March 2025

United SGD Fund

UOB Asset Management

Why Invest?

• **High quality bonds with attractive yield pick-up:** The United SGD Fund – A (Acc) SGD (the "Fund") has an average credit rating of BBB+ and an investment grade allocation of 98 per cent. The Fund's weighted average yield to maturity is 3.78 per cent as of February 2025.

• **Attractive dividend payout:** For Class S SGD Dist, the current distribution policy is 5.0 per cent p.a., paid out monthly, which may be suitable for investors who are seeking regular income[1].

• **Laddered investment strategy:** The Fund uses a laddered strategy to lock in yields in a falling-interest rate environment. It involves buying bonds that mature at staggered future dates. Lower interest rates in coming years mean the Fund's newer bonds will tend to carry a lower yield. However, its existing bond holdings will continue to provide elevated yields.

• **Navigating Inflation:** Moving into 2025, Singapore's interest rates continue to decline, and growth stays resilient, but inflation remains relatively sticky. The Fund benefits as corporate bonds tend to perform better than government bonds. As a result, the Fund returned 4.30 per cent over the last 12 months, well ahead of inflation and fixed deposit rates.

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

March 2025 Portfolio Performance

The United SGD Fund- A (Acc) SGD	+0.22 per cent[2]
Benchmark: 6-month Compounded Singapore Overnight Rate Average	+0.24 per cent

Source: Morningstar, Performance from 28 February 2025 to 31 March 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 +0.22 per cent in March 2025, or +1.06 per cent year-to-date. While returns were driven by coupon income and lower interest rates, this was partially offset by the widening of credit spreads.

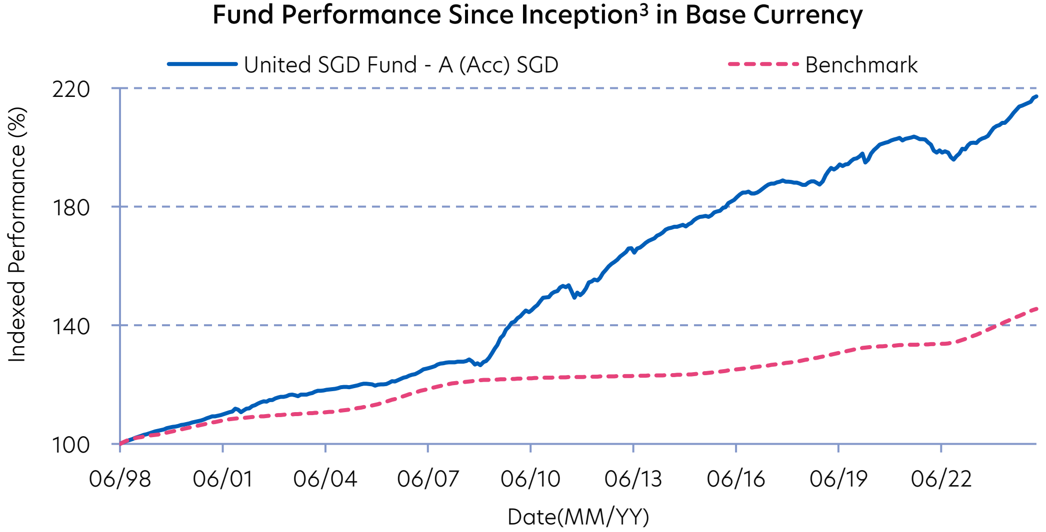
Portfolio Positioning

We continue to focus on coupon returns and aim to diversify across markets. We like defensive sectors such as Utilities, Telecommunications, Consumer, Insurance, and government-related entities with resilient balance sheets, credits with leading market shares and of systemic importance. Overall, we prefer financials over non-financial corporates on fundamentals and valuations.

The Fund will continue to: 1) Assess the relative value of bonds in the portfolio; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Invest in bonds maturing/callable/puttable on rolling three years; 4) Maintain 1-3 per cent cash for liquidity; and 5). Hedge foreign currency risk to Singapore Dollar.

[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 (Acc) SGD)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

