

July 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 Real Estate Investment Trusts (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 cautious about Japan as the upside to valuation is likely capped owing to the Bank of Japan's (BOJ) tightening bias. We are selective on Hong Kong as pockets of opportunities are slowly emerging.

July 2024 Portfolio Performance

The United Asia Pacific Real Estate Income Fund – SGD Acc	+4.42 per cent ²
Benchmark: FTSE EPRA Nareit Asia Pacific Index	+4.96 per cent

Source: Morningstar, Performance from 30 June 2024 to 31 July 2024 in SGD terms

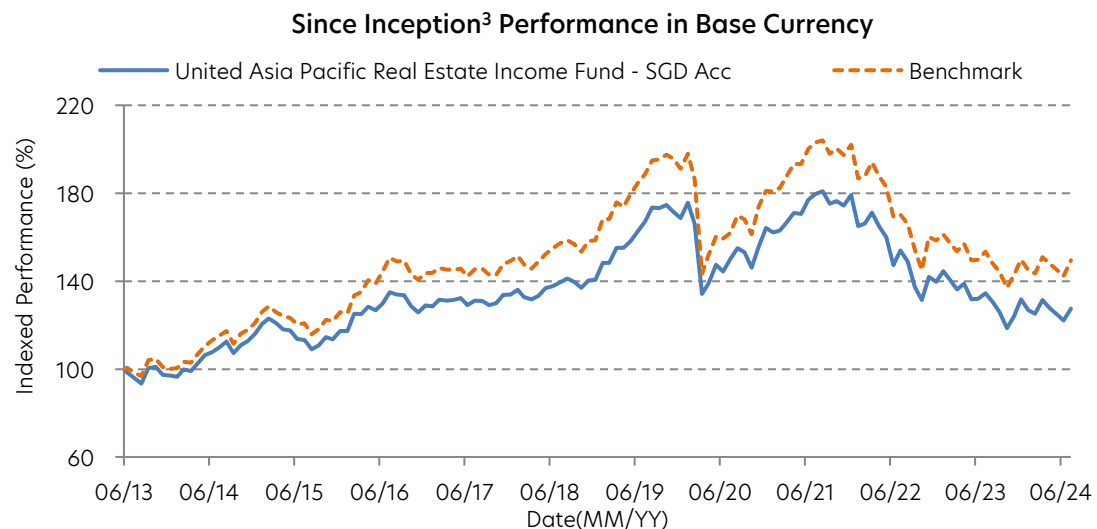
² Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

Performance Review

The Fund gained in July 2024 but trailed the benchmark. Our stock selection drove most of the positive contribution. By sector, Data centres and Industrial REITs were major laggards.

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)



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 31 July 2024, SGD basis, with dividends and distributions reinvested, if any.

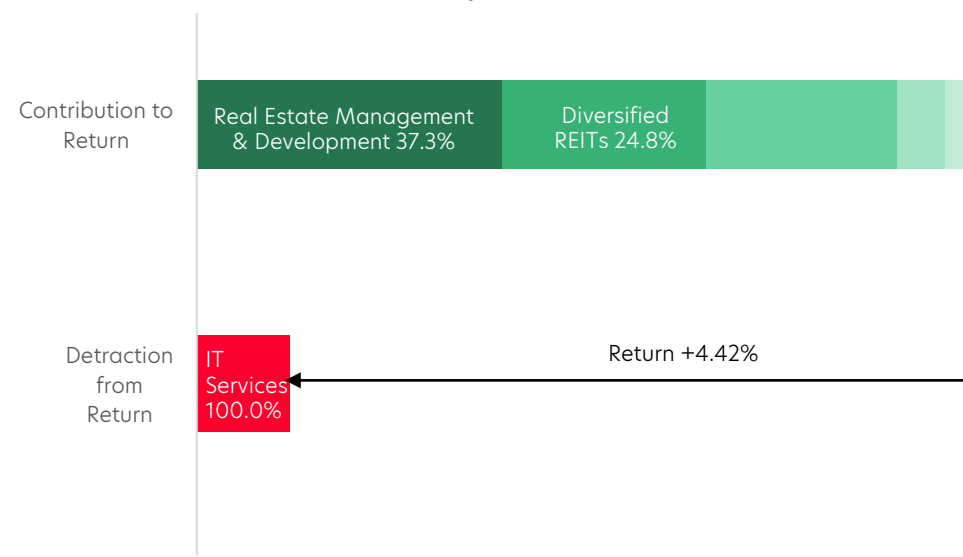
³ The United Asia Pacific Real Estate Income Fund - SGD Acc (ISIN Code: SG9999009997) and SGD Dist (ISIN Code: SG9999010052) were inception on 17 June 2013.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 July 2024 unless otherwise stated.

