

November 2024

United Asian High Yield Bond Fund



Why Invest?

- **Flexible duration:** The United Asian High Yield Bond Fund - A SGD Dist Hedged (the "Fund") maintains a nimble effective duration positioning of 2.31 years as of November 2024. 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 income¹.
- **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, Macao, India and the Philippines featuring more prominently among the Top 10 largest Asian issuers of high-yield bonds.

November 2024 Portfolio Performance

| | |
|---|-----------------------------|
| The United Asian High Yield Bond Fund - A SGD Dist (Hedged) | -0.17 per cent ² |
| Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index | +1.22 per cent |

Source: Morningstar, Performance from 31 October 2024 to 30 November 2024 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 -0.06 per cent (Class USD Acc) in November 2024 versus the benchmark of -0.12 per cent. The outperformance against the benchmark was mainly due to the underweight in China Real Estate, which saw a selloff in November 2024. Year to date, the Fund returned 11.75 per cent (Class USD Acc) versus the benchmark of 15.85 per cent.

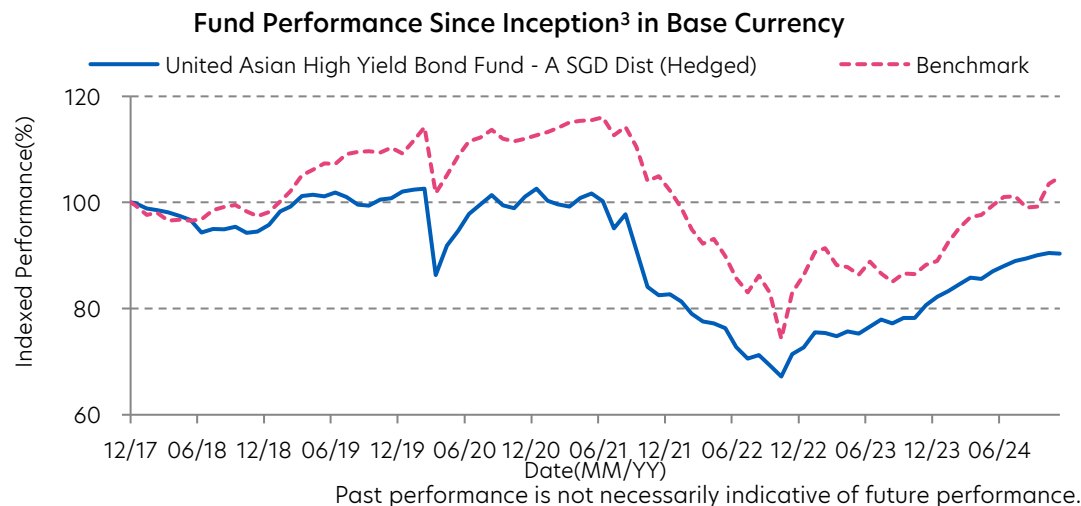
Portfolio Positioning

We remain defensive in Sri Lanka and China's high-yield Real Estate. While the debt restructuring plan in Sri Lanka is underway with an expected debt exchange plan by December 2024, we prefer to wait for the restructured bonds to selectively choose which tranche we favour. Meanwhile, sustainable recovery of China's property market remains elusive. We are open to opportunities that may present themselves as more details emerge from the China stimulus package. We continue to stay up in credit quality, maintaining our preference for issuers with 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 while maintaining 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 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 30 November 2024, SGD basis, with dividends and distributions reinvested, if any.

