Fund Commentary

United Income Fund

February 2024

How did the Fund perform?

The United Income Fund – Class A SGD Dist (Hedged) (the "Fund"), rose 1.56%[1] in February 2024, underperforming its composite benchmark, which returned 1.63%.

	1-month	3-month	6-month	1-year	Year to Date	Since Inception
Fund	1.56	5.03	6.11	9.95	1.87	0.04
Fund (Charges applied^)	-3.52	-0.22	0.80	4.45	-3.23	-1.51
Benchmark	1.63	5.37	6.16	11.97	2.00	2.17*

[1]Source: Morningstar, as of 29 February 2024, in SGD terms, based on Class A SGD Dist (Hedged), with dividends and distributions (if any) reinvested. The above table performance figures for 1 month till 1 year show the % change, while performance figures above 1 year show the average annual compounded returns. Past performance is not indicative of future performance. Class A SGD Dist (Hedged) Inception Date: 12 November 2020. Benchmark: Inception – 3 May 2022: No benchmark, 4 May 2022 – 5 March 2023: 50% MSCI AC World Index and 50% Bloomberg Barclays Global Aggregate Index, 6 March 2023 – Present: 45% MSCI AC World Index, 50% Bloomberg Barclays Global Aggregate Index and 5% SORA 1M Compounded.

^Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

**Since Inception Benchmark Returns are from the date the benchmark was incorporated on 04 May 2022.*

In February 2024, both asset allocation and manager selection contributed positively to performance. Asset allocation was supported by the overweight to equities which offset weakness in the iShares Dow Jones Industrial Average ETF, European equities and long duration bonds. Manager selection was positive for the active fixed income funds, due to their shorter duration profile and this offset weakness in equity selection, particularly the Allianz Global Sustainability Fund. The underperformance of the Fund during the month is attributed to the strengthening US dollar which boosted the performance of the benchmark.

Fund adjustments: During the month, we reduced our allocation to US financials as mounting concerns over the US commercial real estate market may weigh on sentiment for US banks.

Holdings Bought	Rationale	Holdings Sold	Rationale
iShares Dow Jones Industrial Average ETF	-	iShares US Financials ETF	To trim the overweight financials exposure to neutral as mounting commercial real estate concerns may weigh on sentiment for US banks.

At the end of February 2024, the top ten holdings of the United Income Fund are as follows[2]:

Holdings	(%)
iShares NASDAQ 100 UCITS ETF	10.01%
PIMCO GIS Income Fund	7.88%
iShares Core S&P 500 ETF	7.21%
iShares Core Global Agg Bond UCITS ETF	7.12%
Neuberger Berman Strategic Income	6.89%
iShares MSCI ACWI ETF	4.81%
iShares MSCI Japan ETF	4.81%
iShares MSCI ACWI UCITS ETF	4.80%
iShares USD Short Duration Corp Bond UCITS ETF	4.73%
iShares Dow Jones Industrial Average UCITS ETF	4.51%

Source: UOB Asset Management, 29 February 2024.

[2] The portfolio is rebalanced on a regular basis to ensure that the asset allocation is aligned to the views of the portfolio manager. Thus, the underlying funds selected here are subject to changes depending on the manager's discretion.

What happened in February 2024?

Global equities rose in February 2024, with the MSCI All Country World Index reaching a record high, supported by robust earnings from US mega-cap stocks. In Asia, Japan equities also reached a record high while Chinese equities rebounded sharply, underpinned by better-than-expected economic activity data and a cut to one of its key mortgage policy rates. Most global sovereign bond yields rose despite softening global inflation as tight labour markets and persistent services inflation concerned policymakers and led financial markets to anticipate a delay in the timing of rate cuts. Global credit outperformed duration-equivalent government bonds.

What to expect going forward?

We believe that the coming year would be constructive for financial markets as inflation among the developed economies continues to decline and most countries expected to post moderate growth. While the lag effect of monetary tightening will weigh on the growth outlook, we believe that the contraction may be shallow as economic activity would be supported by the recovery in the manufacturing sector and continued wage growth will provide support for consumption.

We remain constructive on quality large capped and cyclical companies, including industrials which will be supported by expectations for a mild recession. Japanese equities continue to look attractive and remain well supported by the Bank of Japan's intention to keep financial conditions accommodative, ongoing corporate reforms and strong corporate earnings. We tactically underweight China, as we expect more volatility due to concerns over the property sector, rising loan defaults, liquidations among local mutual funds and margin calls from the recent sell-off.

Within fixed income, we believe that fixed income will remain an important stabiliser within the portfolio to cushion recession risks whilst diversification achieved via funds/ETFs would minimise exposure to single company default risk.

What is the Fund's strategy?

The Fund continues to be focused on generating income from diversified sources across the globe. The portfolio has a higher allocation to equities, reflecting our more constructive outlook going forward. During the month, we made minor adjustments to our portfolio, trimming the allocation to US Financials amid concerns over possible negative impact arising from the banks' exposure to US commercial real estate. We remain active in the Fund's asset allocation and duration of the portfolio and would adjust according to the macro environment.

All statistics quoted in the write-up are sourced from Bloomberg as of 29 February 2024 unless otherwise stated.

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