United SGD Money Market Fund

February 2023

Why Invest?

- **Alternative to deposits:** The Fund invests in liquid and high-quality, short-term debt securities and money market instruments. It aims to provide a return that is comparable to that of Singapore dollar short-term deposits but has higher liquidity. As of February 2023, the Fund's weighted average yield to maturity is 3.76 percent.

- **Award-winning expertise**: The Fund is managed by the award-winning fixed-income Singapore team behind UOBAM's flagship United SGD Fund which has clinched over 20 awards.

- **Minimal currency risk**: The United SGD Money Market Fund invests in higher-yielding foreign currency securities, but hedges any foreign currency exposure back to Singapore Dollar to minimize any currency risks.

- **Consistent performance since inception:** The United SGD Money Market Fund has generated an annualised return of 0.83 percent since its inception in 2019

Investment Objectives

The investment objective of the United SGD Money Market Fund is to provide a return which is comparable to that of Singapore dollar short-term deposits.

Fund Information

Fund Size

SGD 459.69 mil

Base Currency

SGD

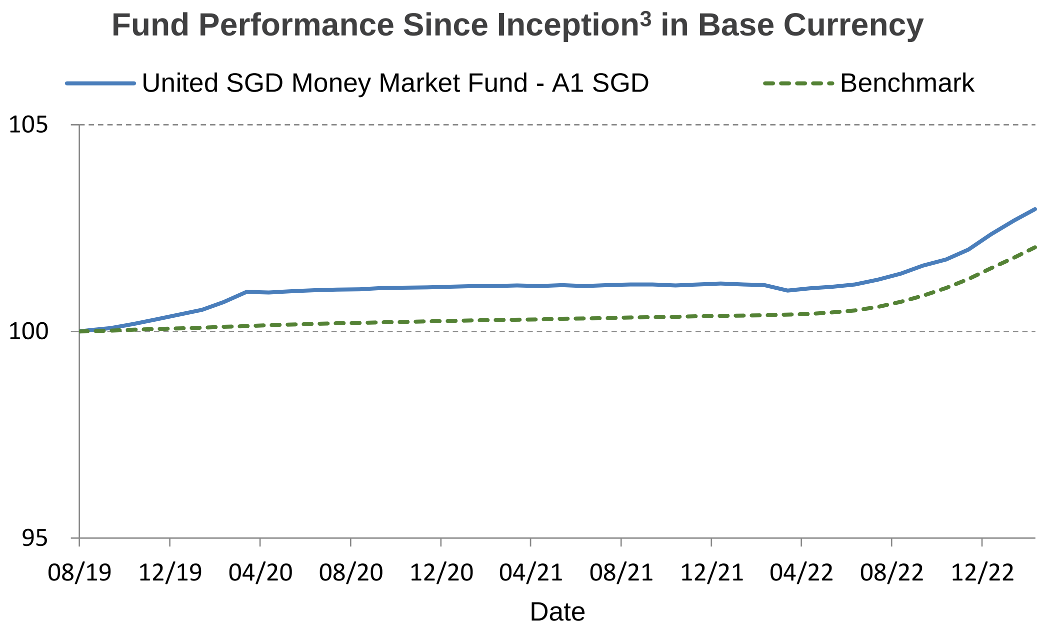
Fund Manager

Joyce Tan

One Month Portfolio Review

The United SGD Money Market Fund – A1 SGD (the "Fund") returned +0.26 percent[1] in February 2023 in Singapore dollar (SGD) terms against the benchmark which returned +0.24 percent[2].

Historical Performance



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: Since inception – 7 April 2022: 3M Bank Deposit Rate; 8 April 2022 to Present: 3-month Compounded Singapore Overnight Rate Average.

Source: Morningstar. Performance as at 28 February 2023, SGD basis, with dividends and distributions reinvested, if any.

[1] *Source: Morningstar, Performance from 31 January 2023 to 28 February 2023 in SGD terms, on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).*
[2] *Source: Morningstar, Performance from 31 January 2023 to 28 February 2023 in SGD terms.*
[3] *The United SGD Money Market Fund – A1 SGD (ISIN Code: SGXZ56370984) was incepted on 19 August 2019.*

All statistics quoted in the write-up are sourced from Bloomberg as of 28 February 2023 unless otherwise stated.

Annualised and Cumulative Returns

Performance (Class A1 SGD)

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.26	1.82	0.74	-	0.83
Fund (Charges applied^)	0.26	1.82	0.74	-	0.83
Benchmark	0.24	1.63	0.64	-	0.57

Source: Morningstar. Performance as at 28 February 2023, 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: Since inception – 7 April 2022: 3M Bank Deposit Rate; 8 April 2022 to Present: 3-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 US Federal Reserve (Fed) raised the Federal funds rate by 25 basis points (bps) earlier in February 2023, in line with market expectations. However, concerns about longer and higher rate hikes dampened market sentiment after several US economic data came in much stronger than expected. The change in non-farm payrolls for January 2023 was much stronger than expected (actual: 517,000; consensus: 189,000), US retail sales increased 3 percent in January 2023 (consensus: +2 percent), and US initial jobless claims fell by 3,000 to 192,000, indicating that inflationary pressures remain. Traders have started to price in the chances of a 50bps rate hike in March 2023 and Federal funds futures are suggesting rates peaking at 5.4 percent by September 2023. The 2-year US Treasury (UST) yield hit a high of 4.82 percent (+62bps) and the 10-year UST yield closed at 3.93 percent (+41bps), its biggest monthly jump since September 2022.

New issues faltered in February 2023 amidst the return of rates volatility with only US$11.3 billion of Asia ex-Japan G3 currency bonds (bonds issued denominated in US Dollars, Japanese Yen, or Euros) priced. This was slower compared to the US$32.7 billion issued in January 2023 and US$16.3 billion in February 2022. That takes the year-to-date supply to US$44.0 billion (-8.7 percent year-on-year). JP Morgan Asia Credit Index (JACI) Investment Grade Spread tightened by 15bps to 169bps, fuelled by the relative scarcity of dollar bond supply. Supply was skewed towards quasi-sovereign and financial issuers, with benchmark deals from South Korea, China, India, and Thailand. Elsewhere, commodity prices finished generally lower (West Texas Intermediate (WTI) oil -2.3 percent, copper price -3.0 percent, iron ore price -2.4 percent, gold price -5.3 percent).

Outlook and Positioning

A tussle of wills between the market hopes for the Fed to start to cut interest rates later in 2023 versus the Fed's reiteration that rate cuts are premature since the inflation battle is not over. We maintain our preference for defensive positioning with a preference for quality credits with leading market shares and of systemic importance, in defensive sectors.

The Fund will continue to:

1. Focus on companies that have good access to capital markets and have defensive business models;
2. Invest up to 50 percent of the Fund in corporate bonds for the purposes of enhancing return to the portfolio;
3. Maintain the average duration of the Fund at six months;
4. Keep 3-5 percent cash for liquidity; and
5. Hedge foreign currency risk to Singapore Dollar.

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