



UOBAM Global Solutions Income, Growth and Preservation

Market Outlook

Global growth remains supportive even as volatility has returned

- The International Monetary Fund* forecasts global growth at 3.5 per cent
- Average one-year ratio for volatility** surged in 2018



Opportunities exist in equities and fixed income

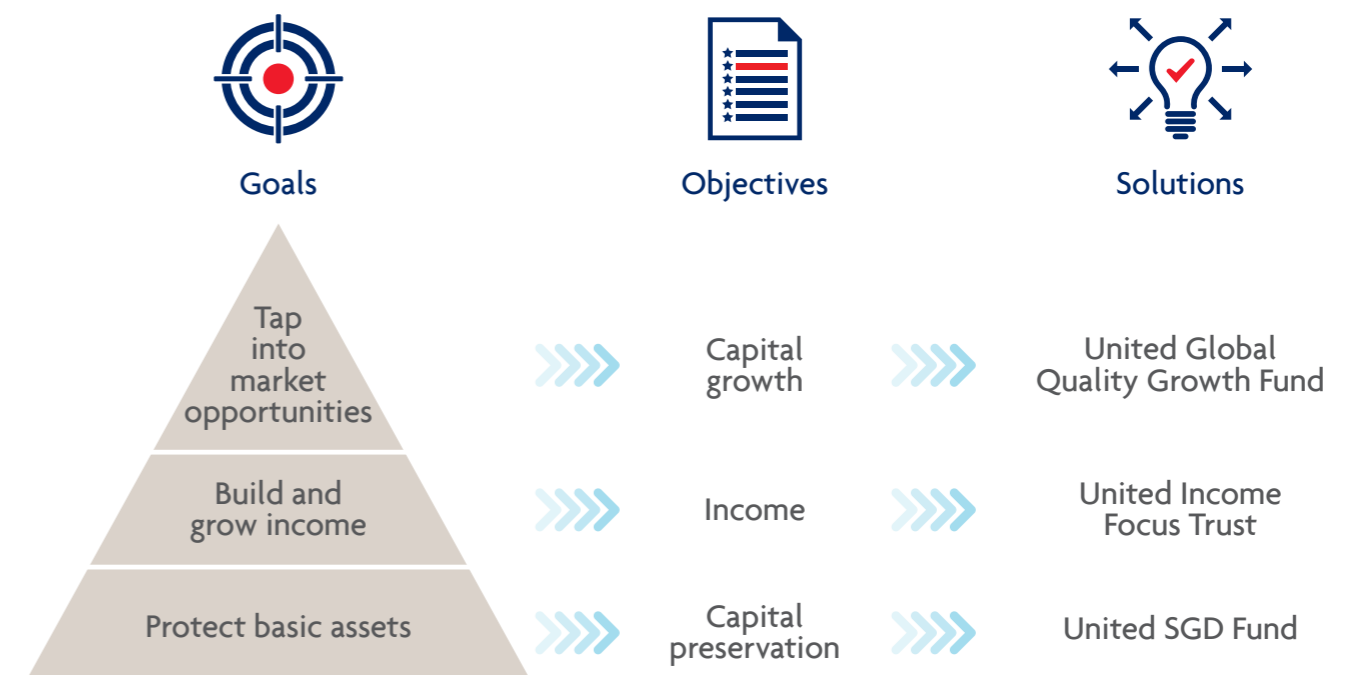
- Moderating fundamental indicators point to slower growth in 2019
- Valuations across asset classes are still attractive and corporate earnings remain stable
- Focus on quality companies with strong fundamentals and healthy balance sheets



Investor's Priorities

Meeting investor's financial goals

Three solutions to tide over market volatility and capture global expansion



*International Monetary Fund, World Economic Outlook Report Update, January 2019

**Volatility Index is measured by VIX, Bloomberg

United Income Focus Trust

For investors seeking regular income and capital stability

Who is this fund suitable for?

This fund is designed for investors who are looking for a regular flow of passive income to build up over time or additional income for retirement. They prefer diversifying their money across different geographies and asset classes, amid changing markets. Investors in this category are comfortable with the risks of a global multi-asset fund.



