

May 2024

United Global Durable Equities Fund



Why Invest?

- **Managed with an absolute return mindset:** The strategy of the United Global Durable Equities Fund - SGD Acc (the "Fund") is to seek total return by investing in companies with stable and resilient earnings, irrespective of the broader economic environment.
- **Company with excellent management skills:** The Fund also looks into the universe of "unconventional" durable companies, where the investee company's management teams are able to enhance the probability of long-term success and ultimately shareholder value.
- **Good Diversification:** We believe our investment process is likely to generate a diversified portfolio of unconventional and stable companies, that have low overlap characteristics with growth, value, or traditional high-quality equities. Hence provides good diversification relative to more traditional global equity allocations.
- **Long-term value creation:** The largest sector exposures of the Fund were Financials and Industrials and we were least exposed to Materials and Consumer Discretionary. From a regional perspective, our largest exposure is in North America, and least exposed to Developed Asia Pacific ex-Japan.



- **Highly rated:** The Fund currently holds a Morningstar four-star rating as of 31 May 2024.

May 2024 Portfolio Performance

| | |
|---|-----------------------------|
| The United Global Durable Equities Fund - SGD Acc | +2.80 per cent ¹ |
| Benchmark: MSCI AC World Index | +3.14 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 the benchmark but delivered a positive return in May 2024.

Financials was the top contributing sector, while Consumer Discretionary was the bottom contributing sector.

At the issuer level, our top two absolute contributors were Clean Harbors Inc. (Clean Harbors) and Constellation Software Inc. (Constellation Software), while our top two absolute detractors were Brenntag SE (Brenntag) and Molina Healthcare Inc. (Molina Healthcare).

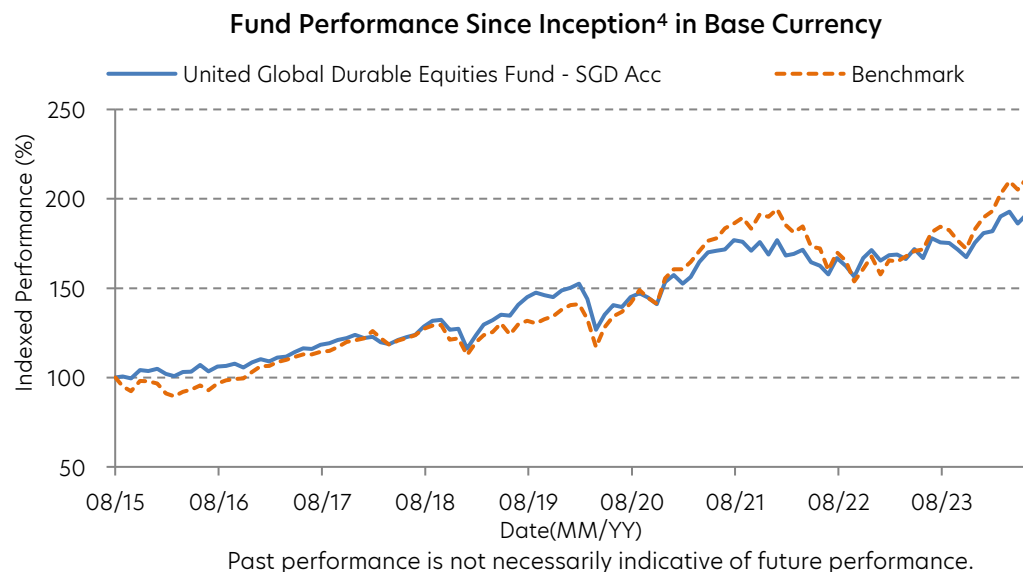
Shares of **Clean Harbors** rose in May 2024 after the environmental and industrial services provider reported strong results for the first quarter of 2024, including a 5 per cent year-on-year (y/y) revenue increase. Revenue growth in the Environmental Services segment was driven by strong demand for the company's services and an expanding project pipeline. Management also raised full-year 2024 guidance, expecting continued growth².

Shares of **Brenntag** declined after the German chemicals distribution company reported first-quarter 2024 results that missed estimates due to pricing pressures. Management expects near-term economic and geopolitical headwinds and cut its guidance for the full year³.

²Clean Harbors, News Releases, "Clean Harbors Announces First-Quarter 2024 Financial Results", 1 May 2024.

³Brenntag, News, "Brenntag reports first quarter 2024 results, impacted by challenging market environment - Group expects improving conditions in second half of 2024", 14 May 2024.

Performance (Class SGD Acc)



Fund performance is calculated on a NAV to NAV basis.

Benchmark: MSCI AC World Index.

