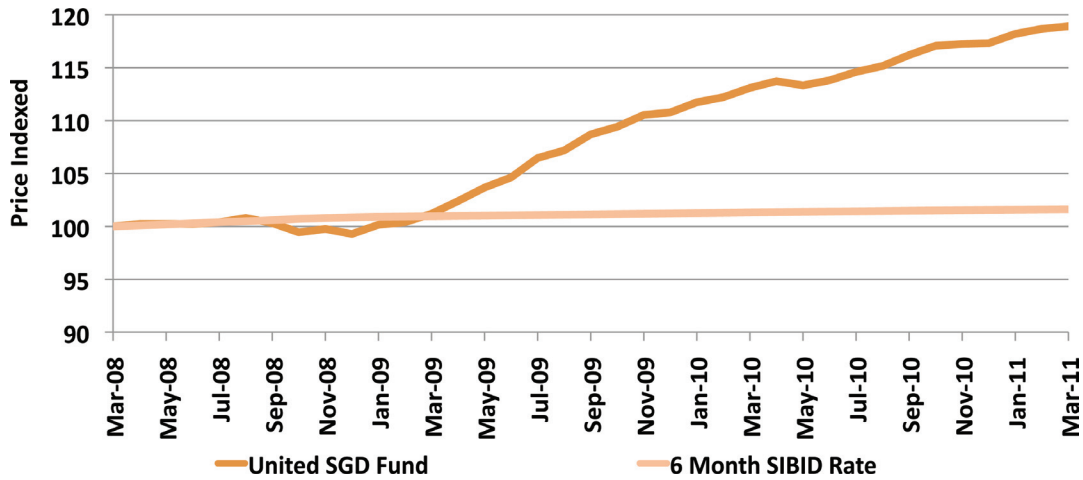
Bank of East Asia Ltd 6.1% 29/3/49

Source: UOB Asset Management Ltd



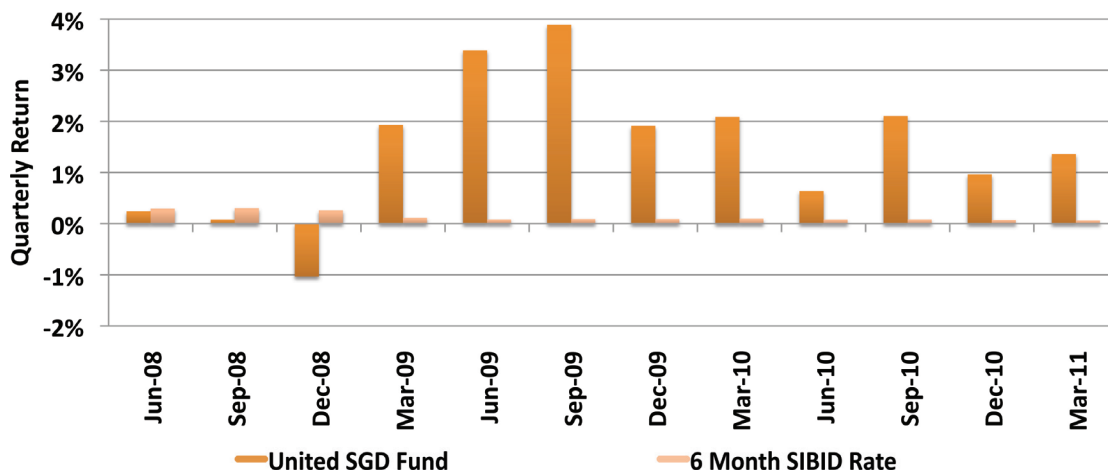
**BOND PORTFOLIO**

**CHART 1: PRICE INDEXED PERFORMANCE OF FUND OVER THE LAST 3 YEARS**



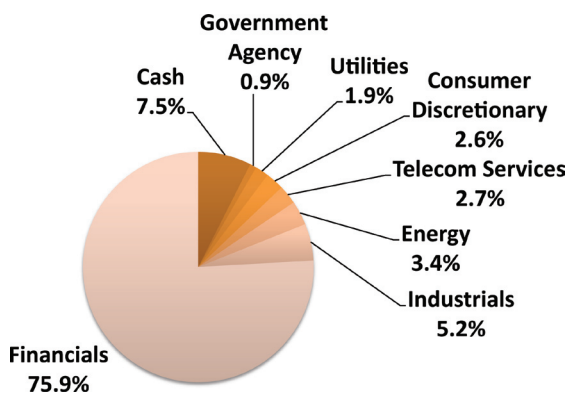
Based on bid prices, dividends re-invested and in SGD.  
Source: Fundsupermart & UOB Asset Management Ltd

**CHART 2: OUT/UNDERPERFORMANCE OF FUND VERSUS BENCHMARK**



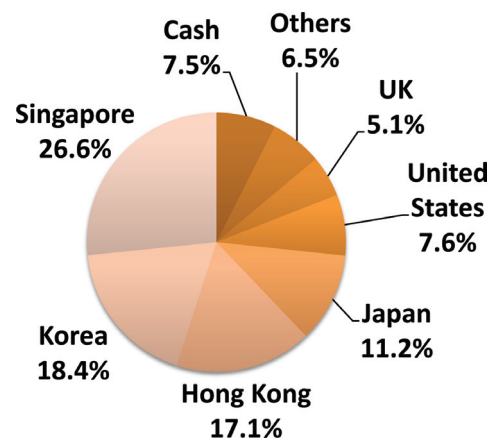
Source: Fundsupermart & UOB Asset Management Ltd

**CHART 3: SECTOR ALLOCATION AS AT END MARCH 2011**



Source: UOB Asset Management Ltd

**CHART 4: COUNTRY ALLOCATION AS AT END MARCH 2011**



Source: UOB Asset Management Ltd

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