

May 2024

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 (37,35 per cent as of May 2024). With drivers such as improved corporate governance and positive earnings, we believe that Japan's equity market will continue to have upside potential over the next few months.
- **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.

May 2024 Portfolio Performance

The United Sustainable Asia Top-50 Fund - Class A SGD Acc	-1.61 per cent ¹
Benchmark: MSCI All Country Asia Index	+0.58 per cent

Source: Morningstar, Performance from 30 April 2024 to 31 May 2024 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 May 2024 as a result of negative selection effects.

Negative stock selection within Japan and Taiwan were the main reasons for underperformance. On allocation, our underweight in China and Hong Kong also dragged down the overall performance.

In terms of sector, Financials and Industrials were the top contributors to the Fund's return while Consumer Discretionary, Information Technology, and Real Estate were the primary laggards for the performance.

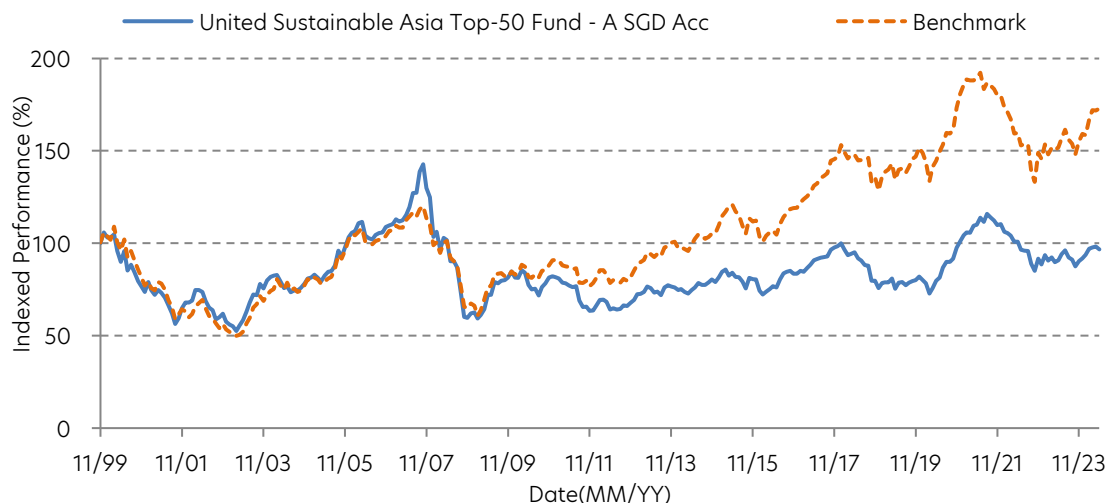
Portfolio Positioning

In May 2024, we maintained a cautious and defensive strategy in the Asian market, noting a 0.58 per cent gain in Asia markets. While we remain optimistic about Asia's 2024 outlook, we are cautious due to potential global growth slowdowns. In North Asia, we stayed underweight in China, slightly positive on South Korea due to accelerating export growth, and taking profits in Taiwan while continuing to favour its technology sector. In the Association of Southeast Asian Nations (ASEAN) and India, we reduced positions in India to capitalise on valuations and maintained overweight positions in Singapore Information Technology and a slightly overweight position in Thailand.

Key risks include a US economic downturn, China's economic trajectory and geopolitical tensions.

Performance (Class A SGD Acc)

Fund Performance Since Inception² in Base Currency



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 May 2024, SGD basis, with dividends and distributions reinvested, if any.

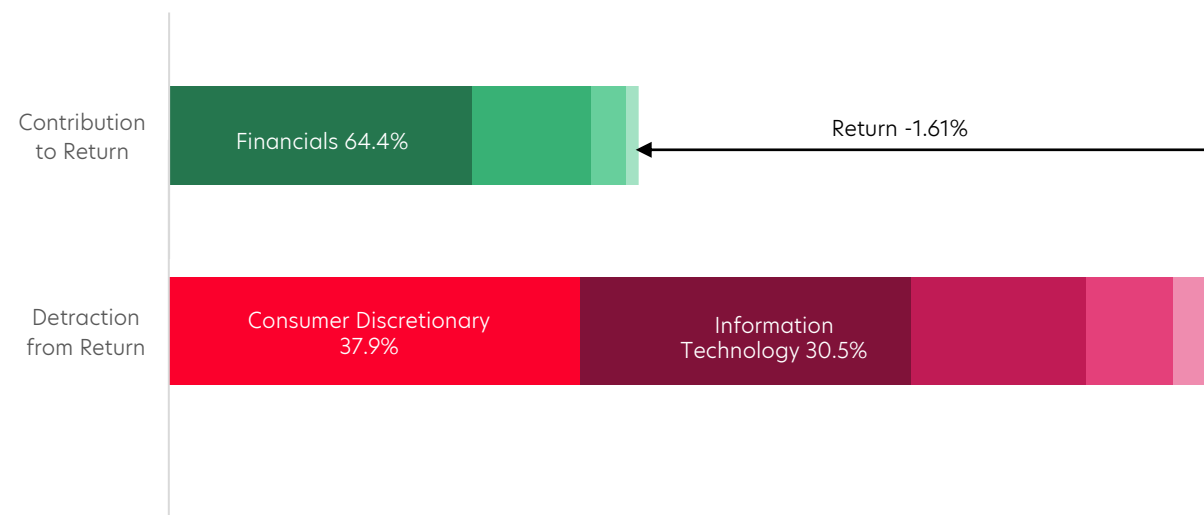
² The United Sustainable Asia Top-50 Fund - Class A SGD (Acc) (ISIN Code: SG9999001226) was inceptioned on 26 November 1999, and converted to an ESG (Environmental, Social, and Governance) fund on 1 October 2020.

