

**Why Invest?**

- **High quality bonds with attractive yield pick-up:** The United SGD Fund – A (Acc) SGD (the “Fund”) has an average credit rating of BBB+ and an investment grade allocation of 98 per cent. The Fund’s weighted average yield to maturity is 4.13 per cent as of January 2025.
- **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:** The Fund uses a laddered strategy to lock in yields in a falling-interest rate environment. It involves buying bonds that mature at staggered future dates. Lower interest rates in coming years mean the Fund’s newer bonds will tend to carry a lower yield. However, its existing bond holdings will continue to provide elevated yields.
- **Navigating Inflation:** Moving into 2025, Singapore’s interest rates continue to decline, and growth stays resilient but inflation remains relatively sticky. The Fund benefits as corporate bonds tend to perform better than government bonds. As a result, the Fund returned 3.96 per cent over the last 12 months, well ahead of inflation and fixed deposit rates.



- **Highly rated:** The Fund currently holds a Morningstar five-star rating as of 31 January 2025.

**Portfolio Positioning**

We are conservative and prefer to stay with defensive sectors such as Utilities, Telecommunications, Consumer, Insurance, and government-related entities with resilient balance sheets, credits with leading market shares and of systemic importance. Overall, we prefer financials over corporates on fundamentals and valuations.

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.

**January 2025 Portfolio Performance**

The United SGD Fund- A (Acc) SGD	+0.24 per cent <sup>2</sup>
Benchmark: 6-month Compounded Singapore Overnight Rate Average	+0.27 per cent

Source: Morningstar, Performance from 31 December 2024 to 31 January 2025 in SGD terms

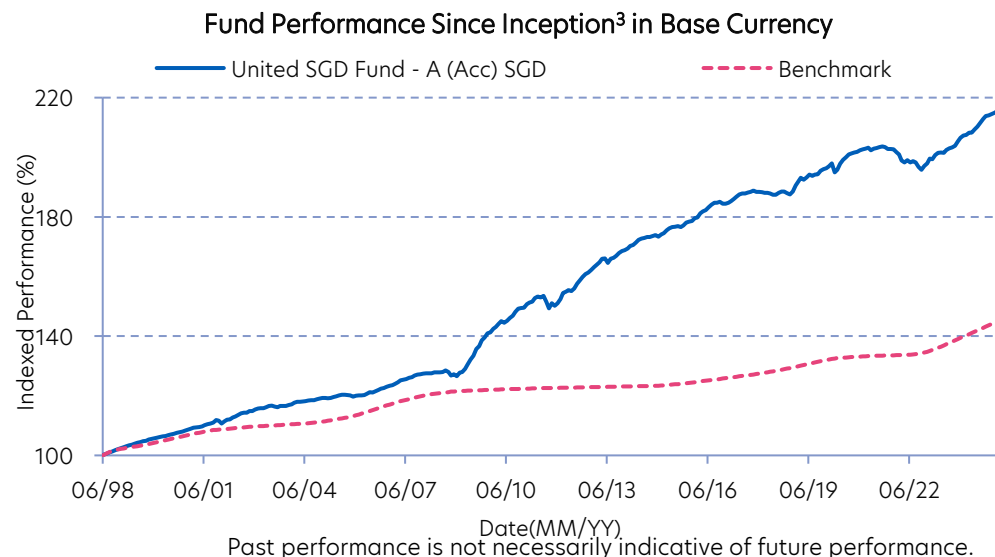
<sup>2</sup> Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

**Performance Review**

The Fund returned +0.24 per cent in January 2025. The overall return was driven by coupon income.

<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)



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 2025, SGD basis, with dividends and distributions reinvested, if any.

