February 2025

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

February 2025 Portfolio Performance

The United Asian High Yield Bond Fund – A SGD Dist (Hedged)	+1.23 per cent[2]
Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index	+2.03 per cent

Source: Morningstar, Performance from 31 January 2025 to 28 February 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 +1.23 per cent for February 2025 versus the benchmark of 2.03 per cent. The underperformance against the benchmark was mainly due to the underweight in Hong Kong Real Estate. Year to date, the Fund returned +1.80 per cent versus the benchmark of 1.45 per cent.

Portfolio Positioning

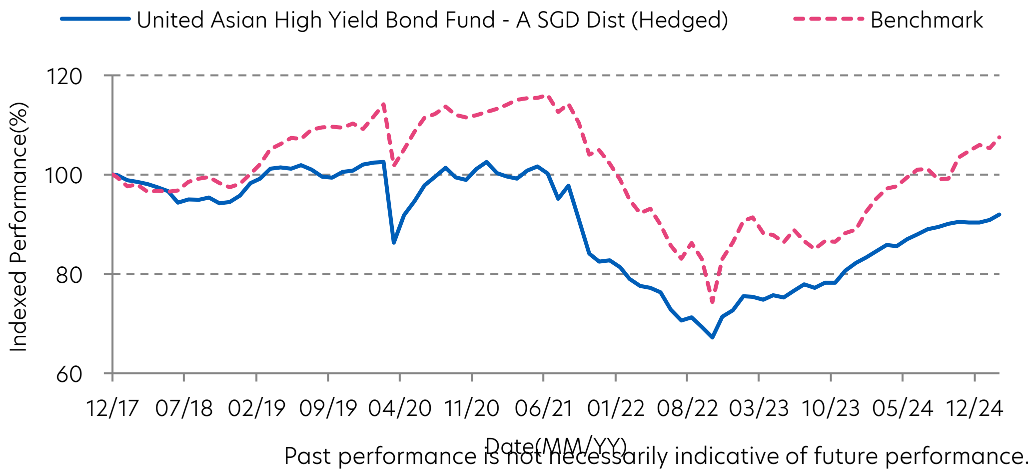
We remain defensive in China's High-Yield Real Estate, though we are starting to invest in some of the better quality names with access to capital markets. We continue to stay up in credit quality, maintaining our preference for issuers with solid fundamental or good access to diversified funding sources 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 28 February 2025, SGD basis, with dividends and distributions reinvested, if any.

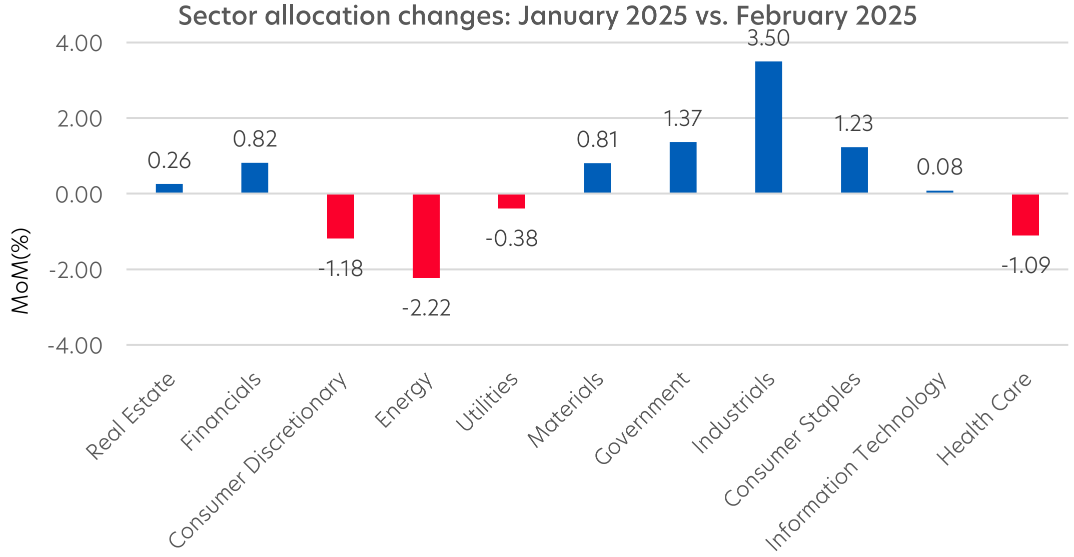
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	1.23	8.74	5.20	-2.16	-1.16
Fund (Charges applied^)	-1.81	5.47	4.13	-2.75	-1.58
Benchmark	2.03	12.99	4.23	-1.20	1.01