Why the United Income Focus Trust?

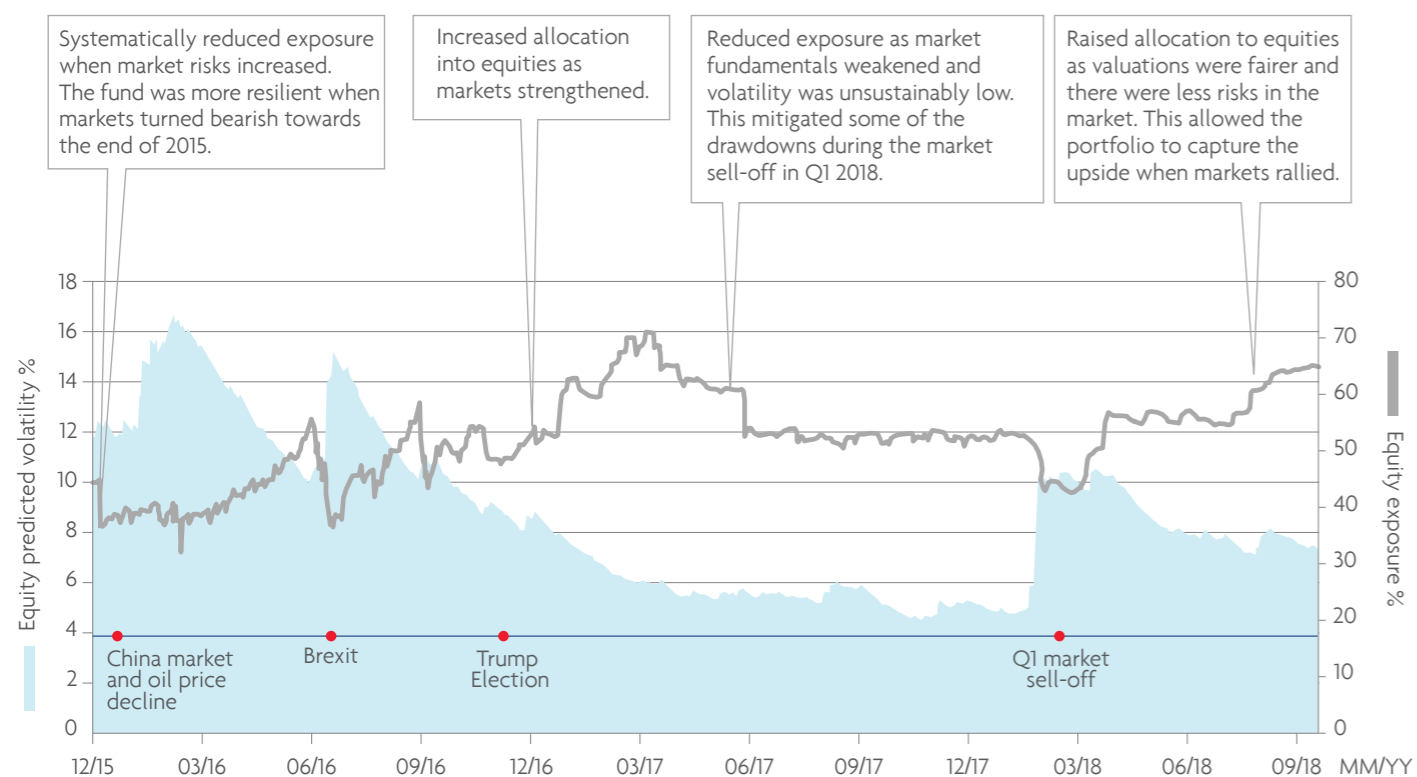
The fund is diversified and has a dynamic investing approach which allows it to remain resilient despite the volatility from market fluctuations.

Investors received a regular monthly income of 5.28 cents* per unit per annum since February 2016.

Dynamic asset allocation

A unique feature of the fund is **risk targeting**, which provides more stable portfolio volatility and return experience for investors. The fund monitors risk levels **twice a day** and adjusts **equity exposure** and **duration positioning** in fixed income to meet its ideal risk target. This also allows the fund to flexibly tilt towards more attractive opportunities and mitigate risk.