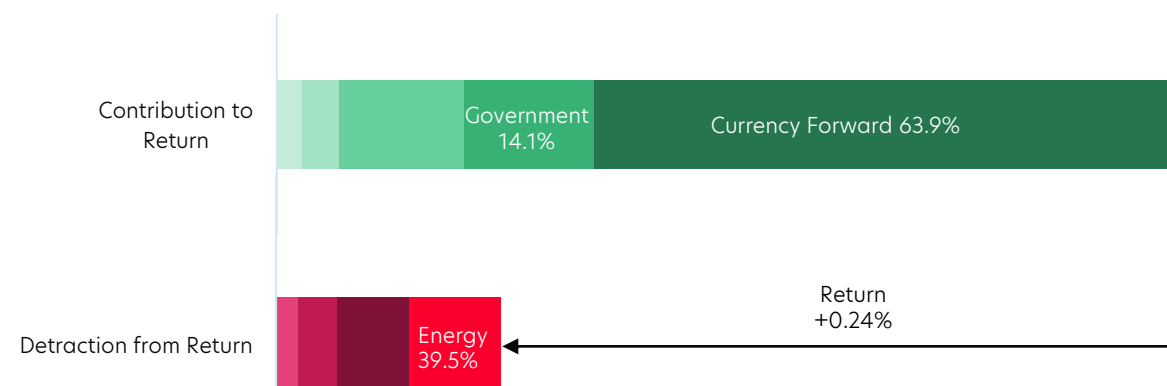
<sup>3</sup> The United SGD Fund - A (Acc) SGD (ISIN Code: SG9999001382) was inceptioned on 19 June 1998.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 January 2025 unless otherwise stated.

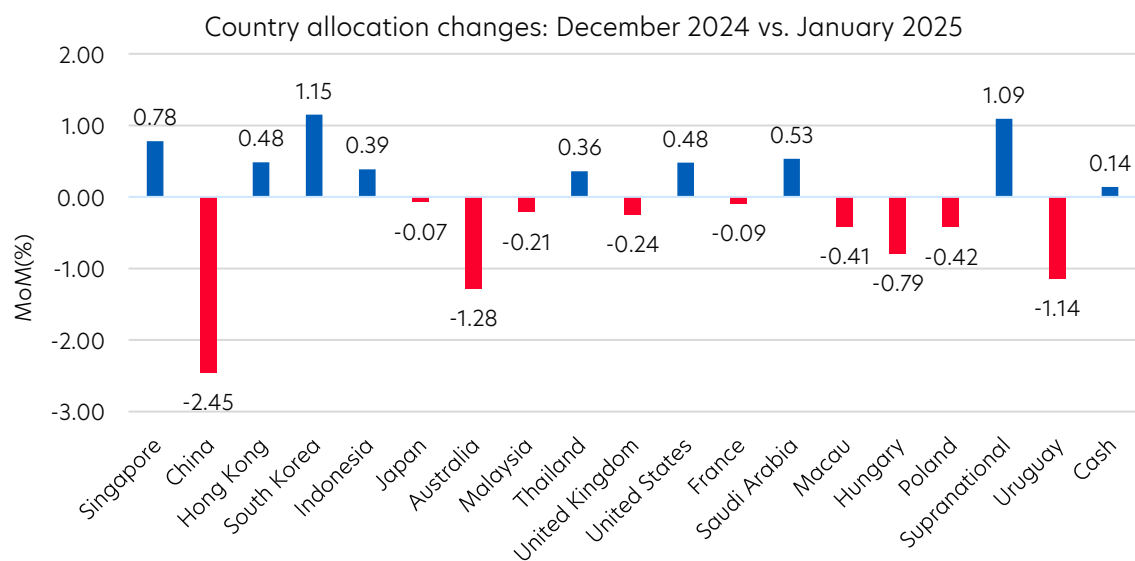
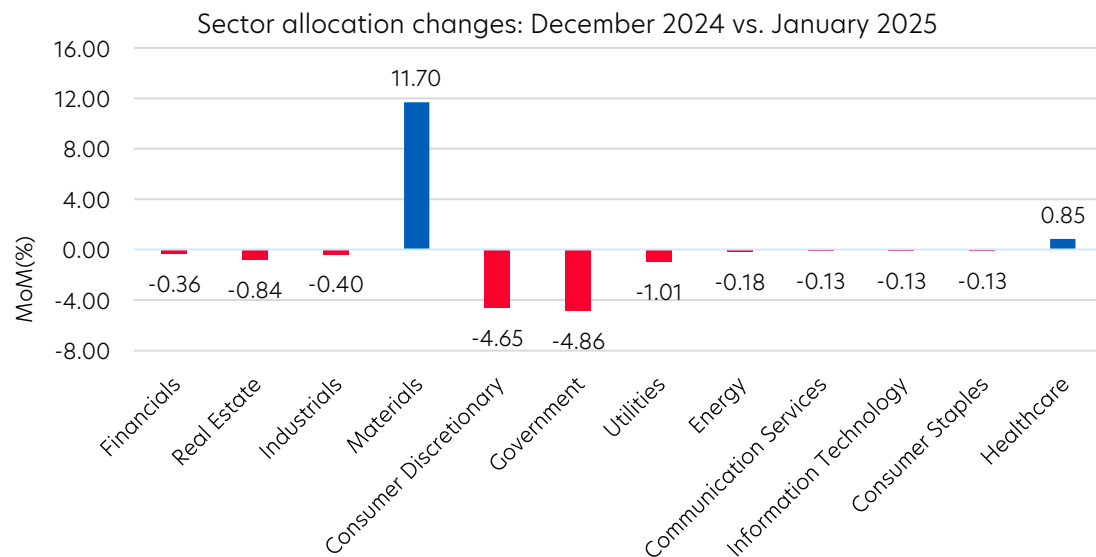
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.24	3.96	2.21	1.81	2.93
Fund (Charges applied <sup>^</sup> )	-1.77	1.88	1.53	1.40	2.85
Benchmark	0.27	3.59	2.73	1.85	1.40

