

May 2024

United Asian High Yield Bond Fund



Why Invest?

- **Flexible duration:** The United Asian High Yield Bond Fund – SGD Acc (the “Fund”) maintains a nimble effective duration positioning of 1.87 years as of May 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 income¹.
- **Flexible tactical strategy:** The Fund’s strategy is to underweight Chinese property, but we are monitoring China’s physical property market and may re-enter the sector if we see a sustained recovery.
- **Diversification opportunities:** The investment universe for this Fund is very broad and includes China, India, Indonesia, and the Philippines, as well as some frontier market sovereigns.



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

May 2024 Portfolio Performance

The United Asian High Yield Bond Fund – SGD Acc	+0.97 per cent ²
Benchmark: J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index	+1.84 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 underperformance of the Fund against the benchmark was mainly due to the underweight in China Real Estate. Year to date, the Fund returned 9.19 per cent versus the benchmark of 11.78 per cent.

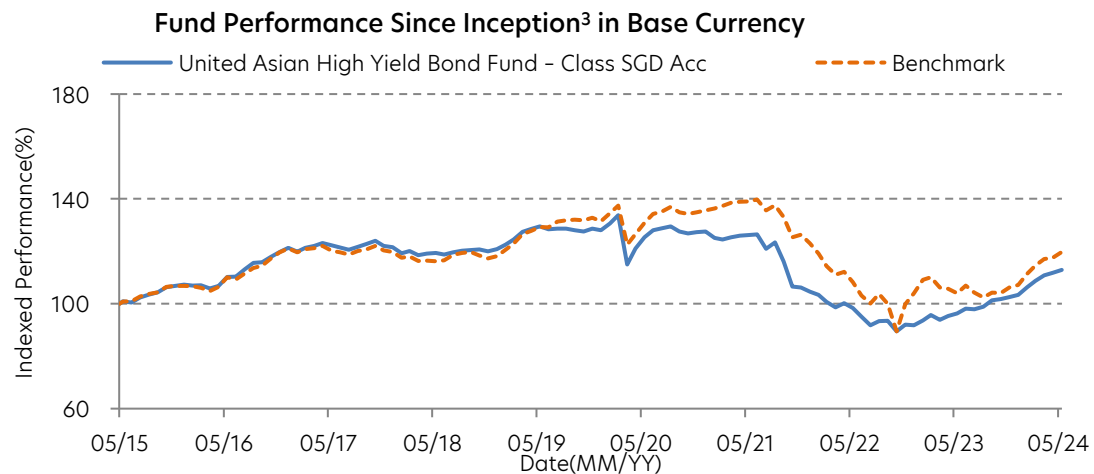
Portfolio Positioning

We remain defensive in China’s high-yield Real Estate sector as the physical market has not displayed sustained recovery. We also remain cautious about Sri Lanka given the uncertainties of the restructuring plan. 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 SGD Acc)



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

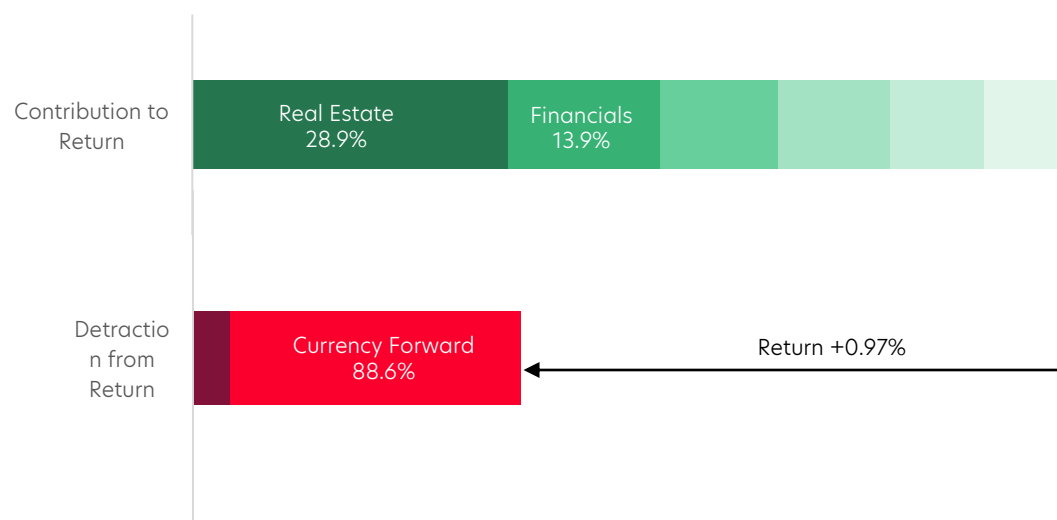
³ The United Asian High Yield Bond Fund- SGD Dist (ISIN Code: SG9999010029), SGD Acc (ISIN code: SG9999010011), A SGD Acc (Hedged) (ISIN Code: SG9999017628) and A SGD Dist (Hedged) (ISIN Code: SG9999017636) were incepted on 2 April 2013, 19 May 2015, 26 January 2018 and 18 December 2017 respectively.

