June 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 40.42 per cent invested in Government Bonds (as of June 2025), which contributes to its strong credit rating of "A".

• **Singapore Dollars ("SGD") exposure:** The Fund is 81.63 per cent invested in Singapore (as of June 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 30 June 2025.

June 2025 Portfolio Performance

The United Singapore Bond Fund – A SGD Acc	+2.27 per cent[2]
Benchmark: TR/SGX SFI Government Bond Index	+2.34 per cent

Source: Morningstar, Performance from 31 May 2025 to 30 June 2025 in SGD terms

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

Performance Review

While the Singapore Government Securities (SGS) Bond yield curve experienced another bout of yield compression across the curve in June 2025, about 20-25 basis points (bps) lower month-on-month (m/m), risk appetite remained buoyant, which benefited the Fund's holdings in corporate bonds. The manager continues to participate in new issues by switching out of expensive papers and/or SGS Bonds.

As risk sentiment remains firm in the SGD space, we expect the Fund's performance with peers 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.

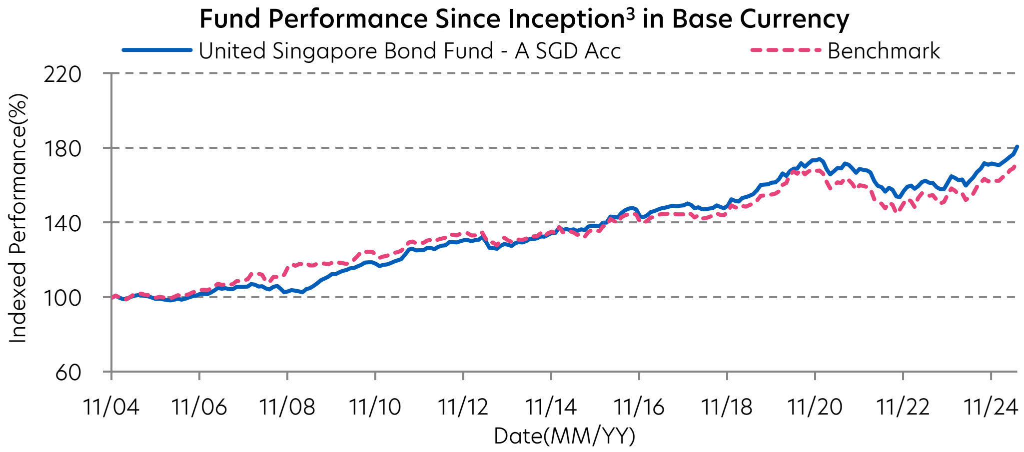
Portfolio Positioning

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)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

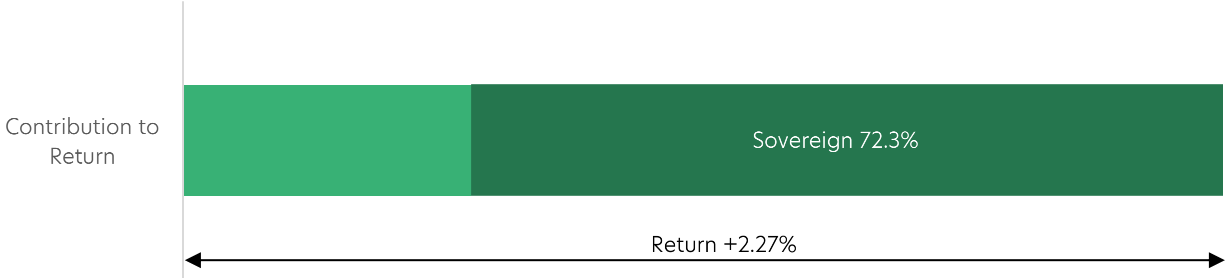
Benchmark: Since Inception – 31 May 17: Singapore Government Bond Index All UOB; 1 Jun 17 - Present: TR/SGX SFI Government Bond Index.

Source: Morningstar. Performance as at 30 June 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	2.27	10.14	4.90	1.37	2.91
Fund (Charges applied^)	0.22	7.94	4.19	0.96	2.81
Benchmark	2.34	11.42	5.42	0.82	2.70

Source: Morningstar. Performance as at 30 June 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.

