

October 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 income¹ 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..

October 2024 Portfolio Performance

| | |
|--|-----------------------------|
| The United Smart Sustainable Singapore Bond Fund - A SGD Acc (Hedged) | +0.50 per cent ² |
| Benchmark: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent | +0.38 per cent |

Source: Morningstar, Performance from 30 September 2024 to 31 October 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 October 2024 registered a positive return due to the narrowing in credit spreads and good yield carry. Our continual heavier exposure to good quality Singapore bonds and defensive credits had again, been strong anchors and contributed to our Fund's overall returns. Our positions in defensive non-investment grade had traded steadily and also provided some positive carry to the Fund in October 2024. On our broad duration strategy, we had gradually lengthened our duration and remained fully invested which continued to benefit the Fund as the interest rate peaked.

Portfolio Positioning

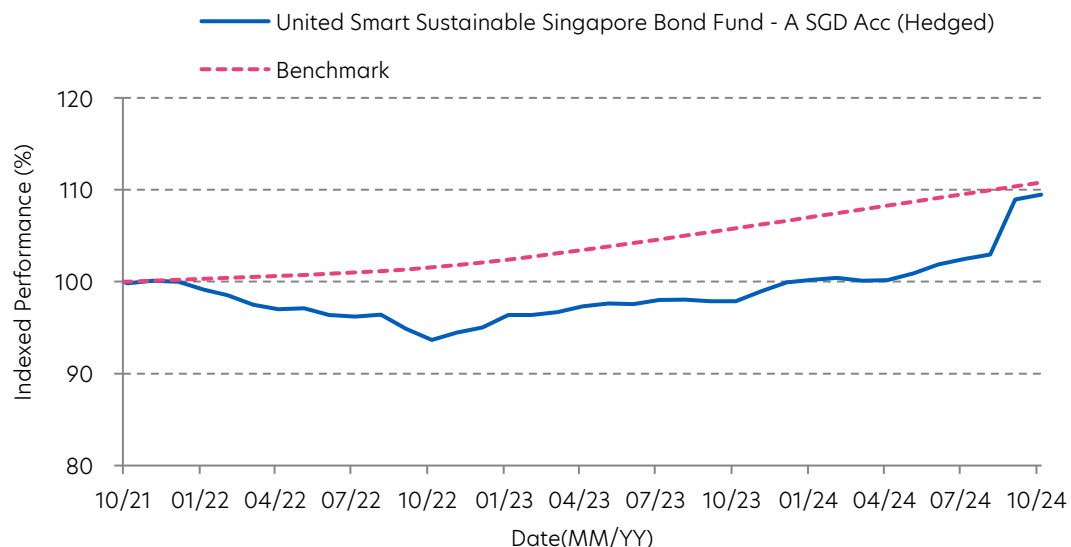
Moving ahead, staying invested remains key. Volatility is likely to persist if a Trump Presidency does come true. The high valuation of risk assets and bonds after recent rallies might reduce their attractiveness to investors amid the increasing uncertainties towards the year-end. The Fund has been adopting an overall defensive carry strategy and remains well-positioned.

Heavier positioned in good quality credits, especially in the non-investment grade segment has been the focus. This will continue to reward us with higher carry and performance resiliency. On duration management, we have gradually lengthened our duration and prefer to pause given the new US presidency. We remain convicted to lock in the higher US rates in anticipation of recession risk and a peak in interest rate. 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))

Fund Performance Since Inception³ 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 -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 October 2024, SGD basis, with dividends and distributions reinvested, if any.

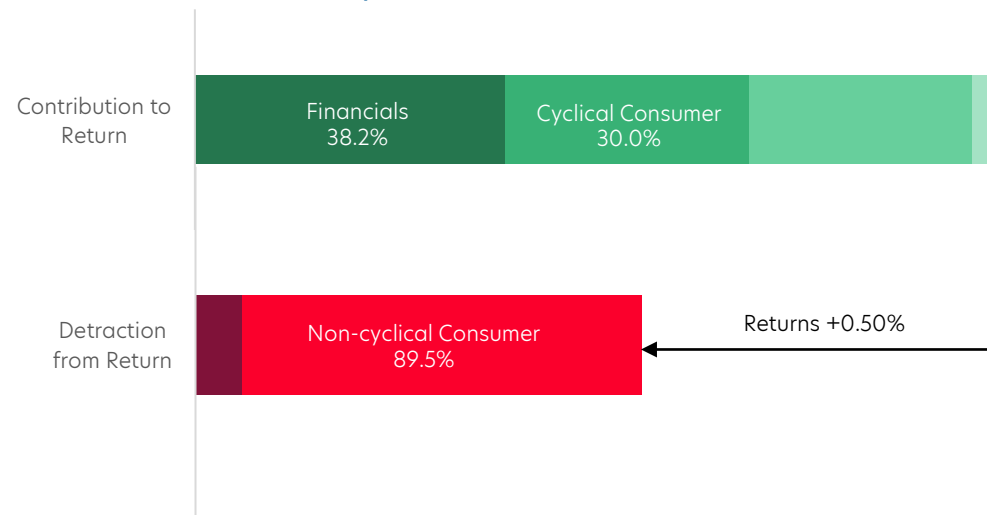
³ The United Smart Sustainable Singapore Bond Fund Class A SGD Acc (Hedged) (ISIN Code: SGXZ18977330) was inceptioned on 26 October 2021.

