May 2025

United Smart Sustainable Singapore Bond Fund

Why Invest?

• **Benefit from Singapore's sustainability journey:** This is the first-ever Singapore-focused Environmental, Social, and Governance (ESG) Fixed Income Fund. The Fund aims to allow investors to gather stable income via investing in bonds issued by Singapore (and Asian) companies that have strong forward-looking, sustainable mandates.

• **Asia-centric and Singapore-focused:** United Smart Sustainable Singapore Bond Fund – A SGD Acc (Hedged) (the "Fund") invests at least 65 per cent in Singapore's fixed income and a maximum of 35 per cent in Asia. This allows the Fund to benefit from the strength of the SGD and the stability of Singapore's capital markets.

• **Thematic Focus:** The Fund supports three core sustainable investing themes identified using the Singapore Green Plan 2030, i.e. 1) green, clean, and smart Singapore, 2) preparing for climate change, and 3) sustainable production.

• **Consistent Payout:** The United Sustainable Singapore Bond Fund – A SGD Dist (Hedged) offers a monthly dividend income[1] as well as the potential for capital upside. The current distribution policy is to make regular monthly distributions of up to 2 per cent p.a..

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

May 2025 Portfolio Performance

The United Smart Sustainable Singapore Bond Fund – A SGD Acc (Hedged)	+0.71 per cent[2]
Benchmark: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent	+0.30 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

Fund performance in May 2025 registered a positive return due largely to the narrowing of credit spread and decline in Singapore interest rate. This again had more than offset the rise in the underlying US interest rate. Our heavier exposure in Singapore bonds had contributed to the positive returns, as investors were seen chasing after Singapore dollar assets.

Redeployment into defensive non-investment grade bonds had worked well, as the rebound in non-investment grade bonds had also added gains in our Fund. That said, overall defensive credit remained a strong anchor to our Fund's overall returns.

On our broad duration strategy, we tactically lengthened our duration slightly in anticipation of risk-off sentiment as investors turn wary of the huge policy uncertainties brought about by the US president.

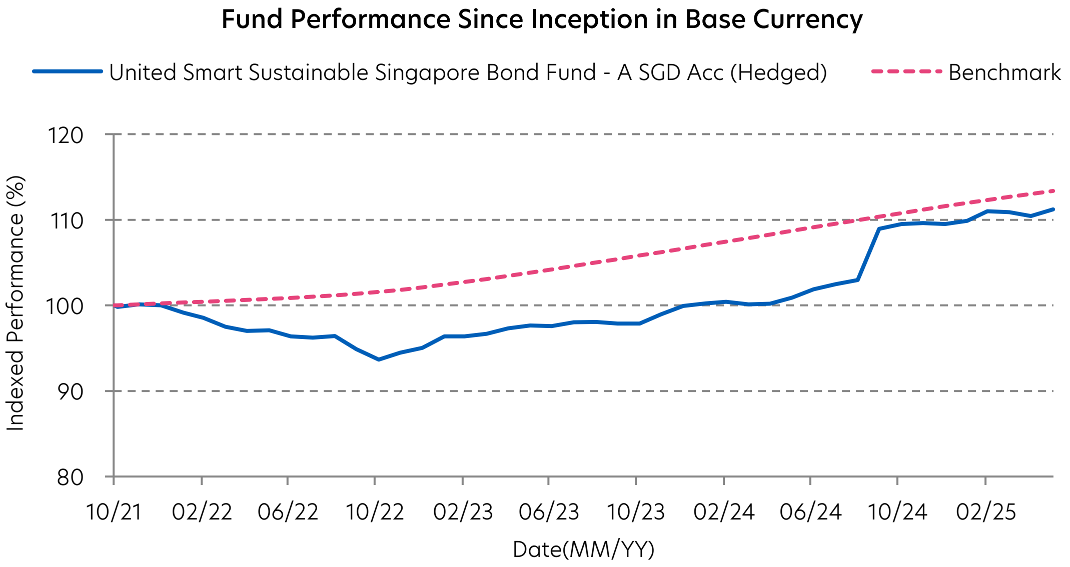
Portfolio Positioning

Moving ahead, staying invested in quality assets remains key to gathering the attractive defensive carry. This more complex and uncertain outlook should prompt markets to apply a discount to riskier asset prices. Investors would also generally demand higher yields to offset the risk of elevated inflation. However, market behaviour is influenced by more than just fundamentals. Despite recent elevated risks, some segment of investors demonstrated strong confidence and ample liquidity, quickly stepping in to "buy the dip" once tariffs were paused or rolled back. Coupled with the receding recession risk and accommodative policies from global central banks, asset markets should continue to do well.

As we are not totally out of this turmoil, selected exposure in the non-investment grade segment and staying invested in defensive investment grade will continue to reward us with performance resiliency. On duration management, we will keep our duration unless the uncertainties become clearer in the near term.

