

March 2025

United Asian Bond Fund



Why Invest?

- **Investment-grade (IG) focus:** The United Asian Bond Fund - SGD is actively managed with a focus on Investment Grade (IG) bonds. In the current volatile market, a preference for IG bonds could potentially reduce the volatility and enhance the risk-return profile of the Fund.
- **Attractive dividend payout:** For Class A SGD Dist (Hedged), the current distribution policy is 4.5 per cent per annum, paid out monthly, which may be suitable for investors who are seeking regular income¹.
- **Country Diversification:** The Fund has a smaller allocation to Chinese and Korean bonds compared to its benchmark, as spreads for Chinese and Korean bonds have tightened this year, making them relatively more expensive. Instead, the Fund is well diversified across the Asia and ASEAN regions, such as Indonesia and Malaysia.
- **Lower interest rate risk:** Relative to IG bonds in the US, the duration of Asian IG bonds tends to be shorter. This means lower sensitivity to changes in interest rates.

Portfolio Positioning

We continue to stay up in credit quality, maintaining our preference for defensive sectors with resilient balance sheets, credits with leading market shares and of systemic importance. To enhance the portfolio's all-in yields, given tight credit spreads in Asia, we diversified into Australian and Japanese issuers while avoiding China Properties. We remain neutral on duration as yields remain volatile from Trump policies. Instead, we continue to focus on corporate bonds with improving fundamentals and credit spread compression.

The Fund will: 1) Assess the relative value of bonds in the portfolio; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Benchmark duration along the curve relative to the benchmark to capture potential curve steepening; 4) Focus on credit spread compression by selecting corporates with improving fundamentals that have attractive yields/spreads but are not captured in their current pricing.

March 2025 Portfolio Performance

The United Asian Bond Fund - SGD	-0.90 per cent ²
Benchmark: JP Morgan Asia Credit Index Investment Grade Total Return	-0.30 per cent

Source: Morningstar, Performance from 28 February 2025 to 31 March 2025 in SGD terms

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

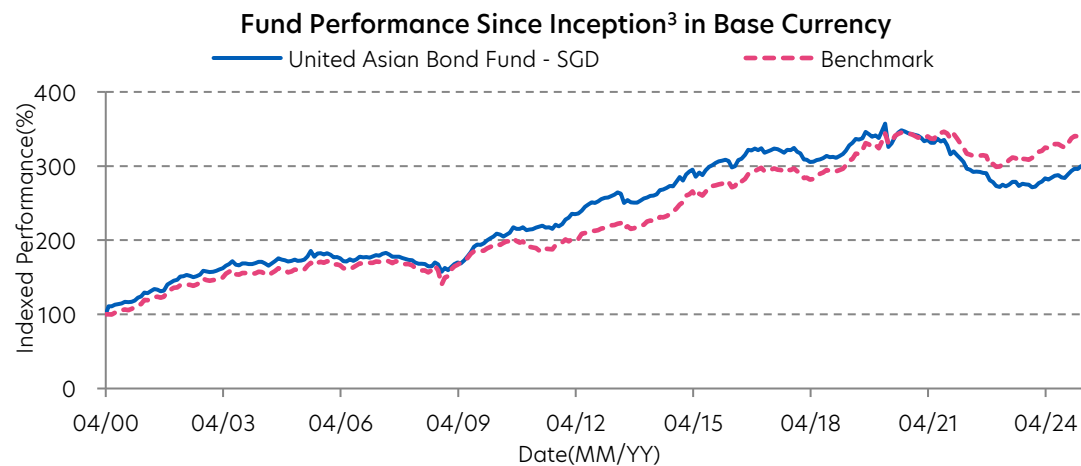
Performance Review

The Fund returned -0.90 per cent in March 2025 versus the benchmark of -0.30 per cent. The underperformance was mainly due to credit spread widening.

Year to date, the Fund returned +0.19 per cent versus the benchmark of +0.67 per cent.

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)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: Apr 00 – Jul 03: JP Morgan Emerging Markets Bond Index Global Constrained Asia; Aug 03 – Dec 06: JP Morgan Asia Bond Total Return Composite; Jan 07 – 3 Apr 22: JP Morgan Asia Credit Index Total Return Composite; 4 Apr 22 – Present: JP Morgan Asia Credit Index Investment Grade Total Return

Source: Morningstar. Performance as at 31 March 2025, SGD basis, with dividends and distributions reinvested, if any.