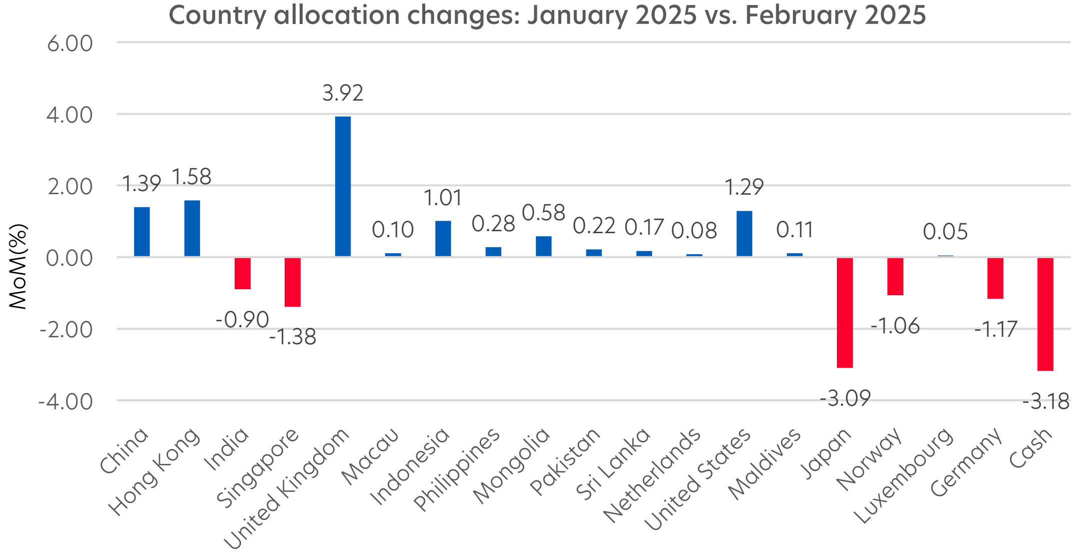
Source: Morningstar. Performance as at 28 February 2025, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: J.P. Morgan Asia 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 28 February 2025 unless otherwise stated.

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

The new positions we added to the portfolio in February 2025 were Corporate Credit in the Financials, Real Estate, Sovereign, and Quasi-sovereign sectors. Meanwhile, we sold positions in the Consumer, Oil and Gas, Metals and Mining, and TMT (Technology, Media, and Telecommunications) sectors.

As shown on the left charts, the biggest decrease in the sector allocation change for February 2025 was in Energy (-2.22 per cent), and the biggest increase was in the Industrial sector (+3.50 per cent). In terms of country allocation changes, the Fund has the biggest decrease in Japan (-3.09 per cent) and the most increase in the United Kingdom (+3.92 per cent) for February 2025.

Market Review

US Treasuries (USTs) bull flattened in February 2025, with yields down 21-33 basis points (bps) across the yield curve due to growth concerns on the back of soft economic data and heightened tariff risks. The cumulative Federal Reserve (Fed) rate cuts pricing by the futures market has risen to 66bps, with the first cut likely in June 2025. However, inflation remains elevated, and there is increasing discussion on the stagflation scenario (high inflation with low growth). The 2-year and 10-year UST yield ended at 3.99 per cent (-21bps) and 4.21 per cent (-33bps) respectively in February 2025. Asian credits defied US tariff headlines and grinded tighter, supported by still reasonable all-in-yields and smaller-than-expected new supply as investors bought in the secondary market. However, the credit market appeared to have hit a resistance level as investors became less enthusiastic after the rally of USTs and lower overall yields by the end of February 2025. There was some profit-taking as investors de-risked and recalibrated their positioning.

The JP Morgan Asia Credit Index (JACI) Non-Investment Grade rose 2.03 per cent. This was driven by the recovery in the New World Development bonds. Sentiment for China's High-Yield Property bonds improved in February 2025, and prices of China property bonds recovered with the developer, Greenland Holdings, managing to successfully issue a bond for refinancing. The bond subsequently performed well in the Secondary market. With that, we expect the better-quality of China High-Yield property names to start coming out. The property market appears to be stabilising at the bottom, but the real test will be in March and April 2025, when the impact of the easing policy fades further. Pent-up land acquisition demand from developers could gradually taper off, and it remains to be seen if the momentum can continue into the next few months. China Vanke announced that it received another loan from Shenzhen Metro Group of Renminbi (RMB) 4.2 billion. Combined with the previous loan with a total of RMB 7 billion, that would be enough for Chia Vanke's bonds to mature in the first quarter(1Q) of 2025. That said, beyond 1Q, there is still uncertainty. In the Hong Kong Property space, New World Development bonds continued to trade with high volatility, and its bond prices went up after the company informed bank lenders that they would redeem all its straight bonds on time.

New supply in the Asia G3 currency primary market plunged to US$7.2 billion in February 2025 (January 2025: US$29 billion, February 2024: US$9 billion) on a seasonality short month. The increased US tariff risk and rate volatility also deterred issuers from tapping the market. That said, new supply picked up towards the end of February 2025 as UST rates moved aggressively lower. Year-to-date issuance was US$36 billion, up 27 per cent over the corresponding period last year. The notable high-yield issues in February 2025 were Greentown China Holdings Limited, with the remaining in the non-rated Local Government Financing Vehicles (LGFV) space.

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 46.03 mil	Melvin Chan

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