May 2025

United Singapore Bond Fund

UOB Asset Management

Why Invest?

• **Defensive positioning:** The United Singapore Bond Fund – A SGD Acc (the "Fund") invests in quality credits that have a leading market share. The Fund is 40.41 per cent invested in Government Bonds (as of May 2025), which contributes to its strong credit rating of "A".

• **Singapore Dollars ("SGD") exposure:** The Fund is 82.80 per cent invested in Singapore (as of May 2025). This allows the Fund to benefit from the strength of the SGD and the stability of Singapore's capital markets.

• **Attractive dividend payout:** For Class A SGD Dist, the current distribution policy is 2.0 per cent per annum, paid out quarterly, which may be suitable for investors who are seeking regular income[1].

• **Less volatile in Asian credit:** We believe the stabilisation in the rates will reduce volatilities in Asian credit in 2024. The current all-in yield will provide a sufficient margin of safety against wider credit spreads.

• **Highly rated:** The Fund currently holds a Morningstar four-star rating as of 31 May 2025.

May 2025 Portfolio Performance

The United Singapore Bond Fund – A SGD Acc	+0.82 per cent[2]
Benchmark: TR/SGX SFI Government Bond Index	+0.59 per cent

Source: Morningstar, Performance from 30 April 2025 to 31 May 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 +3.28 per cent while the benchmark returned +4.09 per cent on a year-to-date basis, helping to narrow the performance gap compared to April 2025.

While the Singapore Government Securities (SGS) Bond yield curve experienced another bout of bull-steepening in May 2025, that was less in magnitude than in April 2025. As risk appetite recovered, the Fund's holdings in corporate bonds benefited. The manager also participated in new issues that had performed well in the secondary market, by switching out of expensive bonds and/or SGS bonds. As risk sentiment remained firm in the SGD space, we expect the Fund's performance to play catch-up given that the low front-end SGD yields and strong USDSGD should continue to push investors to seek higher yields, which should benefit the Fund's holdings of corporate bonds. Lastly, the Fund's duration was kept neutral to benchmark.

Portfolio Positioning

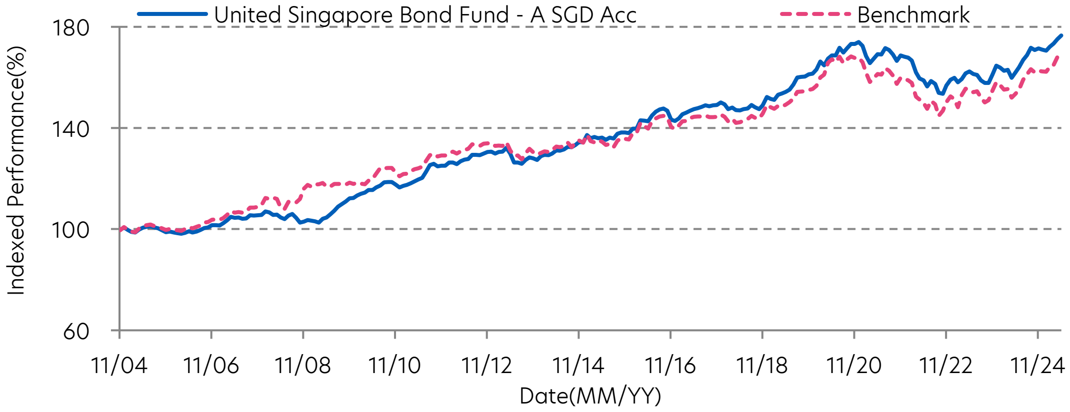
The Fund continues to overweight corporate credits for the purpose of overall yield enhancement and keeps a neutral duration position relative to the benchmark. We will continue to look for relative-value trades and bonds from good-quality issuers.

SGS bond comprises about 40 per cent of the Fund, and we will maintain this level given this is the minimum weight that we will keep. The SGS bond holdings are at the intermediate to long end of the yield curve. This is in line with the strategy to be neutral on duration relative to the benchmark.

[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 A SGD Acc)

Fund Performance Since Inception[3] in Base Currency



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

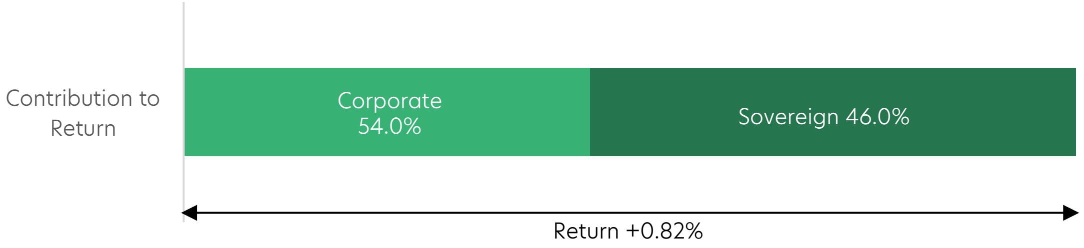
Benchmark: Since Inception – 31 May 17: Singapore Government Bond Index All UOB; 1 Jun 17 - Present: TR/SGX SFI Government Bond Index.