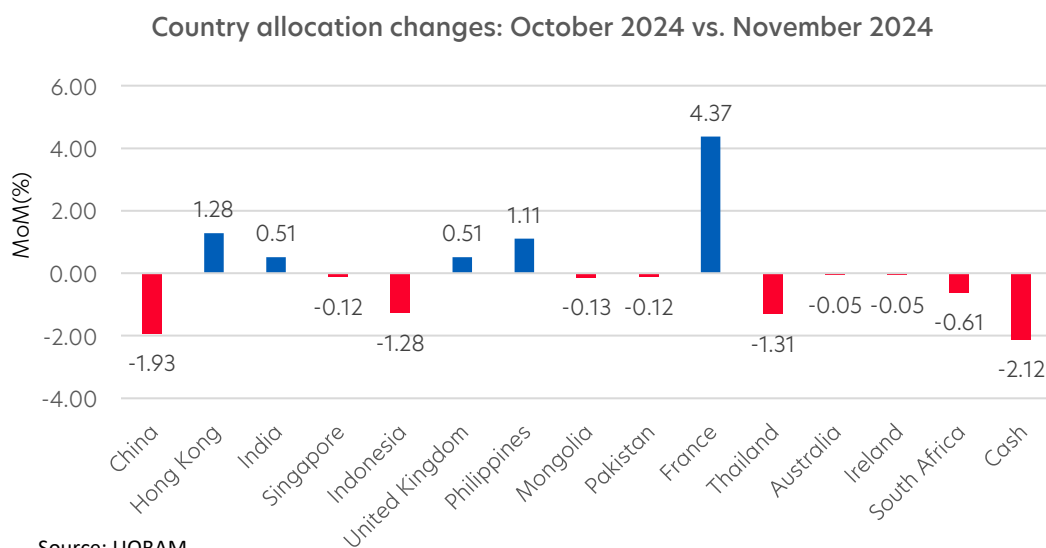
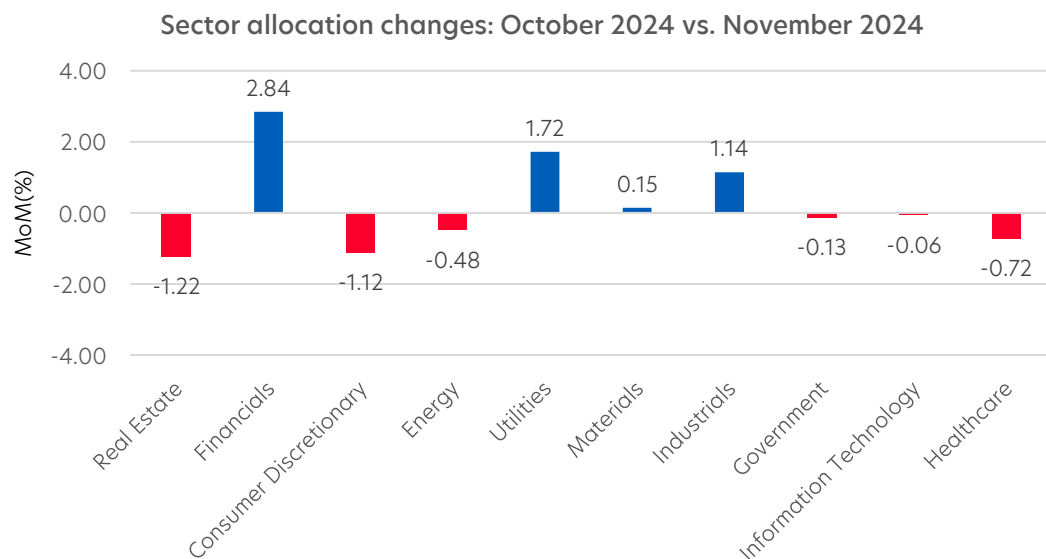
³ The United Asian High Yield Bond Fund- SGD Dist (ISIN Code: SG9999010029), SGD Acc (ISIN code: SG9999010011), A SGD Acc (Hedged) (ISIN Code: SG9999017628) and A SGD Dist (Hedged) (ISIN Code: SG9999017636) were incepted on 2 April 2013, 19 May 2015, 26 January 2018 and 18 December 2017 respectively.

All statistics quoted in the write-up are sourced from Bloomberg as at 30 November 2024 unless otherwise stated.

| | Cumulative Performance (%) | Annualised Performance (%) | | | |
|--------------------------------------|----------------------------|----------------------------|---------|---------|-----------------|
| | 1 month | 1 Year | 3 Years | 5 Years | Since Inception |
| Fund NAV to NAV | -0.17 | 11.96 | 3.07 | -2.17 | -1.45 |
| Fund (Charges applied [^]) | -3.16 | 8.61 | 2.03 | -2.76 | -1.88 |
| Benchmark | 1.22 | 18.72 | -0.06 | -1.03 | 0.67 |

Source: Morningstar. Performance as at 30 November 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: 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.

Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

The new positions we added to the portfolio in November 2024 were Corporate Credit in the Consumer, Metals & Mining, Financials and TMT (Technology, Media, and Telecommunications) sectors. Meanwhile, we sold positions in the Real Estate, Transport and Utilities sectors.

As shown on the left charts, the biggest decrease in the sector allocation change for November 2024 was in Real Estate (-1.22 per cent), whereas the biggest increase was in Financials (+2.84 per cent). In terms of country allocation changes, the Fund has the biggest decrease in China (-1.93 per cent) and the most increase in France (+4.37 per cent) for November 2024.

Market Review

Government bonds: A “red wave” in the US election and Fed’s speak advocating a patient approach to further rate cuts contributed to a volatile November (2024) in rates markets. Interest rates initially gained on inflationary fears associated with Trump’s Presidential win but corrected swiftly after the appointment of Scott Bessent for Treasury Secretary who is perceived to be more market-oriented. Personal Consumption Expenditures (PCE) price data for October 2024 came broadly in line with expectations coupled with slightly soft consumption data that tilted the market towards a December rate cut. The 2-year and 10-year US Treasury (UST) yields closed at 4.15 per cent (-2 basis points, bps) and 4.17 per cent (-12bps) in November 2024.

A series of China’s easing measures were implemented since September 2024 and the debt swap program was announced in November 2024. To maintain a growth target of “around 5 per cent” for 2025, the government is expected to set a significantly higher fiscal deficit aimed at bolstering domestic consumption. The debt swap program will convert Renminbi (RMB) 5.6 trillion of hidden local debt over the next 13 months should enhance local fiscal conditions and provide local governments with more resources to tackle their domestic economic challenges.

Corporate bonds: The JP Morgan Asia Credit Non-Investment Grade (non-IG) saw a negative return of -0.09 per cent in November 2024, led by China and Hong Kong Real Estate. Developers in China (such as Sunac China Holdings and China Vanke) are still facing issues such as court hearings, debt restructuring plans, and potential modifications to their loan terms. In India, Adani Group dominated the headlines once again. In late November 2024, the green energy division under Adani Group (Adani Green Energy Limited) priced a US\$600 million bond. However, the bond offering was withdrawn after US prosecutors charged Gautam Adani (the group founder) with participation in an alleged bribery. Although Adani Group denied the bribery allegations, there was a massive sell-off in the Adani dollar bonds.

New issuance in Asia ex-Japan G3 currency (bonds issued in US Dollars, Japanese Yen, or Euros) primary bond market was slowed to US\$15.6 billion in November 2024 (October 2024: US\$16.7 billion, November 2023: US\$11.7 billion) as the market took a breather on US politics uncertainties. Total issuance year-to-date was US\$170.4 billion, up 35 per cent from \$126.0 billion over the same period in 2023. Notable high-yield issuance included San Miguel Global Power Holdings and Vedanta Resources which performed well in the secondary market.

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 45.94 mil | Melvin Chan |



Important Notice and Disclaimers

Distributions will be made in respect of the Distribution Classes of the Fund. Distributions are based on the NAV per unit of the relevant Distribution Class as at the last business day of the calendar month or quarter. The making of distributions is at the absolute discretion of UOBAM and that distributions are not guaranteed. The making of any distribution shall not be taken to imply that further distributions will be made. UOBAM reserves the right to vary the frequency and/or amount of distributions. Distributions from a fund may be made out of income and/or capital gains and (if income and/or capital gains are insufficient) out of capital. Investors should also note that the declaration and/or payment of distributions (whether out of income, capital gains, capital or otherwise) may have the effect of lowering the net asset value (NAV) of the relevant fund. Moreover, distributions out of capital may amount to a reduction of part of your original investment and may result in reduced future returns. Please refer to the Fund's prospectus for more information.

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