February 2024

United Smart Sustainable Singapore Bond Fund

Why Invest?

• **Benefit from Singapore's sustainability journey:** This is the first-ever Singapore-focused Environmental, Social, and Governance (ESG) Fixed Income Fund. The Fund aims to allow investors to gather stable income via investing in bonds issued by Singapore (and Asian) companies that have strong forward-looking, sustainable mandates.

• **Asia-centric and Singapore-focused:** United Smart Sustainable Singapore Bond Fund – A SGD Acc (Hedged) (the "Fund") invests at least 65 per cent in Singapore's fixed income and a maximum of 35 per cent in Asia. This allows the Fund to benefit from the strength of the SGD and the stability of Singapore's capital markets.

• **Thematic Focus:** The Fund supports three core sustainable investing themes identified using the Singapore Green Plan 2030, i.e. 1) green, clean, and smart Singapore, 2) preparing for climate change, and 3) sustainable production.

• **Consistent Payout:** The United Sustainable Singapore Bond Fund – A SGD Dist (Hedged) offers a monthly dividend income[1] as well as the potential for capital upside. The current distribution policy is to make regular monthly distributions of up to 2 per cent p.a..

February 2024 Portfolio Performance

The United Smart Sustainable Singapore Bond Fund – A SGD Acc (Hedged)	+0.21 per cent[2]
Benchmark: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent	+0.37 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

Fund performance in February 2024 registered another positive return due to good yield carry. Massive rise in underlying interest rate and widening in investment grade credit spread were the main detractors although some good gains were generated from our non-investment grade holdings.

Portfolio Positioning

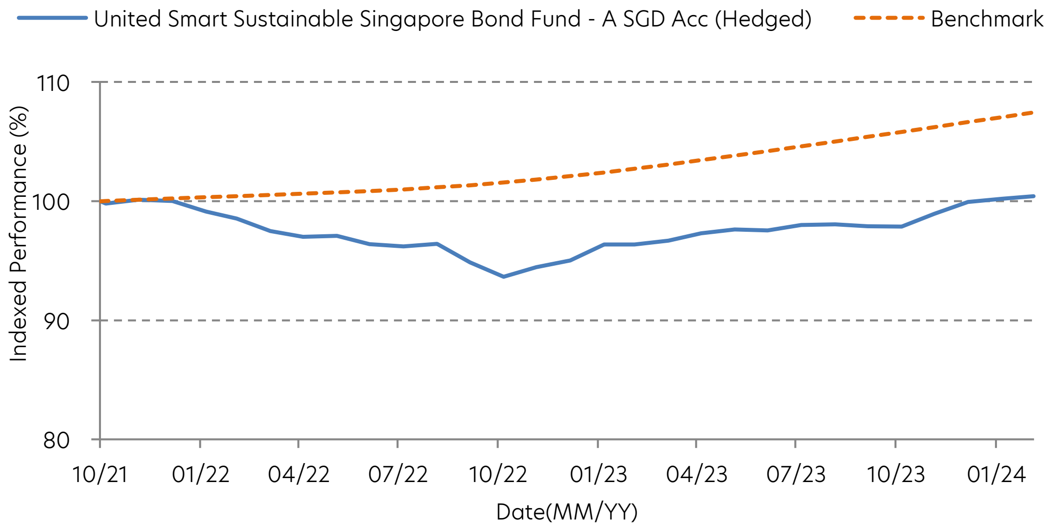
Moving ahead, our inclination remains to stay fully invested to gather the current high level of market yield. Peaked interest rates and continual strength in recent employment and economic data will be closely tracked. This well-balanced trend will be required to be ongoing for such a "goldilocks" scenario to persist. Whilst so, we need to stay watchful of high funding costs and continual geopolitical uncertainties as they may undermine companies' growth and earnings in the near term. Our caution remains in Chinese real estate developers and non-investment grade segments. Lower China growth, and high leverage trajectory alongside structural Chinese real estate woes may present tail risk to Asian assets. We are inclined to monitor Chinese real estate developers and only to get involved in the quality names if the valuation becomes compelling. Gradual increase in good quality non-investment grade exposure will be rewarded with higher carry and potential capital gains from market rallies, if any.