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

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.82	8.98	3.58	0.91	2.81
Fund (Charges applied^)	-1.20	6.81	2.89	0.51	2.71
Benchmark	0.59	10.03	4.07	0.22	2.59

Source: Morningstar. Performance as at 31 May 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 – 31 May 2017: Singapore Government Bond Index All UOB; 1 June 2017 – Present: TR/SGX SFI Government Bond 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.

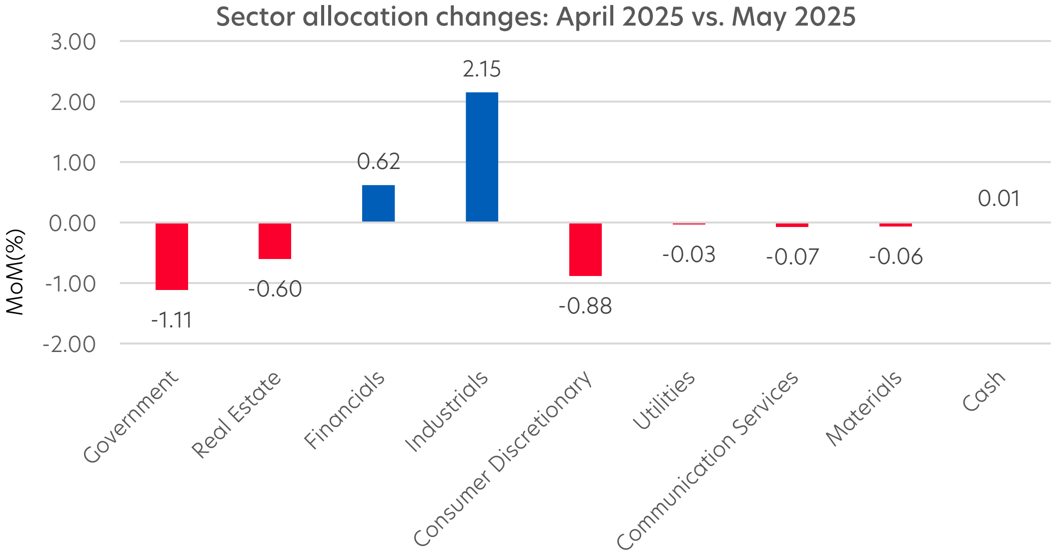
Performance Contributors/Detractors: May 2025

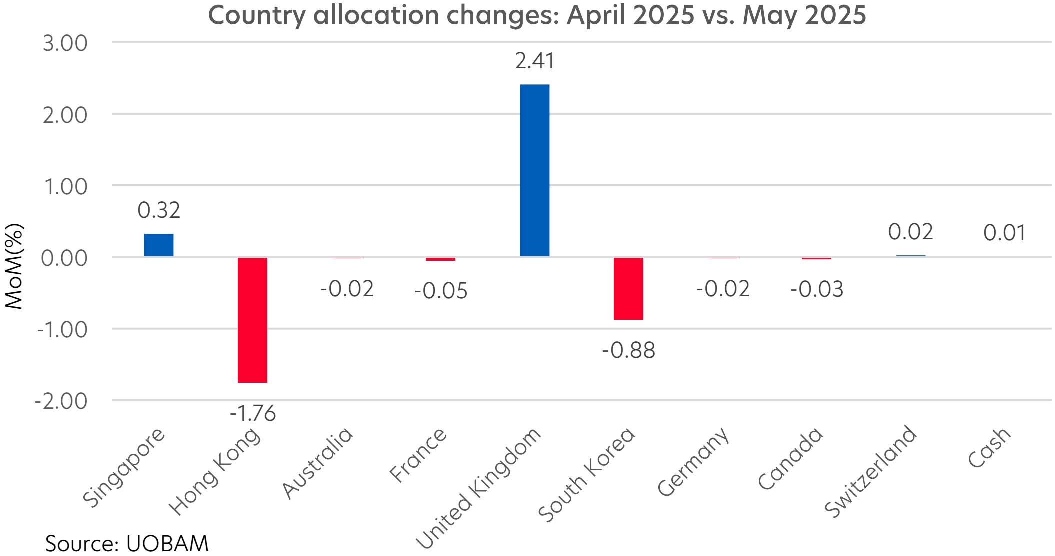


[3] The United Singapore Bond Fund A SGD Acc (ISIN Code: SG9999003412) and A SGD Dist (ISIN Code: SGXZ36402089) were incepted on 26 November 2004 and 4 January 2021 respectively.

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

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

In May 2025, we added new positions in the SGS bonds and corporate bonds in the Financial sector.