[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 (Hedged))



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

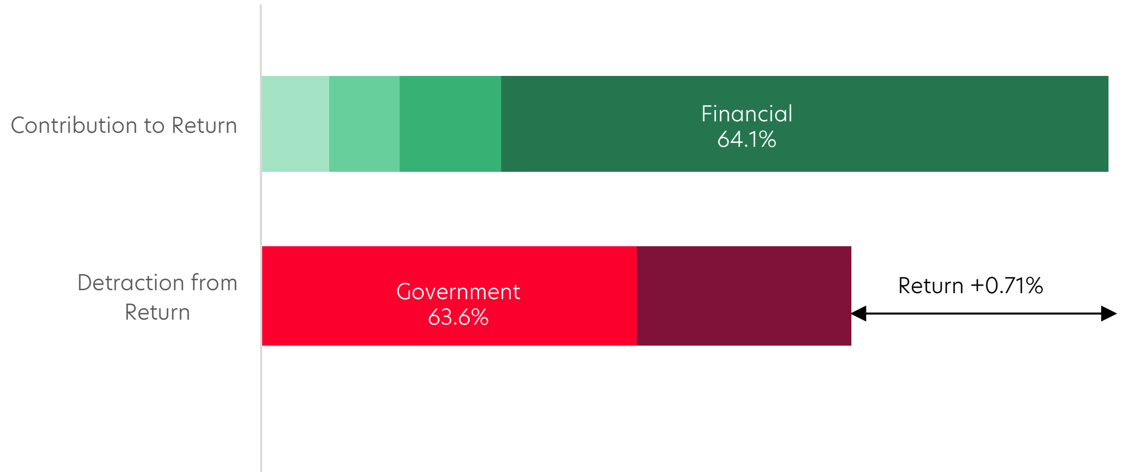
Benchmark: Since inception -7 April 2022: 12-month Singapore dollar Fixed Deposit + 1 per cent; 8 April 2022 - Present: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent

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	0.71	10.22	4.63	-	3.00
Fund (Charges applied^)	-1.31	8.01	3.92	-	2.42
Benchmark	0.30	4.29	4.02	-	3.55

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. Since inception performance under 1 year is not annualized. Benchmark: Since inception -7 April 2022: 12-month Singapore dollar Fixed Deposit + 1 per cent; 8 April 2022 - Present: 6-Month Compounded Singapore Overnight Rate Average (SORA) + 1 per cent. 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.

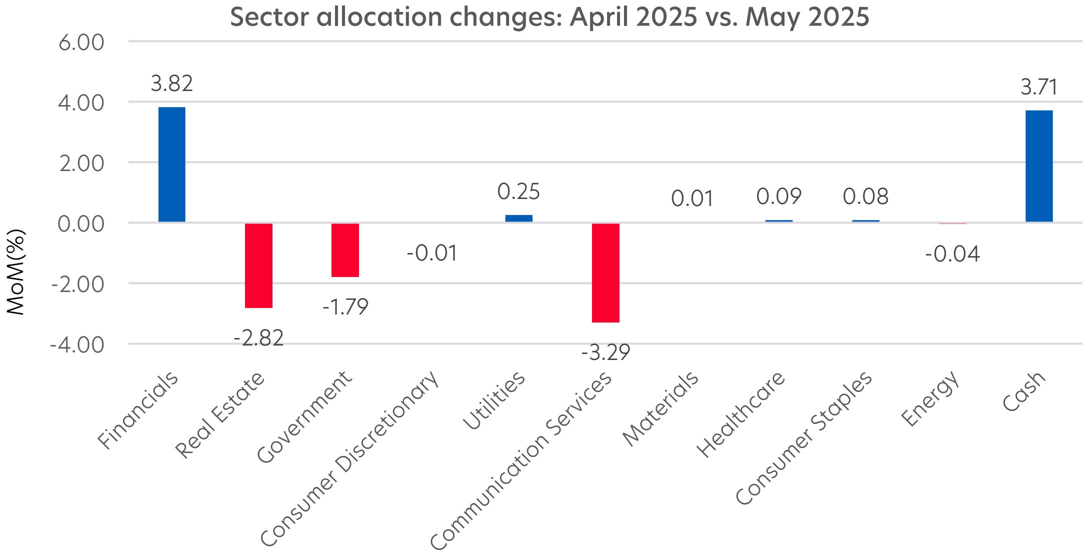
Performance Contributors/Detractors: May 2025

