



# Fund Commentary

## United Global Innovation Fund

December 2022

### Why Invest?

- **Innovation drives growth independent of the global cycle:** The United Global Innovation Fund invests in companies that are either consistently innovative or positioned to benefit from the evolving trends in the rapidly changing world. By seeking out growth opportunities from structural changes across industries, it strives to capture performance from multiple trends in a single, diverse portfolio.
- **Unconstrained asset allocation:** The Fund invests across sectors, industries, geographies, and market capitalization in rapidly growing companies that are shaking up the market by harnessing innovation and trends. The top 3 sectors are Information Technology (26.21 percent), Healthcare (22.45 percent) and Consumer Discretionary (20.62 percent) as of December 2022.
- **Long-term value creation:** The Fund invests over decades, not quarters, to capture innovation's long-term value creation potential over the next 5 to 10 years.

### Investment Objectives

*The investment objective of the United Global Innovation Fund is to achieve long-term capital appreciation by investing in companies that are believed to be innovative and beneficiaries of innovation and trend.*

### Fund Information

#### Fund Size

SGD 11.29 mil

#### Base Currency

SGD

#### Sub-Manager

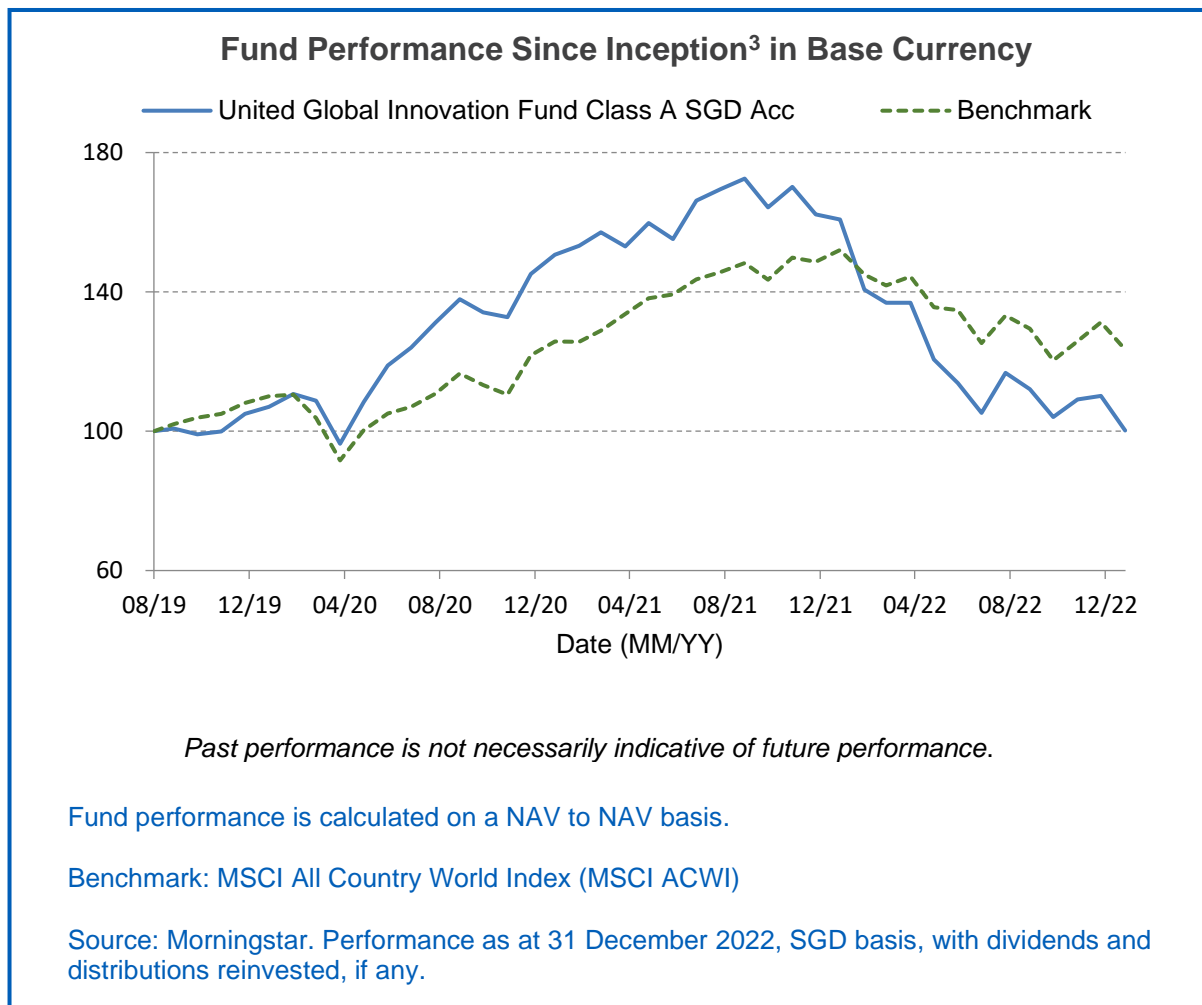
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## One Month Portfolio Review

The United Global Innovation Fund – A SGD Acc (the “Fund”) returned -8.98<sup>1</sup> percent in December 2022. Its benchmark, the MSCI All Country World Index, returned -5.98<sup>2</sup> percent in the same month.

