June 2024

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 2.33 years as of June 2024. 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.

• **Highly rated:** The Fund currently holds a Morningstar four-star rating as of 30 June 2024.

June 2024 Portfolio Performance

The United Asian High Yield Bond Fund – SGD Acc	+1.49 per cent[2]
Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index	+1.58 per cent

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

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

Performance Review

In June 2024, the underperformance of the Fund against the benchmark was mainly due to the underweight in China Real Estate. Year to date, the Fund returned 10.81 per cent versus the benchmark of 13.55 per cent.

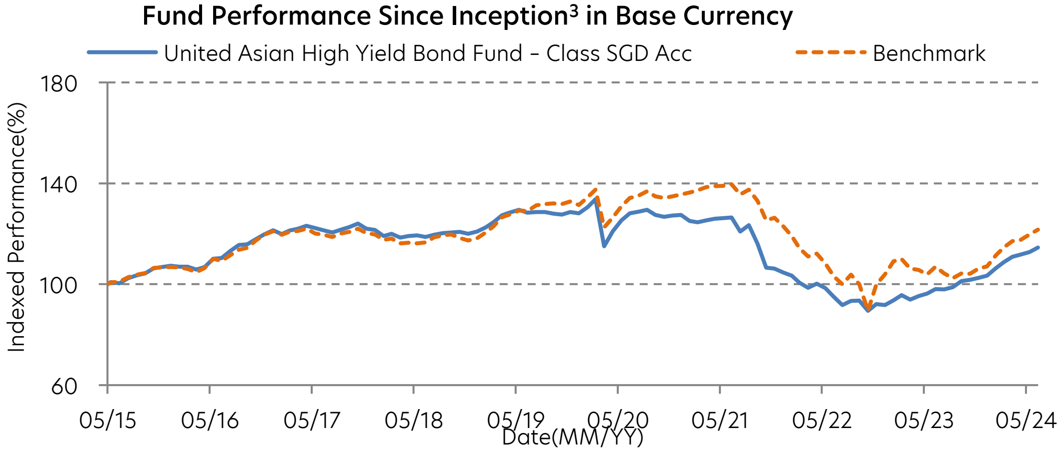
Portfolio Positioning

We remain defensive in China's high-yield Real Estate sector as the physical market has not displayed a sustained recovery and we expect more volatility to persist. However, we see value in the rest of the Asia high-yield space. Amidst the high-interest rates environment, we continue to stay up in credit quality, maintaining our preference for issuers with solid fundamental or good access to diversified funding sources.

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; and 4) Strategic positioning for the years ahead while maintaining stable risk-adjusted returns.

[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.

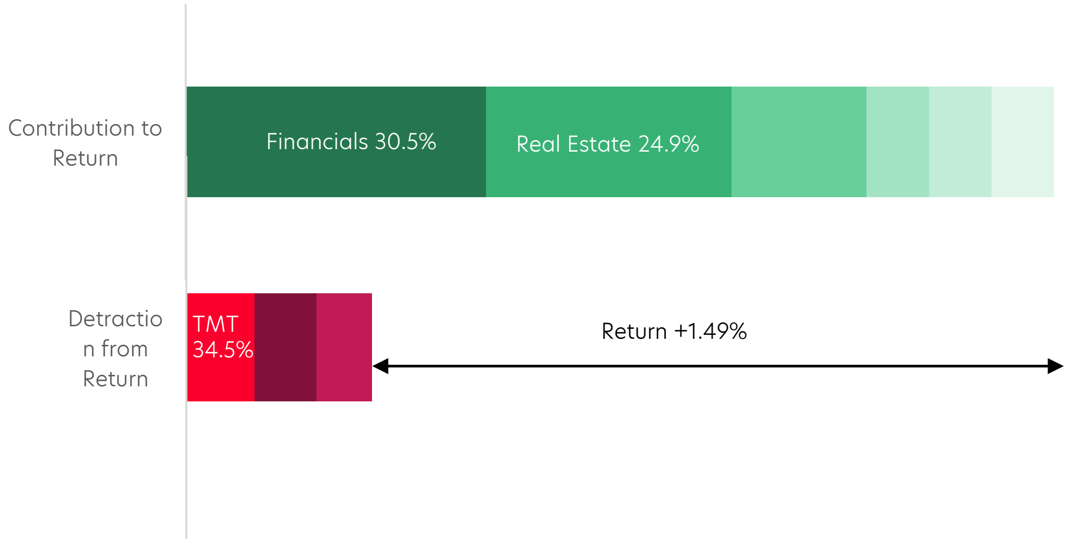
Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index.