Source: Morningstar. Performance as at 31 January 2025, 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 2025



### Portfolio Changes



Source: UOBAM

### Portfolio Review

#### Analyst Insights

The new positions we added to the portfolio in January 2025 were quality Corporate Credit in Government, Basic Materials, Communications, Consumer and Energy sectors. We also bought the Monetary Authority of Singapore Bills that mature in the next 3 months. Meanwhile, we sold one position in China's Cyclical Consumer.

As shown on the left charts, the biggest decrease in the sector allocation changes for January 2025 was in Government (-4.86 per cent). On the contrary, the largest increment was in Materials (+11.70 per cent). In terms of country allocation changes, the Fund has the highest decline in China (-2.45 per cent) and the highest increase in South Korea (+1.15 per cent) for January 2025.

## Market Review

The Asia credit market ended January 2025 positively on lower US Treasury (UST) yields. Besides the economic data that suggested a "Goldilocks" scenario with the Federal Reserve (Fed) keeping the rate unchanged in the January (2025) Federal Open Market Committee (FOMC) meeting, there was some safe-haven buying as US technology stocks plunged on concerns over Chinese Artificial Intelligence (AI) startup DeepSeek. The 2-year and 10-year UST yields closed at 4.2 per cent (-4 basis points (bps)) and 4.54 per cent (-3bps), respectively in January 2025.

Asian credit traded mostly sideways in January 2025, with the JP Morgan Asia Credit Index (JACI) Investment Grade credit spread tightened by 1bps to 102bps. Short-dated bonds and names with wider spreads were favoured by investors while waiting for policy details from the Trump administration. The elevated all-in yields remained supportive of Asian credit spreads with volatility driven by UST movements and idiosyncratic situations in the Hong Kong and China property space. Tariff and DeepSeek headlines appeared to have a milder impact on Asian credits than equities in January 2025.