Dynamic equity allocation



Source: Wellington Management, as of 30 September 2018

Equities are typically riskier than fixed income, and hence it is important to quickly adjust equity exposure in both directions. This means protecting the portfolio from potential loss in times of predicted market weakness, and participating in upsides when markets strengthen.

*The monthly payout of 5.28 cents per unit p.a. is equivalent to 0.44 cents per unit per month.

Investors should note that the intention of the Managers to make the distribution is not guaranteed. The Managers reserve the right to vary the frequency and/or amount of distributions. If a dividend distribution is made, it should not be taken to imply that further distributions will be made. Distribution may be made out of the income, capital gains or capital of the relevant Distribution Class. Investors should also note that the paying of distributions may have the effect of lowering the NAV of the Fund.

Flexible fixed income positioning



Source: Wellington Management, as of 30 September 2018

Duration measures the sensitivity of bond prices to movements in interest rates, and is a substantial risk contributed from fixed income. Thus it is essential to be highly dynamic in adjusting duration. To hedge duration risk, we can either sell physical securities or use derivatives (such as futures or options).

Generating attractive risk-adjusted returns from securities selection

The fund also accesses niche asset classes that offer yield enhancement in an environment of low yields. These opportunistic allocations include CoCos (contingent convertible bonds) which are complex hybrid instruments that offer a play on inflation, and structured credits (mortgage backed securities) that are less correlated to traditional assets.

Equity implementation through global income low volatility (GILV)

The fund uses the global income low volatility strategy to select and screen for stocks. This investment approach focuses on low volatility global equities, where the team uses a systematic, risk-controlled investment process that aims to maximise returns while minimising risks relative to the benchmark.

The resulting equity exposure typically has between 100 and 200 names and a dividend yield that is 3 to 3.5% above the MSCI All Country World Index.

- Higher dividend yield
- Lower volatility
- Better valuation
- Better long-term returns

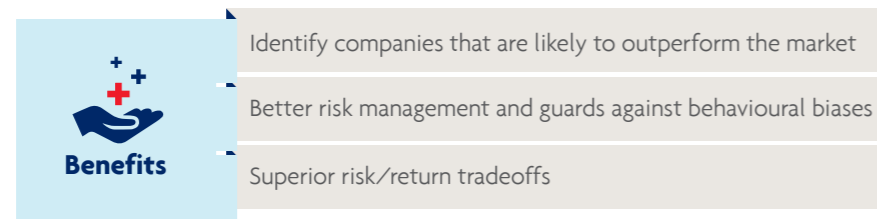
	Equity component of UIFT	MSCI ACWI
Price-to-earnings Ratio	10.3	13.8
Dividend Yield ¹ (%)	6.1	2.5
Annualised Return (%)	10.1	9.4
Volatility (% Annualised)	8.2	9.8

¹ Dividend yield is not distribution yield.

Source: Wellington Management, as of 30 November 2018. Inception date of GILV is 8 December 2015. Annualised returns are calculated on a NAV basis, USD terms, with dividends and distributions reinvested.

Fixed income implementation through systematic corporate bond allocation

The fund's fixed income strategy seeks bonds that are able to generate outperformance, through a systematic selection that can identify and exploit inefficiencies or mispricings across the credit spectrum as a result of regulatory constraints, market structure and investor behaviour.



Fund Characteristics	United Income Focus Trust
Effective Duration	4.8 years
Average Credit Quality	BBB-
Average Yield ² (%)	6.1
Risk Target (%)	5 to 9
Number of Holdings	703

²The average yield is the combination of dividend yield for the equities portion of the fund and yield to worst for the fixed income portion of the fund.
Source: Wellington Management, as of 30 November 2018.

Capitalise on the expertise of Wellington Management, the sub-manager of the Fund

Since 1928, Wellington Management (comprising the sub-manager and its affiliates) has established and maintained a reputable market history. It is one of the world's oldest and largest sub-advisers of active mutual funds and possesses global investment capabilities.

Wellington Management combines a rigorous investment process with broad research resources. It serves as a trusted adviser and strategic partner to more than 2,000 institutional clients and mutual-fund sponsors in over 65 countries.