Source: Morningstar. Performance as at 30 June 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	1.49	16.73	-3.26	-2.26	1.50
Fund (Charges applied^)	-1.55	13.23	-4.23	-2.85	1.16
Benchmark	1.58	13.69	-4.52	-1.18	2.17

Source: Morningstar. Performance as at 30 June 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: 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.

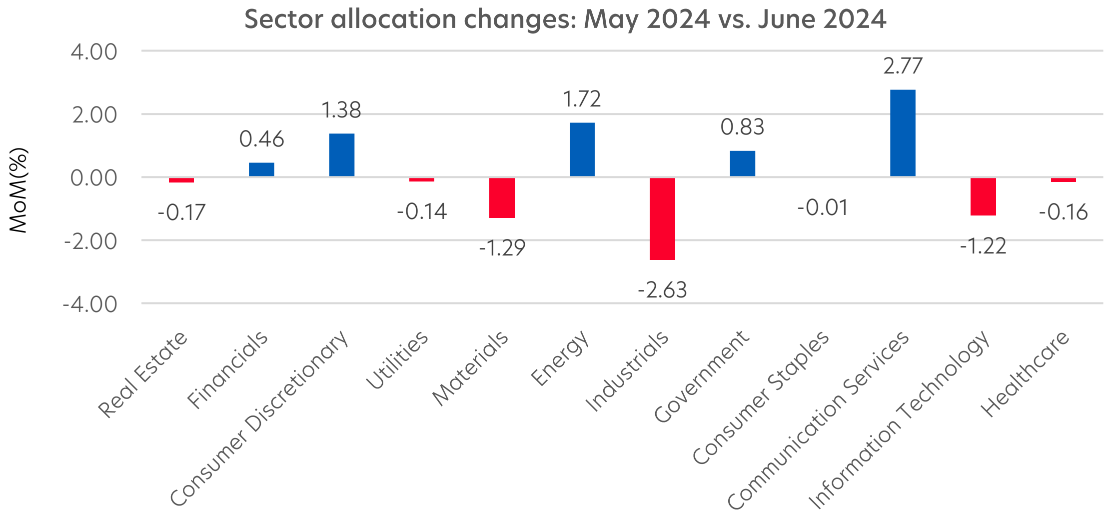
Performance Contributors/Detractors: June 2024