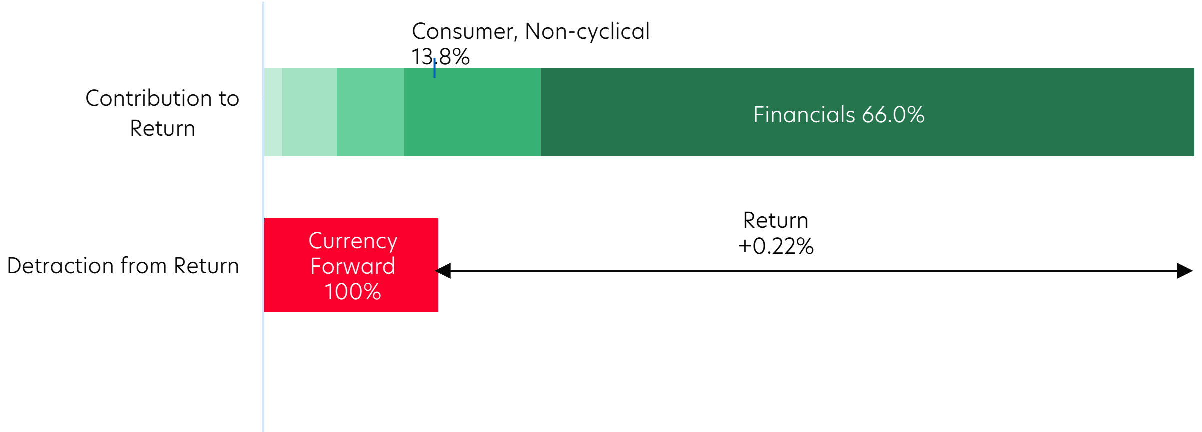
Benchmark: Since inception – 2 May 2021: 6-month SIBID rate; 3 May 2021 – 7 Apr 2022: 12-month Bank Deposit Rate; 8 Apr 2022 – Present: 6-month Compounded Singapore Overnight Rate Average.

Source: Morningstar. Performance as at 31 March 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	0.22	4.30	2.98	2.19	2.94
Fund (Charges applied^)	-1.78	2.21	2.29	1.78	2.86
Benchmark	0.24	3.47	2.88	1.89	1.41

Source: Morningstar. Performance as at 31 March 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: Since inception – 2 May 2021: 6-month SIBID rate; 3 May 2021 – 7 Apr 2022: 12M Bank Deposit Rate; 8 Apr 2022 – Present: 6-month Compounded Singapore Overnight Rate Average. 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.

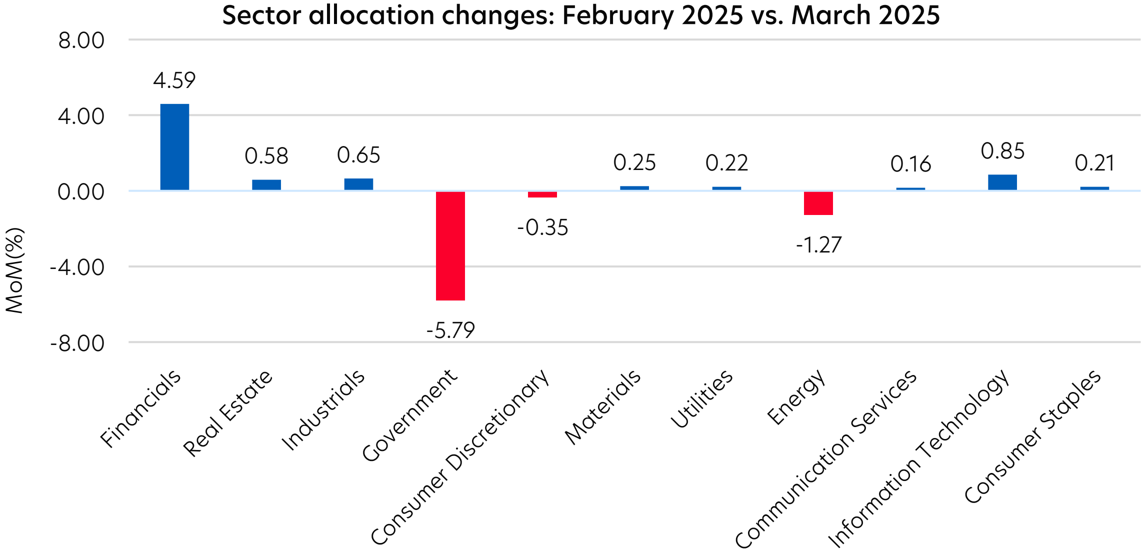
Performance Contributors/Detractors: March 2025

