December 2023

United Asian High Yield Bond Fund

Why Invest?

- **Flexible duration:** The United Asian High Yield Bond Fund – SGD Acc (the "Fund") maintains a nimble effective duration positioning of 1.69 years as of December 2023. This allows the Fund to be more resilient to interest rate changes and policy repercussions.
- **Attractive dividend payout:** For Class SGD Dist, the current distribution policy is 7.0 per cent per annum, paid out monthly, which may be suitable for investors who are seeking regular income[1].
- **Flexible tactical strategy:** The Fund's strategy is to underweight Chinese property, but we are monitoring China's physical property market and may re-enter the sector if we see a sustained recovery.
- **Diversification opportunities:** The investment universe for this Fund is very broad and includes China, India, Indonesia, and the Philippines, as well as some frontier market sovereigns.
- **High performance:** Compared to its peers, the Fund has a high quartile ranking of 1[2], indicating strong performance.

[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.
[2] Source: Morningstar, as at 31 December 2023. Quartile rankings show the fund's position as compared to its peers. Peers are determined by the manager through the use of objective filters from Morningstar. A peer group percentile is obtained for each fund and funds are ranked as follows: Quartile 1: <=25%, Quartile 2: <=50% and >25%, Quartile 3: <=75 and >50%, Quartile 3: >75%
[3] The United Asian High Yield Bond Fund- SGD Dist (ISIN Code: SG9999010029), SGD Acc (ISIN code: SG9999010011), A SGD Acc (Hedged) (ISIN Code: SG9999017628) and A SGD Dist (Hedged) (ISIN Code: SG9999017636) were incepted on 2 April 2013, 19 May 2015, 26 January 2018 and 18 December 2017 respectively.

Investment Objective

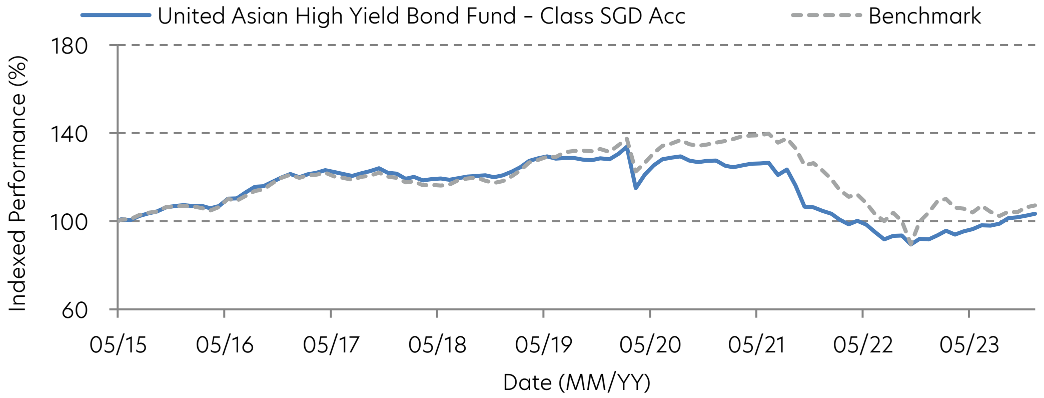
The investment objective of the United Asian High Yield Bond Fund is to seek to achieve a total return consisting of high income and capital appreciation by investing primarily in high yield fixed income or debt securities (including money market instruments) issued by Asian corporations, financial institutions, governments and their agencies.

Fund Information

Morningstar Rating	Base Currency	Fund Size	Fund Manager
★★★★★	SGD	SGD 35.23 mil	Melvin Chan

Historical Performance

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: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index.

Source: Morningstar. Performance as at 31 December 2023, SGD basis, with dividends and distributions reinvested, if any.

One Month Portfolio Performance

The United Asian High Yield Bond Fund – SGD Acc (the "Fund") returned +0.87 per cent in December 2023. Its benchmark, the J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index, returned +0.83 per cent in the same month. Fund performance is on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).

Source: Morningstar, Performance from 30 November 2023 to 31 December 2023 in SGD terms.

Performance (Class SGD Acc)					
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.87	12.61	-6.76	-3.08	0.38
Fund (Charges applied^)	-2.16	9.23	-7.70	-3.67	0.03
Benchmark	0.83	3.03	-7.57	-1.95	0.80

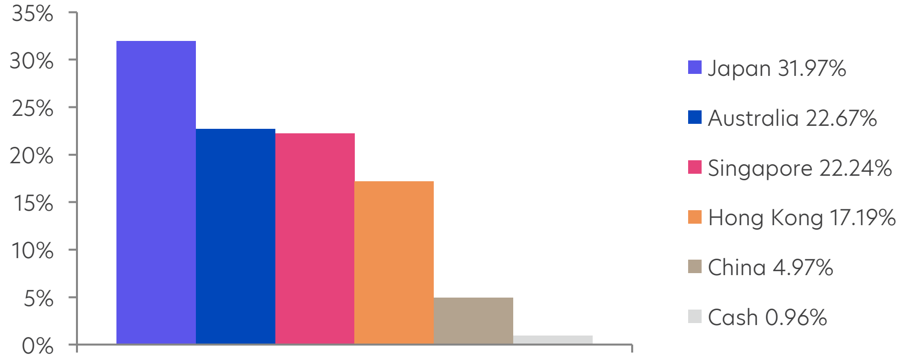
Source: Morningstar. Performance as at 31 December 2023, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return 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.

