May 2025

United Asian High Yield Bond Fund

UOB Asset Management

Why Invest?

• **Flexible duration:** The United Asian High Yield Bond Fund – A SGD Dist Hedged (the "Fund") maintains a nimble effective duration positioning of 2.60 years as of May 2025. This allows the Fund to be more resilient to interest rate changes and policy repercussions.

• **Attractive dividend payout:** For Class SGD Dist, the current distribution policy is 7.0 per cent per annum, paid out monthly, which may be suitable for investors who are seeking regular income[1].

• **China's fading dominance:** The proportion of Mainland China-based issues is around a fifth of the Asian high-yield market in July 2024, compared to when Chinese property high yields comprised a third of the market, and China overall made up over half the market in 2019.

• **Diversification opportunities:** Currently, the geographic spread has widened considerably with markets like Hong Kong, Mongolia, India and the Philippines featuring more prominently among the Top 10 largest Asian issuers of high-yield bonds.

May 2025 Portfolio Performance

The United Asian High Yield Bond Fund – A SGD Dist (Hedged)	+2.04 per cent[2]
Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index	+0.66 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 0.95 per cent (Class SGD Acc) for May 2025 versus the benchmark of 0.66 per cent. The outperformance was mainly due to the underweight in New World Development Co. Limited (New World Development) as well as the overweight in China consumers and quasi-sovereign.

Portfolio Positioning

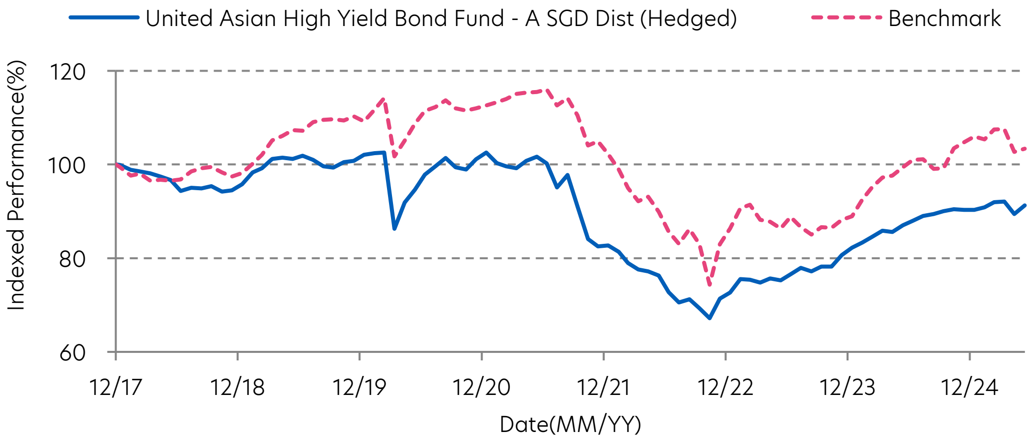
We remain defensive in China's High-Yield Real Estate, though we have started to invest in some of the better quality names with access to capital markets. We were also cautious in certain Hong Kong Property names, though we see the sell-off benefiting better-quality names. We continue to stay up in credit quality, maintaining our preference for issuers which have solid fundamental or good access to diversified funding sources and thus, lesser refinancing risks.

The Fund will continue to: 1) Be prudent when deploying cash, overweighting shorter-dated high-yielding papers with more certainty of refinancing/repayment; 2) Focus on companies/industries that have good access to the capital market and better fundamentals; 3) Have a 60/40 approach, where 60 per cent of the portfolio is buy and hold and 40 per cent is for tactical allocation; and 4) Strategic positioning for the years ahead is to ensure stable, risk-adjusted returns.

[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 Dist (Hedged))

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: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index.

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

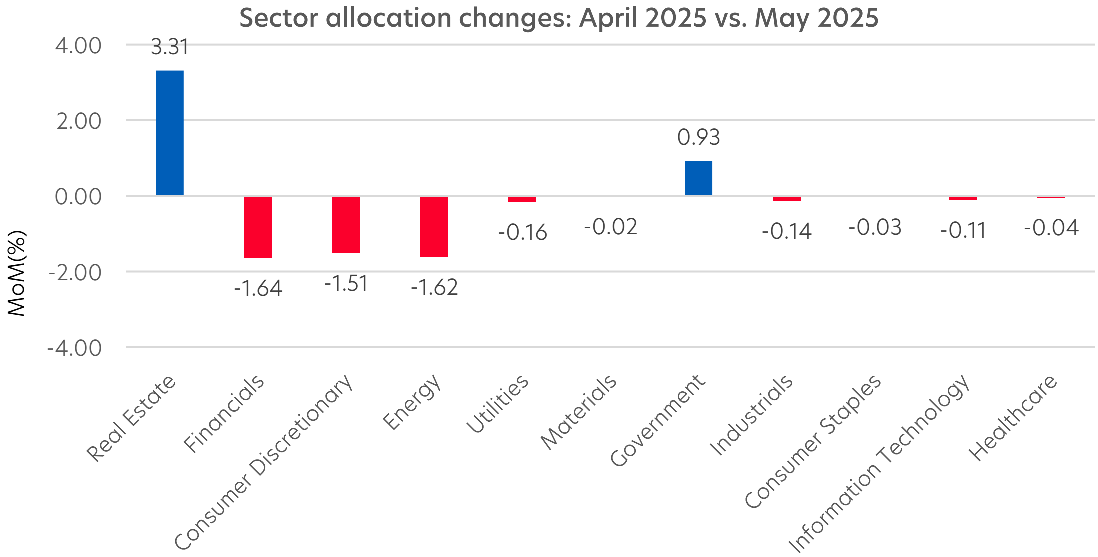
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	2.04	4.87	6.14	-0.73	-1.22
Fund (Charges applied^)	-1.02	1.72	5.07	-1.33	-1.63
Benchmark	0.66	3.96	4.77	-1.00	0.45