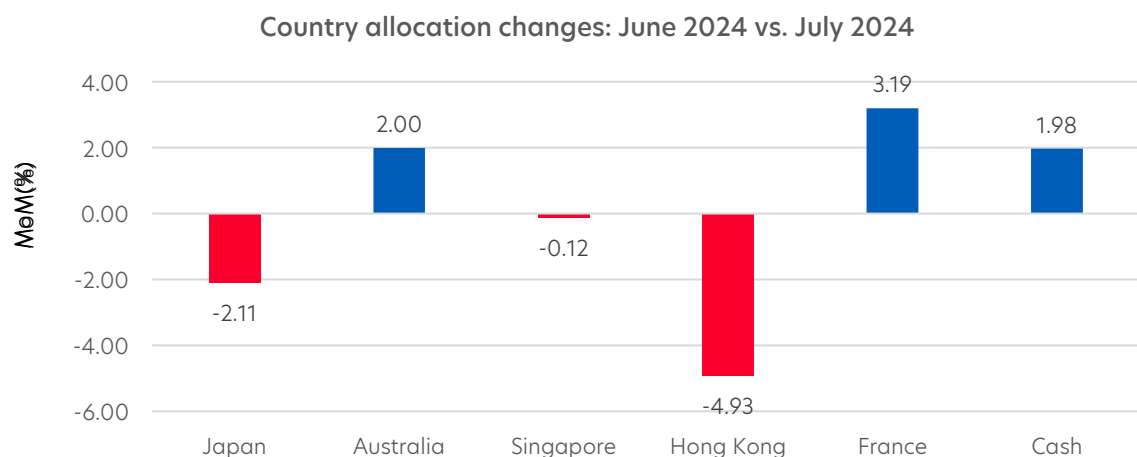
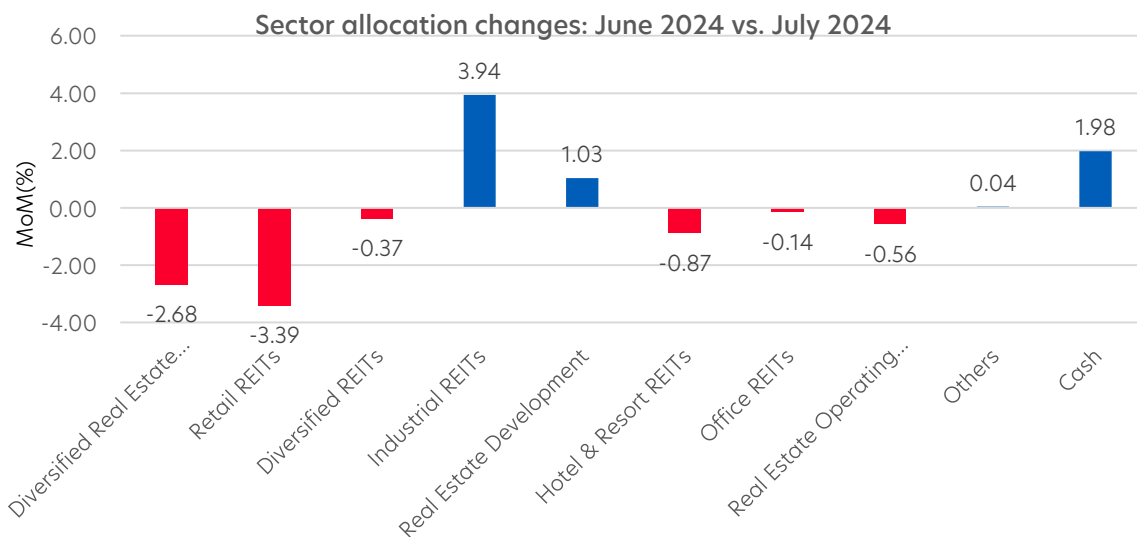
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	4.42	-5.27	-10.81	-5.27	2.21
Fund (Charges applied [^])	-0.80	-10.01	-12.32	-6.23	1.74
Benchmark	4.96	-2.54	-9.72	-4.55	3.68

Source: Morningstar. Performance as at 31 July 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: July 2024



Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

Key headwinds of interest rates which affected REITs globally in 2023 dissipated towards the second half of July 2024. The REITs asset class turned into one of the best-performing sectors in July 2024 as dovish US Federal Reserve (Fed) commentary reignited optimism of a September (2024) rate cut.