On duration management, we continue to pause to monitor global economic health after the recent sharp fall in interest rates. Staying nimble in duration management will be crucial during this transition. We remain convicted to lock in the higher US rates in anticipation of recession risk and a peak in interest rate. All said as we enter into a new normal world while living with COVID-19, credit selection and portfolio diversification are critical amid rising idiosyncratic risks.

[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 A SGD Acc (Hedged))

Fund Performance Since Inception[3] in Base Currency



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

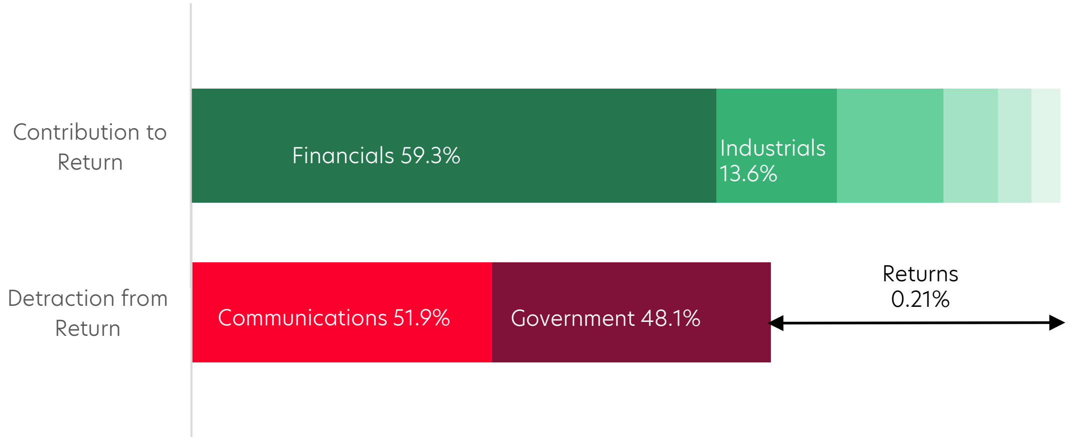
Benchmark: Since inception -7 April 2022: 12-month Singapore dollar Fixed Deposit + 1 per cent; 8 April 2022 - Present: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent

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

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.21	4.20	-	-	0.18
Fund (Charges applied^)	-1.79	2.12	-	-	-0.68
Benchmark	0.37	4.60	-	-	3.11

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. Since inception performance under 1 year is not annualized. Benchmark: Since inception -7 April 2022: 12-month Singapore dollar Fixed Deposit + 1 per cent; 8 April 2022 - Present: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent. 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.

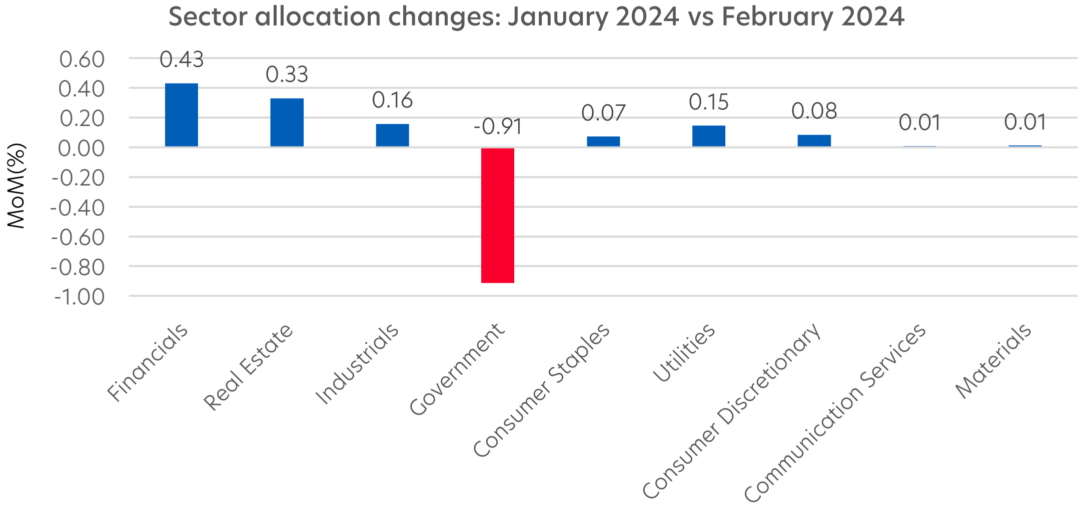
Performance Contributors/Detractors: February 2024

