

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 A- and investment grade allocation of 98%. The Fund’s weighted average yield to maturity is 4.26 per cent as of May 2024.
- **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 income¹.
- **Laddered investment strategy:** A laddered strategy means capital from the Fund’s matured bonds is continuously re-invested into higher-yielding, shorter-dated bonds. By doing so, the Fund is able to ride the momentum of rising interest rates while keeping duration short. The Fund has an effective duration of 1.23 years as of May 2024.
- **Weathering market downturns:** In the midst of market instability, the Fund represents a good defensive asset by offering downside protection while still being able to generate a decent level of income. There has not been any default in the Fund’s portfolio holdings despite going through global economic crises.



- **Highly rated:** The Fund currently holds a Morningstar four-star rating as of 31 May 2024.

May 2024 Portfolio Performance

The United SGD Fund- A (Acc) SGD	+0.54 per cent ²
Benchmark: 6-month Compounded Singapore Overnight Rate Average	+0.31 per cent

Source: Morningstar, Performance from 30 April 2024 to 31 May 2024 in SGD terms

² Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

Performance Review

In May 2024, the Fund’s return was boosted by the higher valuation of bonds on lower interest rates on top of coupon returns.

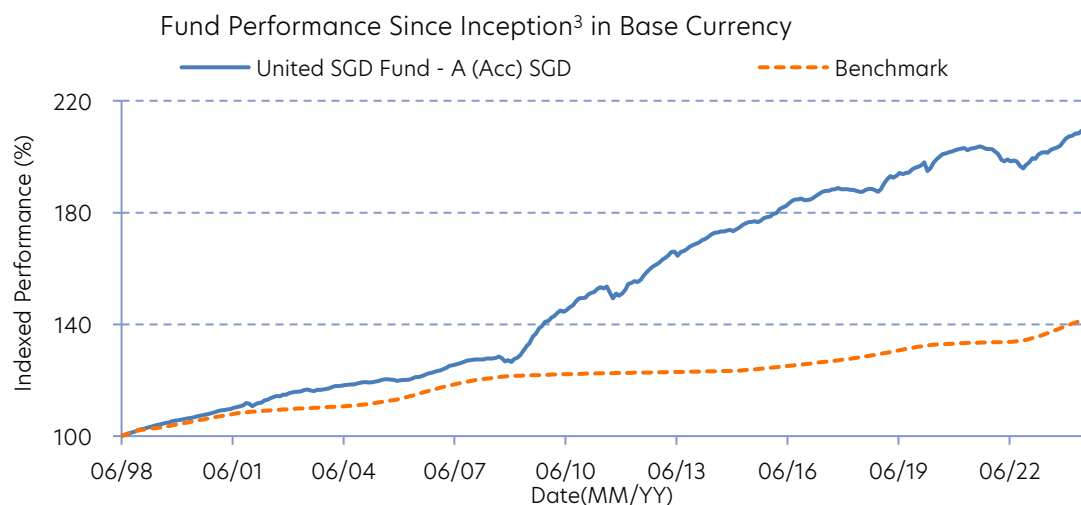
Portfolio Positioning

We look to add credits with relatively attractive spreads and longer maturity (2026/2027). To hedge against the historically tight spreads in Asia, we diversify into Australian and Japanese issuers. We continue to maintain our preference for defensive sectors with resilient balance sheets, credits with leading market shares and of systemic importance.

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 May 2024, SGD basis, with dividends and distributions reinvested, if any.

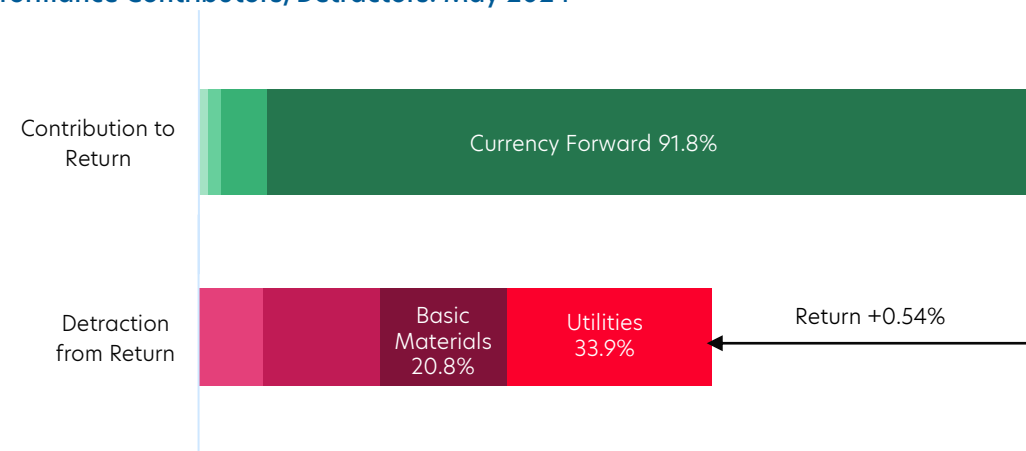
³ The United SGD Fund - A (Acc) SGD (ISIN Code: SG9999001382) was incepted on 19 June 1998.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 May 2024 unless otherwise stated.