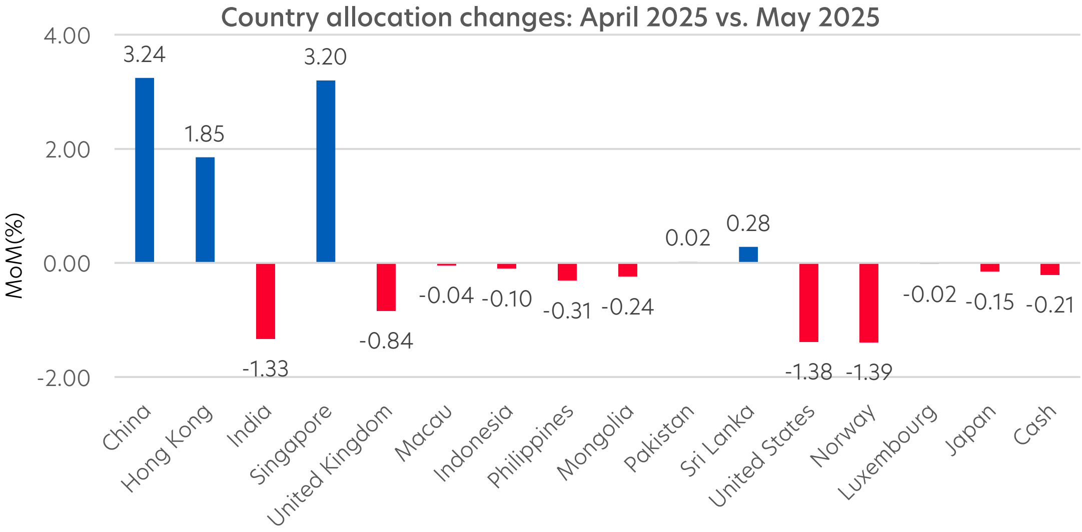
Source: Morningstar. Performance as at 31 May 2025, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return 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.

[3] The United Asian High Yield Bond Fund- SGD Dist (ISIN Code: SG9999010029), SGD Acc (ISIN code: SG9999010011), A SGD Acc (Hedged) (ISIN Code: SG9999017628) and A SGD Dist (Hedged) (ISIN Code: SG9999017636) were incepted on 2 April 2013, 19 May 2015, 26 January 2018 and 18 December 2017 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

The new positions we added to the portfolio in May 2025 were Corporate Credit in the Quasi-Sovereign, Oil and Gas, Real Estate, and Financial sectors. Meanwhile, we sold positions in the Consumer, Sovereign, and Quasi-Sovereign sectors.

As shown on the left charts, the biggest decrease in the sector allocation change for May 2025 was in Financials (-1.64 per cent), and the biggest increase was in the Real Estate sector (+3.31 per cent). In terms of country allocation changes, the Fund has the biggest decrease in Norway (-1.39 per cent) and the biggest increase in China (+3.24 per cent) for May 2025.

Market Review

Government bond yields jumped, as US fiscal concerns, resilient US data, and the patient stance from the US Federal Reserve (Fed) overshadowed the prospect of Supplementary Leverage Ratio (SLR) relaxation for US banks. The 2-year and 10-year US Treasuries (USTs) yields closed at 3.9 per cent (+29 basis points (bps)) and 4.4 per cent (+24bps) respectively. The Federal fund futures now price in two rate cuts in 2025, from up to four cuts in April 2025.

The JP Morgan Asia Credit Index (JACI) Non-Investment Grade returned 0.66 per cent due to an economic recovery in Sri Lanka, though it saw bonds from the New World Development tanking due to its announcement to defer coupons for its perpetual bonds, as well as its inability to fully secure its bank loans. The Chinese property market continued to face challenges. The contracted sales of Country Garden Holdings Co Limited for April 2025 were down 20 per cent year-on-year (y/y), while China Evergrande Group's shares remain suspended until further notice with a High Court of Hong Kong hearing on 25 June 2025 regarding an application from China Evergrande Group's liquidators. The credit rating of China Vanke Co. Limited was lowered by Fitch Ratings to CCC+ from B-, while the rating of Yanlord Land Group Limited was also lowered by Moody's Ratings to B2 (stable outlook) from B1 (negative outlook). Weaker operating performance was cited in both of the rating actions on these China-focused property developers.

The primary activity of Asia G3 currency bond picked up slightly, with US$13 billion (April 2025: US$12 billion, May 2024: US$16 billion) bonds priced. Most of it was in Investment Grade, with only 1 notable new public issue in the non-China high yield space. PT Medco Energi Internasional Tbk (Medco) issued a US$400 million note. Elsewhere, Chinese issuers continued to dominate, in particular Local Government Financing Vehicles, which continue to tap the offshore market despite cheaper onshore funding. This is likely related to refinancing needs in USD as well as to maintain market access given certain regulatory restrictions on Chinese Renminbi (RMB) borrowings.

Tariff headlines will continue to be a major factor affecting the direction of Asia credit spreads, though market focus will likely gradually shift towards economic data. Any potential retreat of global risk sentiment in a scenario of weakened US growth or a stagflation scenario is likely to present the biggest risk to credit markets currently. That said, coupon carry across Asia credit remains reasonable.

Investment Objective

The investment objective of the United Asian High Yield Bond Fund is to seek to achieve a total return consisting of high income and capital appreciation by investing primarily in high yield fixed income or debt securities (including money market instruments) issued by Asian corporations, financial institutions, governments and their agencies.

Fund Information

Base Currency	Fund Size	Fund Manager
SGD	SGD 42.80 mil	Melvin Chan

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