We see potential sector re-rating as major central banks embarked on an easing monetary cycle, along with mostly still supportive property-level fundamentals for REITs. Conditions supporting a healthy REITs sector earnings growth outlook are largely favourable though certain segments and markets may enjoy better growth. We remain selective with a focus on earnings resilience against a slowing global growth backdrop.

As shown on the left charts, the biggest decrease in the sector allocation changes for July 2024 was in Retail REITs (-3.39 per cent). On the contrary, the largest increment was in Industrial REITs (+3.94 per cent). In terms of country allocation changes, the Fund had the highest decline in Hong Kong (-4.93 per cent) and the highest increase in France (+3.19 per cent) for July 2024.

Market Review

Global equity markets gained +1.6 per cent in July 2024 (MSCI All Country World Index, USD terms) but closed flattish +0.3 per cent in SGD terms. Softer US inflation data and market expectation of a September rate cut drove a rally in equities. Sector rotation and currency moves influenced market returns in July 2024.

The Bank of Japan (BoJ) hiked its policy rate for the second time in 2024 from 0-0.1 per cent to 0.25 per cent (highest since December 2008) and cut its monthly Japanese Government Bond (JGB) purchases from 6 trillion Japanese yen (JPY) to around 3 trillion JPY by the first quarter of 2026. The JPY strengthened 6.8 per cent against the USD. On the contrary, the trade-weighted US dollar weakened by 1.7 per cent. The 10-year US and Singapore government bond yields fell 37 basis points (bps) and 33bps month-on-month (m/m) respectively. Asian equity markets underperformed (MSCI All Country Asia ex-Japan Index: -1.43 per cent, SGD terms) dragged down by AI/Technology stocks in Taiwan and South Korea, whilst China’s fiscal policy stimulus following its Third Plenum disappointed. REITs turned into one of the best-performing sectors in July 2024. Within the Asia Pacific real estate and REITs sector, Japan and Singapore led, while Hong Kong continued to be a major drag.

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 22.22 mil

Fund Manager
Low Soo Fang



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.

All information in this publication is based upon certain assumptions and analysis of information available as at the date of the publication and reflects prevailing conditions and UOB Asset Management Ltd ("UOBAM")'s views as of such date, all of which are subject to change at any time without notice. Although care has been taken to ensure the accuracy of information contained in this publication, UOBAM makes no representation or warranty of any kind, express, implied or statutory, and shall not be responsible or liable for the accuracy or completeness of the information.

Potential investors should read the prospectus of the fund(s) (the "Fund(s)") which is available and may be obtained from UOBAM or any of its appointed distributors, before deciding whether to subscribe for or purchase units in the Fund(s). Returns on the units are not guaranteed. The value of the units and the income from them, if any, may fall as well as rise. Please note that the graphs, charts, formulae or other devices set out or referred to in this document cannot, in and of itself, be used to determine and will not assist any person in deciding which investment product to buy or sell, or when to buy or sell an investment product. An investment in the Fund(s) is subject to investment risks and foreign exchange risks, including the possible loss of the principal amount invested. Investors should consider carefully the risks of investing in the Fund(s) and may wish to seek advice from a financial adviser before making a commitment to invest in the Fund(s). Should you choose not to seek advice from a financial adviser, you should consider carefully whether the Fund(s) is suitable for you. Investors should note that the past performance of any investment product, manager, company, entity or UOBAM mentioned in this publication, and any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance of any investment product, manager, company, entity or UOBAM or the economy, stock market, bond market or economic trends of the markets. Nothing in this publication shall constitute a continuing representation or give rise to any implication that there has not been or that there will not be any change affecting the Funds. All subscription for the units in the Fund(s) must be made on the application forms accompanying the prospectus of that fund.

The above information is strictly for general information only and is not an offer, solicitation advice or recommendation to buy or sell any investment product or invest in any company. This publication should not be construed as accounting, legal, regulatory, tax, financial or other advice. Investments in unit trusts are not obligations of, deposits in, or guaranteed or insured by United Overseas Bank Limited, UOBAM, or any of their subsidiary, associate or affiliate or their distributors. The Fund(s) may use or invest in financial derivative instruments and you should be aware of the risks associated with investments in financial derivative instruments which are described in the Fund(s)' prospectus.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

UOB Asset Management Ltd Co. Reg. No. 198600120Z