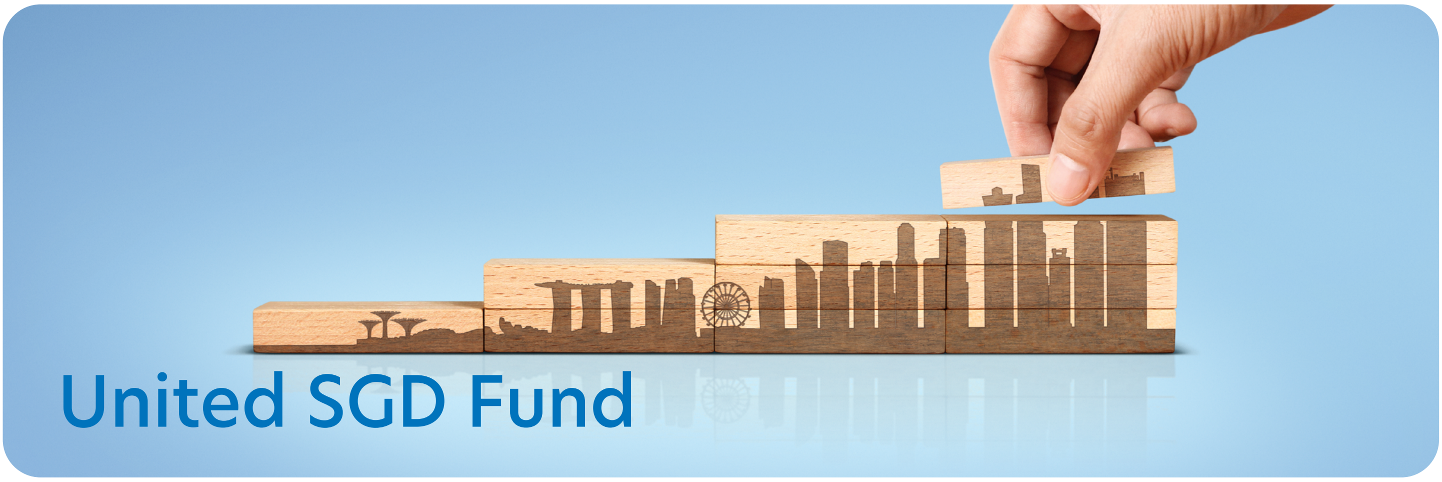
UOB Asset Management



United SGD Fund

November 2023

Why Invest?

Inflation hedge: The United SGD Fund – A (Acc) SGD (the "Fund") has generated an annualised return of 2.87 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 per annum, paid out monthly, which may be suitable for investors who are seeking regular income[1].

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 1.06 years as of November 2023.

Above-deposit returns: The recent rise in interest rates provide a more attractive entry point due to the yield pick-up of Singapore government bonds over Singapore dollar deposits, without the corresponding interest rate risk.

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.

