

Why Invest?

- **Emerging opportunities in the Asia Pacific (APAC) real estate:** Opportunity to leverage the structural and secular growth in key APAC real estate markets including Japan and Australia.
- **Stable income and returns:** A good investment tool for investors seeking regular income. REITs are required to distribute at least 90 per cent of its taxable income as dividends to its shareholders annually.
- **Attractive dividend payout:** For Class SGD Dist, the current distribution policy is 4.5 per cent p.a., paid out monthly, which may be suitable for investors who are seeking regular income¹.
- **Compelling valuations:** Valuations of APAC Real Estate Investment Trusts (REITs) have largely discounted rising interest rates. The average forward price-to-book ratio at 0.91x is below the trough valuation during the 2017/2018 interest rate hike cycle.
- **Balance of defensive and growth REITs:** The United Asia Pacific Real Estate Income Fund – SGD Acc (the “Fund”) invests in a diversified portfolio of REITs with resilient assets through the property cycle. They help generate a steady rental stream during the cyclical downturn and asset capital values during an upcycle.

Portfolio Positioning

We retain a positive bias towards Singapore and Australia's real estate and REITs markets. We think Singapore offers relative defensiveness on the back of more favourable property supply and demand dynamics. Australia remains one of our preferred markets as we remain compelled by its domestic logistics market. On the contrary, we are bearish on Japan as the upside to valuation is likely capped owing to the policy overhang by the Bank of Japan (BOJ). We are selective on Hong Kong as pockets of opportunities are slowly emerging.

May 2024 Portfolio Performance

The United Asia Pacific Real Estate Income Fund – SGD Acc	-2.27 per cent ²
Benchmark: FTSE EPRA Nareit Asia Pacific Index	-1.87 per cent

Source: Morningstar, Performance from 30 April 2024 to 31 May 2024 in SGD terms

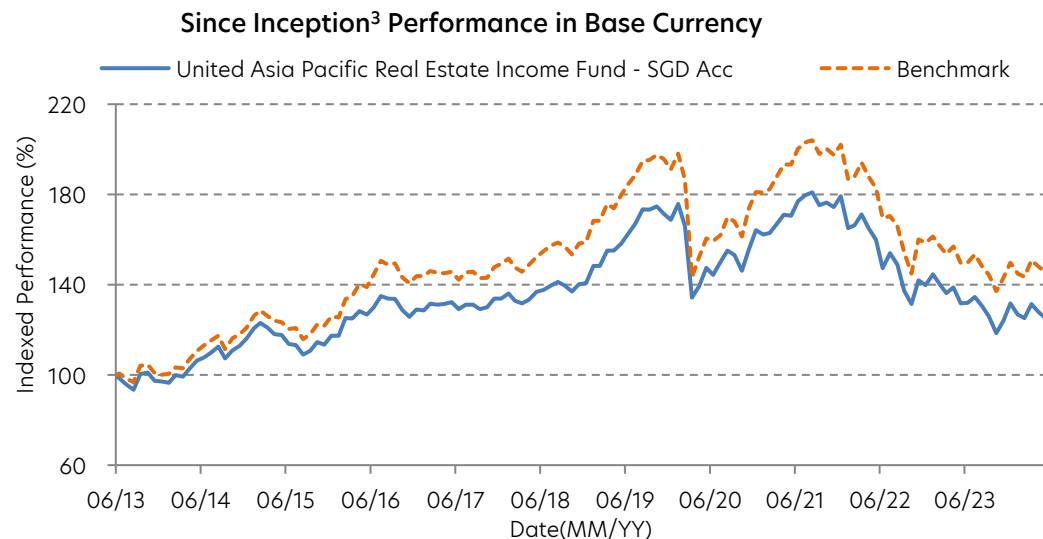
² Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

Performance Review

The Fund trailed the benchmark in May 2024, largely due to negative stock selection in Japan. The Real Estate Management and Development sector was a key laggard and a major detractor.

