

January 2025

United Sustainable Asia Top-50 Fund



Why Invest?

- **Net zero opportunities in Asia:** Asia is fast growing but is also more vulnerable to climate change than other parts of the world. This has prompted Asian governments to speed up their net zero commitments and policy initiatives, fostering growth opportunities for ESG-friendly companies.
- **Ride on Japan's equity market rally:** United Sustainable Asia Top-50 Fund - Class A SGD Acc (the "Fund") The Fund's biggest country allocation is in Japan (33.02 per cent as of January 2025). With drivers such as improved corporate governance and positive earnings, we believe Japan's equity market will continue to have upside potential.
- **Proprietary investment process:** The Fund adopts a proprietary investment framework for identifying profitable ESG-friendly companies. This framework is anchored by the (Artificial Intelligence) AI-Augmentation@UOBAM investment framework i.e., a combination of AI and on-the-ground ESG research.
- **Focus on innovation:** The Fund's investment focus is on company innovation. Aligning with megatrends that are prevalent now and expected in the future, the Fund invests in sectors such as renewables, electric vehicles, digital services, semiconductors, and smart consumables.

Portfolio Positioning

Our positioning is tilted towards the defensive domestic sectors, such as Financials, Real Estate and Communication Services. We are selective in sectors with less favourable risk-reward profiles, such as Healthcare and Information Technology. Within the Association of Southeast Asian Nations (ASEAN), Malaysia remains our preferred market. We remain positive on Malaysia's export growth momentum in the near term. We continue to adopt a neutral positioning for the Chinese market as we expect near-term stabilisation from further monetary and fiscal stimulus. A softer tone from US President Trump for potential tariff actions against China has eased some concerns but this remains an area of high variability.

For South Korea, as we witnessed an increased uncertainty in the economic outlook arising from the changing political situation domestically and economic policies in major countries, we continue to underweight until further stabilisation. We continued to adopt a slightly more defensive stance for India and maintain the base case for the Reserve Bank of India (RBI) to begin monetary policy easing via a 25 basis points (bps) reduction to the repo rate at this upcoming Monetary Policy Committee (MPC) meeting in February 2025. In Taiwan, we reiterate a neutral stance and keep our forecast for the central bank to stay on hold at 2.0 per cent through 2025 as the economy remains resilient so far.

January 2025 Portfolio Performance

The United Sustainable Asia Top-50 Fund - Class A SGD Acc	-0.37 per cent ¹
Benchmark: MSCI All Country Asia Index	+0.38 per cent

Source: Morningstar, Performance from 31 December 2024 to 31 January 2025 in SGD terms

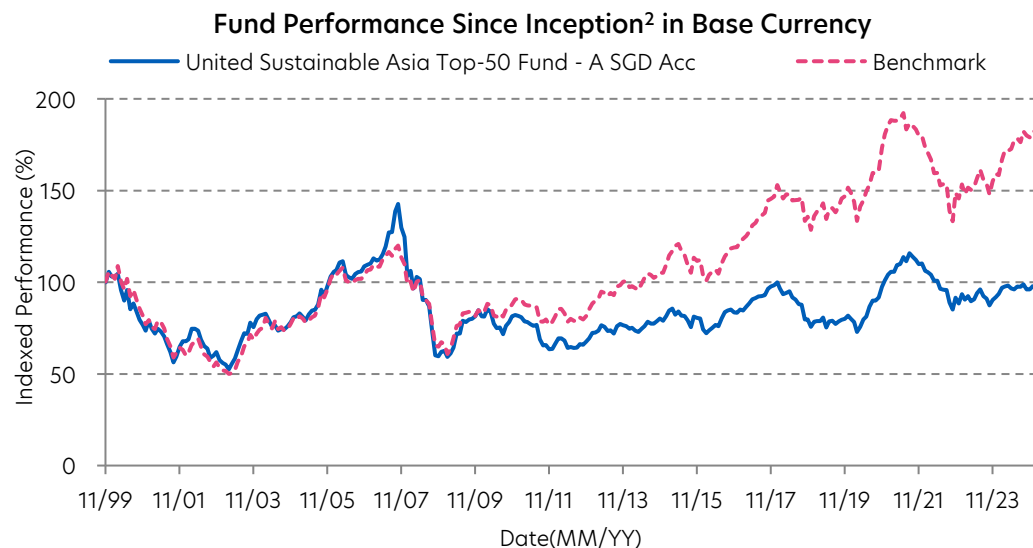
¹ Fund performance is on a Net Asset Value ("NAV") basis, with dividends and distributions reinvested (if any).

