

February 2024

United Asia Pacific Real Estate Income Fund



Why Invest?

- **Emerging opportunities in the Asia Pacific (APAC) real estate:** Opportunity to leverage the structural and secular growth in key APAC real estate markets including Japan and Australia.
- **Stable income and returns:** A good investment tool for investors seeking regular income. REITs are required to distribute at least 90 per cent of its taxable income as dividends to its shareholders annually.
- **Attractive dividend payout:** For Class SGD Dist, the current distribution policy is 4.5 per cent p.a., paid out monthly, which may be suitable for investors who are seeking regular income¹.
- **Compelling valuations:** Valuations of APAC REITs have largely discounted rising interest rates. The average forward price-to-book ratio at 0.91x is below the trough valuation during the 2017/2018 interest rate hike cycle.
- **Balance of defensive and growth REITs:** The United Asia Pacific Real Estate Income Fund – SGD Acc (the “Fund”) invests in a diversified portfolio of REITs with resilient assets through the property cycle. They help generate a steady rental stream during the cyclical downturn and asset capital values during an upcycle.

Portfolio Positioning

We retain a positive bias towards Singapore and Australia's real estate and REITs markets. We think Singapore offers relative defensiveness on the back of more favourable property supply and demand dynamics. Australia remains one of our preferred markets as we remain compelled by its domestic logistics market. On the contrary, we are bearish on Japan as the upside to valuation is likely capped owing to the policy overhang by the Bank of Japan (BOJ). We are selective on Hong Kong as pockets of opportunities are slowly emerging.

February 2024 Portfolio Performance

The United Asia Pacific Real Estate Income Fund – SGD Acc	-1.26 per cent ²
Benchmark: FTSE EPRA Nareit Asia Pacific Index	-1.00 per cent

Source: Morningstar, Performance from 31 January 2024 to 29 February 2024 in SGD terms

² Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

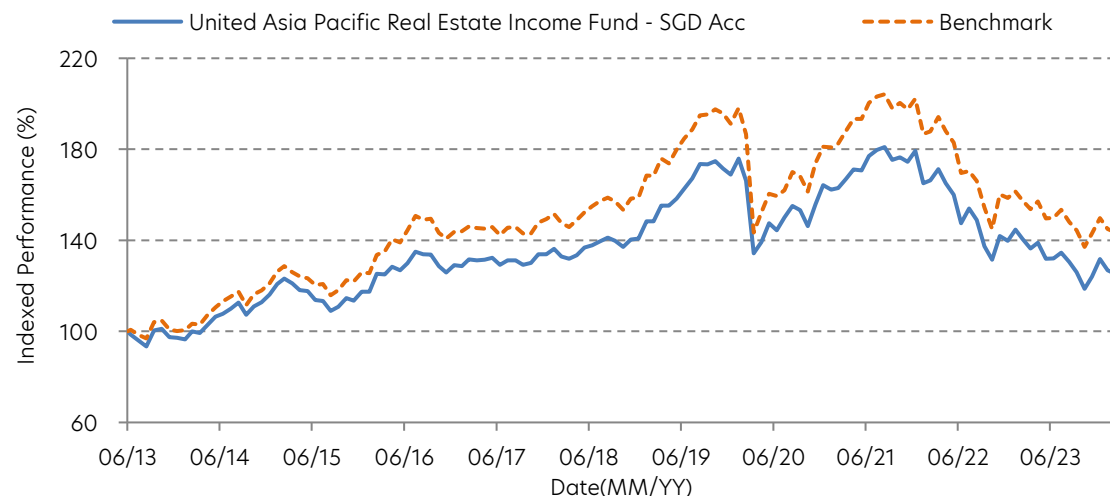
Performance Review

The Fund trailed the benchmark in February 2024 as our positive stock selections in Australia and Hong Kong were more than offset by drags in Singapore. Our picks in Diversified and Industrial REITs outperformed. On the contrary, our investments in Real Estate Management & Development stocks did not benefit the Fund in February 2024.

¹ Distributions (in SGD) are not guaranteed. Distributions may be made out of income, capital gains and/or capital. This relates to the disclosed distribution policy as set out in the Fund's prospectus.

Performance (Class SGD Acc)

Since Inception³ Performance in Base Currency



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: Since inception - 30 June 2022: S&P Asia Pacific REITs Index. 1 July 2022- Present: FTSE EPRA Nareit Asia Pacific Index

Source: Morningstar. Performance as at 29 February 2024, SGD basis, with dividends and distributions reinvested, if any.