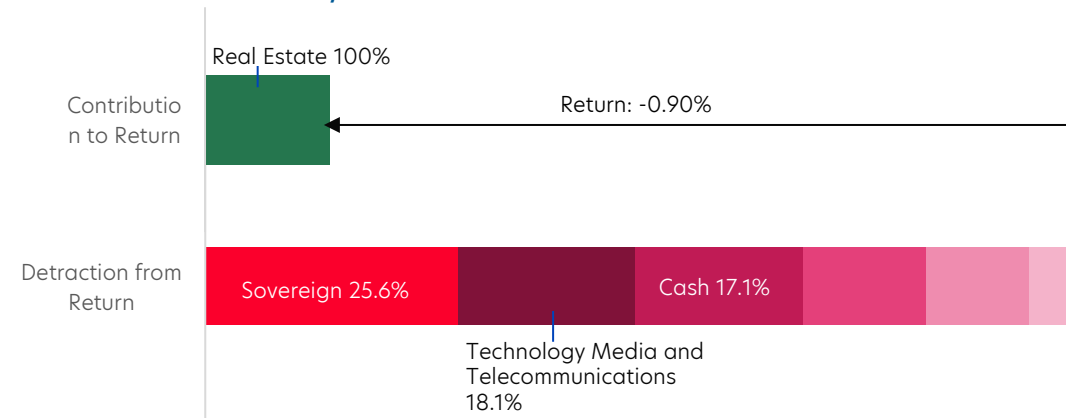
³ The United Asian Bond Fund- SGD (ISIN Code: SG9999001416) was incepted on 5 April 2000.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 March 2025 unless otherwise stated.

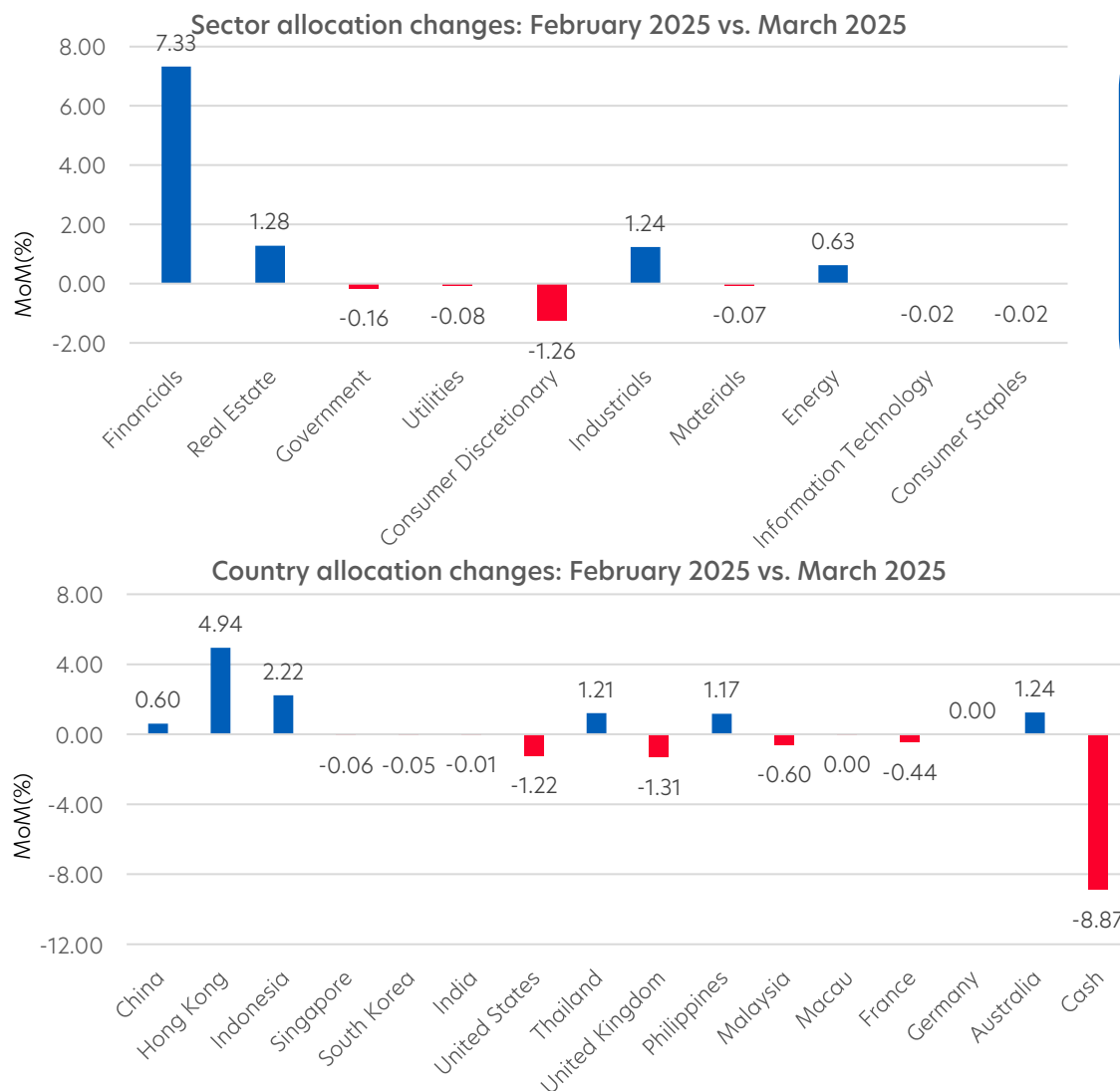
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-0.90	4.75	0.06	-1.83	4.01
Fund (Charges applied [^])	-3.87	1.61	-0.95	-2.42	3.88
Benchmark	-0.30	5.46	2.64	0.72	5.05

