UOB Asset Management

United Sustainable Asia Top-50 Fund

For the month of May 2022

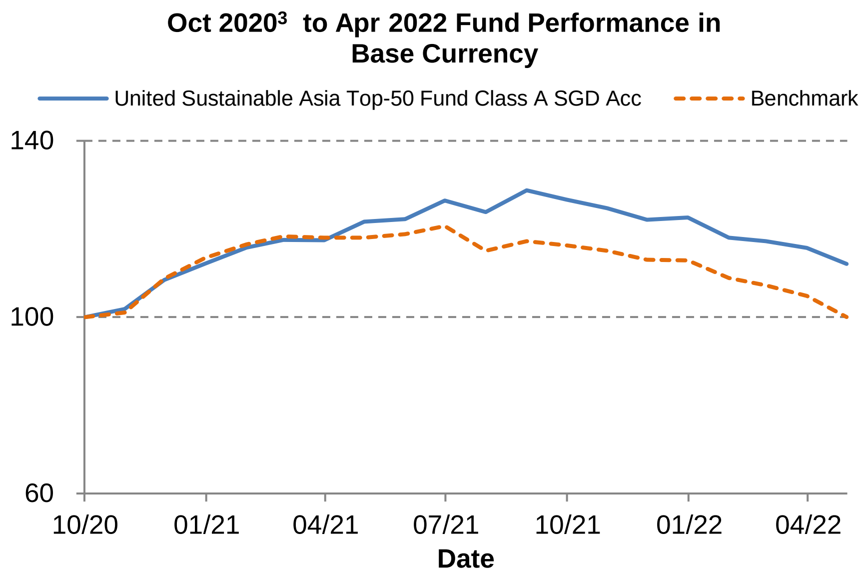
Fund Info

The investment objective of the United Sustainable Asia Top-50 Fund is to achieve long-term capital appreciation by investing, directly or indirectly, in Authorised Investments issued by not more than 50 in total of the top corporations or any other entities either unincorporated or incorporated in, or whose principal operations are in, Asia, as may from time to time be determined by us. These companies can be listed in any of the stock exchanges of the world. 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.

United Sustainable Asia Top-50 Fund

Portfolio Review

The United Sustainable Asia Top-50 Fund – A SGD (Acc) (the "Fund") returned 0.00[1] percent in May 2022 in Singapore dollar (SGD) terms. Its benchmark, the MSCI All Country Asia Index returned +0.14[2] percent in the same month.



Fund performance is calculated on a NAV to NAV basis.

Benchmark: 1 Oct 2020–Present: MSCI All Country Asia Index

Source: Morningstar. Performance as at 31 May 2022, SGD basis, with dividends and distributions reinvested, if any.

Past performance is not necessarily indicative of future performance.

Performance (Class A SGD Acc)					
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.00	-8.33	10.19	2.13	0.04
Fund (Charges applied^)	-5.00	-12.91	8.32	1.09	-0.21
Benchmark	0.14	-15.68	5.89	4.03	2.10

Source: Morningstar. Performance as at 31 May 2022, 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: 1 Oct 2020–Present: MSCI All Country Asia Index. 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.

[1] Source: Morningstar, Performance from 30 April 2022 to 31 May 2022 in SGD terms, on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).
[2] Source: Morningstar, Performance from 30 April 2022 to 31 May 2022 in SGD terms.
[3] The United Sustainable Asia Top 50 Fund – A (Acc) SGD (ISIN Code: SG9999001226) was incepted on 26 November 1999, and converted to an ESG (Environmental, Social, and Governance) fund on 1 October 2020.
All statistics quoted in the write-up are sourced from Bloomberg as at 31 May 2022 unless otherwise stated.

United Sustainable Asia Top-50 Fund

Market Review

Global equities declined (MSCI All Country World Index: -0.7 percent in SGD terms) in May 2022 as investor concern spread from inflation to recession. US Federal Reserve (Fed) made it clear that they will not hesitate to raise interest rates above neutral if need be and cautioned that monetary policy tightening could bring discomfort. Despite weakness in India and Indonesia, Asia markets outperformed global equities (MSCI All Country Asia: 0.14 percent in SGD terms), thanks to support from Taiwan.