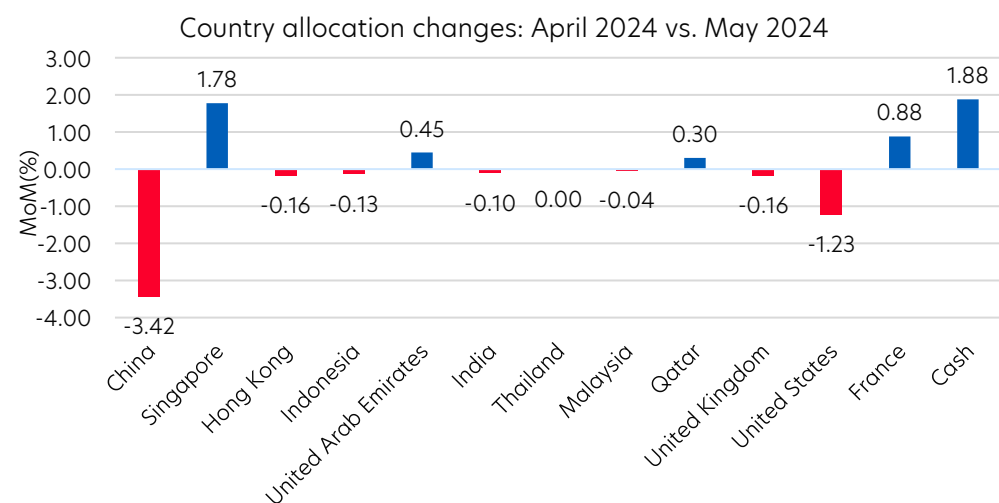
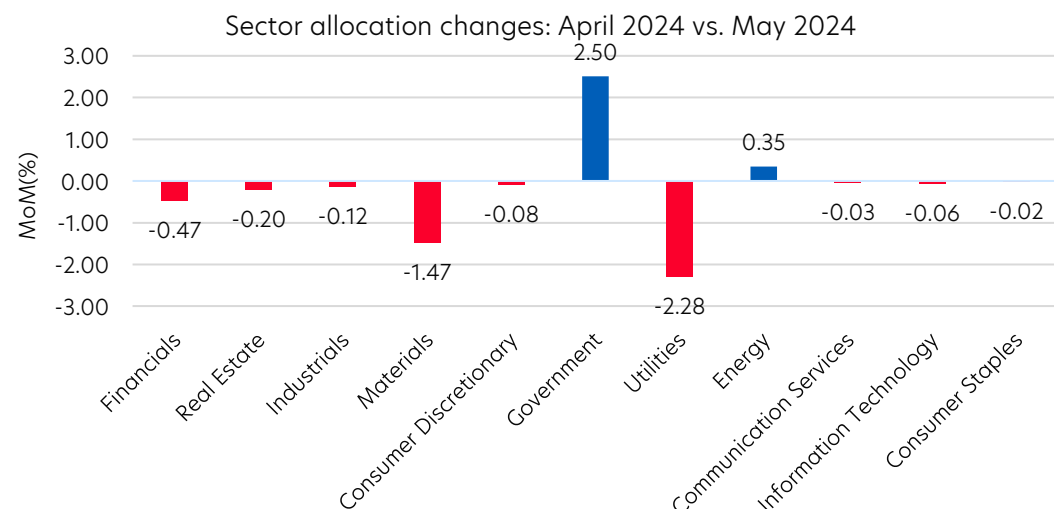
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.54	3.83	1.06	1.62	2.89
Fund (Charges applied [^])	-1.47	1.76	0.38	1.21	2.81
Benchmark	0.31	3.69	1.99	1.63	1.35

Source: Morningstar. Performance as at 31 May 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: 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: May 2024



Portfolio Changes



Source: UOBAM

Portfolio Review

Analyst Insights

The new positions we added to the portfolio in May 2024 were quality Corporate Credit in the European Financials and Indonesian government bonds. We also bought the Monetary Authority of Singapore Bills that mature in the next 3 months. Meanwhile, we sold position in the US Financials.

As shown on the left charts, the biggest decrease in the sector allocation changes for May 2024 was in Utilities (-2.28 per cent). On the contrary, the largest increment was in Government (+2.50 per cent). In terms of country allocation changes, the Fund has the highest decline in China (-3.42 per cent) and the highest increase in Singapore (+1.78 per cent) for May 2024.

Market Review

Government bonds: In May 2024, US Treasury (UST) bonds rallied across the yield curve with the 2-year and the 10-year UST yields closing at 4.87 per cent (-16 basis points, bps) and 4.49 per cent (-18bps) respectively. Rates markets are now pricing in about 40bps of Federal funds rate cuts by the end of 2024.

Risk tone was firm post the soft US Consumer Price Index (CPI) and retail sales data for April 2024 and China's announcement of more policy support for the property sector. This was despite the hawkish US Federal Reserve (Fed) comments, stronger-than-expected economic data prints, and underwhelming UST auctions.

Corporate bonds: The aggressive compression of Asia credit spreads took a breather with the JP Morgan Asia Credit Index (JACI) Investment Grade credit spread closing flat at 120bps in May 2024 with year-to-date tightening at 27bps. Having said that, demand remained resilient, especially for the short tenors and new issues with on-market coupons.

The issuances of Asia ex-Japan G3 currency bonds (bonds issued in US Dollars, Japanese Yen, or Euros) gained steam and reached US\$16.8 billion in May 2024 (April 2024: US\$10.2 billion) on the back of lower interest rates and better global risk sentiment. Total issuances were US\$68.9 billion year-to-date in May 2024, marginally higher than US\$68.3 billion year-on-year (y/y). Fresh supply was well digested with strong demand in the primary market and good performance in the secondary market as investors looked to lock in the high on-market coupons. Top issuances were from China (39 per cent), followed by Indonesia (16 per cent) and the Philippines (14 per cent).

The continued rally in spreads in the first five months of 2024 has brought valuations to relatively tight levels since the Global Financial Crisis in 2008. That said, all-in yields are still attractive and the limited US-Dollar bond supply should act as a positive technical factor for Asia credit markets.

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

SGD

Fund Size

SGD 1696.51 mil

Fund Manager

Joyce Tan



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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