## Historical Performance



The Fund underperformed the benchmark in December 2022. Security selection was a driver of relative underperformance. Weak selection in consumer discretionary and communication services was partially offset by selection in information technology. Sector allocation, a result

<sup>1</sup> Source: Morningstar, Performance from 30 November 2022 to 31 December 2022 in SGD terms, on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

<sup>2</sup> Source: Morningstar, Performance from 30 November 2022 to 31 December 2022 in SGD terms.

<sup>3</sup> The United Global Innovation Fund– A SGD Acc (ISIN Code: SGXZ51526630) was inceptioned on 6 August 2019.

All statistics quoted in the write-up are sourced from Bloomberg as of 31 December 2022 unless otherwise stated.



of our bottom-up stock selection process, also detracted from returns. The allocation effect was driven by our overweight to consumer discretionary and information technology and underweight to financials but partially offset by our overweight to healthcare.

At the issuer level, our top two relative contributors were not owning Apple Inc (Apple) and Tesla Inc, while our top two relative detractors were overweight to Chipotle Mexican Grill Inc (Chipotle Mexican Grill) and an out-of-benchmark allocation to Coupang Inc.

Shares of Apple fell in December 2022 as the company prepared to allow alternative application (app) stores on its iPhones and iPads, part of an effort to comply with European Union requirements coming in 2024. This would allow third-party software to be downloaded on iPhones and iPads outside of the company's App Store, sidestepping Apple's restrictions and commission on payments. Fears over production issues further weighed down the stock of Apple. Shares of fast-casual restaurant chain Chipotle Mexican Grill fell in December 2022 on limited news.

## Annualised and Cumulative Returns

### Performance (Class A (SGD) Acc)

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-8.98	-37.66	-2.16	-	0.06
Fund (Charges applied <sup>^</sup> )	-13.53	-40.78	-3.82	-	-1.44
Benchmark	-5.98	-18.78	3.91	-	6.39

Source: Morningstar. Performance as at 31 December 2022, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the percent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: MSCI All Country World Index (MSCI ACWI). 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.

## Market Review

**Global equities** declined in December 2022. Market sentiment was dented by anxiety about tighter central bank policies amid weakening global economic growth and cautious corporate commentary that added to signs of recession. In contrast, investors were encouraged by milder inflation, which provided greater scope for some major central banks to slow their pace of interest-rate hikes. **Chinese equities** continued to rise on the back of the country's COVID-19 pivot, as mass testing, lockdowns, and quarantine for international travelers were scrapped. However, China's transition away from strict pandemic measures is expected to be challenging amid soaring COVID-19 infections that are severely straining the healthcare system and the economy. The Bank of Japan surprised markets by unexpectedly tweaking its yield curve control policy, allowing long-term interest rates to rise to ease some of the costs of



prolonged monetary stimulus and pave the way for policy normalization. European Union (EU) member states agreed to a cap on natural gas prices, following months of debate over whether the measure will protect European households and businesses from extreme price spikes as temperatures plummet. EU governments set a US\$60 a barrel price cap on Russian seaborne oil, and Russia retaliated by banning the sale of its oil and petroleum products to countries that impose the cap.

## Outlook and Positioning

**Our sector positioning** is driven by the bottom-up approach and stock-by-stock decisions. The Fund is overweight in consumer discretionary, healthcare, communication services, Information Technology, and real estate, an indication of where we currently see attractive structural growth opportunities. We aim to invest with a long-term view, focusing on companies that are driving or benefiting from innovation and/or exposed to strong secular or structural trends.

Today, we continue to find such stocks across a wide range of themes, such as advancements in artificial intelligence and machine learning, the shift in consumer preferences from items to experiences, the electrification of cars, and opportunities across the alternative-energy supply chain, as well as digital banking and the democratization of finance.

At the end of December 2022, our largest overweight was consumer discretionary and healthcare. We were most underweight in financials and industrials. From a regional perspective, our largest overweight was in North America and we were most underweight in Emerging Markets and Europe.



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