January 2024

United Smart Sustainable Singapore Bond Fund

Why Invest?

• **Benefit from Singapore's sustainability journey:** This is the first-ever Singapore-focused Environmental, Social, and Governance (ESG) Fixed Income Fund. The Fund aims to allow investors to gather stable income via investing in bonds issued by Singapore (and Asian) companies that have strong forward-looking, sustainable mandates.

• **Asia-centric and Singapore-focused:** United Smart Sustainable Singapore Bond Fund – A SGD Acc (Hedged) (the "Fund") invests at least 65 per cent in Singapore's fixed income and a maximum of 35 per cent in Asia. This allows the Fund to benefit from the strength of the SGD and the stability of Singapore's capital markets.

• **Thematic Focus:** The Fund supports three core sustainable investing themes identified using the Singapore Green Plan 2030, i.e. 1) green, clean, and smart Singapore, 2) preparing for climate change, and 3) sustainable production.

• **Consistent Payout:** The United Sustainable Singapore Bond Fund – A SGD Dist (Hedged) offers a monthly dividend income[1] as well as the potential for capital upside. The current distribution policy is to make regular monthly distributions of up to 2 per cent p.a..

January 2024 Portfolio Performance

The United Smart Sustainable Singapore Bond Fund – A SGD Acc (Hedged)	+0.28 per cent[2]
Benchmark: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent	+0.40 per cent

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

[2] Fund performance is on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).

Performance Review

Fund performance in January 2024 registered another positive return due to good yield carry. Despite the slight rise in interest rate and widening investment grade credit spread, the good yield carry had more than offset the negativity.

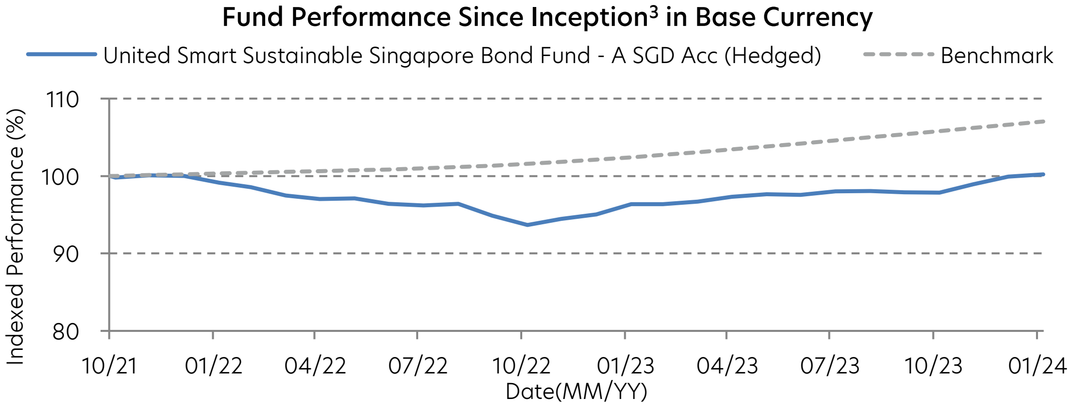
Portfolio Positioning

Moving ahead, our inclination remains to stay fully invested to gather the current high level of market yield. As global interest rate peaked and economic data though some weaknesses, will likely remain resilient. We may have entered into a "goldilocks" period which should bode well for Asian credit. Whilst so, high funding costs and continual geopolitical uncertainties will be dampeners for near-term companies' growth and earnings. The Fund has been adopting an overall defensive carry strategy and remains well-positioned amid the uncertainties. Our caution remains in Chinese real estate developers and non-investment grade segments. Lower growth, and high leverage trajectory alongside structural Chinese real estate woes may present tail risk to Asian assets. We are inclined to monitor Chinese real estate developers and only to get involved in the quality names if the valuation becomes compelling. Gradual increase in good quality non-investment grade exposure will be rewarded with higher carry and potential capital gains from market rallies, if any.

On duration management, we continue to pause to monitor global economic health after the recent sharp fall in interest rates. Staying nimble in duration management will be crucial during this transition. We remain convicted to lock in the higher US rates in anticipation of recession risk and a peak in interest rate. All said as we enter into a new normal world while living with COVID-19, credit selection and portfolio diversification are critical amid rising idiosyncratic risks.

[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.

Performance (Class A SGD Acc (Hedged))



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

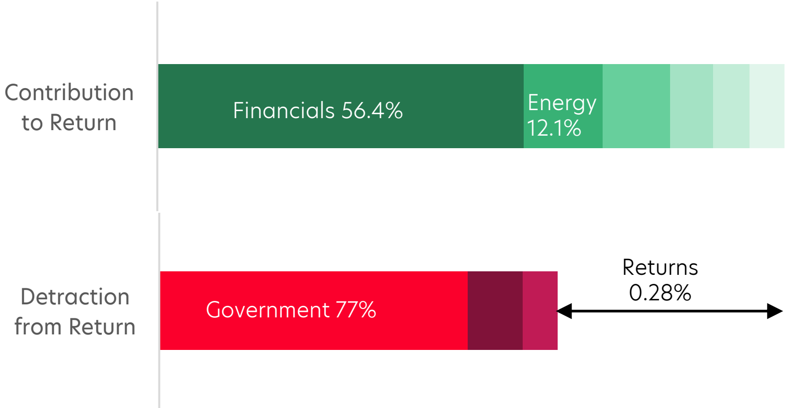
Benchmark: Since inception -7 April 2022: 12-month Singapore dollar Fixed Deposit + 1 per cent; 8 April 2022 - Present: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent

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

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.28	3.99	-	-	0.09
Fund (Charges applied^)	-1.73	1.90	-	-	-0.80
Benchmark	0.40	4.53	-	-	3.06

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. Since inception performance under 1 year is not annualized. Benchmark: Since inception -7 April 2022: 12-month Singapore dollar Fixed Deposit + 1 per cent; 8 April 2022 - Present: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent. 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.

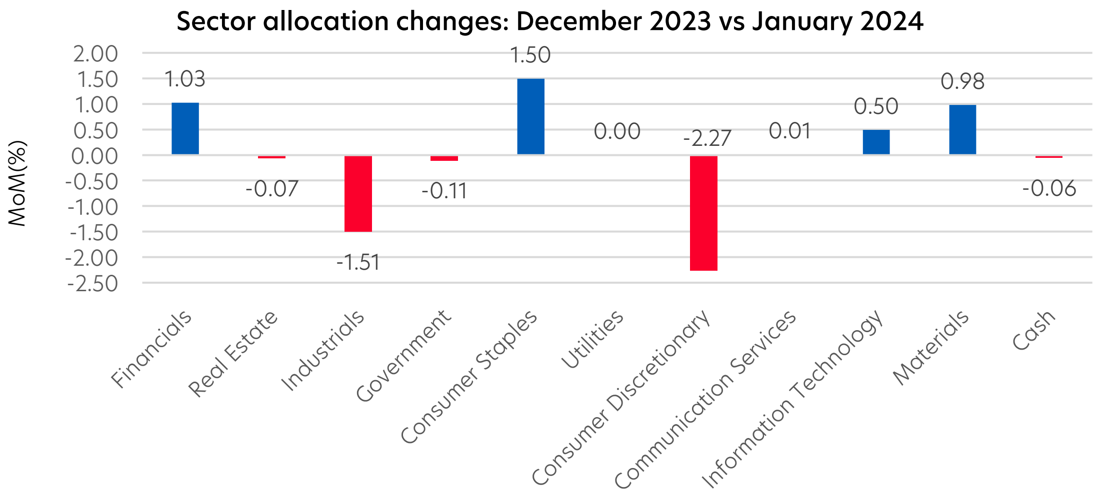
Performance Contributors/Detractors: January 2024

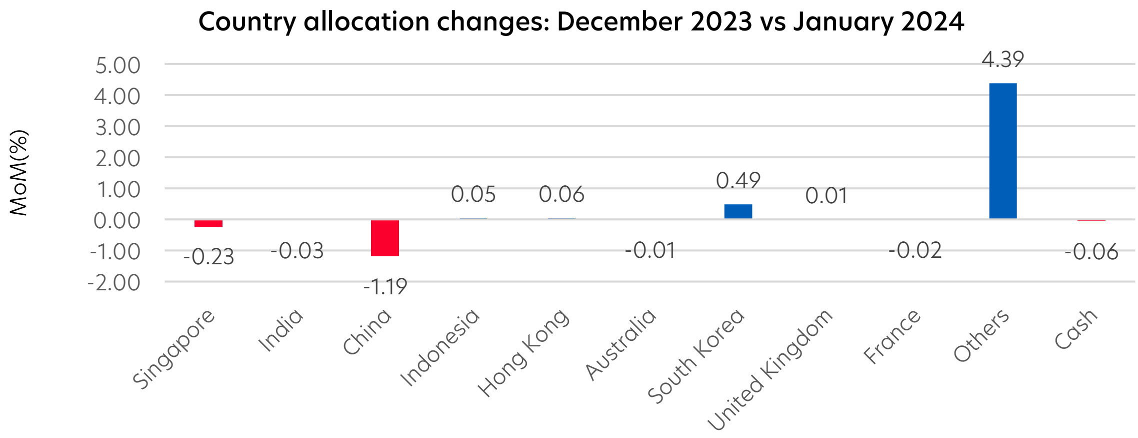


[3] The United Smart Sustainable Singapore Bond Fund Class A SGD Acc (Hedged) (ISIN Code: SGXZ18977330) was incepted on 26 October 2021.

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

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

Our continual heavier exposure to good quality Singapore bonds and defensive credits had remained a good anchor and contributed to the Fund's stable returns. Gradual extension of risk earlier in January 2024 by adding quality defensive non-investment grade exposure had not contributed to a positive return for January 2024 but should work well in the medium term, boosting carry income. On our broad duration strategy, we have kept our duration rather unchanged from December 2023. We are inclined to be more tactical, take pauses to lengthen duration again and monitor the global economic health while global central banks try to balance their monetary policy amid economic uncertainties.