Performance Review

The Fund underperformed its benchmark in January 2025 due to negative allocation effects. Positive selection in Malaysia and South Korea helped to cushion the underperformance.

In terms of sector, Industrials and Healthcare were the top contributors to the excess return, while Information Technology and Energy were the primary laggards.

Performance (Class A 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 September 2020: MSCI All Country Far East Index; 1 October 2020-Present: MSCI All Country Asia Index

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

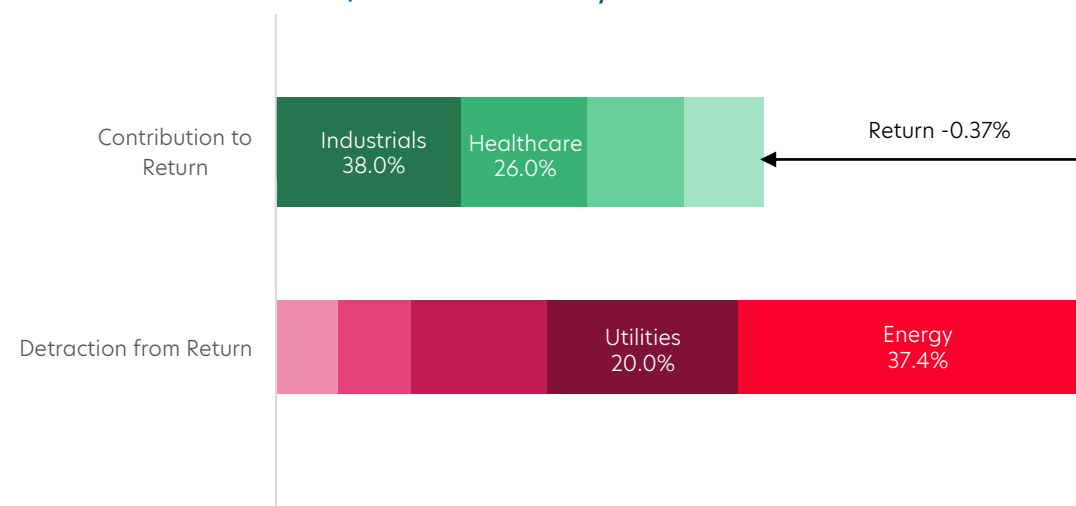
² The United Sustainable Asia Top-50 Fund - Class A SGD (Acc) (ISIN Code: SG9999001226) was inceptioned on 26 November 1999, and converted to an ESG (Environmental, Social, and Governance) fund on 1 October 2020.