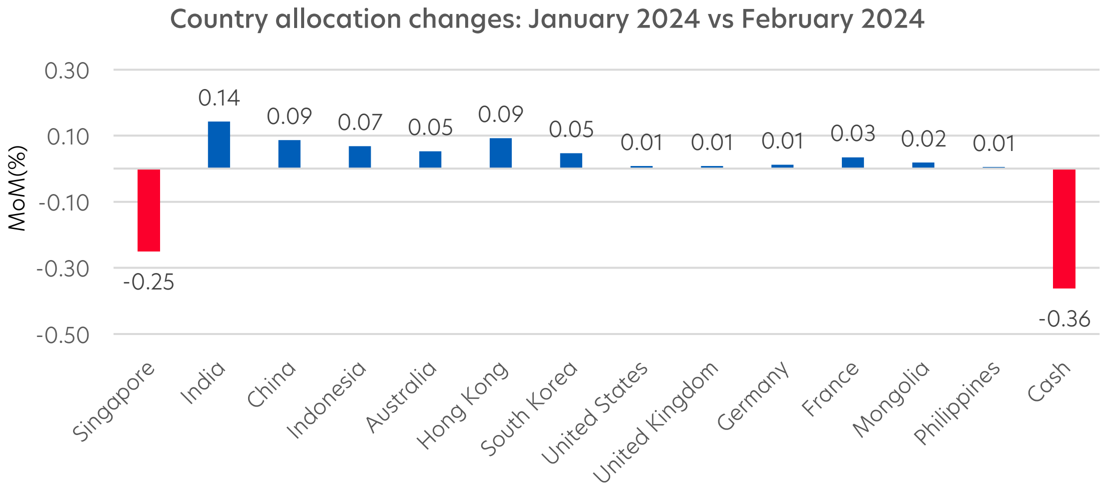


[3] The United Smart Sustainable Singapore Bond Fund Class A SGD Acc (Hedged) (ISIN Code: SGXZ18977330) was incepted on 26 October 2021.

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

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

Our continual heavier exposure to good quality Singapore bonds and defensive credits had remained a good anchor and contributed to the Fund's stable returns. Quality defensive non-investment grade exposure should work well in the medium term, boosting carry income. The absence of Chinese real estate exposure in our Fund undermined returns slightly as small rallies were observed in February 2024. On our broad duration strategy, we have kept our duration rather unchanged from the previous month. We are inclined to be more tactical, take pauses to lengthen duration again and monitor the global economic health while global central banks try to balance their monetary policy amid economic uncertainties.

As shown on the left charts, the biggest decrease in the sector allocation changes for February 2024 was in Government (-0.91 per cent). On the contrary, the largest increments were in Financials (+0.43 per cent) and Real Estate (+0.33 per cent). In terms of country allocation, the Fund has the highest decline in Singapore (-0.25 per cent) and the highest increase in India (+0.14 per cent) during February 2024.

