August 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 2.20 years as of August 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.

August 2024 Portfolio Performance

The United Asian High Yield Bond Fund – A SGD Dist (Hedged)	+0.50 per cent[2]
Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index	-2.08 per cent

Source: Morningstar, Performance from 31 July 2024 to 31 August 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 August 2024, the outperformance of the Fund against the benchmark was mainly due to the underweight in China Real Estate and overweight in Financial. Year to date, the Fund returned 8.77 per cent versus the benchmark of 11.35 per cent.

Portfolio Positioning

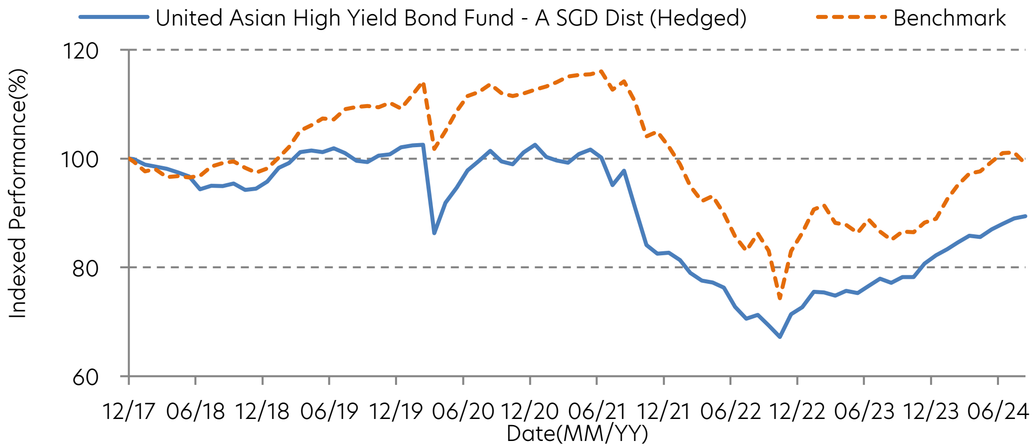
We remain defensive in China's high-yield Real Estate sector as the physical market has not displayed a sustained recovery and we expect more volatility to persist. However, we see value in the rest of the Asia high-yield space. Amidst the high-interest rates environment, we continue to stay up in credit quality, maintaining our preference for issuers with solid fundamental or good access to diversified funding sources.

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

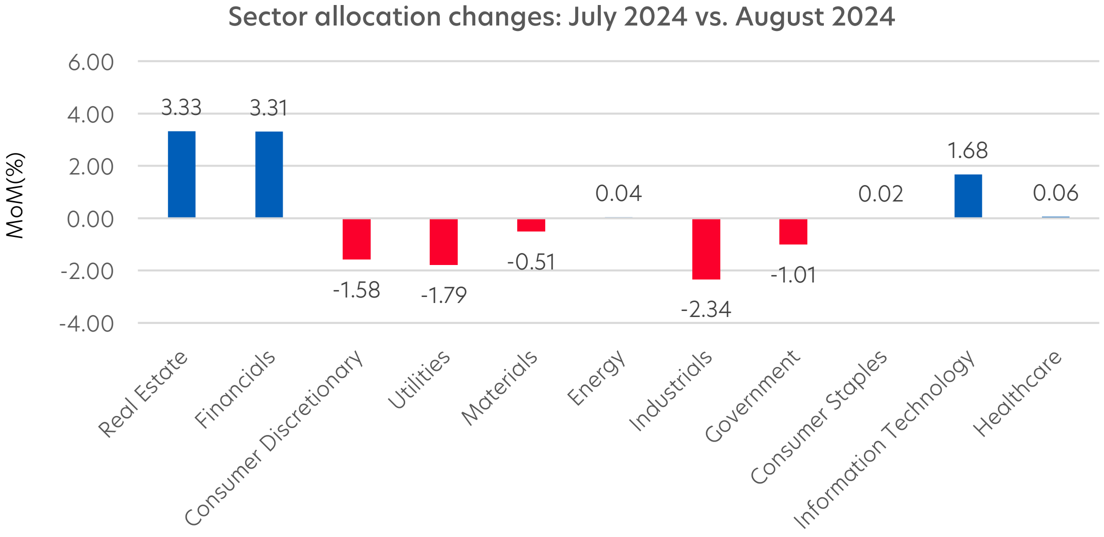
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.50	15.86	-2.93	-2.13	-1.65
Fund (Charges applied^)	-2.52	12.38	-3.91	-2.72	-2.10
Benchmark	-2.08	16.49	-4.64	-1.99	-0.14

