UOB Asset Management

Fund Updates

United SGD Fund (as of 31 March 2020)

Why Now?

In this current market turmoil, we see investors seeking refuge in safe assets to buffer against market instability.

However, yields are extremely suppressed by central banks to help counter economic slowdown, with 10-year Treasury yields sinking to new all-time lows at 0.7%, making fixed income and fixed deposits less attractive. Investors who seek safety in Singapore dollar deposits are getting minimal yield for their savings, with 6 month SIBID (Singapore Interbank Bid Rate) at 1.11% p.a. (as of 31 Mar 2020).

United SGD with a yield-to-maturity of 4.16% (in SGD terms, as of 31 Mar 2020), has paid out regular income of 3.5% p.a.[1] to investors (Class A Dist since Jun 2019 on a quarterly basis- revised rate in Apr 2020; Class S Dist since Dec 2019 on a monthly basis).

Additionally, we see a record pace of rating cuts in the bond markets as Covid-19 shakes up corporate bond markets. United SGD has been disciplined into buying into quality credits with "stable" outlook, ensuring its portfolio remains resilient against widening credit spreads. The fund is also relatively insulated from the instability in the high yield space as it focuses on investment grade bonds.

In this current market environment, we believe United SGD potentially offers that sweet spot between **safety** and **enhanced income** to investors.

Why United SGD Fund?

1. Consistent track record of over 20 years

The Fund has a proven track record that has demonstrated resilience and consistency since inception (Jun 1998).

The portfolio has thrived over market cycles with its strategy of investing in short-term, high quality investment-grade bonds and focusing on mitigating credit risk.

Calendar Year Returns	
1998 +2.20%	**1999** +3.22%
2000 +2.75%	**2001** +1.89%
2002 +4.27%	**2003** +1.34%
2004 +1.97%	**2005** +0.61%
2006 +2.76%	**2007** +3.32%
2008 -0.64%	**2009** +11.58%
2010 +5.91%	**2011** +0.95%
2012 +7.41%	**2013** +4.14%
2014 +2.65%	**2015** 3.05%
2016 +3.24%	**2017** +2.15%
2018 +0.05%	**2019** +4.16%
2020 YTD -0.73%	

Source: Morningstar, as of 31 March 2020, in SGD terms. Performance is based on United SGD Fund Class A (Acc) SGD, on a NAV basis, with dividends and distributions reinvested, if any.

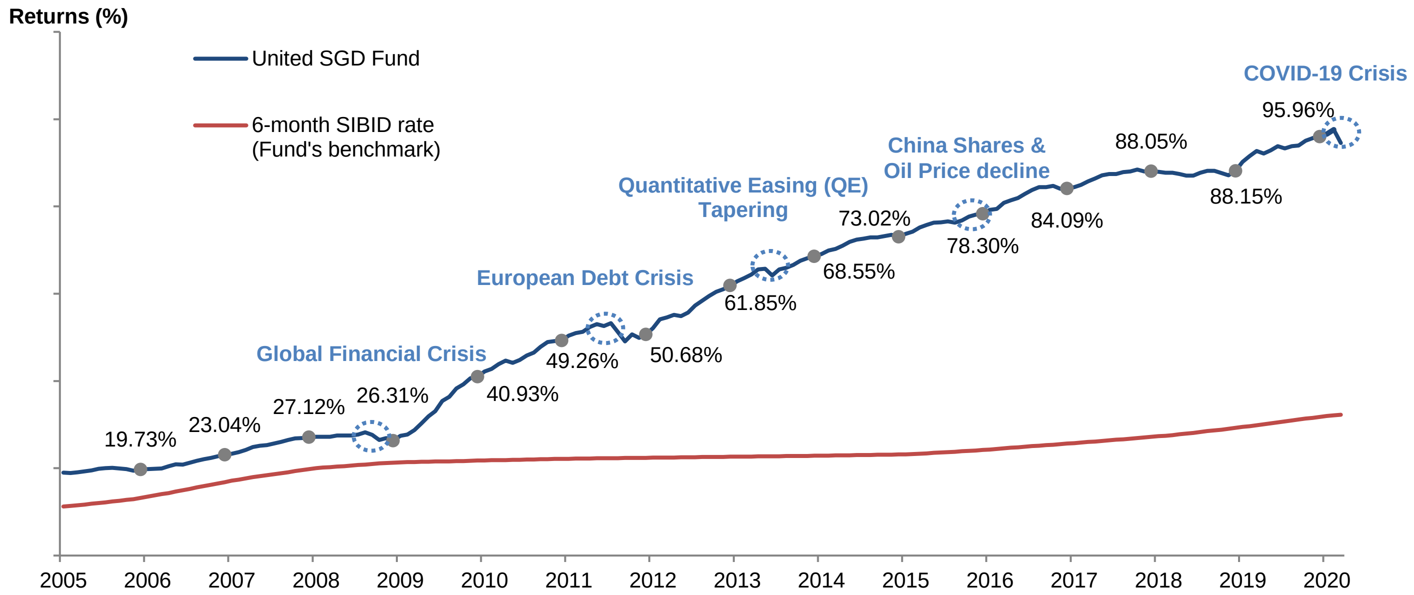
2. Return enhancement over Singapore dollar deposits

While the fund has a long-term view to preserve capital, it also seeks to enhance returns by investing in undervalued bonds with attractive yield pick-up over SGD deposit rate (in reference to Singapore Interbank Bid Rate- SIBID), as illustrated in the below table.