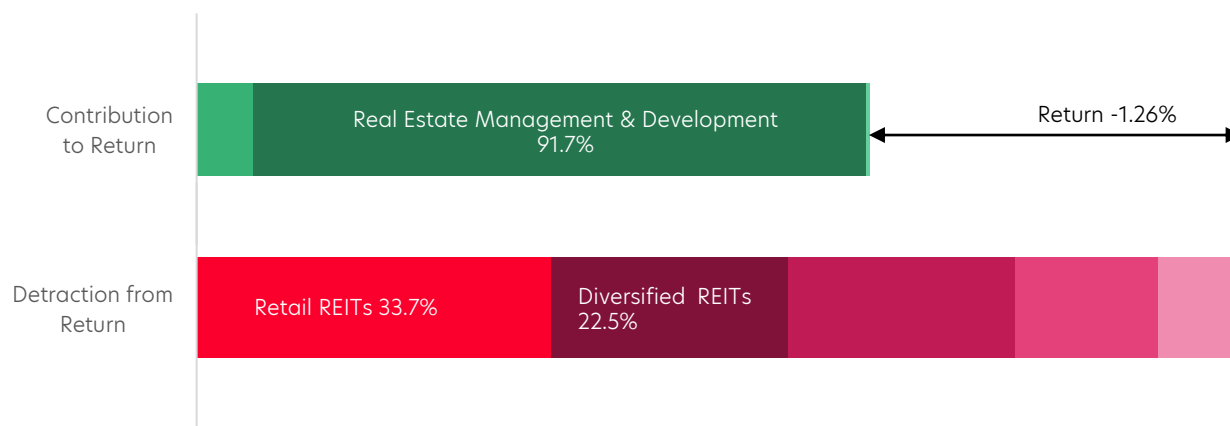
³ The United Asia Pacific Real Estate Income Fund - SGD Acc (ISIN Code: SG9999009997) and SGD Dist (ISIN Code: SG9999010052) were inceptioned on 17 June 2013.

All statistics quoted in the write-up are sourced from Bloomberg as at 29 February 2024 unless otherwise stated.

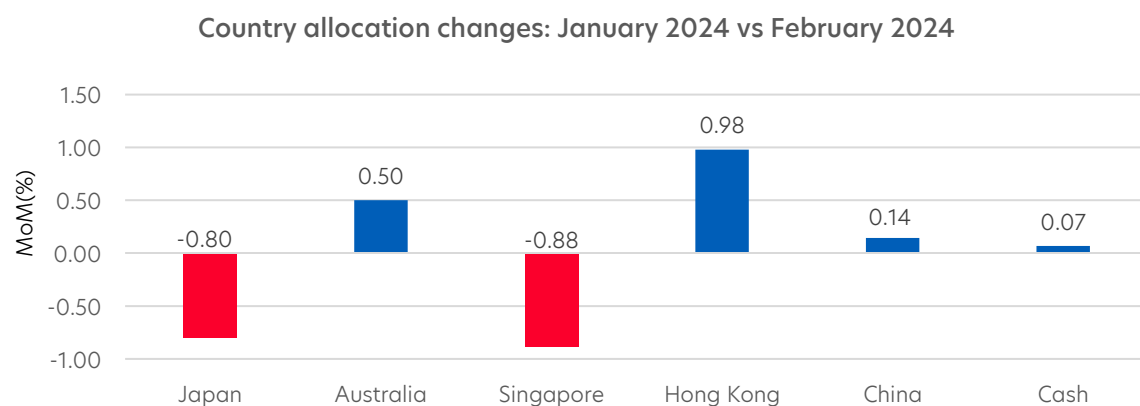
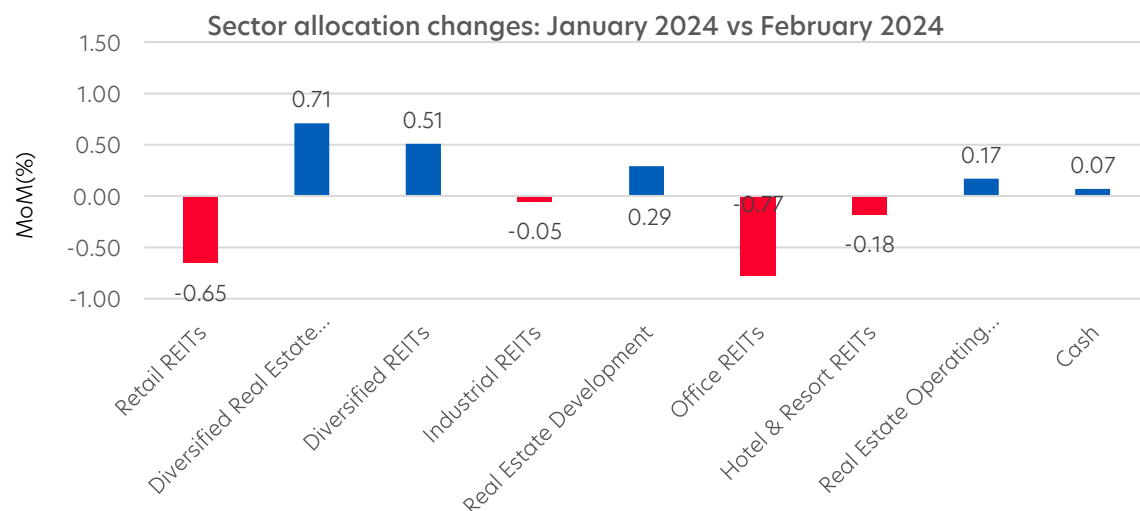
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-1.26	-10.95	-8.42	-3.33	2.12
Fund (Charges applied [^])	-6.20	-15.41	-9.97	-4.31	1.63
Benchmark	-1.00	-8.83	-7.69	-3.13	3.43