Market Review

A month with relatively positive risk sentiment as macroeconomic data releases continued to point to a resilient economy. February 2024 started with a well-anticipated unchanged rate decision by the US Federal Reserve (Fed) Committee. Alongside, soft pushback on imminent rate cuts until there is greater confidence that inflation is moving to their target was also heard. Employment and the Institute of Supply Management (ISM) data were cited strongly while inflationary pressures remained a concern. Outside the US, the People's Bank of China (PBoC) announced the largest-ever 5-year Loan Prime Rate (LPR) cut to boost its economy. Considering all, investors remained cheered by economy resiliency, bringing better improvement in risk appetite. Overall, the 10-year US Treasury (UST) yield climbed further and ended February 2024 34 basis points (bps) higher at 4.25 per cent, while the 5-year UST yield also rose significantly by 40bps to 4.24 per cent.

On the Singapore front, after a disappointing January 2024, macro releases in February 2024 provided optimism for the ongoing recovery in the manufacturing sector. The non-oil domestic exports (NODX) in January 2024 were +16.8 per cent year-on-year (y/y) (consensus: +4.3 per cent). Both electronics and non-electronics exports rose, suggesting broad-based improvements. Inflation turned out to be softer for January 2024. Headline Consumer Price Index (CPI) was +2.9 per cent y/y due to lower core CPI and private transport prices. Core CPI slowed to +3.1 per cent y/y given declines in holiday-related expenses. Overall, Singapore government securities (SGS) started to outperform its UST peer with a 5-year tenor bond yield rising further by 21bps to 3.04 per cent.

On the Asia credit market, investors' risk appetite resumed its optimism. Although interest rate cut expectations remained dampened, investors chose to focus on peaked rates, encouraged by Chinese officials' ease in interest rates and cheered on continual economic resiliency. Within the Chinese real estate sector, small rallies were observed during February 2024. However, any robust appetite was dampened by weak physical real estate sales, tight funding access of developers and high capital market refinancing risks of developers. Confidence in officials' supportive measures of the Chinese real estate market remains skewed towards more scepticism than trusted, as the investors continued to track the survivors' rate of developers in the "white list". In February 2024, the new issuances market eased slightly after a fast-paced January 2024, and fewer working days coupled with many out for the Chinese Lunar Year festive.

Primary issuance in SGD space remained active in February 2024. A variety of issuers tapped the market, from European banks to highly rated, Credit Guarantee & Investment Facility (CGIF) guaranteed papers to Temasek-linked corporates. UBS Group AG (UBS) issued SGD 650 million of Additional Tier 1 (AT1) bonds Non-call 5.5 years at a 5.75 per cent coupon while France's BNP Paribas SA (BNP) (SGD 550 million) and BPCE SA (SGD 400 million) issued Tier 2 bonds with about 10-year maturities, callable around 5 years. BPCE SA was last active in the SGD public bond space in 2016. For domestic corporates, Mapletree Pan Asia Commercial Trust (Baa2 rated) issued an SGD 120 million 10-year green bond at a 3.9 per cent coupon. Else, the Singapore Exchange also issued SGD 300 million in a 3-year bond at a 3.45 per cent coupon. Both issues were well received in secondary trading given the rarity factor, tight valuations notwithstanding.

Overall, the Asian credit spread narrowed across investment grade and non-investment grade segments due to robust risk appetite. In USD terms, JP Morgan Environmental, Social, and Governance (ESG) Asia Credit Index gained another +0.06 per cent for February 2024, driven by the rise in underlying interest rate and wider credit spread. Specifically, the investment grade segment saw a loss of -0.28 per cent while the non-investment grade segment saw a gain of +2.07 per cent.

Investment Objective

The investment objective of the United Smart Sustainable Singapore Bond Fund is seeking to provide stable income and capital appreciation over the medium to long term by investing predominantly in fixed income instruments focusing on Singapore. Investments will be selected following the Fund's investment focus and approach, which includes the consideration of Sustainability and Environmental, Social and Governance (ESG) factors.

Fund Information

Base Currency	Fund Size	Fund Manager
SGD	SGD 53.89 mil	Koh Hwee Joo

Important Notice and Disclaimers

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