As shown on the left charts, the biggest decrease in the sector allocation changes for May 2025 was in Government (-1.11 per cent), whereas the biggest increase was in Industrials (+2.15 per cent). In terms of country allocation, the Fund had the most increase in the United Kingdom (+2.41 per cent) and the most decrease in Hong Kong (-1.76 per cent) for May 2025.

Market Review

With the elevated uncertainty due to the impact of tariffs on global trade, Singapore's economic data for May 2025 weakened, but not alarmingly so. Still, there were signs of increasing weakness in soft data (survey data) compared to hard data (actual activity). The Singapore Purchasing Managers' Index (PMI) fell below 50 for the first time in one and a half years to 49.6 in April 2025 (March 2025: 50.5), indicating a slowdown in manufacturing. This was due to the drag from the Electronics sector, as Electronics PMI also fell from 51.9 to 49.8. Industrial production moderated slightly to +5.9 per cent year-on-year (y/y) in April 2025 (March 2025: +6.8 per cent y/y), while the Non-oil Domestic Exports (NODX) growth accelerated to +12.4 per cent y/y (March 2025: +5.4 per cent y/y). Both indicators suggested the continued frontloading of activity during a tariff pause. Inflation remained contained in April 2025. Headline Consumer Price Index (CPI) was steady at +0.9 per cent y/y, unchanged from March 2025. Core inflation rose to 0.7 per cent y/y (March 2025: +0.5 per cent y/y), the first year-on-year increase in 6 months, driven by higher inflation in services and food categories. Inflation is expected to remain moderate, with the Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry (MTI) forecasting both headline and core inflation to average 0.5 to 1.5 per cent in 2025. The USDSGD continued its downward trend, falling from 1.306 to 1.291 during May 2025. The Singapore Dollar Nominal Effective Exchange Rate (S$NEER) remained above its implied midpoint, estimated at +1.0 per cent by the end of May 2025.

Issuance activity SGD corporate credit rebounded in May 2025, with SGD 1.966 billion issued (April 2025: SGD 140 million) across seven deals. In the financial space, we have Life-insurer, Prudential PLC (PRUFIN), doing its first SGD 600 million 10-year bullet subordinated issue (A3/BBB+ rated) at 3.8 per cent coupon, which saw strong investor demand. In addition, BNP Paribas and HSBC issued senior Total Loss Absorbing Capacity (TLAC) bonds at 7NC6 (a maturity of 7 years that has a non-call period of 6 years) and 8NC7 tenors, respectively. Meanwhile, in the real estate space, CapitaLand Ascott Trust issued SGD 260 million Perpetual Bonds (Perp) to refinance previous perpetual issues.

The SGS curve continued to outperform the US Treasuries (USTs) in May 2025 with another bout of bull-steepening, still reflecting the strength in USDSGD as front-end yields ended May 15 to 20 basis points (bps) lower while the intermediate to long end of the curve was 5 bps lower. In contrast, the UST yields rose in May 2025, as the market reacted to the sustainability of the US's fiscal trajectory, having seen Moody's stripping the US of the Aaa rating, and the US President's One-Big-Beautiful-Bill deliberation happening in May 2025. Correlation between USTs and SGS continued to remain low, with the beta between 10-year SGS and USTs at 0.63.

We see significant upside risks to US core inflation due to upcoming tariffs, but think that any increase is more unlikely to have any lasting impact over a year. Taken together, we are equally concerned with growth risks and inflation risks. As such, we expect the 10-Year bond yield to range between 4.25 per cent to 4.75 per cent. Looking ahead, the trading correlation of SGS with USTs will remain low. SGS bond yields are still compressing month-to-date in June 2025, about 14 bps to 18 bps lower. While the US still has an AAA rating by other agencies outside of the top three, foreign government pension funds like Hong Kong's Mandatory Provident Fund (MPF) may look to rebalance out their UST holdings should US loses even its AAA rating from Japan's Rating & Investment Information Inc, which is MPF's last approved rating agency. Such developments are likely only to drive more inflows into SGD and benefit SGS bond yields, given the handful Aaa rated sovereigns left, and amidst traditionally well-regarded lower volatility in the SGD.

Investment Objective

The investment objective of the United Singapore Bond Fund is to maximize returns over the longer term by investing mainly in bonds denominated in Singapore Dollars (issued by entities incorporated or domiciled globally) and bonds denominated in foreign currencies (issued by entities incorporated or domiciled in Singapore). Apart from investments in bonds, the Fund may also invest in money market instruments (denominated in SGD or foreign currencies), bond funds (including funds managed by the Managers) and time deposits in any currency. Investments shall be made in accordance with the CPF Investment Guidelines. There is no target industry or sector.

Fund Information

Morningstar Rating	Base Currency	Fund Size	Fund Manager
★★★★	SGD	SGD 177.04 mil	Joyce Tan

Important Notice and Disclaimers

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