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

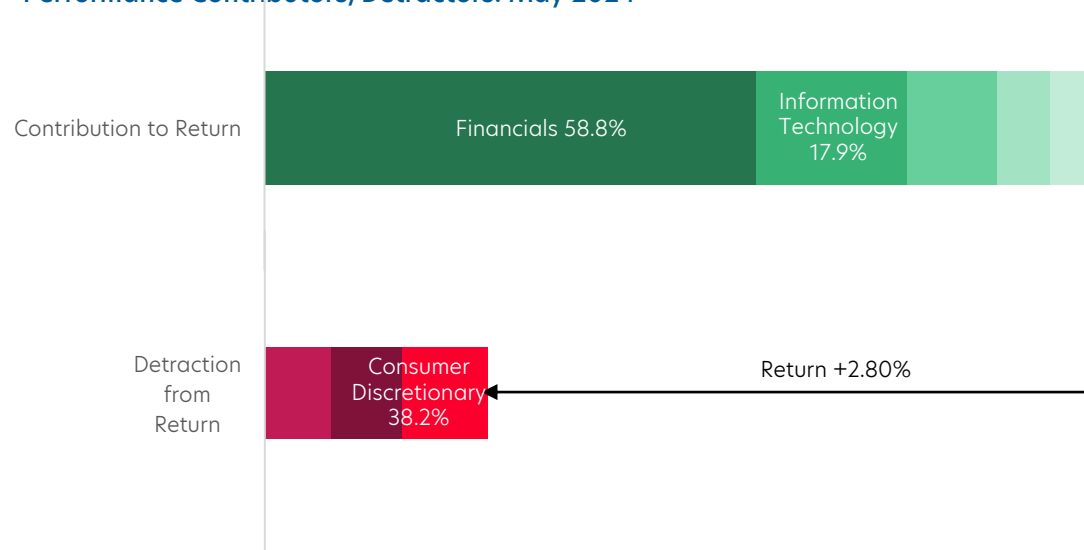
⁴ The United Global Durable Equities Fund- SGD Acc (ISIN Code: SG9999014005) was incepted on 5 August 2015.

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 | 2.80 | 14.65 | 3.84 | 7.30 | 7.64 |
| Fund (Charges applied [^]) | -2.34 | 8.91 | 2.08 | 6.20 | 7.01 |
| Benchmark | 3.14 | 23.27 | 5.93 | 11.27 | 8.86 |

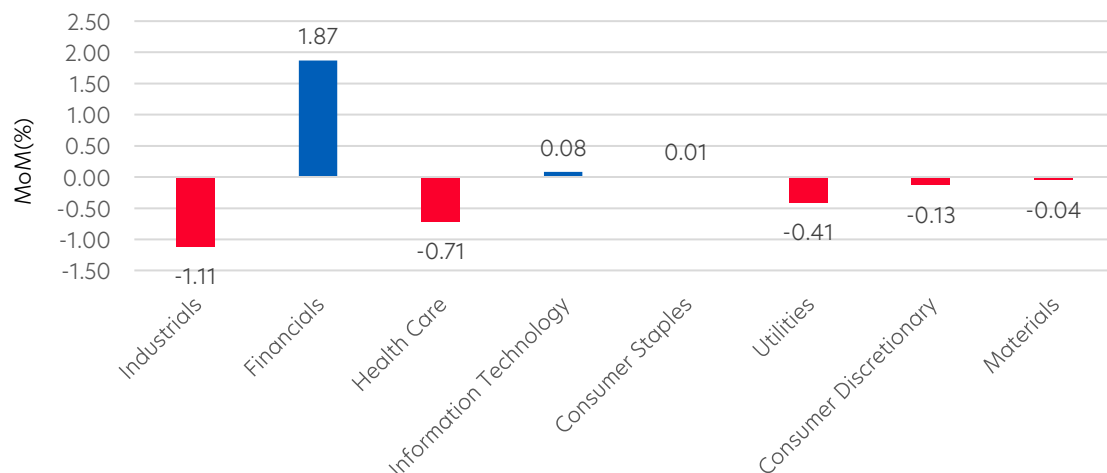
Source: Morningstar. Performance as at 31 May 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: MSCI AC World Index.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