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

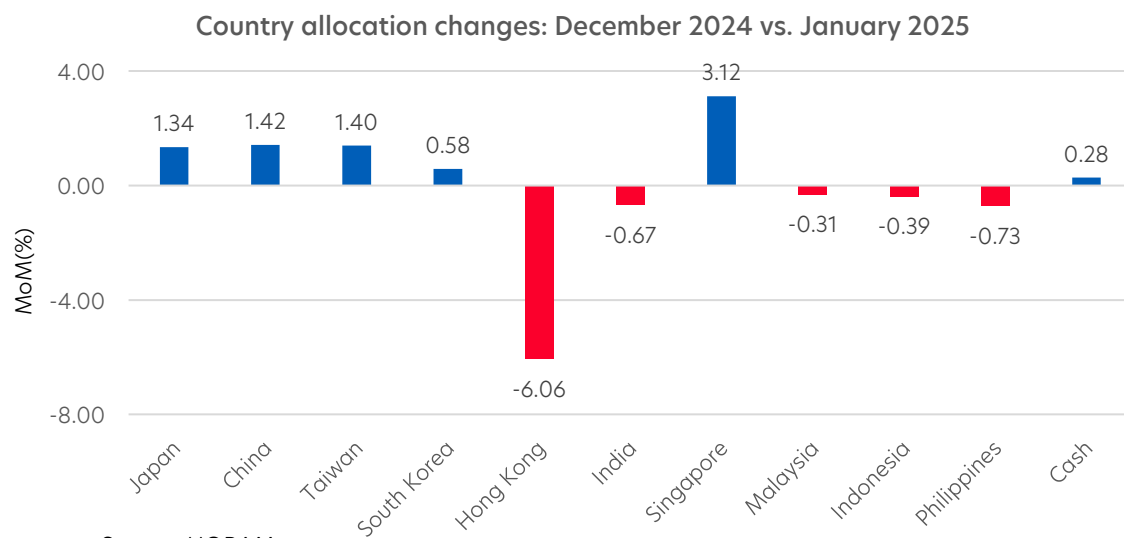
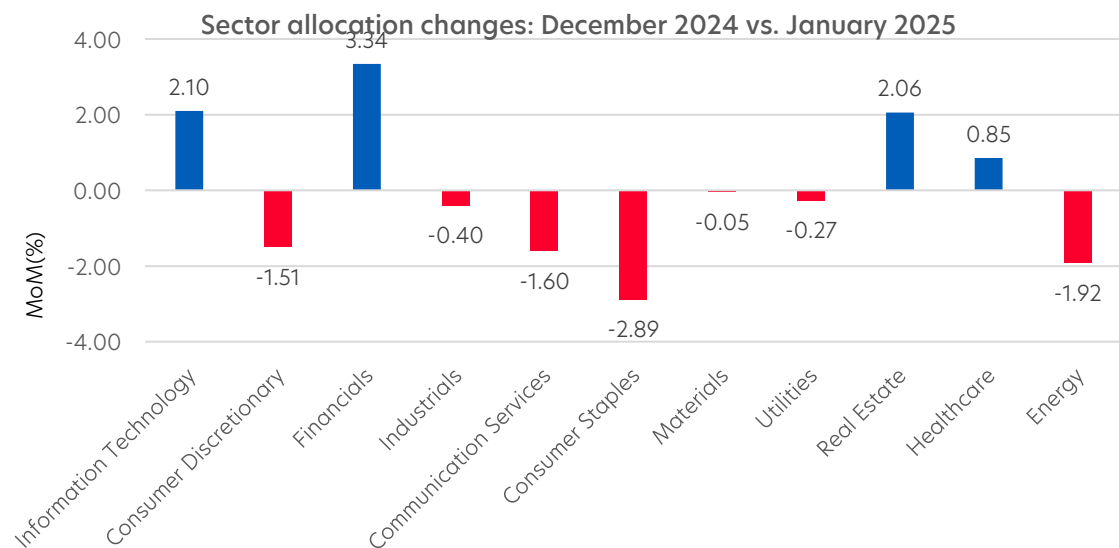
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-0.37	4.01	-2.83	4.00	-0.10
Fund (Charges applied [^])	-5.35	-1.19	-4.48	2.93	-0.33
Benchmark	0.38	15.30	1.74	4.20	2.42

Source: Morningstar. Performance as at 31 January 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: Since inception - 30 September 2020: MSCI All Country Far East Index; 1 October 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.

