October 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 2.16 years as of October 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 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, Macao, India and the Philippines featuring more prominently among the Top 10 largest Asian issuers of high-yield bonds.

October 2024 Portfolio Performance

The United Asian High Yield Bond Fund – A SGD Dist (Hedged)	+0.46 per cent[2]
Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index	+4.29 per cent

Source: Morningstar, Performance from 30 September 2024 to 31 October 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 underperformance against the benchmark was mainly due to the underweight in Sri Lanka and China Real Estate. Year to date, the Fund returned 10.05 per cent versus the benchmark of 16.32 per cent.

Portfolio Positioning

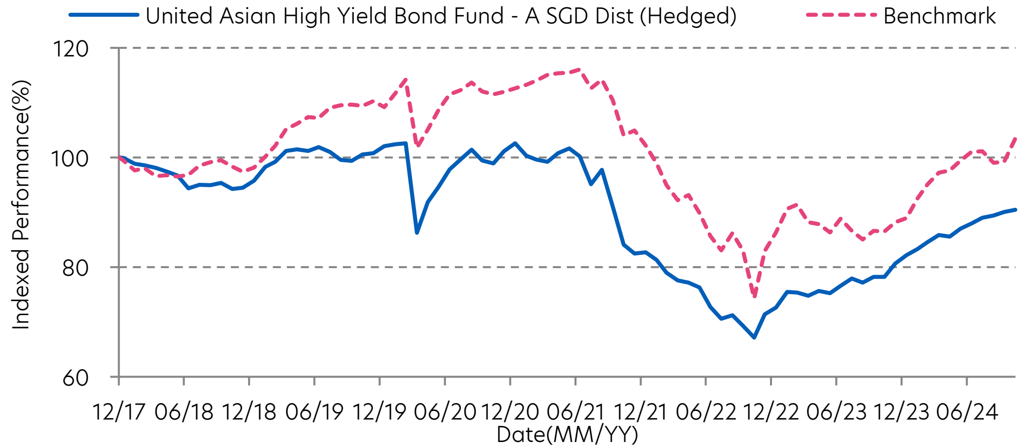
We remain defensive in Sri Lanka and China's high-yield Real Estate. While the debt restructuring plan in Sri Lanka is underway with an expected debt exchange plan by December 2024, we are sceptical about its execution as well as valuation. Meanwhile, sustainable recovery of China's property market remains elusive. We are waiting to see more details emerge from China's 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 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 October 2024, SGD basis, with dividends and distributions reinvested, if any.

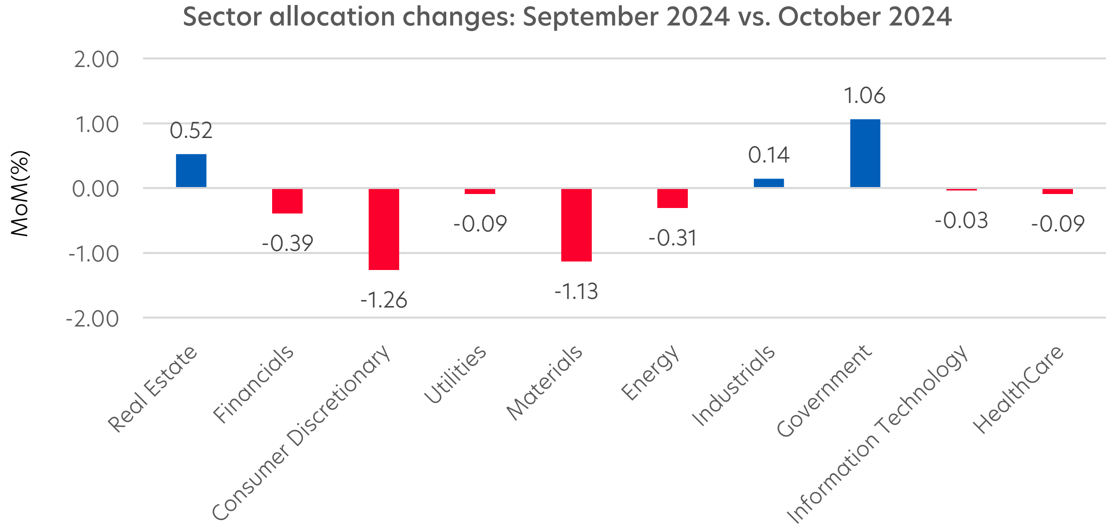
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.46	15.64	2.46	-2.08	-1.45
Fund (Charges applied^)	-2.55	12.17	1.43	-2.68	-1.88
Benchmark	4.29	19.63	-0.19	-1.11	0.50