MSCI **China** gained 0.3 percent in May 2022. Easing COVID-19 lockdown measures in China and the wave of stimulus packages from both central and local governments provided some hope that the worst is over. From a sector perspective, Energy, Utilities and Information Technology outperformed while Real Estate, Healthcare and Communication Services underperformed.

MSCI **Hong Kong** rose 1.8 percent in May 2022 as the city reopened its borders to visitors. In addition, domestic pent-up demand and government consumption vouchers served to boost the economy. Consumer Staples, Industrial and Financials outperformed while Consumer Discretionary and Communication Services underperformed.

MSCI **India** plunged 6.5 percent in May 2022. Strong inflationary pressure raised concerns about company margins and sharp India rupee (INR) depreciation against Singapore dollar (SGD) exacerbated the underperformance. In addition, the Reserve Bank of India made a surprise rate hike during May 2022 to curb inflation. From a sector perspective, Consumer Discretionary and Consumer Staples outperformed while Utilities, Materials and Healthcare underperformed.

MSCI **Korea** gained 1.1 percent in May 2022 as regional stocks were lifted on improving China COVID-19 lockdown situation and better-than-expected earnings from Chinese internet companies. Meanwhile, Bank of Korea hiked interest rate by 25 basis points (bps) to 1.75 percent in May 2022 to counter inflation. Energy, Materials and Industrial outperformed while Consumer Staples, Healthcare and Communication Services underperformed.

MSCI **Taiwan** rose 2.6 percent in May 2022, largely attributed to improving regional supply chain situation after Shanghai allowed factory operations to resume and eased lockdown conditions. Energy, Information Technology and Consumer Discretionary outperformed while Financials, Healthcare and Communication Services underperformed.

MSCI **Japan** gained 1.5 percent in May 2022. The market moved in and out of consolidation due to the impact of the Fed's interest rate hike. Consumer Discretionary and Financials outperformed while Utilities and Energy underperformed.

ASEAN markets were generally in decline. Thailand is the best performer in the region, thanks to its strong agriculture sector.

MSCI **Singapore** fell 3.5 percent in May 2022 as the wave of food protectionism in the region raised concerns over food security and inflationary pressure. Information

Technology outperformed while Consumer Staples, Financials and Real Estate underperformed.

MSCI **Malaysia** declined 3.6 percent in May 2022, partly dragged by Malaysian ringgit depreciation against SGD. In addition, Bank Negara Malaysia tightened monetary condition in May 2022 by surprising the market with a 25 bps rate hike. From a sector perspective, Real Estate and Utilities outperformed while Healthcare, Consumer Staples and Industrial underperformed.

MSCI **Thailand** rose 1.4 percent in May 2022. As a major exporter of rice, chicken and sugar, Thailand looks to benefit from agricultural commodities price surge after regional counterparts moved to limit food export. Energy, Industrial and Real Estate outperformed while Information Technology, Communication Services and Healthcare underperformed.

MSCI **Indonesia** declined 4.0 percent in May 2022 as palm oil export ban and depreciating Indonesian rupiah clouded the market. In addition, Bank Indonesia absorbed excess liquidity from the market by raising reserve requirement ratio. Consumer Staples, Healthcare and Energy outperformed while Communication Services, Financials and Consumer Discretionary underperformed.

MSCI **Philippines** gained 0.6 percent in May 2022 supported by a better-than-expected the first quarter of 2022 Gross Domestic Product (GDP) print and pledge from president-elect Marcos to focus on infrastructure building to create jobs and bolster the economy. Consumer Staples, Financials and Communication Services outperformed while Consumer Discretionary and Industrial underperformed.

Outlook and Positioning

Despite the reopening of world continues into May 2022, supply chain disruption continues to place upward pressure on inflation. The latest round of Omicron outbreaks put a brake on economic growth reflected by the slowdown in consumption, real estate and exports. This challenging situation warrants us a cautious attitude in investment and we retained our defensive position. The outlook for Asia equites market is mixed in the near term amid an uncertain global macro environment. However, there are still potential upside opportunities in Asia as more governments are reopening their economics with a relaxing restriction on tourism.