The past performance of Wellington Management, the sub-manager is not necessarily an indication of its future performance.

United Global Quality Growth Fund

For investors seeking market opportunities and capital growth

Who is this fund for?

The fund focuses on capturing the upside when markets are on the uptrend and mitigating the downside when markets are volatile. This fund is for investors who are looking to enhance their investment returns through a balanced growth solution. They are comfortable with the risks of a global equities fund and prefer owning high quality companies that are able to grow over the long term.



Why the United Global Quality Growth Fund?

In the environment of heightened market risks, it is essential to focus on the fundamentals of companies rather than the noise from headline news. The fund focuses on high-quality, growth-oriented companies that have returned excess capital to shareholders each year and trade at a discount to the market. This leads to consistent stock-price outperformance over long periods.

The fund selects stocks that are superior in these factors:



Performance track record of the sub-manager

Wellington Management is the sub-manager for the United Global Quality Growth Fund. Their disciplined, quantifiable, conviction driven process has allowed the Global Quality Growth Composite to outperform its peers. The return comparisons of the strategy can be illustrated below:

Since inception, the Global Quality Growth Composite has achieved an annualised return of 14.8%, placing it in the top 5% within its peer group in the Global Growth Equity universe. The composite has outperformed its benchmark, MSCI AC Index by 6.3% annualised since inception.

Historically for downside market capture, if global stock markets fell by 10%, the composite endured a loss of 6.5% on average.

For upside market capture, if global stock markets rallied by 10%, the composite gained higher returns at 11.9% on average.

The past performance of Wellington Management, the sub-manager is not necessarily an indication of its future performance. Source (annualised return): Wellington Management, as of 30 September 2018. The inception date of the Wellington Global Quality Growth Composite is 31 May 2011. The United Global Quality Growth Fund is a representative account based on the Wellington Global Quality Growth Composite (the "advisor"). The returns in USD are net performance results which are based on the highest published US advisory fee for this product, include reinvestment of dividends, and are net of advisory fees, commissions, and other direct expenses, but before custody charges, withholding taxes, and other indirect expenses. The Global Growth Equity universe as defined by eVestment includes actively-managed Global, ACWI, or Global ex Japan Equity products that primarily invest in a mixture of growth and value stocks. This universe is inclusive of Global Equity strategies regardless of market capitalisation. Source (upside/downside capture): eVestment Alliance, investment returns in USD for Wellington Global Quality Growth Composite from 31 October 2016 to 30 September 2018.

Thematic play

From a bottom up stock selection, the fund finds that sectors like healthcare, technology and industrials offer the best combination of quality, growth and valuation upside. Investing in the fund allows investors to diversify into these sectors that are poised to outperform the markets over the long term.

Sector exposure	Benefits	Selected portfolio holdings
Healthcare: 24.9% 	<ul style="list-style-type: none"> Powerful demographic trends with ageing population and increase in healthcare spending Innovation in medical technology and breakthroughs in drug discovery Structural changes in delivery systems 	<ul style="list-style-type: none"> UnitedHealth Group 2.2% Abbott Laboratories 2.0% Eli Lilly 1.8%
Technology: 19.8% 	<ul style="list-style-type: none"> Tech companies drive their own growth and benefit from rapid advances in innovation, new products and product cycles Software and services-driven productivity, supported by artificial intelligence, integrated tools, and consultant implementation 	<ul style="list-style-type: none"> Microsoft 3.0% Alphabet 2.6% Visa 2.0%
Industrials: 19.3% 	<ul style="list-style-type: none"> Benefit from growing transport demand, worldwide infrastructure needs and push for energy efficiency High quality industrial services companies with sustainable and recurring revenue benefiting from data analytics and increased efficiency 	<ul style="list-style-type: none"> Union Pacific Corp 1.7% Boeing Co 1.6% Experian PLC 1.6%

Fund Characteristics	United Global Quality Growth Fund
Number of Equity Names	70

Source: Wellington Management, as of 30 November 2018

United SGD Fund

For customers seeking to preserve capital and protect assets

Who is this fund for?

The fund is suitable for all profiles of investors who are looking to diversify their risk, protect their capital with a bond fund and achieve yield enhancement over Singapore dollar deposits.