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

	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.97	17.15	-3.66	-2.71	1.35
Fund (Charges applied [^])	-2.06	13.63	-4.63	-3.30	1.01
Benchmark	1.84	15.15	-4.86	-1.52	2.01

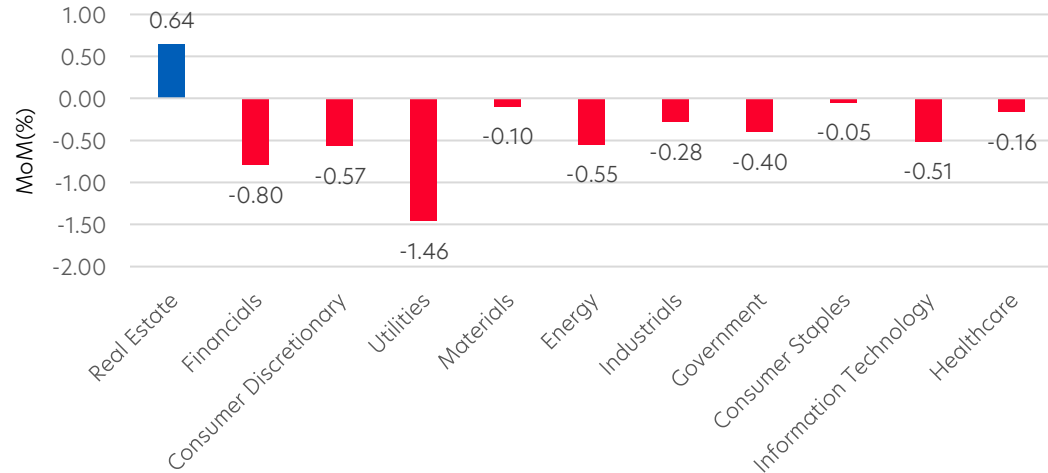
Source: Morningstar. Performance as at 31 May 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: J.P. Morgan Asia Credit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

Performance Contributors/Detractors: May 2024



Portfolio Changes

Sector allocation changes: April 2024 vs. May 2024



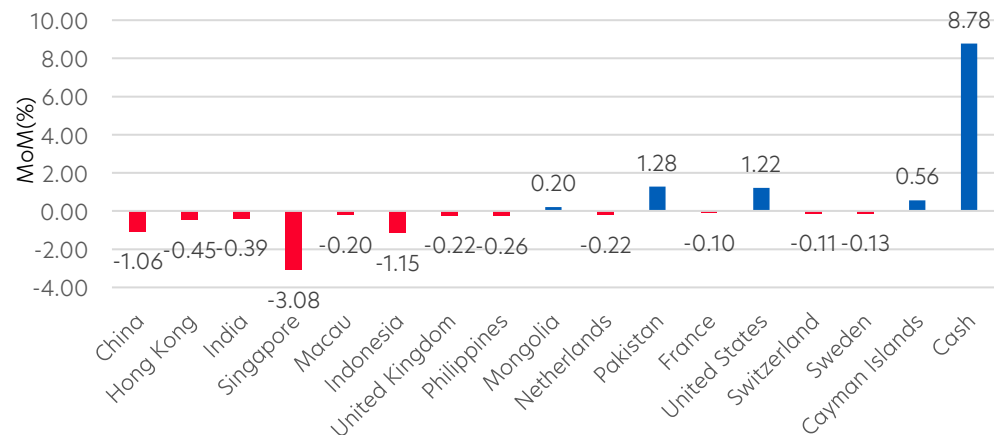
Portfolio Review

Analyst Insights

The new positions we added to the portfolio in May 2024 were Corporate Credit in Financials, as well as Oil and Gas sectors. Meanwhile, we sold positions in the Indonesia and Japan Financials and the Philippines Utilities.

As shown on the left charts, the biggest decrease in the sector allocation change for May 2024 was in Utilities (-1.46 per cent), whereas the biggest increase was in Real Estate (+0.64 per cent). In terms of country allocation changes, the Fund has the biggest decrease in Singapore (-3.08 per cent) and the most increase in Pakistan (+1.28 per cent) for May 2024.

Country allocation changes: April 2024 vs. 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 JP Morgan Asia Credit Index (JACI) Non-Investment Grade gained 2.75 per cent, mainly due to a recovery in China's High-yield real estate bonds. In mid-May 2024, the Chinese government unveiled another round of property measures focusing on four key areas: 1) increased financial support for home buyers, 2) additional financial support for developers, 3) measures to reduce housing inventory through state acquisition, and 4) repurposing existing land holdings to aid developers in recycling capital. However, it is still unclear if the measures would be effective this time around, especially for the high-yield segment of Chinese Real Estate. During May 2024, there was quite a strong new issuance with US\$13.1 billion issued in Asia ex-Japan, increasing sharply from issuance in April 2024 (US\$8.9 billion). However, they were all in the investment-grade 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

Morningstar Rating
★★★★

Base Currency
SGD

Fund Size
SGD 42.50 mil

Fund Manager
Melvin Chan



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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