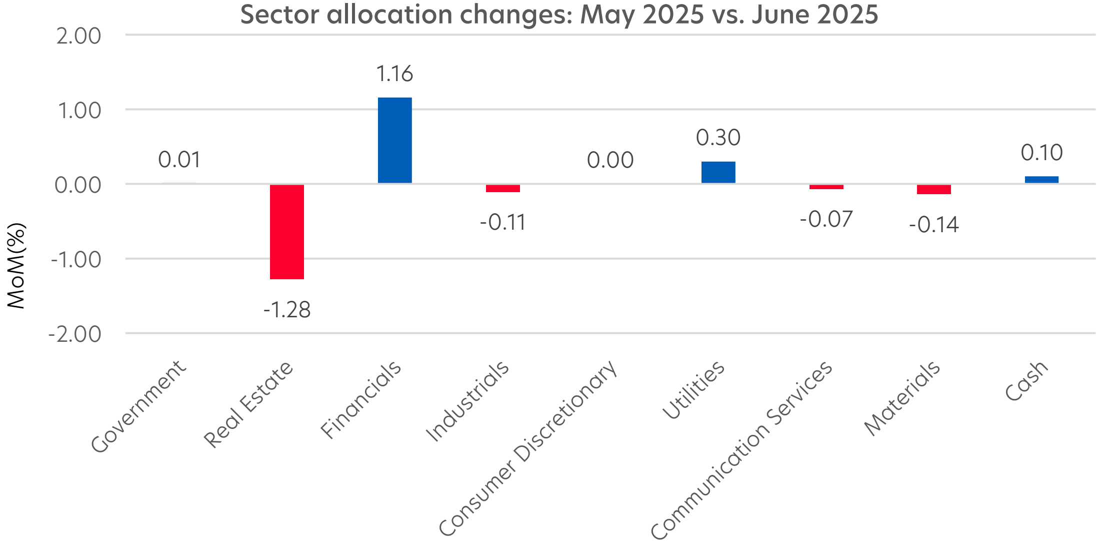
Performance Contributors/Detractors: June 2025

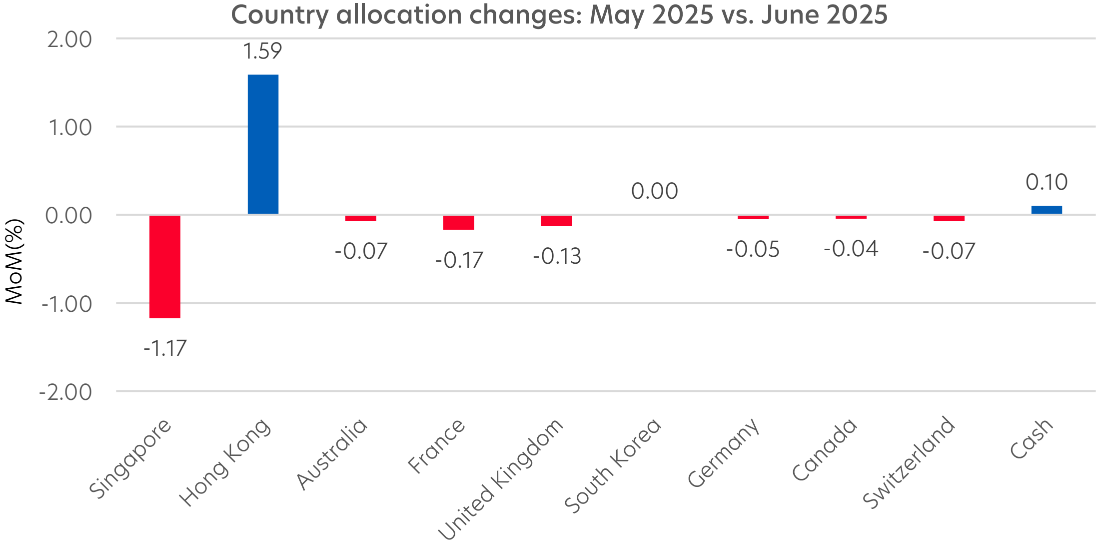


³ The United Singapore Bond Fund A SGD Acc (ISIN Code: SG9999003412) and A SGD Dist (ISIN Code: SGXZ36402089) were incepted on 26 November 2004 and 4 January 2021 respectively.