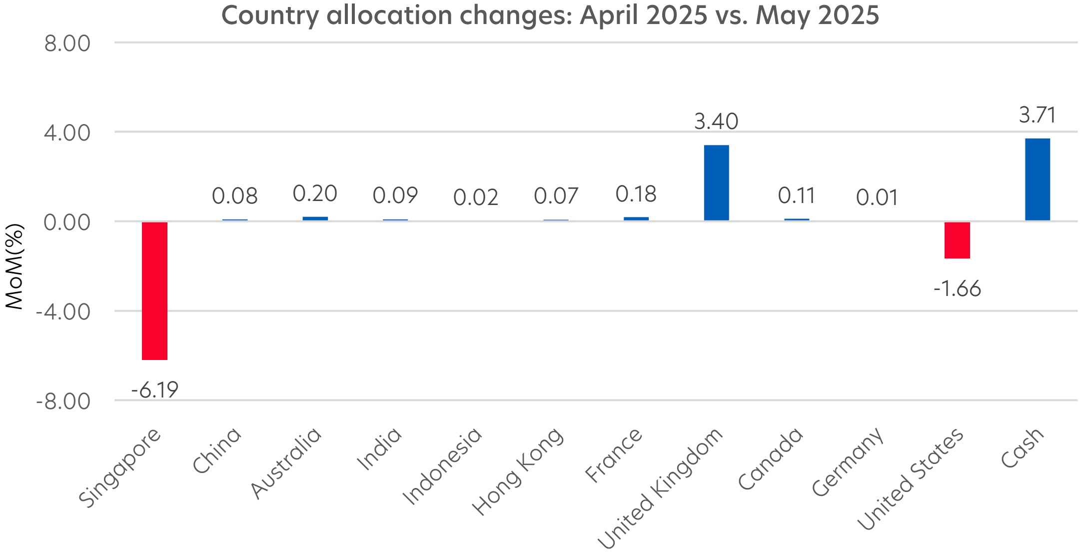


[3] The United Smart Sustainable Singapore Bond Fund Class A SGD Acc (Hedged) (ISIN Code: SGXZ18977330) was incepted on 26 October 2021.

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

The Fund has been adopting an overall defensive carry strategy and remains well-positioned. Looking at the credit spread, both the investment grade spread of Asia and its developed market peer had widened, with the latter underperformed. Broad Asian credit spread currently trades at 182 basis points (bps), which was above its narrowest level of 167 bps within the 5-year historical period but remains at the tighter range. While its absolute yield remained attractive, hovering around close to around 0.39 per cent above its 5-year historical average. This continues to put Asian credit as the preferred asset class of many investors, especially the investment-grade names.

As shown on the left charts, the largest increment in the sector allocation changes for May 2025 was in Financials (+3.82 per cent), and the largest decrement was in Communication Services (-3.29 per cent). In terms of country allocation changes, the Fund had the highest decline in Singapore (-6.19 per cent) and the highest increase in the United Kingdom (+3.40 per cent) in May 2025.

Market Review

May 2025 was a month of recovery and recalibration for risk markets, as investor sentiment improved. Key to this was the 90-day mutual tariff reduction agreed by the US and China, while data suggested economic resiliency despite the heightened uncertainty caused by tariff announcements since early April 2025. Volatility eased, though political and trade uncertainty remained elevated. Manufacturing activity declined slightly, but the magnitude was not large, given the pull-forward activity we saw in the first quarter ahead of potential price increases due to tariffs. There were no signs of massive layoffs, and the unemployment rate remained stable. However, some weaknesses could still be observed in the soft data, with weak Chief Executive Officer (CEO) confidence, consumer confidence and retail sales. Overall, the 10-year US Treasury (UST) yield rose substantially by 24 basis points (bps) to 4.40 per cent in May 2025, while the 5-year UST yield also rose by 23 bps to 3.96 per cent.

On the Singapore front, economic data for May 2025 weakened further, but not alarmingly so. 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 largely due to the drag from the Electronics sector. 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-wise, 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 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. Overall, the 5-year Singapore government securities (SGS) bond yield further outperformed the UST as it fell by 5 bps to 2.10 per cent in May 2025.

On the Asia credit market, credit spreads narrowed across the investment grade and non-investment grade segments, with the riskier segment outperformed. Investors' sentiment improved on the back of easing trade/tariff concerns, decent US technology earnings, and People's Bank of China (PBOC) policy easing. Non-investment grade frontiers rallied hard and more than offset the nervousness from negative headlines and rating downgrades from a couple of Hong Kong and Chinese developers citing bond coupons deferment, weaker contracted sales and deteriorated operating performances. All said, investors were cheered by the easing of initial shocking tariffs and started to put some money back to work to avoid any unnecessary cash drag due to the high market interest rate level. On the supply technical front, the primary issuance market picked up slightly, largely led by investment-grade issuers. Notable issuances include Pertamina Hulu Energi, China Hongqiao Group Limited, Medco Energi, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited, Singapore Branch. Primary issuance in the SGD bond market was slightly more active than the previous month, similar to other global markets.

Overall, the Asian credit spread performance was positive. Both investment and non-investment grade segment performance were supported by credit spread narrowing, although the underlying interest rate increased. In USD terms, JP Morgan Asia Credit ESG Composite gained +0.34 per cent in May 2025. Specifically, the investment grade segment saw a gain of +0.11 per cent while the non-investment grade segment also rebounded and gained +1.71 per cent.

Investment Objective

The investment objective of the United Smart Sustainable Singapore Bond Fund is seeking to provide stable income and capital appreciation over the medium to long term by investing predominantly in fixed income instruments focusing on Singapore. 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 7.75 mil	Koh Hwee Joo

Important Notice and Disclaimers

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