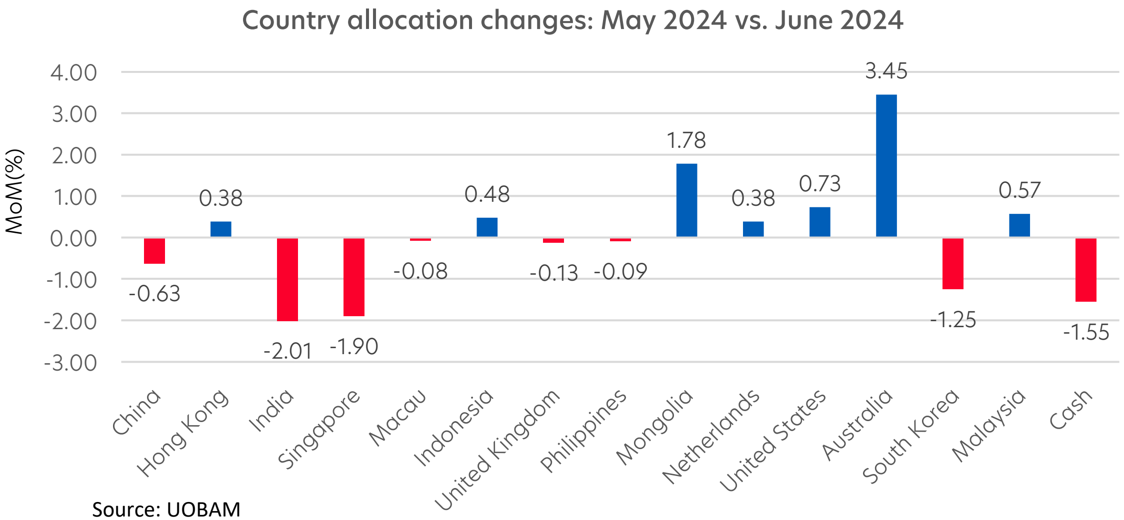


[3] The United Asian High Yield Bond Fund- SGD Dist (ISIN Code: SG9999010029), SGD Acc (ISIN code: SG9999010011), A SGD Acc (Hedged) (ISIN Code: SG9999017628) and A SGD Dist (Hedged) (ISIN Code: SG9999017636) were incepted on 2 April 2013, 19 May 2015, 26 January 2018 and 18 December 2017 respectively.

All statistics quoted in the write-up are sourced from Bloomberg as at 30 June 2024 unless otherwise stated.

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

The new positions we added to the portfolio in June 2024 were Corporate Credit in Hong Kong and European Financials. Meanwhile, we sold positions in Singapore and China Financials.

As shown on the left charts, the biggest decrease in the sector allocation change for June 2024 was in Industrials (-2.63 per cent), whereas the biggest increase was in Communication Services (+2.77 per cent). In terms of country allocation changes, the Fund has the biggest decrease in India (-2.01 per cent) and the most increase in Australia(+3.45 per cent) for June 2024.

Market Review

Government bonds: In June 2024. the 2-year and 10-year US Treasury (UST) yields closed at 4.76 per cent (-12 basis points, bps) and 4.40 per cent (-10bps) respectively. Interest rate markets are now pricing in about 40bps Federal funds rate cuts by the end of 2024. The risk tone was firm after the soft US Consumer Price Index (CPI), retail sales data and China's announcement of more policy stimulus to support the property sector. This was despite hawkish US Federal Reserve (Fed) comments, stronger-than-expected economic data prints, and underwhelming UST auctions.

Corporate bonds: The JP Morgan Asia Credit Non-Investment Grade (non-IG) gained 1.58 per cent in June 2024, mainly due to the continuation of a rally in China's high-yield Real Estate bonds since more property measures were unveiled by the Chinese government in mid-May 2024. It is still uncertain if the measures will benefit privately owned China Real Estate, especially the high-yield ones. A few developments were announced on respective restructuring in the high-yield China Property space including Kaisa Group Holdings Limited, Agile Group Holdings Limited and Dexin China Co.

The issuances of Asia ex-Japan G3 currency bonds (bonds issued in US Dollars, Japanese Yen, or Euros) picked up at US$19.3 billion in June 2024 (May 2024: US$17.3 billion, June 2023: US$6.2 billion) as issuers took advantage of tight spreads (relative to historical average) and lower UST yields, though most were in the Investment Grade space. Within the High-Yield space, Nine Dragons Paper Holdings Limited (Nine Dragons), a paper manufacturer, priced US$400 million of senior unsecured perpetual non-callable for 3 years (NC3) at 14 per cent, tightening from the initial price guidance at the 14.25 per cent area. Unlike many other Asian dollar issuers, Nine Dragons is not rated by international rating agencies. Other notable high-yield issuers were eight special purpose vehicles of Continuum Green Energy (India) Pvt Limited, an India-based renewable energy group and MGM China Holdings Limited in the Macau gaming space.

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 44.00 mil	Melvin Chan

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