We see the balance of risks skewed more favourably to South Asia as the underlying recovery trends from reopening broadens out. On the contrary, export-oriented North Asia is more vulnerable to the global growth slowdown.

On country front, ASEAN markets, such as Malaysia and Singapore, have shown resilience in 2022 despite a challenging environment. Our preference on allocation to ASEAN vs. North Asia extended into May 2022. We overweight Malaysia as we expect Malaysia, as an energy exporter country, will benefit from continuous increasing commodity prices in May 2022. We continue to overweight Singapore and Thailand and focus on stocks with earnings visibility from re-opening of borders and de-carbonization theme. Likewise, Indonesia's GDP is anticipated to accelerate on back of domestic reopening boost. Indonesia also offers an inflation hedge against stagflation concerns from supply-side constraints as a net commodity exporter country. Philippines remains an underweight as the pace of domestic economy recovery from reopening likely to trail regional peers against a backdrop of fiscal lull in the near-term post local elections.

We continue to closely monitor China market which showed outperformance in May 2022. As the COVID-19 case numbers are slowly dropping in Shanghai, we believe a decline in the numbers will be the first step to gain market confidence. We may expect the government to respond with more aggressive economic stimulus to support the market after the new inflection cases are put under control. Recent increase in macro policy support and targeted fiscal measures should help drive an earnings turnaround in the third quarter of 2022. We maintained Hong Kong as overweight and it outperformed in May 2022 benefiting from a recovery of COIVD-19 situation and reopening for tourism. Taiwan is still an overweight and we are beneficiary from its improving regional supply chain situation given that Shanghai allowed factory operations to resume and eased lockdown conditions. However, moderating global end-demand for tech hardware and disruption in supply chain is likely to put a dampener to its near-term growth trajectory.

We maintained an underweight position on South Korea. Given worries about the global slowdown fuelled by inflation and supply chain disruption in the global economies, Korea is expected to suffer from extension of its selling pressure and modest non-tech domestic consumption growth. India is less favoured provided its high downside risk and vulnerable to oil price shock amid elevated inflationary environment.

We maintain Japan’s position as slightly underweight in May 2022. Japanese stock market was on par with Asia stock market in May 2022 and the market is expected to continue to move back and forth due to caution in the financial and capital markets as the Fed raises interest rates, as well as uncertainty about earnings due to rising corporate prices and other factors.

Key risks to our cautiously optimistic positioning include greater-than-expected inflationary pressures, elevated oil prices and a faster taper by central banks. A drastic global growth slowdown also represents downside risks to our view.

ESG (Environmental, Social, and Governance) Impact

1. UOB Asset Management (UOBAM) Proprietary ESG Rating

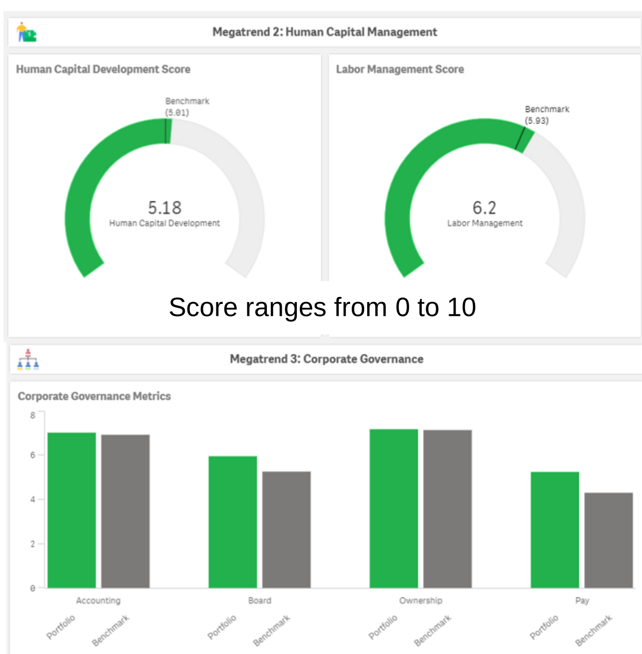
The ESG rating and ESG score below is based on UOBAM's proprietary ESG scoring methodology. The ESG Score ranges from 0 to 10 and the higher the score, the better the ESG performance of the portfolio. The portfolio ESG score is to calculate the weighted average of portfolio holdings’ ESG scores.

