



# United Singapore Bond Fund

October 2023

## Why Invest?

**Defensive positioning:** The United Singapore Bond Fund – A SGD Acc (the “Fund”) invests in quality credits that have a leading market share. The Fund is 44.79 per cent invested in Government Bonds (as of October 2023) which contributes to its strong credit rating of “A”.

**Singapore Dollars (“SGD”) exposure:** The Fund is 89.38 per cent invested in Singapore (as of October 2023). This allows the Fund to benefit from the strength of the SGD and the stability of Singapore’s capital markets.

**Attractive dividend payout:** For Class A SGD Dist, the current distribution policy is 2.0 per cent per annum, paid out quarterly, which may be suitable for investors who are seeking regular income<sup>1</sup>.

**Less volatile in Asian credit:** Relative to 2022, we believe the stabilisation in the rates will reduce volatilities in Asian credit in 2023. The current all-in yield will provide a sufficient margin of safety against higher interest rates and wider credit spreads.

### Investment Objective

The investment objective of the United Singapore Bond Fund is to maximise returns over the longer term by investing mainly in bonds denominated in Singapore Dollars (issued by entities incorporated or domiciled globally) and bonds denominated in foreign currencies (issued by entities incorporated or domiciled in Singapore). Apart from investments in bonds, the Fund may also invest in money market instruments (denominated in SGD or foreign currencies), bond funds (including funds managed by the Managers) and time deposits in any currency. Investments shall be made in accordance with the CPF Investment Guidelines. There is no target industry or sector.

### Fund Information

**Morningstar Rating**

★★★★

**Fund Size**

SGD 174.06 mil

**Base Currency**

SGD

**Fund Manager**

Joyce Tan



<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.

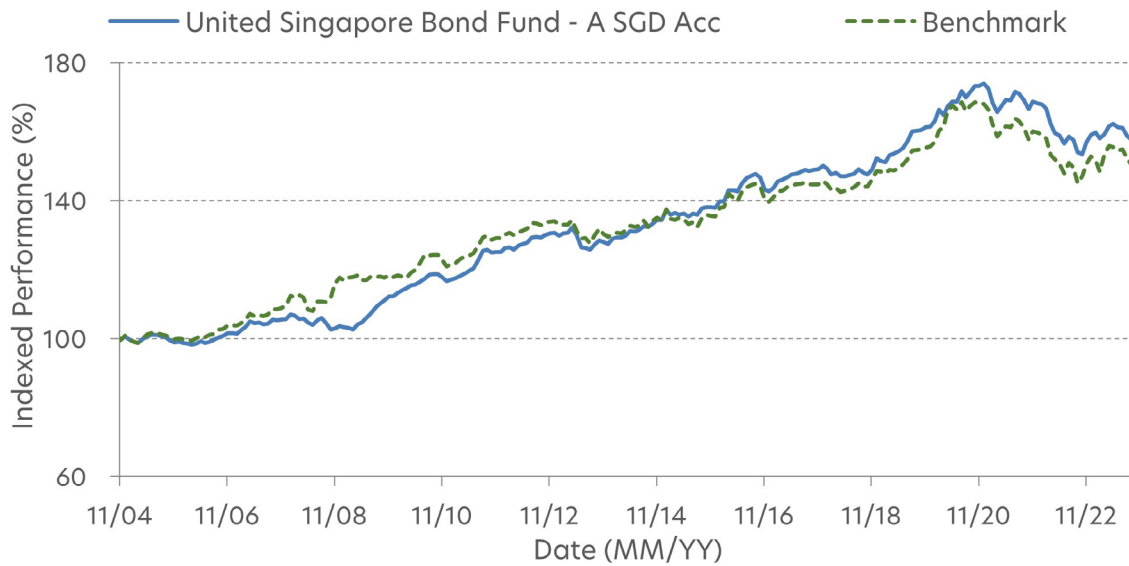


## One Month Portfolio Review

The United Singapore Bond Fund - A SGD Acc (the "Fund") returned 0.00 per cent<sup>2</sup> while its benchmark, the Thomson Reuters/SGX Singapore Fixed Income Government Bond Index (TR/SGX SFI) returned +0.57 per cent<sup>3</sup> in October 2023.

## Historical Performance

### Fund Performance Since Inception<sup>4</sup> 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 - 31 May 17: Singapore Government Bond Index All UOB; 1 Jun 17 - Present: TR/SGX SFI Government Bond Index.

Source: Morningstar. Performance as at 31 October 2023, SGD basis, with dividends and distributions reinvested, if any.