Performance Contributors/Detractors: January 2025



Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

In January 2025, we saw continued weakness in the Asia market following the selloff in the technology sector on Wall Street. Plenty of discussion on the impact of DeepSeek as a viable alternative to US-developed AI chips, with further debate over the effectiveness of US trade sanctions against China, both of which are yet to conclude. Amid economic uncertainties, we remain constructive in structurally resilient markets. For North Asia, we continue to take a neutral position in the Chinese market during the recent rebalancing and remain cautious about the potential tariff policy impacts.

In navigating the ASEAN and Indian markets, we adopted a slightly more defensive stance. We underweight India in the recent rebalancing as we expect further weakness owing to uncertainty over Trump's trade tariff intentions, adding to already weak market sentiment. We continue to overweight into Malaysia, particularly in the financial sector. Positive export growth momentum and accelerating corporate earnings growth underpin our preference for the Malaysian market.

As shown on the left charts, the biggest increase in the sector allocation changes for January 2025 was in Financials (+3.34 per cent). On the contrary, the largest decrease was in Consumer Staples (-2.89 per cent). In terms of country allocation changes, the Fund had the highest increase in Singapore (+3.12 per cent) and the highest decline in Hong Kong (-6.06 per cent) for January 2025.

Market Review

Global equities gained 2.4 per cent (MSCI All Country World Index, in SGD terms) in January 2025, while Asia ex-Japan equities fell by -0.2 per cent. Among the Asia ex-Japan equities, mixed performance was seen, with South Korea and Singapore as the greatest gainers, while India, Hong Kong and Thailand were among the laggards.

In **Hong Kong**, the market fell -3.2 per cent. The South China Morning Post (SCMP) reported Hong Kong mortgages fell by 21.1 per cent in December 2024 month-on-month (m/m), the first monthly decline since September 2024 as still-elevated interest rates kept borrowers on the sidelines. For the full year of 2024, mortgage loans fell by more than 20 per cent; by total value, sales reached an 11-year low of HK\$275.9 billion from HK\$374.9 billion in 2023.

Taiwan's market gained 2.5 per cent in January 2025. Taiwan's Gross Domestic Product (GDP) growth moderated to 1.84 per cent year-on-year (y/y) in the fourth quarter of 2024. The headline growth was predominantly from gross capital formation (+4.10 percentage point, ppt), but gains were offset by a larger negative contribution from net exports (-3.5 ppt). The growth momentum remained robust as the sequential growth improved to 0.51 per cent quarter-on-quarter (q/q) from 0.23 per cent q/q in the third quarter of 2024. The full-year 2024 GDP growth was in line with the Taiwan Central Bank's forecast of 4.25 per cent and our estimate of 4.3 per cent.

India's markets fell -4.4 per cent in January 2025. The weak financial results reported by Axis Bank Limited in January 2025 dragged major banking stocks into negative territory, while the results of Infosys Limited (Infosys) pulled down the entire Information Technology pack. Although the third quarter (Q3) of 2024-25 (FY25) numbers for Infosys came in line with analysts' estimates, concerns were raised about the quality of earnings as revenue growth was driven by a higher component of "third-party items" in the deal pipeline. Investors became cautious after the Infosys results, and selling pressure was seen in the banking sector despite the positive expectation of the Q3 numbers for the Indian banking space. With the US dollar remaining strong and the US bond yield rising, money was swapping from equities and other assets to the currency and bond market in the US. This is also a reason for weakness in the Indian equity market.

Singapore's market gained 3.9 per cent in January 2025, official data released in January 2025 by the Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry indicated that core inflation eased to +1.8 per cent year-on-year (y/y) in December 2024, down from +1.9 per cent in November 2024. Meanwhile, headline inflation came in at +1.6 per cent in December 2024, unchanged from the previous month. Core inflation is projected to average +1.0-2.0 per cent in 2025, with business cost and demand-driven inflationary pressures expected to remain contained. Against this backdrop, the MAS eased monetary policy at a recent meeting in January 2025.

Investment Objective

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.

Fund Information

Morningstar Rating	Base Currency	Fund Size	Fund Manager
★★★	SGD	SGD 27.83 mil	Victor Wong



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