

**Why Invest?**

- **Inflation hedge:** The United SGD Fund - A (Acc) SGD (the "Fund") has generated an annualised return of 2.89 per cent since its inception in 1998, providing a good hedge against inflation. While periods of interest rate rises may cause mark-to-market risk for bond funds, this effect will be evened out when the bonds mature.
- **Attractive dividend payout:** For Class S SGD Dist, the current distribution policy is 5.0 per cent p.a., paid out monthly, which may be suitable for investors who are seeking regular income<sup>1</sup>.
- **Laddered investment strategy:** By doing so, the Fund is able to ride the momentum of rising interest rates while keeping duration short. A laddered strategy means capital from the Fund's matured bonds is continuously re-invested into higher-yielding, shorter-dated bonds. The Fund has an effective duration of 1.05 years as of January 2024.
- **Weathering market downturns:** The Fund has exposure to short-duration high-quality credits. In the midst of market instability, the Fund represents a good defensive asset by offering downside protection while still being able to generate a decent level of income.



- **Highly rated:** The Fund currently holds a Morningstar five-star rating as of 31 January 2024.

**January 2024 Portfolio Performance**

The United SGD Fund- A (Acc) SGD	+0.34 per cent <sup>2</sup>
Benchmark: 6-month Compounded Singapore Overnight Rate Average	+0.31 per cent

Source: Morningstar, Performance from 31 December 2023 to 31 January 2024 in SGD terms

<sup>2</sup> Fund performance is on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).

**Performance Review**

In January 2024, the return of the Fund contributed mostly from the coupon interest (+0.27 per cent), and the decline in the 2-year US Treasury (UST) yield (+0.12 per cent). In addition, as the USD Index (DXY) strengthened in January 2024, our currency hedging position detracted from the return.

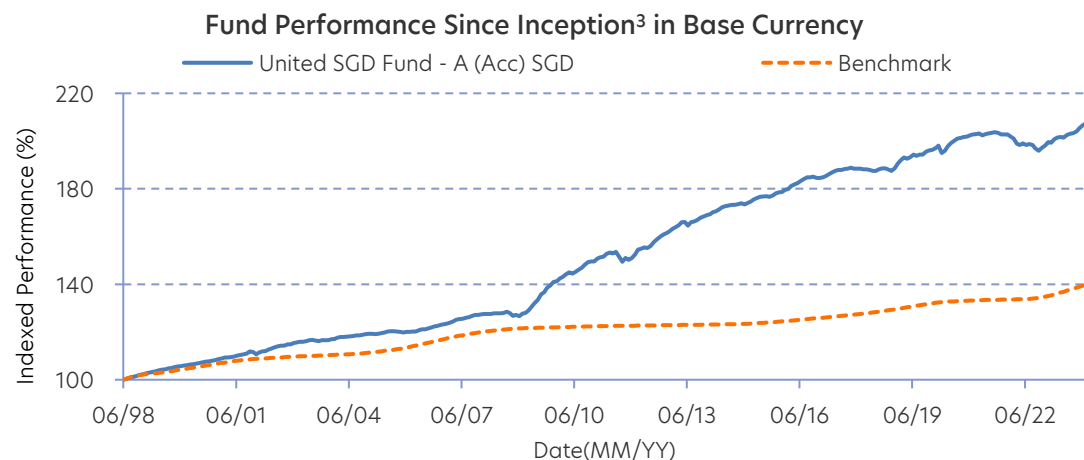
**Portfolio Positioning**

Short-dated bonds continue to offer good carry and risk rewards. With the interplay between higher levels of interest rates and slower growth, or even recession risks, this creates a potentially wide range of outcomes. Hence we continue to maintain our preference for defensive positioning in quality credits with leading market positions of systemic importance and in defensive sectors.

The Fund will continue to: 1) Assess the relative value of bonds in the portfolio; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Invest in bonds maturing/callable/puttable on rolling three years; 4) Maintain 1-3 per cent cash for liquidity; and 5). Hedge foreign currency risk to Singapore Dollar.

<sup>1</sup> 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 A (Acc) SGD)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: Since inception - 2 May 2021: 6-month SIBID rate; 3 May 2021 - 7 Apr 2022: 12-month Bank Deposit Rate; 8 Apr 2022 - Present: 6-month Compounded Singapore Overnight Rate Average.