<sup>2</sup> Source: Morningstar, Performance from 30 September 2023 to 31 October 2023 in SGD terms, on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).

<sup>3</sup> Source: Morningstar, Performance from 30 September 2023 to 31 October 2023 in SGD terms.

<sup>4</sup> The United Singapore Bond Fund A SGD Acc (ISIN Code: SG9999003412) and A SGD Dist (ISIN Code: SGXZ36402089) were inception on 26 November 2004 and 4 January 2021 respectively.

All statistics quoted in the write-up are sourced from Bloomberg as of 31 October 2023 unless otherwise stated.



## Annualised and Cumulative Performance

Performance (Class A SGD Acc)					
	Cumulative Performance (%)	Annualised Performance (%)			
		1 Month	1 Year	3 Years	5 Years
Fund NAV to NAV	0.00	2.78	-3.06	1.35	2.44
Fund (Charges applied <sup>^</sup> )	-2.00	0.72	-3.72	0.94	2.33
Benchmark	0.57	2.81	-3.56	0.98	2.21

Source: Morningstar. Performance as at 31 October 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 - 31 May 2017: Singapore Government Bond Index All UOB; 1 June 2017 - Present: TR/SGX SFI Government Bond Index. 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.

The Fund returned +0.00 per cent (versus benchmark: +0.57 per cent) for October 2023. On a year to date basis, the Fund returned -0.83 per cent (versus benchmark: -1.06 per cent).



## Market Review

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Key data releases in October 2023 showed that the services sector outperformed the manufacturing sector, as weighted by the ongoing global slowdown in manufacturing and trade. The advance Gross Domestic Product (GDP) for the third quarter of 2023 was +0.7 per cent year-on-year (y/y, consensus: +0.4 per cent) and improved from the second quarter when the economy grew +0.5 per cent y/y, driven by broad-based expansion within the services sector (especially in tourism) while manufacturing remained weak.

The Non-Oil Domestic Exports (NODX) and industrial production for September 2023 continued to decline, but there were signs of improvement. The NODX reading for September 2023 was -13.2 per cent y/y (August 2023: -22.5 per cent y/y), and industrial production was -2.1 per cent y/y (August 2023: -11.6 per cent y/y). Of note, semiconductor exports and production appeared to be rebounding from their lows, even though it would be too early to confirm the recovery until we see a more sustained global recovery in manufacturing and trade.

The headline Consumer Price Index (CPI) for September 2023 was slightly higher at +4.1 per cent y/y (August 2023: +4.0 per cent y/y) and above the consensus of +4.0 per cent y/y. It was driven by higher private transport costs, given rising car prices. Core inflation was +3.0 per cent y/y (August 2023 +3.4 per cent y/y) and below +3.1 per cent y/y consensus. The moderation in core inflation was broad-based, driven by a slower increase in food and recreation components. In the latest inflation outlook released by the Monetary Authority of Singapore (MAS), they expect core inflation to moderate to 2.5 per cent to 3.0 per cent y/y by 2023 and to average between 2.5 per cent to 3.5 per cent in 2024.

SGD credit-related new issues in October 2023 was SGD 1.2 billion (September 2023: SGD 1.9 billion). Foreign issuers were quiet with small activity in the domestic real estate names. For the Investment-Grade names, Wing Tai Holdings Limited and CapitaLand Ascott Trust issued SGD 100 million each across 4 to 5 years, while in the High-Yield space, Tuan Sing Holdings Limited issued SGD 150 million bond with a 4-year tenor.

The higher-for-longer theme persisted in October 2023. The 10-year US Treasury (UST) yield rose from 4.57 per cent to 4.93 per cent over October 2023. The UST yield curve continued to steepen, with the 10-2 year yield spread moving from -48 basis points (bps) to -16bps over October 2023. In contrast, the Singapore Government Securities (SGS) yield curve saw little movement on a month-on-month basis in October 2023, with 2-year, 10-year and 30-year SGS yields in the 3.60 per cent, 3.40 per cent and 3.10 per cent range.

In the SGD market, corporate issues seemed to have slowed down and may wrap up for 2023. The issuance in November 2023 is likely to remain lacklustre. The long-end of SGS yields is likely to wrap around 3.10 per cent as the supply concludes for the year following end-September's well-received reopening of the SGS coupon of 1.875 per cent and maturing in 2051 with yields at the front to intermediate end to remain sensitive to broader market movements. We will also wait for the MAS 2024 funding notice for the SGS auction.



## Outlook and Positioning

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The portfolio continues to overweight corporate credits for the purpose of yield enhancement and keeps a neutral duration position relative to the benchmark.



### Important notice and disclaimers

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