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 SGD Acc)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: Since inception - 30 June 2022: S&P Asia Pacific REITs Index. 1 July 2022- Present: FTSE EPRA Nareit Asia Pacific Index

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

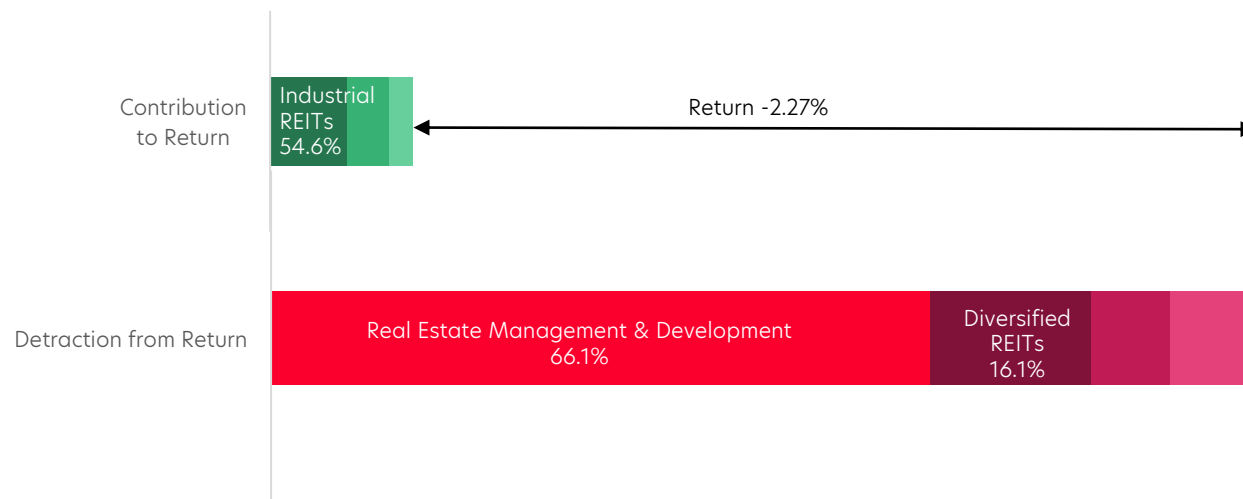
³ The United Asia Pacific Real Estate Income Fund - SGD Acc (ISIN Code: SG9999009997) and SGD Dist (ISIN Code: SG9999010052) were inception on 17 June 2013.

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

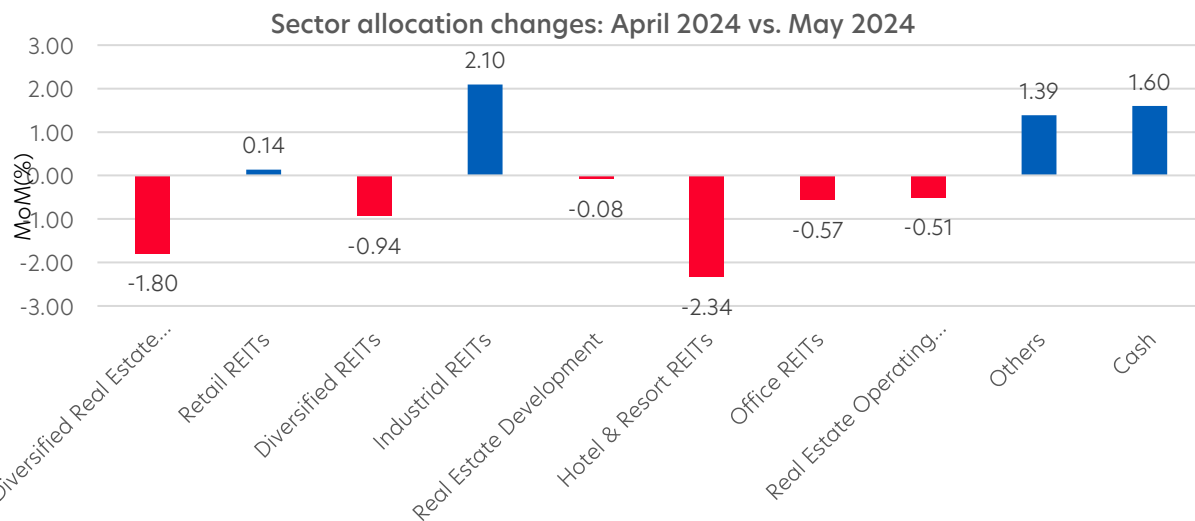
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-2.27	-5.16	-9.85	-4.61	2.06
Fund (Charges applied [^])	-7.15	-9.90	-11.37	-5.59	1.58
Benchmark	-1.87	-2.88	-9.08	-4.18	3.47

Source: Morningstar. Performance as at 31 May 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. Benchmark: Since inception - 30 June 2022: S&P Asia Pacific REITs Index. 1 July 2022- Present: FTSE EPRA Nareit Asia Pacific 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.