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

| | Cumulative Performance (%) | Annualised Performance (%) | | | |
|--------------------------------------|----------------------------|----------------------------|---------|---------|-----------------|
| | 1 month | 1 Year | 3 Years | 5 Years | Since Inception |
| Fund NAV to NAV | 0.50 | 11.88 | 3.13 | - | 3.05 |
| Fund (Charges applied [^]) | -1.51 | 9.64 | 2.44 | - | 2.36 |
| Benchmark | 0.38 | 4.69 | 3.47 | - | 3.46 |

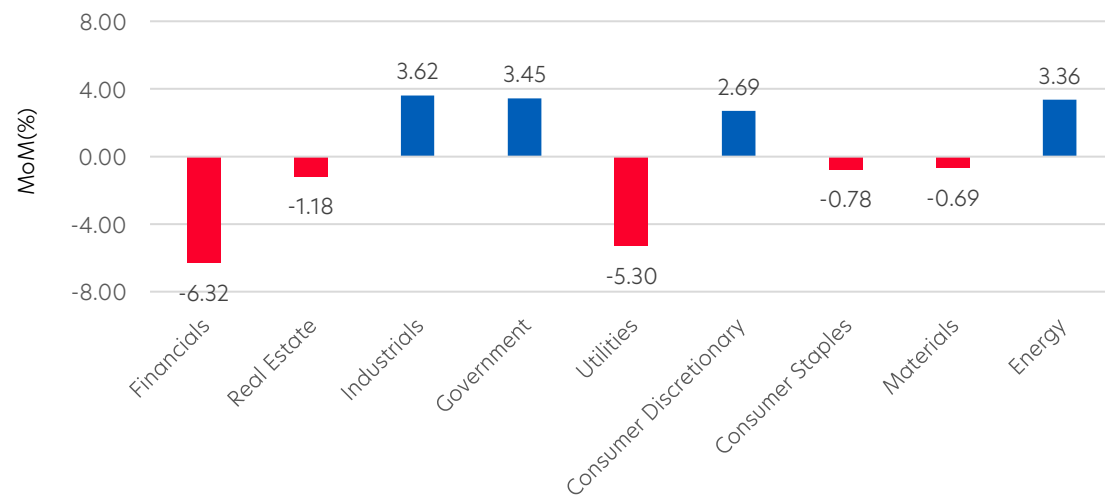
Source: Morningstar. Performance as at 31 October 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Since inception performance 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: October 2024

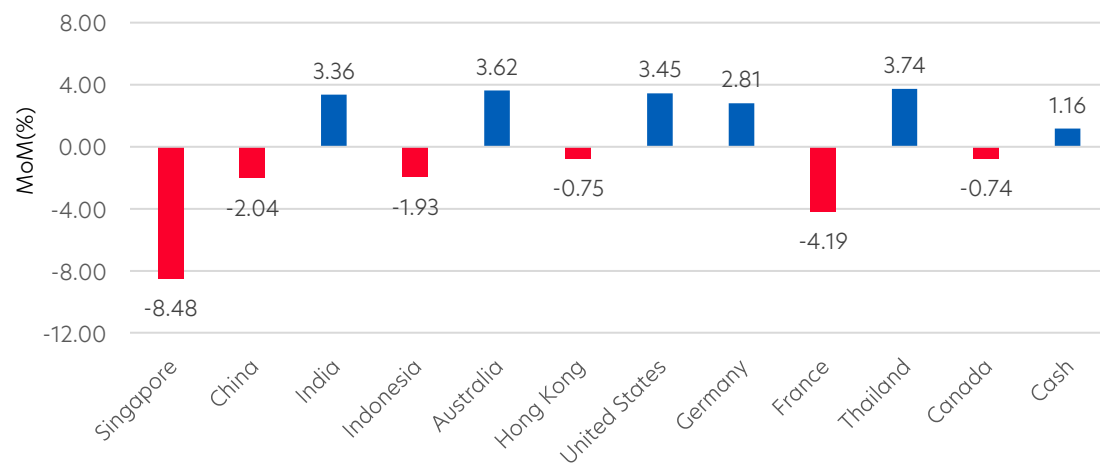


Portfolio Changes

Sector allocation changes: September 2024 vs. October 2024



Country allocation changes: September 2024 vs. October 2024



Portfolio Review

Analyst Insights

The Fund has adopted an overall defensive carry strategy and remains well-positioned. Asian credit investment grade spread had narrowed in tandem with its developed market peers. Broad Asian credit spreads currently trade at the narrowest level within its 5-year historical period. However, the absolute yield of Asian credit remained attractive, hovering close to around 0.6 per cent above its 5-year historical average. This continues to put Asian credit as the preferred asset class of many investors, especially the investment grade names.