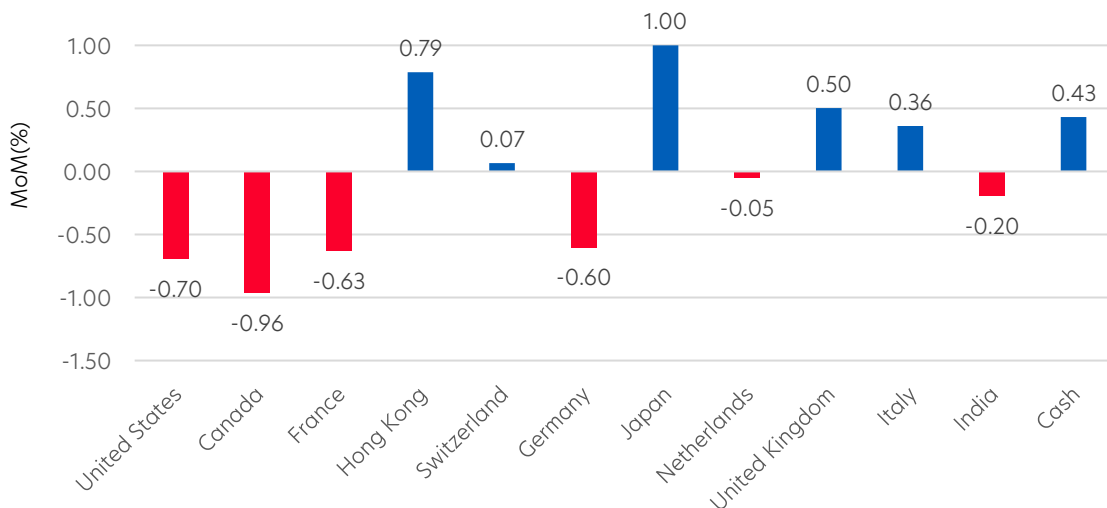


Portfolio Changes

Sector allocation changes: April 2024 vs. May 2024



Country allocation changes: April 2024 vs. May 2024



Source: UOBAM

Portfolio Review

Analyst Insights

Purchases - Our purchase criteria include, amongst others, considerations such as 1) the potential for stable cash flows that are likely to demonstrate resiliency across the business cycle, 2) the potential for value creation primarily through the sensible use of free cash flow, and 3) moderate valuation that may allow for attractive risk-adjusted returns over time. Consistent with our long-term investment horizon and residual low turnover, we did not purchase shares in any new businesses in May 2024.

Sales - Our considerations for selling stocks, amongst others, are when 1) cash flows are less stable than we predicted, 2) stock valuation rises such that risk-adjusted returns no longer fall within our target range, or 3) some combination of lower stability and higher valuation. We sold two positions in May 2024. **Canadian National Railway Co. (Canadian National)** is a Class I freight railway in North America. While we still view in company as high quality in absolute, a significant portion of future growth opportunities are related to industry-specific growth and are less controllable by management. Earnings Per Share (EPS) growth going forward will be more top-line-focused, with less room for bottom-line improvement from operating efficiency. In addition, we feel other opportunities within the portfolio today are more attractive. As a result, we sold our position in Canadian National. We also sold the position in **Bureau Veritas SA (Bureau Veritas)**, a French testing and inspection company, primarily due to stock valuation.

At the end of May 2024, our largest exposures were Financials and Industrials and we were least exposed to Materials and Consumer Discretionary. We had no exposure to Communication Services, Energy, and Real estate. From a regional perspective, our largest exposures were North America and Developed Europe & Middle East excluding the UK and we were least exposed to Developed Asia Pacific ex-Japan.

Market Review

Global equities rose in May 2024. Robust earnings from some mega-cap technology companies extended enthusiasm for the potential of Artificial Intelligence (AI) driven economic growth. The J.P. Morgan Global Composite Purchasing Managers' Index (PMI) reaccelerated in May 2024, after a softer reading in April 2024 ended a sequence of six consecutive monthly increases. Interest-rate policy expectations among global central banks continued to diverge due to varying economic growth and inflation rates across the world and the increasing desynchronization of economies. Financial markets anticipate that US rate cuts will be delayed until later 2024, and US Federal Reserve (Fed) rhetoric was mixed amid sticky inflation and moderating economic activity, highlighted by signs of a softer labour market and milder consumer spending.

The European Central Bank (ECB) maintained its guidance for a reduction in the policy rate at its June 2024 meeting while accelerating core inflation raised concerns over the longer-term path of interest rates. The Bank of Japan's plans to hike interest rates were complicated by a larger-than-anticipated contraction in the country's first-quarter (2024) Gross Domestic Product (GDP) amid softer consumption and business spending. Currency woes continued as Japan's finance ministry disclosed a record monthly amount spent to prop up the country's currency. Russian President Vladimir Putin met with Chinese President Xi Jinping as the two nations strengthened economic alliances amid Western sanctions. Bilateral trade between the two nations rose by 26 per cent against a year prior, according to Chinese customs data.

Investment Objective

The investment objective of the United Global Durable Equities Fund is to seek total return consisting of capital appreciation and income over the long term by investing primarily in equity and equity related securities of companies listed and traded on stock exchanges globally.

Fund Information

| Morningstar Rating | Base Currency | Fund Size | Sub-Manager |
|--------------------|---------------|----------------|-------------|
| ★★★★ | SGD | SGD 227.10 mil | Wellington |

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