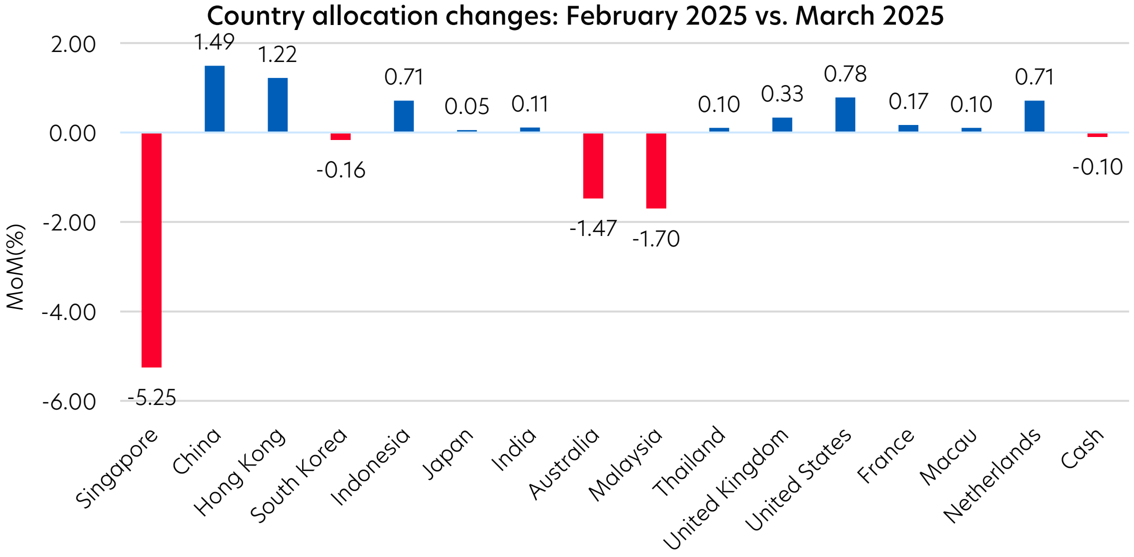


³ The United SGD Fund – A (Acc) SGD (ISIN Code: SG9999001382) was incepted on 19 June 1998.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 March 2025 unless otherwise stated.

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

The new positions we added to the portfolio in March 2025 were quality Corporate Credit in the Financials, Non-cyclical Consumer, and Industrial sectors. We also bought the Monetary Authority of Singapore Bills that mature in the next 3 months. Meanwhile, we sold positions in the Utilities sector.

As shown on the left charts, the biggest decrease in the sector allocation changes for March 2025 was in Government (-5.79 per cent). On the contrary, the largest increment was in Financials (+4.59 per cent). In terms of country allocation changes, the Fund has the highest decline in Singapore (-5.25 per cent) and the highest increase in China (+1.49 per cent) for March 2025.

Market Review

Government bonds: US Treasuries (USTs) rallied in March 2025 as tariff headlines fan recession fears amidst sticky inflation. Investors took flight to quality as 2-year UST yields declined by 11 basis points (bps) to 3.89 per cent, while 10-year UST yields ended flat at 4.21 per cent. The US Federal Funds Futures were pricing in more than three rate cuts in 2025.

Corporate bonds: Nevertheless, market sentiments remained largely stable, albeit cautious. The JP Morgan Asia Credit Index (JACI) Investment Grade credit spread widened to 122bps (+21bps), with investors de-risking amidst the following concerns. Firstly, the tariff, particularly the looming Liberation Day on 2 April 2025. Secondly, a weaker-than-expected US Conference Board's Consumer Confidence Index at 92.9 for March 2025 (the lowest level since March 2013). Thirdly, US consumers' median 12-month inflation expectations jumped to 5.1 per cent in March 2025 (the highest since March 2023). Lastly, uncertainties regarding Indonesia's economic outlook were increasing.

As the market looked to Liberation Day on 2 April 2025, when President Trump is expected to release more details on his next wave of reciprocal tariffs faced by US exporters, issuers rushed to raise capital with the highest issuance month since 2021. March 2025 saw a substantially higher Asia G3 currency bond issuance of US$35 billion (February 2025: US$7 billion, March 2024: US$14 billion). Year-to-date issuance was US$71 billion, up 170 per cent from US$42 billion in 2024 correspondingly. While secondary-market performance was lacklustre, these issuances were met by reasonable demand. Notable issuances were Petronas Capital Limited (PETMK, US$5 billion), Hyundai Capital America (HYNMTR, US$3 billion), MTR Corporation (MTRC, US$3 billion), DBS Group Holdings Limited (DBSSP, US$2 billion), United Overseas Bank Limited (UOBSP, US$2 billion), LG Energy Solution, Limited (LGENSO, US$2 billion), Bangkok Bank PCL (BBLTB, US$1 billion), Bocom Leasing Management Hong Kong Corporation Limited (BCLMHK, US$1 billion), Greenko Wind Projects (Mauritius) Limited (GRNKEN, US$1 billion), and Korea National Oil Corporation (KOROIL, US$1 billion).

Current tight credit spreads and lower all-in yield of investment-grade credit offer limited compensation for the risks. Any potential retreat of global risk sentiment in a scenario of weakened US growth or stagflation scenario likely presents the biggest risk to credit markets currently.

Investment Objective

The investment objective of the United SGD Fund is to invest substantially all its assets in money market and short-term interest-bearing debt instruments and bank deposits with the objective of achieving a yield enhancement over Singapore dollar deposits.

Fund Information

Morningstar Rating	Base Currency	Fund Size	Fund Manager
★★★★	SGD	SGD 2,289.06 mil	Joyce Tan

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