Asian primary issues market got off to a good start in January 2025 with US\$29 billion printed (December 2024: US\$6 billion, January 2024: US\$19 billion). The biggest issuers in January 2025 were Hong Kong Airport Authority (HKAA, US\$4.15 billion), Export-Import Bank of Korea (EIBKOR, US\$3 billion), Korea Development Bank (KDB, US\$3 billion), PHILIP (US\$2.25 billion), Hyundai Capital America (HYNMTR, US\$2 billion), Indonesia Government International Bond (INDON, US\$2 billion), Vedanta Resources Limited (VEDLN, US\$1.1 billion) and Export-Import Bank of India (EXIMBK, US\$1 billion).

Uncertainties of new tariffs announced by the US against China, Canada, Mexico and even the European Union (EU) may cloud the market outlook. These developments could have significant implications on US growth and inflation, adding uncertainty to the global credit market. China is expected to feel the impact of tariffs on its exports to the US. This comes at a time when China's economic growth is already slowing, as indicated by weaker-than-expected January (2025) economic data. While the 10 per cent tariff is less severe than the 60 per cent tariff anticipated in some forecasts, it introduces uncertainty for China's economic outlook, which could weigh on the Asia credit market in the near term. Given these uncertainties, we maintain our cautious stance on the Asia credit market for 2025. While strong technical factors and attractive yields provide some support, the tight credit spreads in investment-grade credit offer limited compensation for the risks.

## 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**

SGD

**Fund Size**

SGD 2,320.93 mil

**Fund Manager**

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.

All information in this publication is based upon certain assumptions and analysis of information available as at the date of the publication and reflects prevailing conditions and UOB Asset Management Ltd ("UOBAM")'s views as of such date, all of which are subject to change at any time without notice. Although care has been taken to ensure the accuracy of information contained in this publication, UOBAM makes no representation or warranty of any kind, express, implied or statutory, and shall not be responsible or liable for the accuracy or completeness of the information.

Potential investors should read the prospectus of the fund(s) (the "Fund(s)") which is available and may be obtained from UOBAM or any of its appointed distributors, before deciding whether to subscribe for or purchase units in the Fund(s). Returns on the units are not guaranteed. The value of the units and the income from them, if any, may fall as well as rise, and is likely to have high volatility due to the investment policies and/or portfolio management techniques employed by the Fund(s). Please note that the graphs, charts, formulae or other devices set out or referred to in this document cannot, in and of itself, be used to determine and will not assist any person in deciding which investment product to buy or sell, or when to buy or sell an investment product. An investment in the Fund(s) is subject to investment risks and foreign exchange risks, including the possible loss of the principal amount invested. Investors should consider carefully the risks of investing in the Fund(s) and may wish to seek advice from a financial adviser before making a commitment to invest in the Fund(s). Should you choose not to seek advice from a financial adviser, you should consider carefully whether the Fund(s) is suitable for you. Investors should note that the past performance of any investment product, manager, company, entity or UOBAM mentioned in this publication, and any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance of any investment product, manager, company, entity or UOBAM or the economy, stock market, bond market or economic trends of the markets. Nothing in this publication shall constitute a continuing representation or give rise to any implication that there has not been or that there will not be any change affecting the Funds. All subscription for the units in the Fund(s) must be made on the application forms accompanying the prospectus of that fund.

The above information is strictly for general information only and is not an offer, solicitation advice or recommendation to buy or sell any investment product or invest in any company. This publication should not be construed as accounting, legal, regulatory, tax, financial or other advice. Investments in unit trusts are not obligations of, deposits in, or guaranteed or insured by United Overseas Bank Limited, UOBAM, or any of their subsidiary, associate or affiliate or their distributors. The Fund(s) may use or invest in financial derivative instruments and you should be aware of the risks associated with investments in financial derivative instruments which are described in the Fund(s)' prospectus.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

UOB Asset Management Ltd Co. Reg. No. 198600120Z