Source: Morningstar. Performance as at 31 January 2024, SGD basis, with dividends and distributions reinvested, if any.

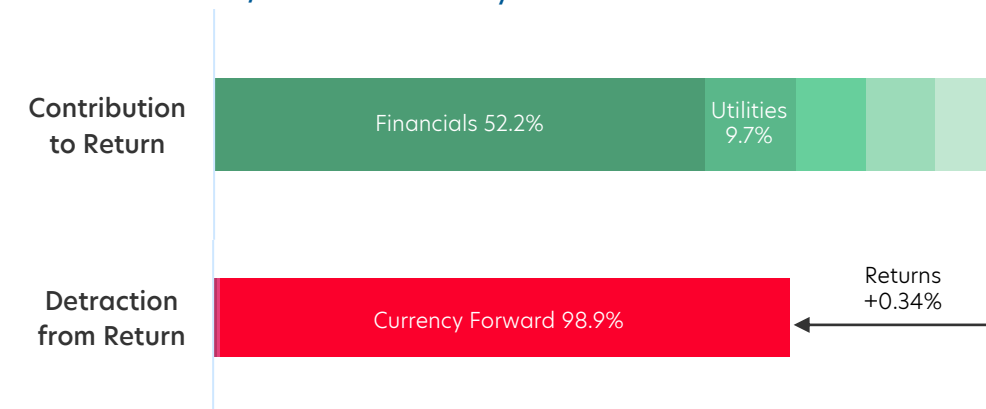
<sup>3</sup> The United SGD Fund - A (Acc) SGD (ISIN Code: SG9999001382) was incepted on 19 June 1998.

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

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.34	3.88	0.75	1.69	2.89
Fund (Charges applied <sup>^</sup> )	-1.66	1.80	0.07	1.28	2.80
Benchmark	0.31	3.53	1.63	1.52	1.32

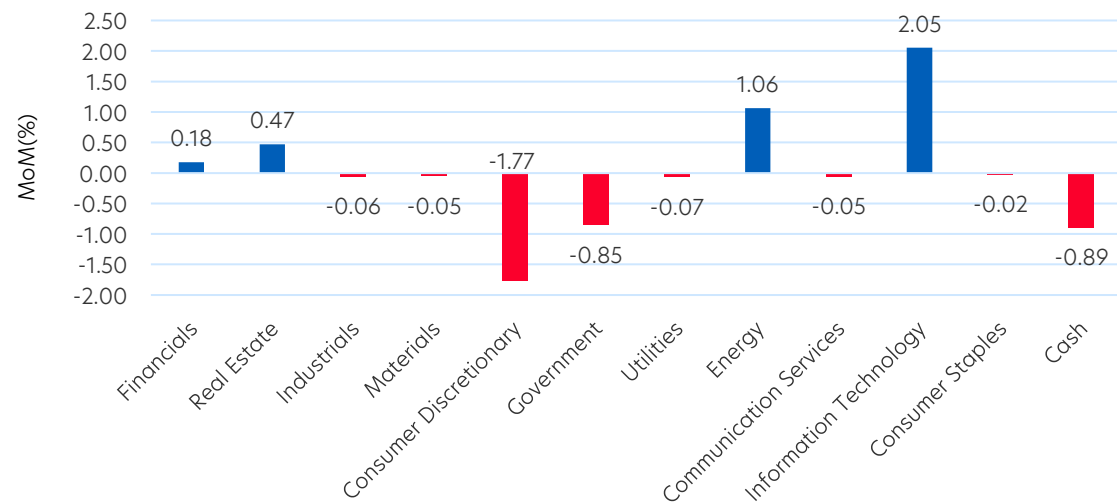
Source: Morningstar. Performance as at 31 January 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: Since inception - 2 May 2021: 6-month SIBID rate; 3 May 2021 - 7 Apr 2022: 12M Bank Deposit Rate; 8 Apr 2022 - Present: 6-month Compounded Singapore Overnight Rate Average. 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.

