United Global Quality Growth Fund

November 2023

Why Invest?

High exposure to "compounders": The United Global Quality Growth Fund (the "Fund) invests in "compounders", which are quality companies that generate sustainably high returns on capital with the ability to reinvest at similarly high returns to drive future growth.

Invest in quality companies that "beat the fade": Quality companies can generate high returns on capital over time and avoid the tendency for excess returns to be competed down to a just-adequate level. Hence, higher likelihood of outperformance.

Strategically diversified: To ensure high quality, the Fund holds 40 to 50 names that are well-diversified across sectors. The size of any single holding ranges between 2 per cent to 5 per cent to minimize concentration risk. It is also well diversified with Information Technology, Industrials and Financials being the three largest allocations.

Experienced investment capabilities: Lazard's team sub-managed the Fund, which is comprised of experienced professionals with over two decades of sector expertise, and focusing on high-quality companies with a sustainable competitive advantage.

Investment Objective

The investment objective of the United Global Quality Growth Fund is seeking to provide long-term total return by investing in equity and equity related securities of companies listed and traded on stock exchanges globally.

Fund Information

Fund Size
SGD 1062.74 mil

Base Currency
SGD

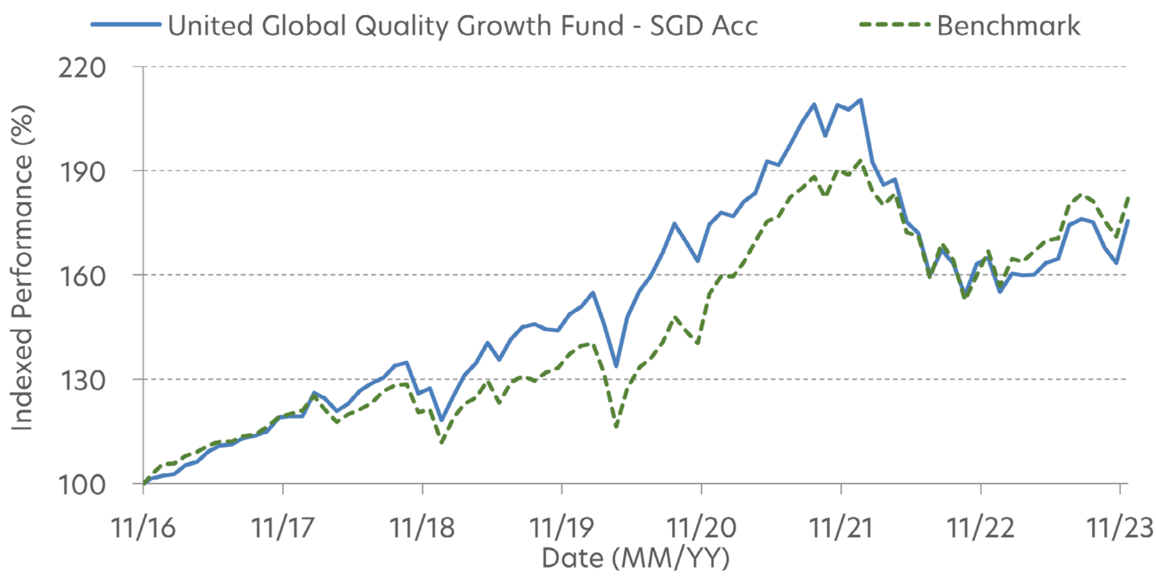
Fund Manager
Lazard Asset Management

One Month Portfolio Review

The United Global Quality Growth Fund – SGD Acc (the "Fund") returned +7.33 per cent[1] in November 2023. Its benchmark, the MSCI All Country World Index, returned +6.40 per cent[2] in the same month.

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: MSCI All Country World Index

Source: Morningstar. Performance as at 30 November 2023, SGD basis, with dividends and distributions reinvested, if any.

[1] Source: Morningstar, Performance from 31 October 2023 to 30 November 2023 in SGD terms, on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).
[2] Source: Morningstar, Performance from 31 October 2023 to 30 November 2023 in SGD terms.
[3] The United Global Quality Growth Fund– SGD Acc (ISIN Code: SG9999014880) was incepted on 11 November 2016.

All statistics quoted in the write-up are sourced from Bloomberg as of 30 November 2023 unless otherwise stated.