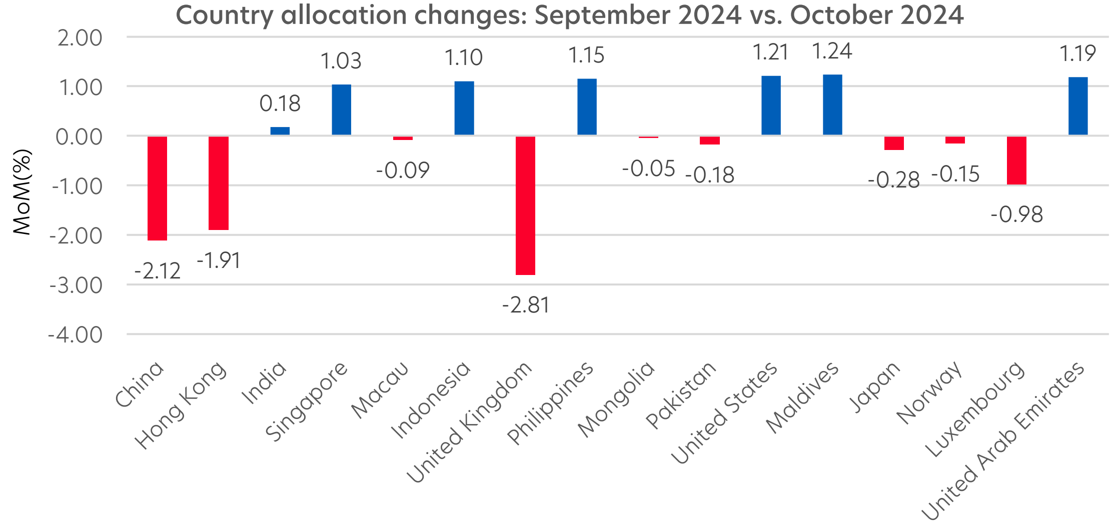
Source: Morningstar. Performance as at 31 October 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: J.P. Morgan Asia 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.

[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 October 2024 unless otherwise stated.

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

The new positions we added to the portfolio in October 2024 were Corporate Credit in the Real Estate, Consumer, Financials, Transport and Utilities sectors. Meanwhile, we sold positions in the China and Spain Financials.

As shown on the left charts, the biggest decrease in the sector allocation change for October 2024 was in Consumer Discretionary (-1.26 per cent), whereas the biggest increase was in Government (+1.06 per cent). In terms of country allocation changes, the Fund has the biggest decrease in the United Kingdom (-2.81 per cent) and the most increase in Maldives (+1.24 per cent) for October 2024.

Market Review

US Treasury (UST) yields rose in October 2024 as the market dialled back on rate cut expectations. The 2-year and 10-year UST yields were up 53 basis points (bps) and 50bps to 4.17 per cent and 4.28 per cent respectively. Bond yields rose post September's Consumer Price Index (CPI) print, resilient US economic data and rising inflation concerns from a potential Donald Trump win. The Federal Funds futures market priced in 46bps of further rate cuts by end-2024, from 70bps at the end of September 2024. Credit spreads tightened as investors grew more comfortable adding bonds at higher rates. JP Morgan Asia Credit Index (JACI) Investment Grade credit spread tightened by another 19bps to reach another historically tight spread level since 2007.

China's sector was volatile as investors assessed the effectiveness of recent stimulus measures. Frequent press conferences by various ministries in early October 2024 added to market volatility, with uncertainty heightened by the lack of specific numbers. Market attention will turn to the National People's Congress meeting scheduled for 4-8 November 2024, where detailed figures on fiscal stimulus are expected to be unveiled.

The JACI Non-Investment Grade (non-IG) gained 1.02 per cent in October 2024, led by Sri Lanka, Maldives and China Real Estate. The stimulus packages announced by the Chinese Government led to a strong recovery in China's high-yield Property bonds. Despite the rally, there are some lingering concerns within the sector. For instance, China Vanke (Vanke) reported a net loss of 6.9 billion Chinese yuan in the third quarter of 2024, the fourth consecutive quarter of a net loss. Vanke's refinancing risks remain high, with short-term debt rising to 117 billion yuan (versus 80 billion yuan of cash). Distressed Sovereign bonds rallied in October 2024 from positive development: (1) Maldives and Pakistan received support from the International Monetary Fund (IMF), China and India and (2) Sri Lanka confirmed a restructuring deal with the IMF and expected to launch debt exchange by December 2024.

New issuance in Asia ex-Japan G3 currency (bonds issued in US Dollars, Japanese Yen, or Euros) bond market fell to US$16.7 billion in October 2024 (September 2024: US $25.2 billion, October 2023: US$7.9 billion), amid the ongoing earnings season, higher rates, and caution before the US elections. Notable issues in the high-yield space are Vedanta Resources Limited and Muthoot Finance Limited. On the contrary, GLP Pte Limited, a Singapore-incorporated warehouse developer, terminated a dollar bond sale due to market volatility.

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 44.53 mil	Melvin Chan

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