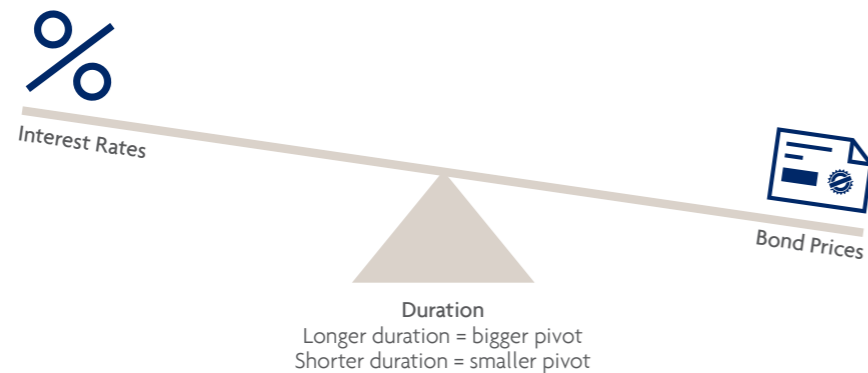
Why the United SGD Fund?

As global interest rates rise, it is essential to preserve capital and seek out relative value opportunities in credits across the globe. These fund features of the United SGD Fund enable yield enhancement and price stability.



Short duration

The fund seeks bonds that are maturing (or callable/putable) in the next 3 years. Investing in short duration bonds makes the portfolio less sensitive to interest rates. As such, the fund exhibits lower drawdowns and higher risk-adjusted returns compared to a longer duration fund during rising rates.



*Duration measures the sensitivity of a bond price to changes in interest rates. For every 1% change in interest rates, a bond's price will change approximately 1% in the opposite direction for every year of duration.



High quality

The fund mainly invests in investment grade bonds, which hold the likelihood of lower defaults and are less volatile. This helps to insulate the fund from major market corrections and crises.



Hedge FX exposure to SGD

Foreign currency exposures are hedged back to the Singapore dollar to minimise uncertainties with currency fluctuations.



Active portfolio management

The portfolio adds premium through opportunistic relative value trades and selective participation in the primary market. The fund buys cheaper bonds and takes profit on bonds that are relatively pricey.



Outcome: stable and resilient performance

The strategy focusing on high quality and short-term global bonds has enabled the fund to withstand market instability with lower drawdowns, thus helping to preserve investment capital.

	Monthly and yearly returns since inception												Calendar Year Return (%)
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
1998							0.40	0.40	0.30	0.39	0.39	0.29	2.20
1999	0.29	0.29	0.29	0.29	0.29	0.29	0.19	0.29	0.19	0.38	0.19	0.19	3.22
2000	0.19	0.19	0.24	0.15	0.22	0.22	0.25	0.25	0.19	0.19	0.29	0.34	2.75
2001	0.32	0.27	0.05	0.17	0.17	0.36	0.29	0.25	0.25	0.80	-0.25	-0.82	1.89
2002	0.66	0.46	0.09	0.63	0.29	0.49	0.40	0.25	-0.05	0.46	0.01	0.50	4.27
2003	0.25	0.15	0.00	0.22	0.40	0.05	-0.21	-0.20	0.39	0.00	0.02	0.27	1.34
2004	0.18	0.43	0.22	0.01	0.09	0.16	0.10	0.14	0.03	0.25	0.21	0.15	1.97
2005	0.00	-0.08	0.12	0.26	0.16	0.26	0.14	0.04	-0.11	-0.10	-0.31	0.22	0.61
2006	0.08	0.03	0.08	0.38	0.38	-0.03	0.35	0.33	0.33	0.21	0.33	0.24	2.76
2007	0.22	0.32	0.41	0.51	0.23	0.15	0.30	0.24	0.40	0.24	0.08	0.16	3.32
2008	0.08	0.00	0.00	0.24	0.00	0.00	0.16	0.40	-0.48	-0.88	0.32	-0.48	-0.64
2009	0.88	0.24	0.79	1.18	1.25	0.92	1.75	0.67	1.41	0.66	1.02	0.22	11.58
2010	0.86	0.43	0.78	0.56	-0.35	0.42	0.70	0.49	0.90	0.76	0.14	0.07	5.91
2011	0.75	0.41	0.20	0.74	0.40	-0.27	0.40	-1.33	-1.41	1.09	-0.54	0.54	0.95
2012	0.94	1.34	0.26	0.39	-0.20	0.52	1.04	0.71	0.71	0.57	0.38	0.50	7.41
2013	0.63	0.44	0.50	0.74	0.06	-0.92	0.87	0.18	0.43	0.55	0.36	0.24	4.14
2014	0.30	0.48	0.24	0.42	0.53	0.30	0.12	0.18	0.00	0.18	0.18	-0.29	2.65
2015	0.41	0.29	0.52	0.35	0.29%	0.06	0.12	-0.17	0.29	0.52	0.23	0.11	3.05
2016	0.51	0.11	0.79	0.34	0.28	0.50	0.50	0.33	0.00	0.17	-0.33	0.00	3.25
2017	0.17	0.28	0.44	0.38	0.38	0.16	0.00	0.22	0.11	0.22	-0.22	0.00	2.15
2018	-0.05	-0.11	0.00	-0.16	-0.22	0.00	0.38	0.22	0.00	-0.27	-0.27	0.54	0.05