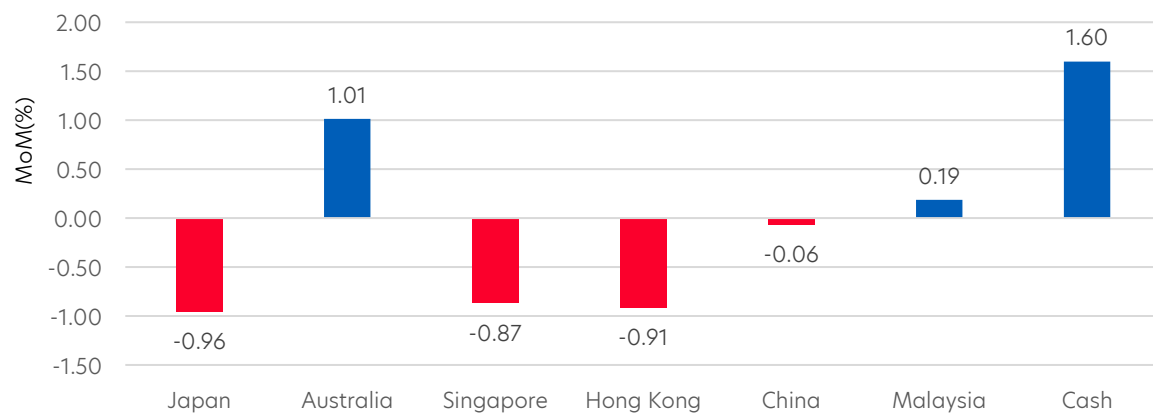
Performance Contributors/Detractors: May 2024



Portfolio Changes



Country allocation changes: April 2024 vs. May 2024



Source: UOBAM

Portfolio Review

Analyst Insights

Key headwinds of interest rates which affected REITs globally in 2023 continue to weigh on the performance of the asset class year-to-date (YTD). We expect changing expectations on interest rate trajectory to stay relevant to the REITs as it is a bond proxy.

We remain selective with a focus on quality stocks following the recent pullback. We see potential sector re-rating as investor sentiment turned more positive towards the REITs sector amid mostly still supportive property-level fundamentals. Conditions supporting a healthy REITs sector earnings growth outlook are largely favourable though certain segments and markets may enjoy better growth.

As shown on the left charts, the biggest decrease in the sector allocation changes for May 2024 was in Hotel & Resort REITs (-2.34 per cent). On the contrary, the largest increment was in Industrial REITs (+2.10 per cent). In terms of country allocation changes, the Fund had the highest decline in Japan (-0.96 per cent) and the highest increase in Australia (+1.01 per cent) for May 2024.

Market Review

Asian equity markets extended their uptrend in May 2024 (MSCI All Country Asia Pacific Index: +0.8 per cent, SGD terms) but underperformed the global equities (MSCI All Country World Index: +3.2 per cent, SGD terms). Investors' concerns over the US Federal Reserve's (Fed's) policy path eased as inflation in the US met the Fed's expectations. The 10-year US Treasury (UST) and Singapore Government Securities (SGS) yields eased 18 basis points (bps) and 9bps respectively month-on-month (m/m) to 4.5 per cent and 3.36 per cent. The US Dollar Index (DXY) fell 1.5 per cent providing some relief to Asian Currencies.

The performance in the Asian equity market was largely driven by China's policy boost and the Indian election. Taiwan was the best-performing equity market in Asia due to the strong Artificial intelligence (AI) momentum. In contrast, Indonesia was a key laggard on weak macro data and soft first quarter of 2024 corporate earnings. By region, Australian and Hong Kong Real estate/REITs outperformed in May 2024. In contrast, Japan's REITs were a key laggard.

Investment Objective

The investment objective of United Asia Pacific Real Estate Income Fund is to seek total return consisting of income and capital appreciation over the medium to long term by investing primarily in Real Estate Investment Trusts (REITs) listed in the Asia Pacific region (including Japan, Australia and New Zealand).

Fund Information

Morningstar Rating
★★★

Base Currency
SGD

Fund Size
SGD 17.86 mil

Fund Manager
Low Soo Fang



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.

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