

May 2025

## United SGD Fund



### Why Invest?

- **High quality bonds with attractive yield pick-up:** The United SGD Fund – A (Acc) SGD (the “Fund”) has an average credit rating of BBB+ and an investment grade allocation of 98 per cent. The Fund’s weighted average yield to maturity is 3.67 per cent as of May 2025.
- **Attractive dividend payout:** For Class S SGD Dist, the current distribution policy is 5.0 per cent p.a., paid out monthly, which may be suitable for investors who are seeking regular income<sup>1</sup>.
- **Laddered investment strategy:** The Fund uses a laddered strategy to lock in yields in a falling-interest rate environment. It involves buying bonds that mature at staggered future dates. Lower interest rates in coming years mean the Fund’s newer bonds will tend to carry a lower yield. However, its existing bond holdings will continue to provide elevated yields.
- **Navigating Inflation:** Moving into 2025, Singapore’s interest rates continue to decline, and growth stays resilient, but inflation remains relatively sticky. The Fund benefits as corporate bonds tend to perform better than government bonds. As a result, the Fund returned 4.37 per cent over the last 12 months, well ahead of inflation and fixed deposit rates.

### May 2025 Portfolio Performance

The United SGD Fund- A (Acc) SGD	+0.37 per cent <sup>2</sup>
Benchmark: 6-month Compounded Singapore Overnight Rate Average	+0.22 per cent

Source: Morningstar, Performance from 30 April 2025 to 31 May 2025 in SGD terms

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

### Performance Review

The Fund returned +0.37 per cent in May 2025, or +1.68 per cent year-to-date. The returns were driven by coupon income, while tighter credit spreads were offset by an increase in interest rates.

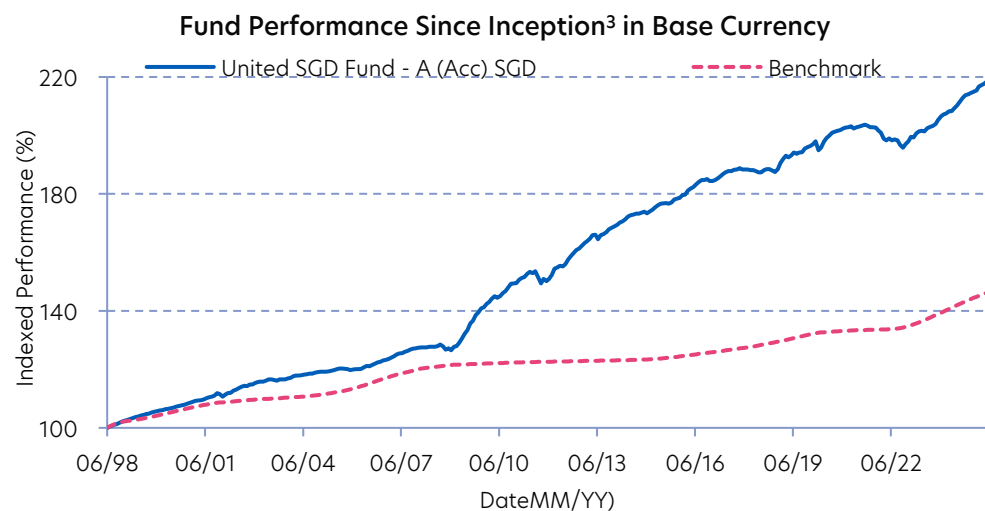
### Portfolio Positioning

We continue to prioritise coupon returns while aiming to diversify across various markets. Our focus remains on defensive sectors such as Utilities, Telecommunications, Consumer goods, Insurance, and Government-related entities, with resilient balance sheets, credits with leading market shares and of systemic importance. Overall, we favour financials over non-financial corporates based on their strong fundamentals and attractive valuations.

The Fund will continue to: 1) Assess the relative value of bonds in the portfolio; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Invest in bonds maturing/callable/puttable on rolling three years for the purpose of return enhancement; 4) Maintain 1-3 per cent cash for liquidity; and 5). Hedge foreign currency risk to the Singapore Dollar.

<sup>1</sup> 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 (Acc) SGD)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: Since inception - 2 May 2021: 6-month SIBID rate; 3 May 2021 - 7 Apr 2022: 12-month Bank Deposit Rate; 8 Apr 2022 - Present: 6-month Compounded Singapore Overnight Rate Average.

Source: Morningstar. Performance as at 31 May 2025, SGD basis, with dividends and distributions reinvested, if any.