Year	United SGD Yearly Return	Avg. 6 Mth SIBID (Fund's benchmark)	Return Enhancement
2010	5.91%	0.32%	+5.59%
2011	0.95%	0.21%	+0.74%
2012	7.41%	0.19%	+7.22%
2013	4.14%	0.19%	+3.95%
2014	2.65%	0.23%	+2.42%
2015	3.05%	0.82%	+2.23%
2016	3.24%	1.15%	+2.09%
2017	2.15%	1.19%	+0.96%
2018	0.05%	1.61%	-1.56%
2019	4.16%	1.90%	+2.26%

Past performance is not necessarily indicative of future performance. Fund performance is sourced from Morningstar and is based on United SGD Fund Class A (Acc) SGD, in SGD terms, on a NAV basis, with dividends and distributions reinvested, if any. 6 month SIBID rates are sourced from UOB Global Markets and Investment Management.

Cumulative returns since inception (June 1998) of the United SGD Fund (Acc) SGD



Source: Morningstar, as at 31 March 2020, SGD terms, on a NAV basis, with dividends and distributions reinvested, if any.

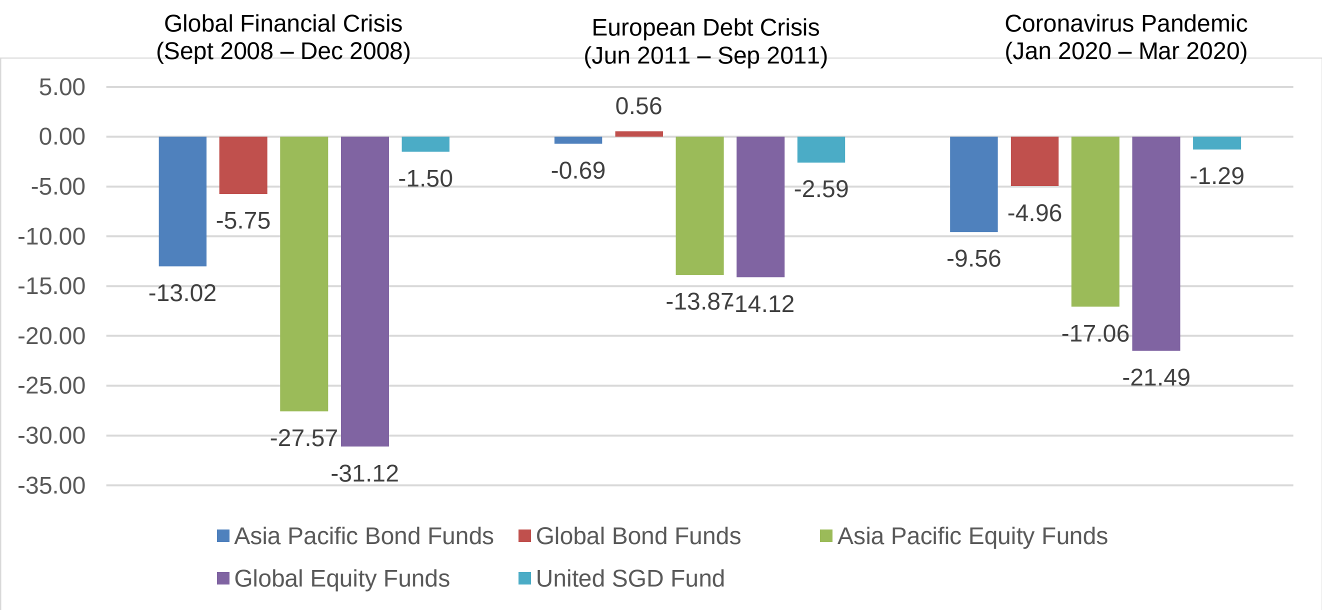
3. Protect the downside in midst of market instability

With the global economic slowdown and expectations that Singapore might be slipping into recession this year, investors are looking for safe havens to park their assets.

United SGD aims to provide protection against market instability by adopting a stringent credit selection of bonds with "stable" outlook.

With its focus on quality, the fund has buffered investors against losses during market downturns as illustrated below.

Lower Drawdown during uncertainty



Source: Lipper, as of 31 March 2020, in SGD terms. Performance is based on United SGD Fund Class A (Acc) SGD, on a NAV basis, with dividends and distributions reinvested.

With its focus on yield pick-up and quality, the fund currently has a yield-to-maturity (YTM) of 4.16% and an average credit rating of BBB+ as of 31 March 2020.

United SGD Fund	
Yield-to-Maturity (in SGD terms)	4.16% p.a.
Effective Duration	1.43 years
Average Credit Rating	BBB+
Fund Size (in million)	S$1,162.76

Source: UOBAM, as of 31 March 2020.

Notes:
[1]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 quarter or month. Investors should note that the making of distributions is at the absolute discretion of UOBAM and that distributions are not guaranteed. If distributions are made, such distributions are not in any way a forecast, indication or projection of the future or likely performance of the relevant fund. UOBAM reserves the right to vary the frequency and/or amount of distributions. The making of any distribution shall not be taken to imply that further distributions will be made. Investors should also note that the declaration and/or paying of dividends may have the effect of lowering the net asset value of the relevant fund. Please refer to www.uobam.com.sg for more information.

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