Portfolio Review

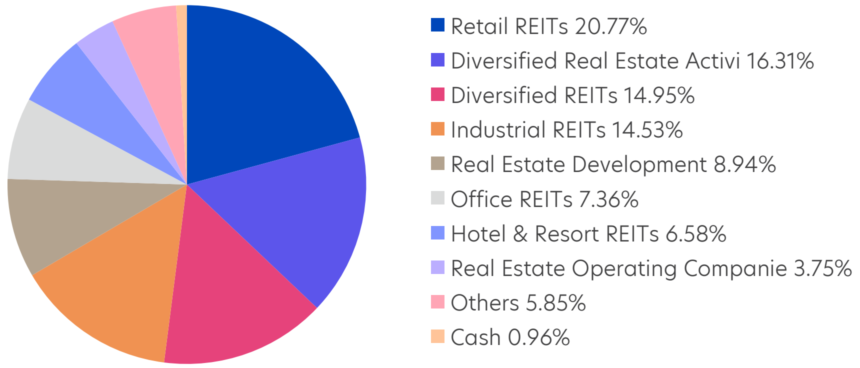
During the month, the outperformance against the benchmark was mainly due to the Fund's overweight in financials with some tactical allocation to European financials (0.10 per cent performance difference SGD terms) as well as overweight in Macau and China consumer (0.17 per cent difference SGD terms), partially offset by the underweight in Metal and Mining (-0.07 per cent difference). Year to date, the Fund returned +12.61 per cent versus the benchmark of +3.03 per cent.

Portfolio Characteristics

Country Allocation



Sector Allocation



All statistics quoted in the write-up are sourced from Bloomberg as at 31 December 2023 unless otherwise stated.

Source: Morningstar, as of 31 December 2023

Market Review

Global macro: Government bonds rallied strongly in December 2023, post a dovish Federal Open Market Committee (FOMC) meeting as the market piled into expectation of multiple rate cuts in 2024 on the back of global "goldilocks" data. The US Federal Reserve (Fed) left the fed funds rate unchanged at 5.25-5.5 per cent for the third consecutive meeting. While policymakers pencilled in no further interest-rate hikes in their projections, the surprise was that officials now see 75 basis points (bps) of cuts in 2024. The 2-year and 10-year US Treasury (UST) yields closed at 4.25 per cent (-43bps) and 3.88 per cent (-45bps) respectively in December 2023. Elsewhere, the US Dollar (USD) weakened (US Dollar Index (DXY) -2.1 per cent) and oil prices fell (West Texas Intermediate (WTI) oil price -6.7 per cent, and Brent oil price -7.0 per cent). However, other commodities were generally resilient (including iron ore price of +8.1 per cent, copper price of +1.0 per cent, and gold price of +1.3 per cent).

Asian high-yield dollar bonds: the JP Morgan Asia Credit Index (JACI) Non-Investment-Grade Index gained 2.01 per cent in December 2023. This was mainly due to improving Global Macro risk sentiment, declining UST yields, and spread compression in the high-yield issuers. Notable news includes 1) the restructuring proposal of Chinese property developer Evergrande Group was postponed to 29 January 2024 even though in September 2023, the company stated that this would be the last adjournment, 2) Chinese authorities are starting criminal investigations into Zhongzhi Enterprise Group Co. Limited (the shadow banking giant) after the company revealed a shortfall of US$36.4 billion in its balance sheet, 3) Cambodia's sole issuer, NagaCorp Limited, will exit the JACI Non-Investment-Grade Index as maturity will be less than the threshold of 6 months.

Outlook and Positioning

China high yield bonds: We remain defensive and cautious about hopping on the bandwagon into China's high-yield properties, and this has continued to play out well. While China's Government intends to revive the sectors, the fundamentals of China's high-yield property market have not improved, and offshore bonds of the distressed names would be the last to benefit. That said, we are monitoring China's physical property market and may re-enter the sector if we see a sustained recovery. In 2023, the JACI Non-Investment-Grade Index had 34 instruments default, across 8 issuers with a default rate of 9.11 per cent. We expect the default rate to come down further in 2024 with most of it being concentrated in the China high-yield Property space.

Ex-China high yield bonds: The rest of the space continues to hold up well. China's non-property, Macau Gaming, India and Indonesia's high-yield continue to grind tighter while the economic recovery in Pakistan, Sri Lanka, Maldives, and Mongolia appears to be on track. We expect the Asia high-yield market ex-China Property to continue to perform well in 2024, especially with rates near their peak and may potentially come down.

Positioning: Despite the improved market sentiment and environment, we continue to believe defensive credit selection and portfolio diversification are critical in light of a tougher environment for high-yield corporates to refinance under the higher interest rates environment. The Fund's strategy going forward is to focus on short-dated high-yield issuers that can refinance, therefore capturing the high yield and high spread while only extending duration to issuers that are robust and with good capital access, such as Macau Gaming and some Indian renewables.

The Fund will continue to

1. Be prudent when deploying cash, overweighting shorter-dated high-yielding papers with more certainty of refinancing/repayment,

2. Focus on companies/industries that have good access to the capital market and better fundamentals,

3. Have a 60/40 approach, where 60 per cent of the portfolio is buy and hold and 40 per cent is for tactical allocation,

4. Strategic positioning for the years ahead, while maintaining stable risk-adjusted returns.

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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