Contributors

Stock selection in the healthcare sector contributed to performance in November 2023. Shares of IQVIA Holdings Inc. (IQVIA), a provider of outsourced research support to the pharma, biotech, and medical device industries, outperformed. The company reported better-than-expected earnings despite headwinds for the Contract Research Organizations (CRO) group. Investors reacted positively to management's preliminary guidance for 2024 which included mid-single-digit revenue growth and cost-saving/productivity measures expected to translate to high-single-digit Earnings Per Share (EPS) growth. Additionally, the company refinanced US$2.75 billion of debt, locking in an attractive fixed rate, which reduces variable debt from approximately 40 per cent of the company's debt stack to 20 per cent. Despite a challenging environment, we believe IQVIA remains well-positioned to drive differential growth and share gains relative to peers.

Lack of exposure to the energy sector also contributed to performance.

Detractors

In contrast, stock selection in the consumer discretionary sector detracted from performance in November 2023. Canadian recreational products maker BRP Inc. (BRP) fell. The company reported lower-than-expected revenue and management lowered earnings guidance amid a weaker macroeconomic environment and industry softness. The company remains well positioned to continue to gain share relative to peers with its innovation and large number of new product introductions.

Stock selection in the industrial sector also detracted from performance. Shares of Computershare Limited (Computershare), an Australia-based leading provider of registry services, with businesses in mortgage services, corporate trusts, and other financial services, fell. The company provided a positive update with earnings guidance unchanged for the full year, but interest rate sentiment weighed on the stock, despite the company's hedging program providing resilience for margin income. We continue to own the company because of its strong competitive moat, scale advantages and favourable interest income trends.

Annualised and Cumulative Performance

Performance (Class A (SGD) Acc)

	Cumulative Performance (%)	Annualised Performance (%)			
	1 Month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	7.33	6.41	0.19	5.36	8.31
Fund (Charges applied^)	1.96	1.09	-1.51	4.28	7.52
Benchmark	6.40	9.09	5.56	7.24	8.86

Source: Morningstar. Performance as at 30 November 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: MSCI All Country World 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.

Market Review

Equity markets worldwide rose sharply in November 2023 on growing optimism about the global outlook for interest rates.

The month was marked by hopes that inflation had fallen enough for major central banks to finally end their restrictive monetary policies and perhaps even begin cutting interest rates in 2024. At the forefront of investor optimism was the US Federal Reserve (Fed), which, as expected, kept interest rates steady in November 2023 after adopting a "higher for longer" credo as its official interest rate policy stance. Stocks rallied after a key gauge of domestic inflation suggested that year-over-year consumer price growth in October 2023 slowed more than expected. The stock market gained additional momentum when several Fed officials hinted that the US central bank's campaign against inflation was making progress and that further rate hikes may no longer be necessary.

Across the Atlantic, the rate-hiking campaigns of the European Central Bank (ECB) and the Bank of England (BOE) continued to show signs of progress, with the latest data suggesting that inflation in the Eurozone and the United Kingdom (UK) fell faster than expected in November and October 2023, respectively. However, recent data in the European Union and the UK suggesting both could be headed for periods of economic stagnation has investors expecting the ECB and BOE to hold interest rates steady in December 2023 and perhaps begin cutting interest rates.

Against this backdrop, equity markets in both the developed and developing worlds rose in November 2023, with the former outperforming the latter. Stocks on both sides of the Atlantic received a boost from data suggesting lower inflation and from expectations that central banks will soon cut interest rates.

The third-quarter corporate earnings season provided an optimistic picture of how interest-rate headwinds have impacted company profits. In the US, 81 per cent of the companies in the S&P 500 Index that reported results topped consensus estimates. Meanwhile, in Japan, equities advanced but underperformed the broader global index on concerns that the Bank of Japan (BOJ) may soon retreat from its ultra-low interest rate policy, as inflationary pressures continued to exert themselves in the country. China's stock market also lagged the broader market index, on worries about the country's post-pandemic economic recovery and the lack of a forceful response from Chinese policymakers.

Outlook and Positioning

We might see continued volatility as the US Fed and other central banks seek to balance the goals of maintaining financial stability and controlling inflation. While artificial intelligence (AI) has the potential to transform the way companies operate over the long term, we are cautious that the exuberance surrounding the technology has the potential to drive valuations in certain stocks to unsustainable levels in the short term. We remain focused on our philosophy of investing a majority of the portfolio in quality companies (Compounders) that can sustain elevated levels of financial productivity. Our fundamental research keeps us focused on the relationship between financial productivity and valuation to identify companies that can sustain high returns for longer than the market anticipates, and we seek to take advantage of volatile periods to add capital to Compounders trading at attractive valuations that may be out of favour.

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