Source: Morningstar. Performance is based on United SGD Fund-Class A (Acc) SGD, from 30 June 1998 to 31 December 2018, in SGD terms, on a NAV basis, with dividends and distributions reinvested.

Fund Characteristics	United SGD Fund
Effective Duration	1.76 years
Average Credit Quality	BBB+
Average Yield to Maturity (%)	5.03
Number of Issues	46

Source: UOBAM, as of 30 November 2018

Fund Summary

	United SGD Fund	United Income Focus Trust	United Global Quality Growth Fund
Annualised Returns since Inception (%)	3.17	4.70	10.77
Annualised Standard Deviation (%)	1.30	5.34	10.25
Year to Date Returns (%)	1.08	5.08	6.03
1 Year Returns (%)	1.24	-3.82	-0.54
2 Year Annualised Returns (%)	1.56	4.77	10.09
3 Year Annualised Returns (%)	2.00	5.72	NA
Payout Frequency ¹	Quarterly	Monthly	Quarterly
Annualised Dividend Yield ² (%)	2	5.65	3.6 ³
Fund Size (SGD)	1.3 bil	2.7 bil	340 mil
Fund Classes Available ⁴	A (Acc) SGD; A (Dist) SGD; A (Acc) USD (Hedged); A (Dist) USD (Hedged)	SGD Acc; SGD Dist; USD Acc; USD Dist; SGD Acc (Hedged); SGD Dist (Hedged)	SGD Acc; SGD Dist; USD Acc; USD Dist; SGD Acc (Hedged); SGD Dist (Hedged); Class C SGD Acc (Hedged)
Inception Date	19 Jun 1998	30 Nov 2015	7 Nov 2016

Source: UOBAM, as at 31 January 2019

Information for United SGD Fund corresponds to the A (Acc) SGD Class; United Income Focus Trust corresponds to the USD Acc Class; United Global Quality Growth Fund corresponds to the SGD Dist class. These classes are chosen as they have the longest track record within their respective funds.

All annualised returns and annualised standard deviations are calculated on an NAV basis with dividends and distributions reinvested.

¹Distributions will be made in respect of the Distribution Classes only.

²For United SGD Fund and United Global Quality Growth Fund with quarterly payout, the figures are derived from actual latest payout per unit and NAV values as of last record date. For United Income Focus Trust with monthly payout, the summation of the twelve most recent dividends (5.28 cents per unit per annum) is divided by the NAV value (of UIFT Hedged SGD Dist Class) as of end January 2019.

³The managers of the United Global Quality Growth Fund have made provisions for special dividend distribution from June 2018 to March 2020. After which, the managers will evaluate the feasibility of future distributions taking into consideration factors such as the performance of the Fund.

⁴Investors should refer to the Fund's prospectus for more details on the different classes available. Please check with our distributors on the availability of the Fund Classes.

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