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
★★★★★

Fund Size
SGD 1619.70 mil

Base Currency
SGD

Fund Manager
Joyce Tan

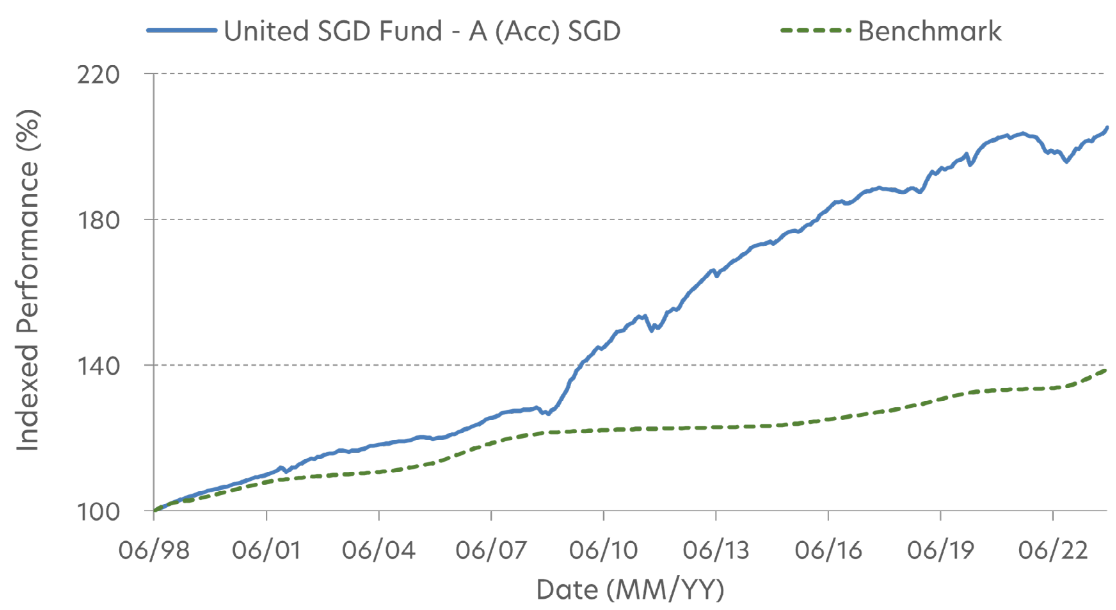
[1] Distributions (in SGD) are not guaranteed. Distributions may be made out of income, capital gains and/or capital. This relates to the disclosed distribution policy as set out in the Fund's prospectus.

One Month Portfolio Review

The United SGD Fund - A (Acc) SGD returned +0.70 per cent[2] in November 2023 in Singapore dollar (SGD) terms against the benchmark which returned +0.30 per cent[3].

Historical Performance

Fund Performance Since Inception[4] in Base Currency



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 30 November 2023, SGD basis, with dividends and distributions reinvested, if any.

[2] 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).
[3] Source: Morningstar, Performance from 31 October 2023 to 30 November 2023 in SGD terms.
[4] 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 of 30 November 2023 unless otherwise stated.

Annualised and Cumulative Performance

Performance (Class A (Acc) SGD)

	Cumulative Performance (%)	Annualised Performance (%)			
	1 Month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.70	4.18	0.57	1.83	2.87
Fund (Charges applied^)	-1.32	2.10	-0.11	1.42	2.79
Benchmark	0.30	3.33	1.45	1.45	1.30

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: 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. ^Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

Market Review

The prospect of having reached "peak rates" fuelled a very strong month for bonds in November 2023. Bond prices rallied following lower-than-expected global inflation indicators, softer economic data, and increasingly dovish language from the US Federal Reserve (Fed). Fed governor Christopher Waller (Waller), known for his hawkish stance, expressed comfort with the current monetary policy in light of the recent slowing of economic activity. The futures market welcomed Waller's dovish shift, increasing the probability of rate cuts in the first half of 2024 to 95 per cent. The 2-year and 10-year US Treasury (UST) yields declined 40 basis points (bps) and 60bps to 4.68 per cent and 4.33 per cent respectively. Elsewhere, oil prices fell (West Texas Intermediate (WTI) oil price -6.2 per cent, Brent oil price -5.2 per cent). However, other commodities were generally resilient (including copper price +5.5 per cent, iron ore price +6.6 per cent, and gold price +2.6 per cent).

JP Morgan Asia Credit Index (JACI) Investment Grade credit spreads tightened to 155bps (-12bps) on improving sentiment. The prices of Chinese developers' bonds were lifted after the authorities began drafting a list of 50 real estate developers that would be eligible for financing. This is the latest move by Beijing to support the embattled property sector. Encouraged by lower all-in issue cost, the primary issuance of Asia ex-Japan G3 currency bonds (bonds issued denominated in US Dollars, Japanese Yen, or Euros) picked up with US$11.4 billion of bonds priced in November 2023 (October 2023: US$8 billion, November 2022: US$4.6 billion). Year-to-date supply was US$126.4 billion (-19 per cent year-on-year (y/y)). Notable deals came from Indonesia/Philippine Sovereigns, China Financials and Korea Quasi-Sovereigns.

Outlook and Positioning

We continue to stay up in credit quality, maintaining our preference for defensive sectors with resilient balance sheets, credits with leading market shares and of systemic importance.

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 3-5 per cent cash for liquidity; and
5. Hedge foreign currency risk to Singapore Dollar.

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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