February 2025

United SGD Fund

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 4.43 per cent over the last 12 months, well ahead of inflation and fixed deposit rates.

• **Highly rated:** The Fund currently holds a Morningstar five-star rating as of 28 February 2025.

February 2025 Portfolio Performance

The United SGD Fund- A (Acc) SGD	+0.60 per cent[2]
Benchmark: 6-month Compounded Singapore Overnight Rate Average	+0.23 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 +0.60 per cent in February 2025. The overall return was driven by coupon income as well as capital gains on valuations as interest rates declined.

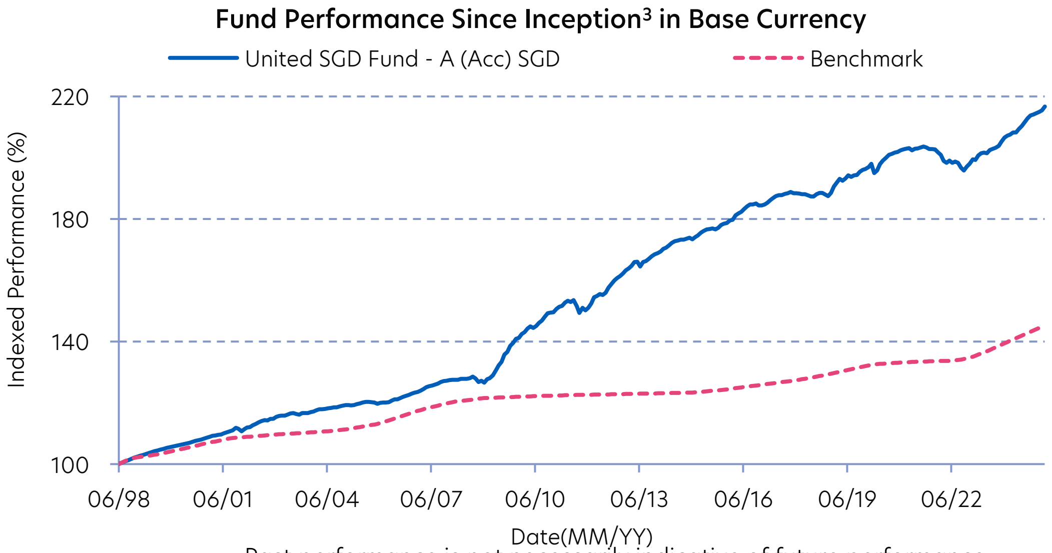
Portfolio Positioning

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.

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.60	4.43	2.56	1.83	2.94
Fund (Charges applied^)	-1.41	2.34	1.87	1.42	2.86
Benchmark	0.23	3.53	2.80	1.87	1.41

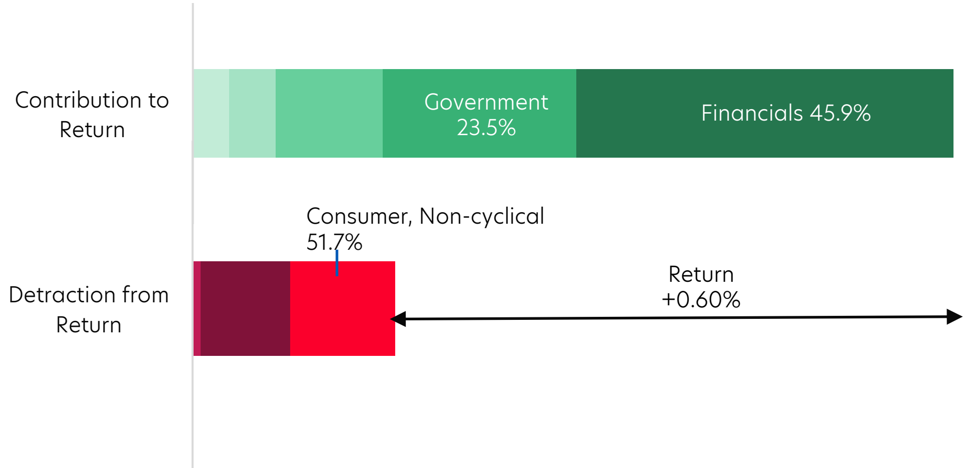
Source: Morningstar. Performance as at 28 February 2025, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: Since inception – 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.

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 28 February 2025, SGD basis, with dividends and distributions reinvested, if any.