All statistics quoted in the write-up are sourced from Bloomberg as at 30 June 2025 unless otherwise stated.

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

In June 2025, we added new positions in the SGS bonds and corporate bonds in the Financial sector. Meanwhile, we sold positions in the Hong Kong Industrial sector.

As shown on the left charts, the biggest decrease in the sector allocation changes for June 2025 was in Real Estate (-1.28 per cent), whereas the biggest increase was in Financials (+1.16 per cent). In terms of country allocation, the Fund had the most increase in Hong Kong (+1.59 per cent) and the most decrease in Singapore (-1.17 per cent) for June 2025.

Market Review

The growth environment remained choppy, given tariff disruptions to business and consumer activities. The Singapore Purchasing Managers' Index (PMI) for May 2025 stayed below 50 for the second month but ticked up to 49.7 (April 2025: 49.6), indicating some slowdown in manufacturing. Electronics PMI ticked up to 49.9 (April 2025: 49.8), reflecting improvements in new orders. Growth in factory orders moderated to +3.9 per cent year-on-year (y/y) in May 2025 (April 2025: +5.6 per cent y/y), while the Non-oil Domestic Exports (NODX) growth fell by -3.5 per cent y/y (April 2025: +12.4 per cent y/y). Both indicators highlighted a slowdown following frontloading of purchases in the first quarter (Q1) of 2025. Inflation remained subdued in May 2025. Headline Consumer Price Index (CPI) at +0.8 per cent y/y (April 2025: +0.9 per cent y/y) while core inflation was 0.6 per cent y/y (April 2025: +0.7 per cent y/y). 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.

Issuance activity SGD corporate credit remained buoyant in June 2025, with SGD 2.4 billion issued (May 2025: SGD 1.966 billion) across thirteen deals. The local Real Estate Investment Trust (REIT) players were active in issuing subordinate perpetuals, considering the low benchmark yields and tight credit spreads. Fraser CenterPoint Trust issued for the first time, SGD 200 million Perpetual Bond (Perp) NC5 (a non-call period of 5 years) at expensive levels (3.98 per cent) to help fund its recent acquisition of the South wing of Northpoint City. There was also a similar issuance from Suntec REIT and CapitaLand India. In the non-real estate space, Sembcorp issued an SGD 300 million 20-year senior bond at a 3.55 per cent coupon, with strong books (4.7x cover).

In the foreign financials space, Life-insurer AIA Group Limited issued SGD 800 million of 10-year subordinated bullet bond at 3.58 per cent coupon that also received 5.4x cover. MAS issued SGD 1.6 billion of a new 15-year bond 3.25 per cent 2054 green at a 2.35 per cent cut-off yield. Response was 1.82x book, similar to April 2025's SGD 1.8 billion 30-year reopen.

The SGS curve continued to outperform US Treasuries (USTs) in June 2025, with yields 20-25 bps tighter throughout the curve and continued to reflect the strength in USDSGD. In contrast, the UST yield curve experienced similar bull-flattening momentum, albeit at a lower magnitude of about 15 bps. As such, the correlation between USTs and SGS remained lower than before, with the correlation between 10-year SGS and UST dropping to 0.53.

Looking ahead, the trading correlation of SGS with UST will remain lower than in previous episodes. Current levels of 10-year SGS bond yields are at the lower end of the long-run average (2.00 to 2.50 per cent), while the 30-year SGS is moving below the long-run average (2.30 to 2.80 per cent). With the disinflation theme gaining more traction, focus may be on MAS turning neutral in the Singapore Dollar Nominal Effective Exchange Rate (S$NEER) appreciation slope in July's (2025) meeting. We also expect SGS yields to remain low, yet still see healthy demand from investors, as the diversification theme out of USD and stability of the SGD fixed income market remain strong pull factors.

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 184.99 mil	Joyce Tan

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