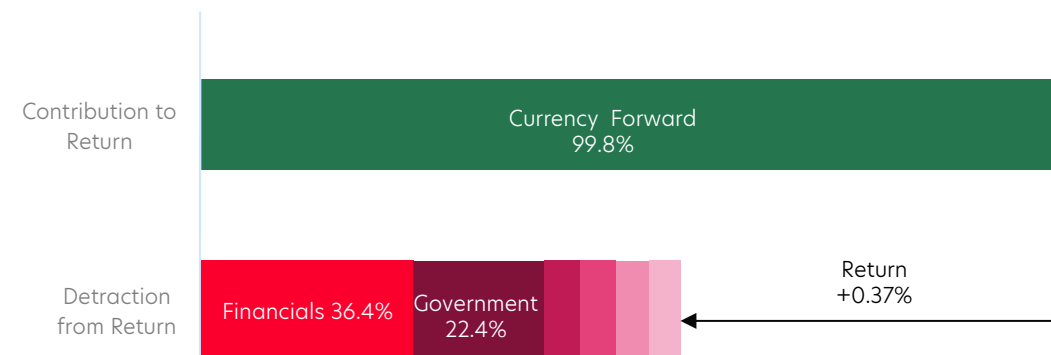
<sup>3</sup> The United SGD Fund - A (Acc) SGD (ISIN Code: SG9999001382) was inceptioned on 19 June 1998.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 May 2025 unless otherwise stated.

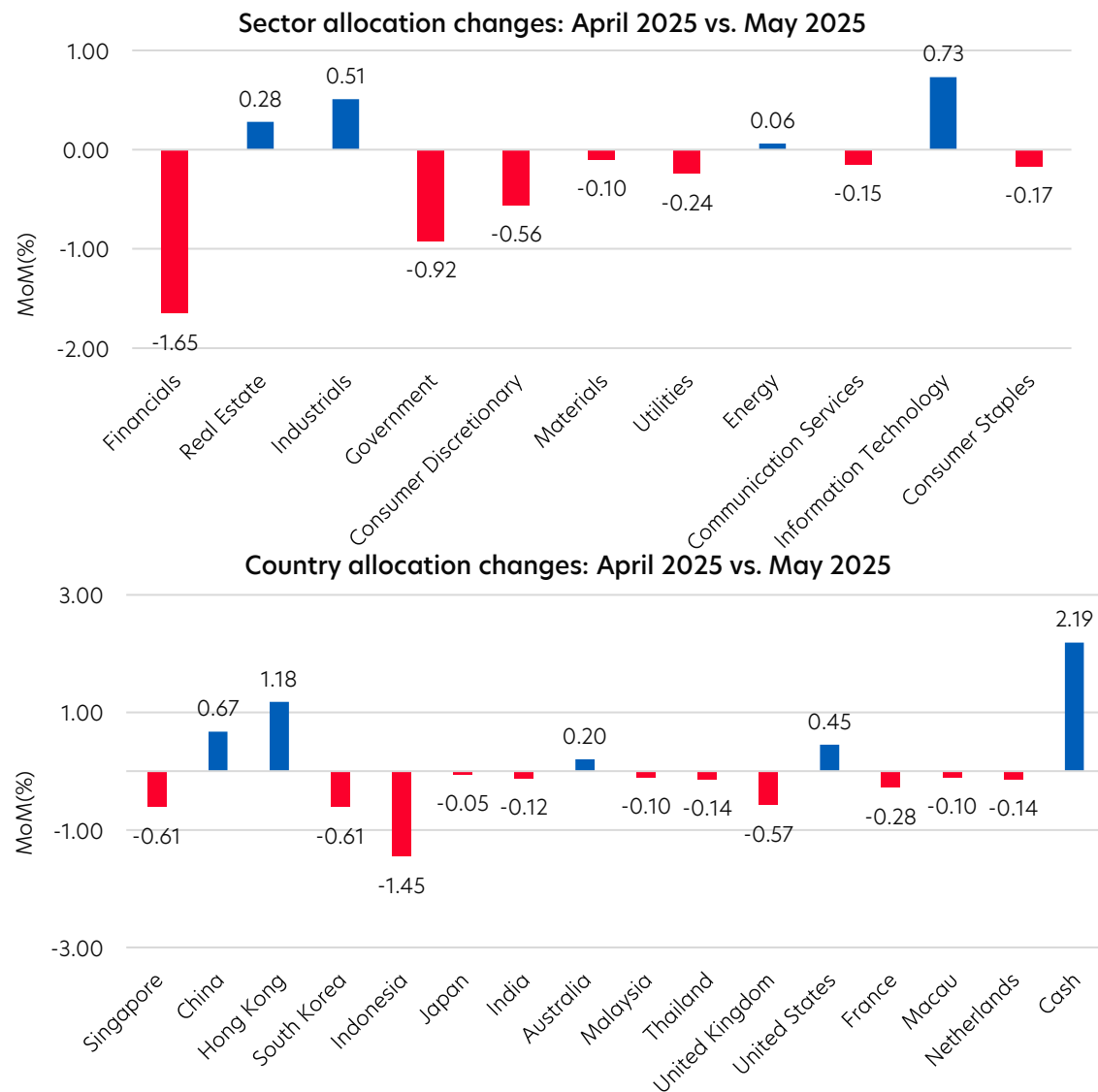
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.37	4.37	3.17	2.01	2.94
Fund (Charges applied <sup>^</sup> )	-1.64	2.29	2.48	1.59	2.87
Benchmark	0.22	3.29	3.01	1.95	1.42