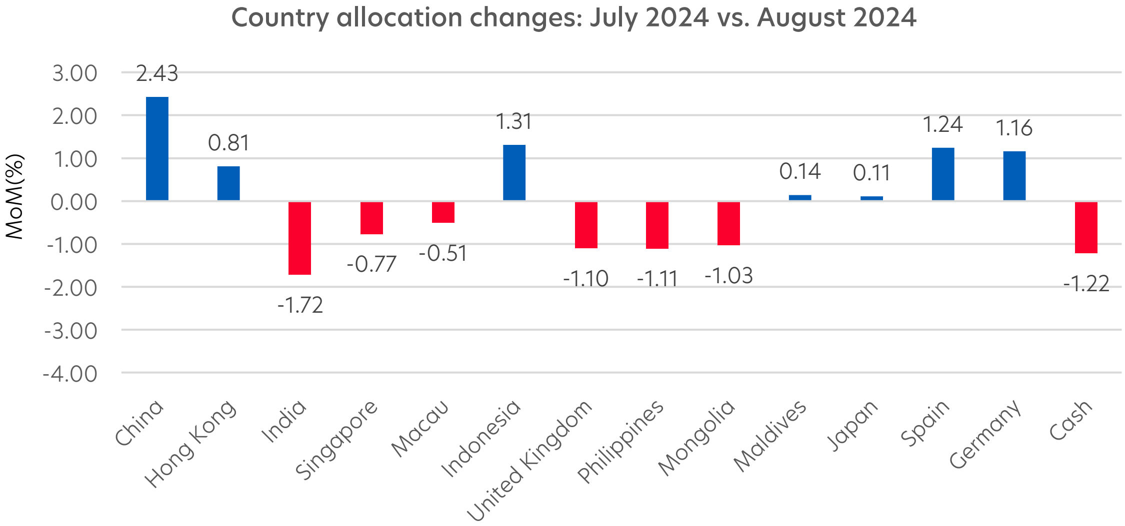
Source: Morningstar. Performance as at 31 August 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: J.P. Morgan Asia Credit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

Portfolio Changes





Source: UOBAM

Portfolio Review

Analyst Insights

The new positions we added to the portfolio in August 2024 were Corporate Credit in Hong Kong and Mongolia Financials. Meanwhile, we sold positions in the technology, media, and telecom (TMT) sector.

As shown on the left charts, the biggest decrease in the sector allocation change for August 2024 was in Industrials (-2.34 per cent), whereas the biggest increase was in Real Estate (+3.33 per cent). In terms of country allocation changes, the Fund has the biggest decrease in India (-1.72 per cent) and the most increase in China (+2.43 per cent) for August 2024.

Market Review

Government bonds: The US Treasury (UST) yields bull-steepened (a change in the yield curve caused by short-term interest rates falling faster than long-term rates, resulting in a higher spread between the two rates) in August 2024 with yields pivoting lower across the curve. This was driven by a softening labour market and a subtle nod to a September (2024) rate cut. The futures market was pricing in 100bps cumulative rate cuts for the remaining three Federal Open Market Committee (FOMC) meetings till the end of 2024 and more than 100bps in 2025. The 2-year and 10-year UST yields declined to 3.92 per cent (-34 basis points, bps) and 3.91 per cent (-13bps) in August 2024. The speech from the US Federal Reserve (Fed) chair Jerome Powell was dovish at the Jackson Hole Economic Policy Symposium in August 2024, saying "the time has come for policy to adjust" and “further cooling in labour market conditions". While "the direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook and the balance of risks".

Corporate bonds: The JP Morgan Asia Credit Non-Investment Grade (non-IG) gained 0.48 per cent, led mainly by Hong Kong Real Estate. In August 2024, credit spreads tightened as investors were comfortable with credit risk and chased high coupon assets. In China’s property space, the local government was trying to boost the physical property market by considering allowing homeowners to refinance as much as US$5.4 trillion of mortgages to lower borrowing costs for millions of families and boost consumption. This positive news was offset by the poor first half of 2024 earnings from China Vanke Co Limited (Vanke) and Shui On Land Limited (Shui On). Vanke reported a significant decline in earnings before interest, taxes, depreciation, and amortisation (EBITDA) and Shui On's net income dropped by 80 per cent. Hong Kong property developer, New World Development Company Limited (New World Development) also reported its first loss in 20 years. However, the positive news of New World Development receiving a HK$9 billion bid for its Art Mall offset the negative sentiment. In the non-property space, West China Cement Limited reported a poor first half-year (2024) result in August 2024 due to weak economic growth in China.

The primary issues of Asia ex-Japan G3 currency bonds (bonds issued in US Dollars, Japanese Yen, or Euros) slowed to US$11.5 billion, down by 23 per cent month-on-month (m/m) due to the summer lull and the increasing volatility that rocked markets at the start of August 2024. Nevertheless, monthly issuances were up 31 per cent year-on-year (y/y) as issuers front-loaded their funding needs due to concerns about higher UST volatility ahead of the US elections in November 2024. Notable issues in the high-yield space include New World Development and ReNew Energy Global re-tap, which performed well in the secondary market. Year-on-year total supply increased by 26 per cent to US$114.6 billion (Both IG and High Yield).

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 43.74 mil	Melvin Chan

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