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

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	-1.61	6.50	-4.23	5.10	-0.14
Fund (Charges applied [^])	-6.53	1.17	-5.85	4.02	-0.37
Benchmark	0.58	13.70	-3.01	5.14	2.26

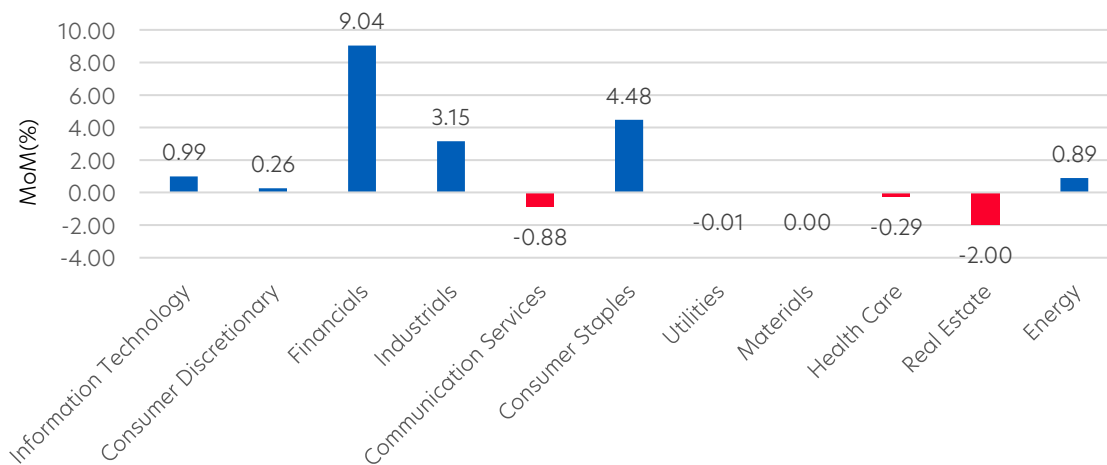
Source: Morningstar. Performance as at 31 May 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: Since inception - 30 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: May 2024