Source: Morningstar. Performance as at 29 February 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: Since inception - 30 June 2022: S&P Asia Pacific REITs Index. 1 July 2022- Present: FTSE EPRA Nareit Asia Pacific Index. Past performance is not necessarily indicative of future performance. [^]Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

Performance Contributors/Detractors: February 2024



Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

Global REITs recovered in the last two months of 2023 after the market narrative transitioned from higher-for-longer to Goldilocks with significant easing in US financial conditions. With the major overhang lifted, the Asia Pacific real estate and REITs sector (ENHPU Index) narrowed its losses from its October lows of -12.3 per cent to the end of 2023 at -3.8 per cent.

We remain selective with a focus on laggard stocks following the recent pullback. We see further sector re-rating as investor sentiment turned more positive towards the REITs asset class amid mostly still supportive property-level fundamentals. Conditions supporting a healthy REITs sector earnings growth outlook are largely favourable though certain segments and markets may enjoy better growth.

As shown on the left charts, the biggest decrease in the sector allocation changes for February 2024 was in Office REITs (-0.77 per cent). On the contrary, the largest increment was in Diversified Real Estate Activity (+0.71 per cent). In terms of country allocation changes, the Fund has the most decline in Singapore (-0.88 per cent) and the highest increase in Hong Kong (+0.98 per cent) for February 2024.

Market Review

Asian equity markets rebounded in February 2024 (MSCI Asia Pacific Index: +4.67 per cent) in line with the rally in global markets after a weak start in January 2024. In Asia, China led the rally on better-than-expected credit and Lunar travel data, along with the state-backed funds supporting onshore Exchange Traded Funds (ETFs). Korean market gained driven by a strong US\$6 billion foreign inflows largely as the government's 'Value-up program' gained traction. Hong Kong announced a complete removal of stamp duties as part of its property cooling measures in its 2024/25 Budget.

The real estate/REITs sector declined by 1.0 per cent (FTSE EPRA Nareit Asia Pacific Index, SGD terms) in February 2024 as the sector saw continued profit-taking on headwinds from the backup in the 10-year US Treasury (UST) yield by 37 basis points (bps) to 4.25 per cent. Australian and Hong Kong real estate/REITs markets led whilst Japan lagged.

Investment Objective

The investment objective of United Asia Pacific Real Estate Income Fund is to seek total return consisting of income and capital appreciation over the medium to long term by investing primarily in Real Estate Investment Trusts (REITs) listed in the Asia Pacific region (including Japan, Australia and New Zealand).

Fund Information

Morningstar Rating
★★★

Base Currency
SGD

Fund Size
SGD 19.41 mil

Fund Manager
Low Soo Fang



Important Notice and Disclaimers

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