		The Fund	Benchmark
ESG Performance	**ESG Score**	7.2	6.4
	ESG Rating	**B**[4]	**B**
	The strong ESG performance of the Fund is because only companies with a high ESG rating are selected. As such, the Fund's holdings are more concentrated in A and B-rated companies compared to peers.		

2. Sustainable Impact Dashboard

The Sustainable Impact Dashboard (SID) is designed to evaluate the sustainable impact of the Fund. The SID tracks the Fund across different measures including overall ESG performance vs benchmark, megatrend metrics performance, Sustainable Development Goals (SDG) alignment and Active Ownership status.

		The Fund	Benchmark	Improvement
Climate Change	**Carbon Footprint (tCO_2/M$)**	220	237	**7.5%**
	The Fund has **7.5** percent lower carbon emissions compared to the benchmark. A higher carbon footprint compared to last quarter was attributed to a higher exposure to utility companies which shows strong initiatives and motivations for renewables and energy transition.			

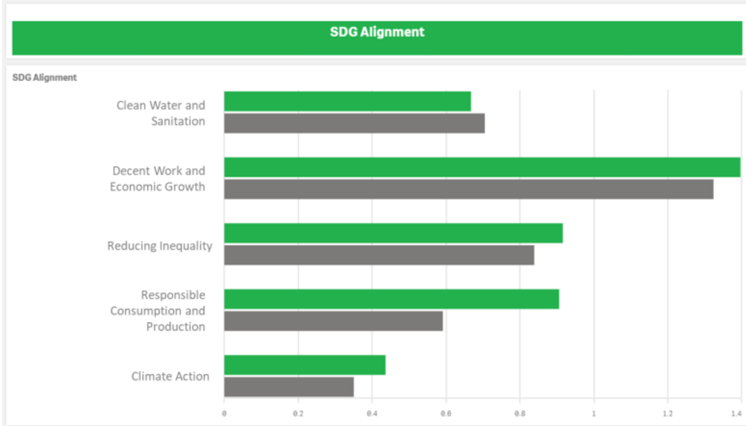
Human Capital Management & Corporate Governance	
 Fund / Benchmark	The Fund continues to show on par performance with regard to human capital management and corporate governance relative to the benchmark. Source: UOBAM, 31 May 2022

Fund

Benchmark

[4] The ESG Score for Rating B ranges from 5 to 7.5

SDG Alignment



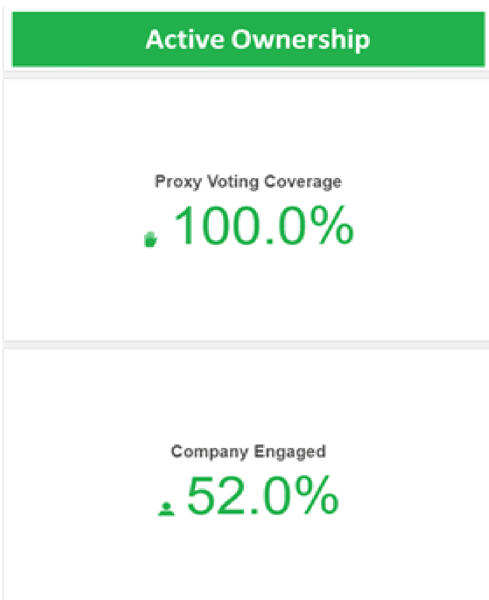
Fund Benchmark

The Fund leads to a higher contribution to the SDGs vs. the benchmark, such as

- SDG8 (Decent work and economic growth)
- SDG10 (Reduced Inequalities)
- SDG12 (Responsible consumption and production)
- SDG13 (Climate Change)

Source: UOBAM, 31 May 2022

Active Ownership



100 percent of the holdings are covered by UOBAM proxy voting policy with 52 percent of the companies in the portfolio are engaged by UOBAM.

Source:UOBAM, 31 May 2022

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