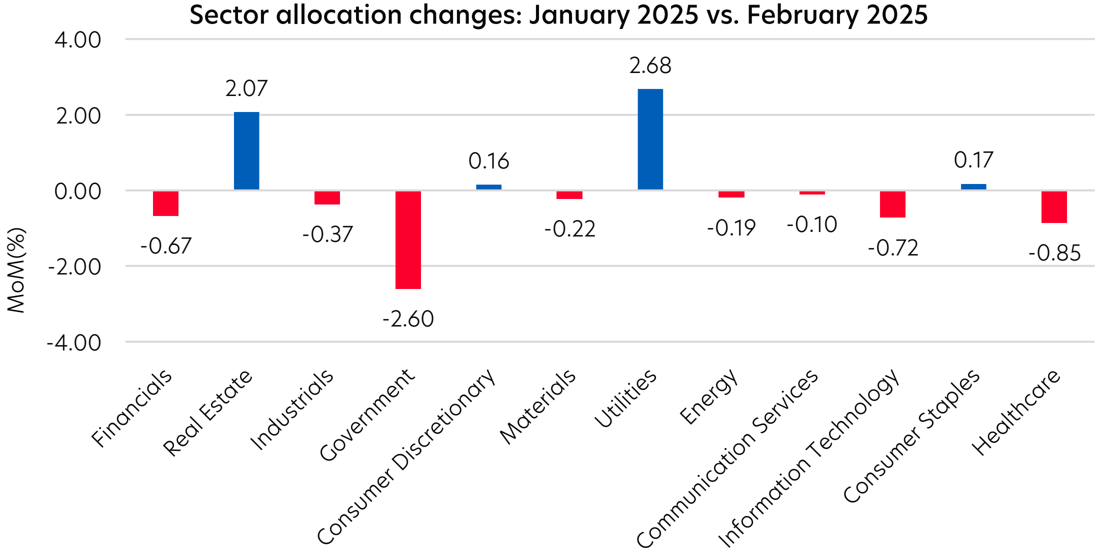
Performance Contributors/Detractors: February 2025

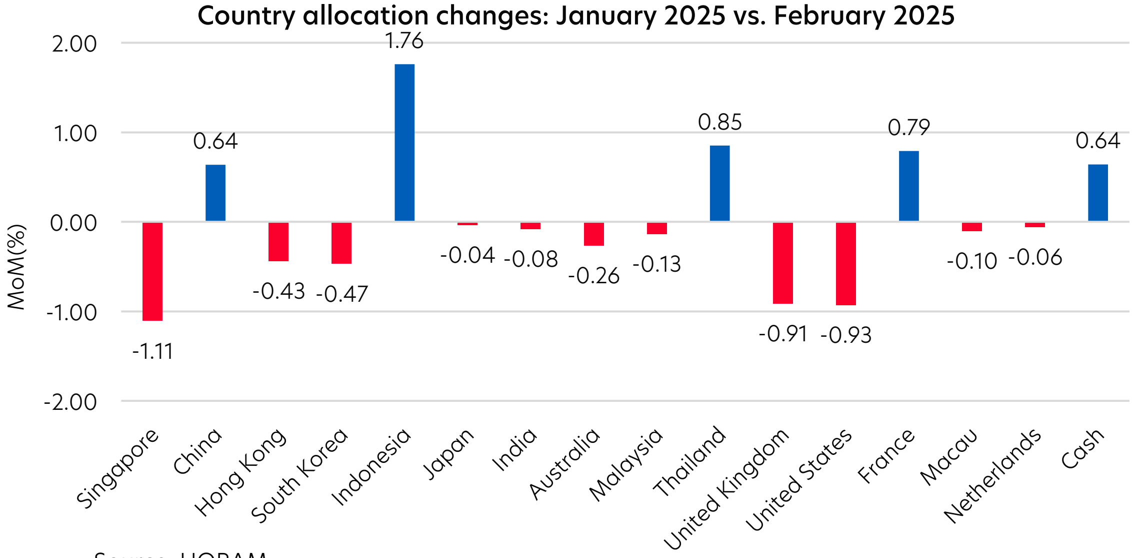


[3] The United SGD Fund – A (Acc) SGD (ISIN Code: SG9999001382) was incepted on 19 June 1998.

All statistics quoted in the write-up are sourced from Bloomberg as at 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 quality Corporate Credit in the Cyclical and Non-Cyclical Consumer, Utilities, and Financials sectors. We also bought the Monetary Authority of Singapore Bills that mature in the next 3 months. Meanwhile, we sold positions in Basic Materials and Communications.

As shown on the left charts, the biggest decrease in the sector allocation changes for February 2025 was in Government (-2.60 per cent). On the contrary, the largest increment was in Utilities (+2.68 per cent). In terms of country allocation changes, the Fund has the highest decline in Singapore (-1.11 per cent) and the highest increase in Indonesia (+1.76 per cent) for February 2025.

Market Review

Government bonds: 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.

Corporate bonds: 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.

Asian credits traded mostly sideways with the JP Morgan Asia Credit Index (JACI) Investment Grade credit spread widened marginally to 104bps (+2bps). Asian credit investors turned more cautious on credit and duration risk on the back of increased volatility and expensive valuation.

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 biggest issuers in February 2025 were Bank of China Limited (BCHINA, US$500 million), Hutchison Port Holdings Trust Finance Limited (HPHTSP, US$500 million) and Mongolia bonds (MONGOL, US$500 million).

While limited supply will provide some support, the tight credit spreads in 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 2,413.28 mil	Joyce Tan

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