Source: Morningstar. Performance as at 31 May 2025, 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 - 2 May 2021: 6-month SIBID rate; 3 May 2021 - 7 Apr 2022: 12M Bank Deposit Rate; 8 Apr 2022 - Present: 6-month Compounded Singapore Overnight Rate Average. Past performance is not necessarily indicative of future performance. <sup>^</sup>Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

## Performance Contributors/Detractors: May 2025



## Portfolio Changes



Source: UOBAM

## Portfolio Review

### Analyst Insights

The new positions we added to the portfolio in May 2025 were quality Corporate Credit in the Industrial, Non-Cyclical Consumer, and Energy sectors. We also bought the Monetary Authority of Singapore Bills that mature within the next 3 months. Meanwhile, we sold positions in the Financial and Basic Materials sectors.

As shown in the left charts, the biggest decrease in the sector allocation changes for May 2025 was in Financials (-1.65 per cent). On the contrary, the largest increment was in Information Technology (+0.73 per cent). In terms of country allocation changes, the Fund has the highest decline in Indonesia (-1.45 per cent) and the highest increase in Hong Kong (+1.18 per cent) for May 2025.

## Market Review

**Government bond** yields jumped across many markets, as US fiscal concerns, resilient US data, and the patient stance from the US Federal Reserve (Fed) overshadowed the prospect of Supplementary Leverage Ratio (SLR) relaxation for US banks. The 2-year and 10-year US Treasuries (USTs) yields closed at 3.9 per cent (+29 basis points (bps)) and 4.4 per cent (+24bps) respectively in May 2025. The Federal fund futures now price in two rate cuts in 2025, from up to four cuts in April 2025.

Investors' sentiment improved on the back of easing trade/tariff concerns, decent US technology earnings, and People's Bank of China (PBOC) policy easing. The JP Morgan Asia Credit Index (JACI) Investment Grade credit spread tightened to 118bps (-15bps) as investors added to positions.

The primary activity of Asia G3 currency bond picked up slightly, with US\$13 billion (April 2025: US\$12 billion, May 2024: US\$16 billion) bonds priced. This brings year-to-date supply to US\$94 billion (+39 per cent). The biggest issuers in May 2025 were China Construction Bank Corporation (CCB, US\$1.5 billion), Industrial and Commercial Bank of China Limited, Singapore Branch (ICBCAS, US\$1.3 billion) and PT Pertamina Hulu Energi (PERHUL, US\$1 billion).

Tariff headlines will continue to be a major factor affecting the direction of Asia credit spreads, though market focus will likely gradually shift towards economic data. Any potential retreat of global risk sentiment in a scenario of weakened US growth or a stagflation scenario is likely to present the biggest risk to credit markets currently. That said, coupon carry across Asia credit remains reasonable.

## Investment Objective

The investment objective of the United SGD 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.

## Fund Information

### Morningstar Rating

★★★

### Base Currency

SGD

### Fund Size

SGD 2,433.46 mil

### Fund Manager

Joyce Tan



### Important Notice and Disclaimers

Distributions will be made in respect of the Distribution Classes of the Fund. Distributions are based on the NAV per unit of the relevant Distribution Class as at the last business day of the calendar month or quarter. The making of distributions is at the absolute discretion of UOBAM and that distributions are not guaranteed. The making of any distribution shall not be taken to imply that further distributions will be made. UOBAM reserves the right to vary the frequency and/or amount of distributions. Distributions from a fund may be made out of income and/or capital gains and (if income and/or capital gains are insufficient) out of capital. Investors should also note that the declaration and/or payment of distributions (whether out of income, capital gains, capital or otherwise) may have the effect of lowering the net asset value (NAV) of the relevant fund. Moreover, distributions out of capital may amount to a reduction of part of your original investment and may result in reduced future returns. Please refer to the Fund's prospectus for more information.

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