As shown on the left charts, the biggest decrease in the sector allocation changes for January 2024 were in Consumer Discretionary (-2.27 per cent), and Industrials (-1.51 per cent). On the contrary, the largest increments were in Consumer Staples (+1.50 per cent) and Financials (+1.03 per cent). In terms of country allocation, the fund has the highest decline in China (-1.19 per cent) during January 2024.

Market Review

Into the first month of 2024, some scaling back of further risk extension was observed. There was also some reversal of the initial multiple interest rate cuts expected as economic data continued to show resilience. 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. That said, geopolitical tension in the Middle East and chaos in the Red Sea remained. The Chinese government also announced more supportive policies in January 2024, including a 50 basis points (bps) cut to the reserve requirement ratio (RRR) following the release of a mixed set of economic data. Overall, the 10-year US Treasury (UST) yield reversed its fall and ended January 2024 3bps higher at 3.91 per cent while the 5-year UST yield fell by 1bps to 3.84 per cent. On the Singapore front, macro releases were a dent in the hopes of a recovery in the manufacturing sector after the sector showed signs of a rebound over the previous few months. The non-oil domestic exports (NODX) in December 2023 were -1.5 per cent year-on-year (y/y), below November's reading of +1.0 per cent y/y. The weakness was broad-based and driven by both electronics exports and non-electronic exports. Headline Consumer Price Index (CPI) was +3.7 per cent y/y in December 2023, rising from November's +3.6 per cent y/y due to slightly higher private transport costs. The Monetary Authority of Singapore (MAS) continued to guide for a core inflation range of 2.5-3.5 per cent in 2024 (on an ex-Goods and Services Tax basis). Overall, Singapore government securities (SGS) continued to underperform its UST peer with 5-year tenor bond yield rising by 15bps to 2.83 per cent. On the Asia credit market, investors' risk appetite though dampened, remained positive. The reversal of interest rate cut expectations brought about higher rates and some market uncertainties. This, in turn, led to a pause in any chase for risk assets. Concerns about the resiliency of the global economy and companies' ability to cope with the constant high funding costs will be on investors' radar. Within the Chinese real estate sector, nervousness remained with a focus on their repayment abilities as debt obligations came due. While the Chinese Government has announced measures to save the sector, the fundamentals of the Chinese property credit have not improved much amid a weak Chinese property physical market. In January 2024, the new issuances market rebounded strongly with close to US$20 billion in issuances after a dull December 2023 and before the arrival of the festive Lunar New Year. Primary issuance in the SGD space rebounded in January 2024. With limited supply in the Singapore bond market for the past few months, these deals managed to hold up in secondary trading despite arguably tight valuations. Oversea-Chinese Banking Corporation (OCBC) Bank issued SGD 450 million of Additional Tier-1 (AT1) Perpetual (Perp) Non-callable (NC) 5.75 years at 4.05 per cent coupon. City Development Limited issued an SGD 285 million 5-year bond with a 3.712 per cent coupon, Standard Chartered PLC also issued SGD 335 million 6NC5 (a six-year bond has a non-call period of five years) senior unsecured Total Loss Absorption Capacity (TLAC) bonds at 4.20 per cent yield.

Overall, the Asian credit spread mixed for investment grade and non-investment grade segments due to moderation of risk appetite. The credit spread on the investment grade segment widened slightly while a substantial credit spread narrowing was seen in the non-investment grade segment. In USD terms, JP Morgan Environmental, Social, and Governance (ESG) Asia Credit Index gained another +0.17 per cent for January 2024, driven by the rise in underlying interest rate and wider credit spread. Specifically, the investment grade segment saw a loss of -0.23 per cent while the non-investment grade segment saw a gain of +2.46 per cent. Focus will remain on the economic data as this will likely guide where the interest rate heads in the near term. Investors will start to reposition if expectations fall short. However, the uncertainties around inflation, rates and recession risks should be far lower in 2024 compared to 2023. Investors will likely return to focusing on traditional investment drivers such as company earnings and competitive advantages. Higher rates for longer-horizon interest rate regimes seem to stay and it remains to be seen how companies cope with this high financing cost. A year of numerous important elections across the globe such as the US, UK, India, Russia and Brazil may add more caution while gathering risk assets. Heightened geopolitical tension (wars and US/China trade), continued woes in China's growth engines and potential new COVID-19 strains are also likely to still weigh on investors' risk appetite.

Investment Objective

The investment objective of the United Smart Sustainable Singapore Bond Fund is seeking to provide stable income and capital appreciation over the medium to long term by investing predominantly in fixed income instruments focusing on Singapore. Investments will be selected following the Fund's investment focus and approach, which includes the consideration of Sustainability and Environmental, Social and Governance (ESG) factors.

Fund Information

Base Currency	Fund Size	Fund Manager
SGD	SGD 54.40 mil	Koh Hwee Joo

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.

In the event of any discrepancy between the English and Mandarin versions of this publication, the English version shall prevail.

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

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