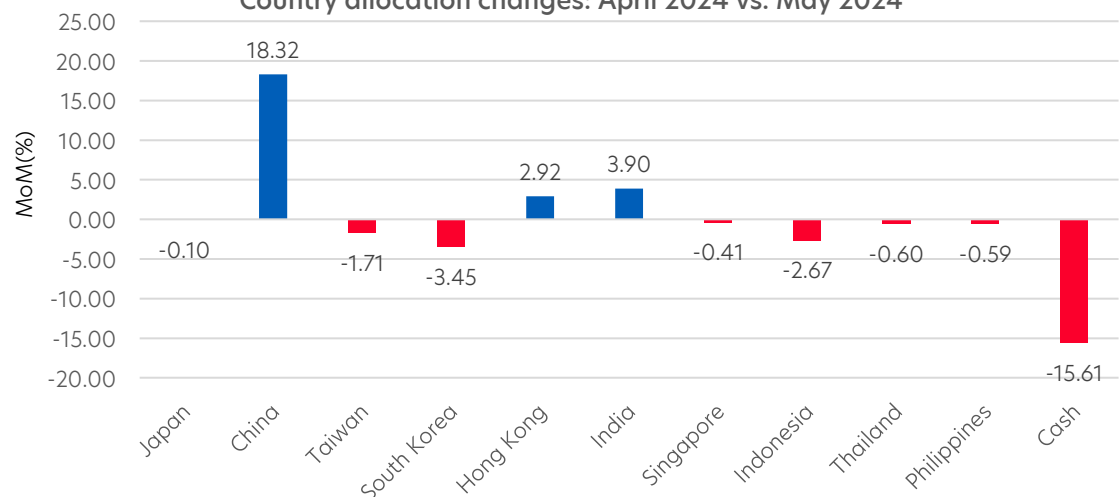


Portfolio Changes

Sector allocation changes: April 2024 vs. May 2024



Country allocation changes: April 2024 vs. May 2024



Source: UOBAM

Portfolio Review

Analyst Insights

In May 2024, we made new investments into the portfolio, such as China Construction Bank and Bank of Beijing Co. Limited (Bank of Beijing) in Chinese Financials, Universal Scientific Industrial (Shanghai) Co. Limited (Universal Scientific Industrials) in China's Information Technology and InterGlobe Aviation Limited (InterGlobe Aviation) in India Industrials. In North Asia, we had preferences for high dividend-yielding companies. Within India, we preferred companies within the Financial sector while being selective on names in the Information Technology space in Taiwan.

As shown on the left charts, the biggest increase in the sector allocation changes for May 2024 (relative to April 2024) was in Financials (+9.04 per cent). On the contrary, the largest decrease was in Real Estate (-2.00 per cent). In terms of country allocation changes, the Fund had the highest increase in China (+18.32 per cent) and the highest decline in South Korea (-3.45 per cent) for May 2024.

Market Review

Global equities gained +3.2 per cent (MSCI All Country World Index, in SGD terms) in May 2024 while Asia ex-Japan gained +0.7 per cent. Markets were supported by a weaker US dollar, which fell on hopes the US Federal Reserve (Fed) would cut rates at least once before the end of 2024. Among the Asia ex-Japan markets, Taiwan, Pakistan, Singapore, Malaysia, Hong Kong and China outperformed.

China's market gained +1.5 per cent in May 2024, and positive returns were seen with Energy, Utilities, Real Estate and Financials among the top gainers while Healthcare, Consumer Staples and Materials were among the laggards. The Purchasing Managers' Index (PMI) leaned positive for April 2024 with the new orders component growing at its fastest pace in a year. However, the official readings in May 2024 disappointed with manufacturing contracting again. The trade data for April 2024 showed imports and exports returned to year-on-year (y/y) growth but industrial profits from January to April 2024 were stagnant from the previous period. The Consumer Price Index (CPI) reversed its deflationary trend, but Producer Price Index (PPI) remained deep in contraction. In **Hong Kong**, the equity market gained +1.6 per cent in May 2024. Most sectors outperformed with Financials and Communication Services leading, except Consumer Staples, Industrials and Real Estate.

Taiwan's market gained +4.2 per cent in May 2024, as its heavyweight technology sector surged again with strong corporate earnings stemming from AI investment. The Real Estate, Industrials and Information Technology sectors led the gains. Energy and Materials sectors retreated. **South Korea's market** fell -4.3 per cent in May 2024 as its battery stocks underperformed. The broad sectors underperforming except for the Financials sectors.

India's market moved down by -0.1 per cent in May 2024 given uncertainty over the general election outcome, as initial reports showed low voter turnout which spooked investors. Subsequent fresh data offered support as markets were thought to be pricing in an unchanged Bharatiya Janata Party (BJP) majority. Industrials continued to lead gains in May 2024 with Communication Services, Utilities and Consumer Discretionary gaining while Energy, Information Technology and Financials underperformed.

In ASEAN, **Singapore's market** rose +2.9 per cent in May 2024, and outperformed its ASEAN peers as shipbuilders, food and gateway service providers, as well as telcos, were among the top performers. Core inflation stood at +3.1 per cent y/y in April 2024, unchanged from March 2024, as a rise in prices for electricity and gas, was offset by softer services and food inflation.

Malaysia's market rose by 2.0 per cent in May 2024, led by Utilities, Consumer Discretionary, Information Technology and Industrials. Energy, Consumer Staples, and Communication Services were in the red. **Thailand's market** declined by -2.2 per cent in May 2024. The country neared another political crisis as former Prime Minister, Thaksin Shinawatra, was charged under lèse-majesté laws. The Information Technology gained 5.4 per cent and the Consumer Staples gained 4.3 per cent while Consumer Discretionary, Utilities, Industrials, Materials and Energy sectors underperformed.

Indonesia and the **Philippines** continued to underperform in May 2024. Indonesia's market retreated -7.0 per cent with Industrials and Financials being the worst-performing sectors while the Materials sector outperformed. Bank Indonesia held its 7-day reverse repurchase rate at 6.25 per cent following the surprise rate hike in April 2024. The Philippines fell -6.9 per cent during the month. Sector-wise, most sectors were in the red except Communication Services and Consumer Staples.

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 29.31 mil	Victor Wong



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