## Performance Contributors/Detractors: January 2024

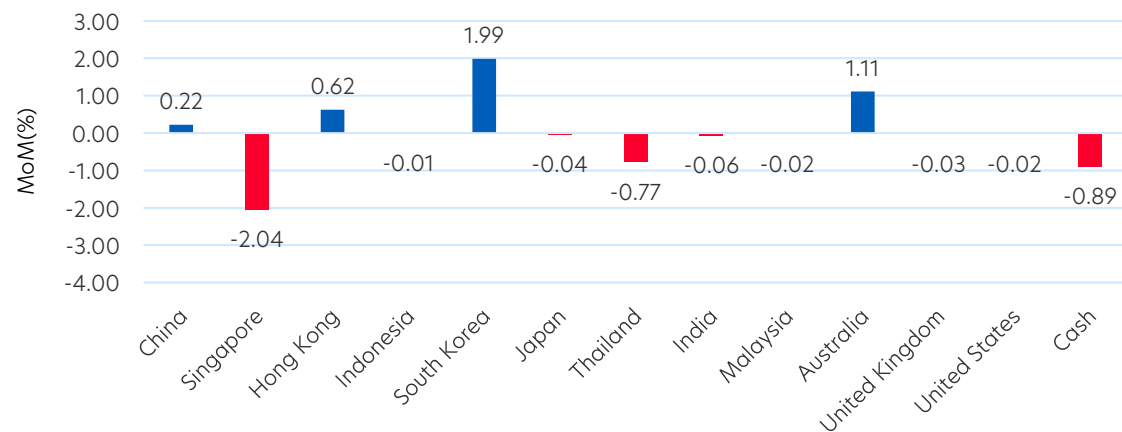


## Portfolio Changes

### Sector allocation changes: December 2023 vs January 2024



### Country allocation changes: December 2023 vs January 2024



Source: UOBAM

## Portfolio Review

### Analyst Insights

The new positions we added to the portfolio in January 2024 were: 1) Monetary Authority of Singapore (MAS) Bills that mature in the next 2-3 months, and 2) Quality Corporate Credit in the Financial, Energy, and Technology sectors.

As shown on the left charts, the biggest decrease in the sector allocation changes for January 2024 were Consumer Discretionary (-1.77 per cent), and Government (-0.85 per cent). On the contrary, the largest increments were in Information Technology (+2.05 per cent) and Energy (+1.06 per cent). In terms of country allocation changes, the Fund has the most decline in Singapore (-2.04 per cent) and the highest increase in South Korea (+1.99 per cent) for January 2024.

### Market Review

**Government bonds:** The US economy showed strong resilience with its better-than-expected fourth-quarter 2023 Gross Domestic Product (GDP) growth, rebound in Purchasing Managers' Index (PMI) for January 2024, and robust labour market alongside easing inflation readings, which boosted hopes for a soft landing. The Federal Reserve (Fed) decided to hold interest rates unchanged at 5.25-5.50 per cent in the January Federal Open Market Committee (FOMC) meeting but pushed back the prospects of a March (2024) rate cut. The US Treasury (UST) curve steepened with the 2-year UST yield declining 4 basis points (bps) to 4.21 per cent while the 10-year UST yield increased by 3 bps to 3.91 per cent in January 2024. Oil prices rallied (West Texas Intermediate (WTI) oil price +5.9 per cent, Brent oil price +6.1 per cent) amid rising geopolitical tension in the Middle East/Red Sea. However, other commodities did not fare well (iron ore price of -6.4 per cent, copper price of +0.4 per cent) as China's growth concerns persisted. The Chinese government announced more supportive policies in January 2024, including a 50bps cut to the Reserve Requirement Ratio (RRR) following the release of a mixed set of economic data.

**Corporate bonds:** JP Morgan Asia Credit Index (JACI) Investment Grade credit spreads widened slightly to 150bps (+2bps) as new issues supply kicked in on a fresh year of 2024. A total of US\$19.6 billion of Asia ex-Japan G3 currency bonds (bonds issued denominated in US Dollars, Japanese Yen, or Euros) were priced in January 2024 versus US\$1.63 billion of bonds priced in December 2023. However, this was 33 per cent year-on-year (y/y) lower when compared to US\$29.2 billion in January 2023. The financials sector and Korea continue to lead new supply at 43 per cent and 48 per cent of total issuances.

### Investment Objective

The investment objective of the United SGD Fund is to invest substantially all its assets in money market and short-term interest-bearing debt instruments and bank deposits with the objective of achieving a yield enhancement over Singapore dollar deposits.

### Fund Information

Morningstar Rating	Base Currency	Fund Size	Fund Manager
★★★★★	SGD	SGD 1689.50 mil	Joyce Tan



### 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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