As shown on the left charts, the biggest decrease in the sector allocation changes for October 2024 was in Financials (-6.32 per cent). On the contrary, the largest increment was in Industrials (+3.62 per cent). In terms of country allocation changes, the Fund had the highest decline in Singapore (-8.48 per cent) and the highest increase in Thailand (+3.74 per cent) during October 2024.

Market Review

It was a month of mixed sentiment as the market repriced ahead of the potential Trump presidency. Rising inflation concerns from a possible Trump win and surprise inflation data for September 2024 alongside resilient US economic data had led to a lower expectation of further rate cuts. Overall, the 10-year US Treasury (UST) yield rose by 50 basis points (bps) to 4.28 per cent in October 2024 while the 5-year UST yield rose substantially by 60bps to 4.16 per cent.

On the Singapore front, growth indicators for Singapore remained strong in October 2024. The Manufacturing Purchasing Managers' Index (PMI) rose slightly to 51.0 in October 2024 (September 2024: 50.9), notably with electronics PMI rising to 51.5 from 51.3. However, there was some softness in industrial production and non-oil domestic export (NODX) which was at +2.7% per cent year-on-year (y/y) in September 2024 (August 2024: +10.7 per cent y/y), dragged down by the non-electronics exports. The disinflationary trend has stalled in October 2024. Although the headline Consumer Price Index (CPI) in September 2024 eased to +2.0 per cent y/y (August 2024: +2.2 per cent y/y) on lower private transport and accommodation costs, core inflation saw an increase by +2.8 per cent y/y in September 2024 (August 2024: +2.7 per cent) due to price increase in the recreation, culture and healthcare sectors. The Monetary Authority of Singapore (MAS) guidance for core inflation remained at 2.5-3.5 per cent (excluding Goods and Services Tax basis). Overall, the 5-year Singapore government security (SGS) yield outperformed the UST as it rose by 21bps to 2.67 per cent in October 2024.

On the Asia credit market, credit spreads tightened as investors grew more comfortable adding bonds at higher rates. However, China's sector was volatile as investors assessed the effectiveness of recent stimulus measures. Frequent press conferences by various ministries in early October 2024 added to market volatility, with uncertainty heightened by the lack of specific numbers. The stimulus package announced by the Chinese Government led to a strong recovery in China's high-yield Property bonds. Market attention will likely turn to the National People's Congress meeting scheduled on 4-8 November 2024, where detailed figures on fiscal stimulus are expected to be unveiled. In October 2024, issuance slowed amid the ongoing earnings season, higher rates, and caution before the US elections. Notable issuances include PT Bank KB Bukopin Tbk, Vedanta Resources Limited, Muthoot Finance Limited, Sembcorp Financial Services Pte. Limited (Sembcorp), Shinhan Card Co. Limited.

Primary issuance in the SGD bond market was buoyant in October 2024. Despite rising benchmark yields in October 2024, issuers were able to tap the capital market with mixed performance post-issuance. Sembcorp issued an SGD 350 million 12-year green bond at 3.65 per cent, which was well received by investors on diversification away from Real Estate and Financials bonds. Issuance also came from Malaysia's Cagamas Berhad in the 1-year tenor. European banks were active in October 2024. BNP Paribas SA issued SGD 550 million of 10.5NC5.5 (10.5-year bond with a non-call period of 5.5 years) subordinated bond at 3.95 per cent and Banco Santander SA issued SGD 300 million Total Loss Absorbing Capacity (TLAC) senior issuance after sitting out the SGD market for many years. In addition, the SGD bond market also saw issuance from OUE Limited (5-year at 4 per cent coupon) while Hotel Properties Limited issued SGD 160 million Perpetual, non-callable 5-year at 5.5 per cent coupon. Overall, the Asian credit spread performance was mixed with a narrower credit spread but an increase in underlying interest rate. Both investment grade and non-investment grade credit spreads narrowed due largely to the positive risk sentiment. Looking at credit spread performance, riskier Sovereign frontier Sri Lanka and Pakistan, together with China were the outperformers while Indonesia and the Philippines underperformed. In USD terms, the JP Morgan Environmental, Social, and Governance (ESG) Composite suffered losses (-1.09 per cent) in October 2024, largely driven by the rise in underlying interest rate which more than offset the narrowing of credit spread. Specifically, the investment grade segment saw a loss of 1.42 per cent while the non-investment grade segment saw a gain of +0.84 per cent in October 2024.

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 7.28 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.

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

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