Source: Morningstar. Performance as at 31 March 2025, 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: Apr 00 – Jul 03: JP Morgan Emerging Markets Bond Index Global Constrained Asia; Aug 03 – Dec 06: JP Morgan Asia Bond Total Return Composite; Jan 07 – 3 Apr 22: JP Morgan Asia Credit Index Total Return Composite; 4 Apr 22 – Present: JP Morgan Asia Credit Index Investment Grade Total Return. 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: March 2025



Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

The new positions we added to the portfolio in March 2025 were quality Corporate Credit in the Financials, Real Estate, Utilities, and Quasi-Sovereign sectors.

As shown on the left charts, the biggest increase in the sector allocation changes for March 2025 was in Financials (+7.33 per cent), while the biggest decrease was in Consumer Discretionary (-1.26 per cent). In terms of country allocation changes, the Fund has the biggest decrease in the United Kingdom (-1.31 per cent) and the most increase in Hong Kong (+4.94 per cent) for March 2025.

Market Review

Government bonds: US Treasuries (USTs) rallied in March 2025 as tariff headlines fan recession fears amidst sticky inflation. Investors took flight to quality as 2-year UST yields declined by 11 basis points (bps) to 3.89 per cent, while 10-year UST yields ended flat at 4.21 per cent. The US Federal Funds Futures were pricing in more than three rate cuts in 2025.

Corporate bonds: Nevertheless, market sentiments remained largely stable, albeit cautious. The JP Morgan Asia Credit Index (JACI) Investment Grade credit spread widened to 122bps (+21bps), with investors de-risking amidst the following concerns. Firstly, the tariff, particularly the looming Liberation Day on 2 April 2025. Secondly, a weaker-than-expected US Conference Board's Consumer Confidence Index at 92.9 for March 2025 (the lowest level since March 2013). Thirdly, US consumers' median 12-month inflation expectations jumped to 5.1 per cent in March 2025 (the highest since March 2023). Lastly, uncertainties regarding Indonesia's economic outlook were increasing.

As the market looked to Liberation Day on 2 April 2025, when President Trump is expected to release more details on his next wave of reciprocal tariffs faced by US exporters, issuers rushed to raise capital with the highest issuance month since 2021. March 2025 saw a substantially higher Asia G3 currency bond issuance of US\$35 billion (February 2025: US\$7 billion, March 2024: US\$14 billion). Year-to-date issuance was US\$71 billion, up 170 per cent from US\$42 billion in 2024 correspondingly. While secondary-market performance was lacklustre, these issuances were met by reasonable demand. Notable issuances were Petronas Capital Limited (PETMK, US\$5 billion), Hyundai Capital America (HYNMTR, US\$3 billion), MTR Corporation (MTRC, US\$3 billion), DBS Group Holdings Limited (DBSSP, US\$2 billion), United Overseas Bank Limited (UOBSP, US\$2 billion), LG Energy Solution, Limited (LGENSO, US\$2 billion), Bangkok Bank PCL (BBLTB, US\$1 billion), Bocom Leasing Management Hong Kong Corporation Limited (BCLMHK, US\$1 billion), Greenko Wind Projects (Mauritius) Limited (GRNKEN, US\$1 billion), and Korea National Oil Corporation (KOROIL, US\$1 billion).

Current tight credit spreads and lower all-in yield of investment-grade credit offer limited compensation for the risks. Any potential retreat of global risk sentiment in a scenario of weakened US growth or stagflation scenario likely presents the biggest risk to credit markets currently.

Investment Objective

The investment objective of the United Asian Bond Fund seeks to provide stable current income and capital appreciation by investing primarily in debt securities issued by Asian corporations, financial institutions, governments and their agencies (including money market instruments).

Fund Information

Base Currency

SGD

Fund Size

SGD 43.49 mil

Fund Manager

Melvin Chan



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