



# United Asian High Yield Fund

**Quarterly Report**  
**30 November 2018**



# UNITED ASIAN HIGH YIELD FUND

## GENERAL INFORMATION ABOUT THE FUND

### Commencement Date

United Asian High Yield Fund (the "Fund") was launched on 30 June 2015 and the initial offer period was 21 days, up to 20 July 2015. The Fund commenced investment on 21 July 2015.

### Fund Category and Type

Fund Category - Wholesale (Feeder Fund)

Fund Type - Income and Growth

### Name of Target Fund

Target Fund - United Asian High Yield Bond Fund (the "Target Fund")

### Investment Objective, Policy and Strategy of the Fund

#### Investment Objective of the Fund

The Fund seeks to provide investors with income<sup>\*</sup> and capital appreciation by investing in the United Asian High Yield Bond Fund ("Target Fund") which has an investment focus on high yield fixed income securities.

*\* Note: Income distribution (if any) will be in the form of units.*

#### Investment Policy and Strategy

The Fund seeks to achieve its investment objective by investing a minimum of 90% of the Fund's net asset value ("NAV") in the Target Fund at all times. Accordingly, this Fund will have a passive strategy.

#### Asset Allocation

- A minimum of 90% of the Fund's NAV in the Target Fund; and
- Up to 10% of the Fund's NAV in liquid assets.

#### Performance Benchmark

J.P. Morgan Asia Credit Index ("JACI") Non-Investment Grade Total Return Index, which is also the performance benchmark of the Target Fund.

## Classes of Units

(1) MYR Class; (2) MYR hedged Class; (3) SGD Class and (4) USD Class.

## Distribution Policy

Subject to the availability of income, distribution is made at least once a year. Distribution of income will only be made from realised gains or realised income.

**MANAGER'S REPORT – UNITED ASIAN HIGH YIELD FUND  
 QUARTERLY REPORT  
 [1 SEPTEMBER 2018 TO 30 NOVEMBER 2018]**

**United Asian High Yield Fund - MYR Class**

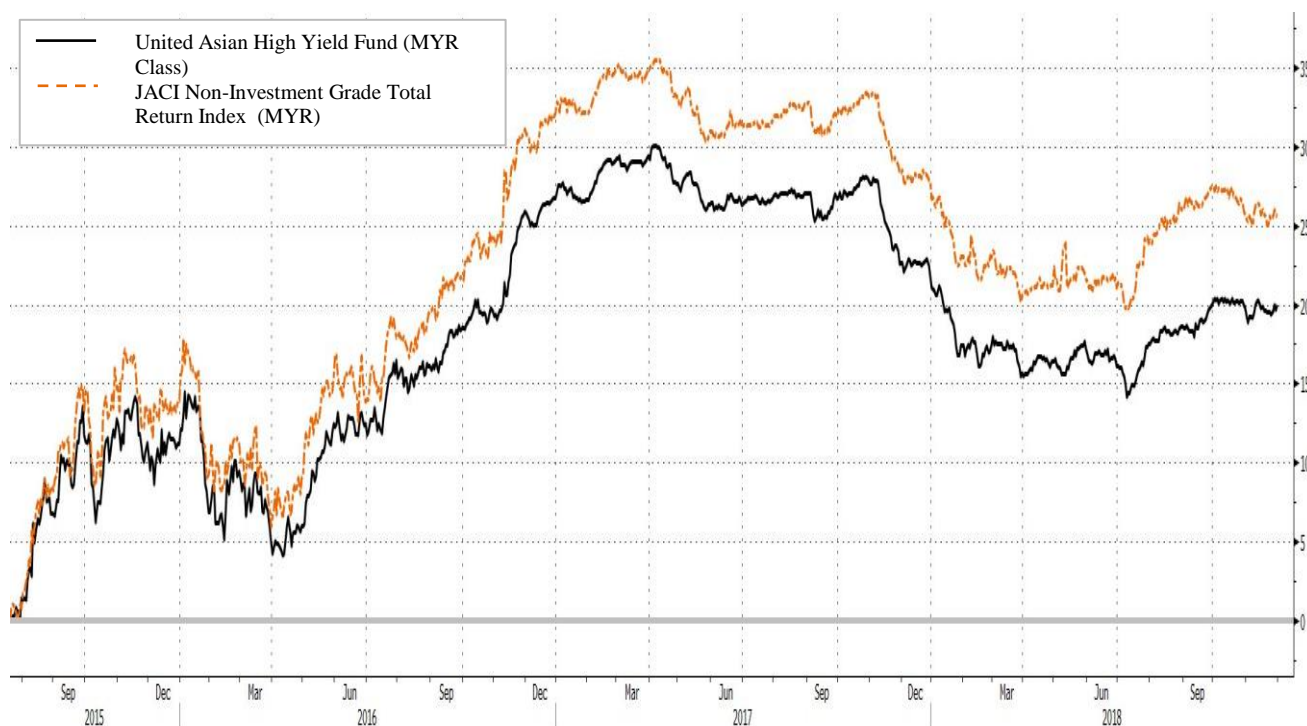
**Fund Performance Review**

For the period under review, the United Asian High Yield Fund (MYR Class) registered a return of 1.09%, outperforming the benchmark return of -0.42%.

**Fund Performance Data (as at 30 November 2018)**

	1 m	3 m	6 m	12 m	YTD	Since inception (21 July 2015)
United Asian High Yield Fund (MYR Class)	0.19%	1.09%	2.35%	-2.26%	-1.52%	19.93%
Benchmark: JACI Non-Investment Grade Total Return Index (MYR)	-0.09%	-0.42%	3.33%	-2.21%	-1.77%	25.55%

Source: UOBAM(M), Bloomberg as at 30 November 2018



Source: UOBAM(M), Bloomberg as at 30 November 2018

Note: The performance of the Fund is benchmarked against the JACI Non-Investment Grade Total Return Index.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

<b>United Asian High Yield Fund - MYR Class</b>	<b>As at 30 November 2018</b>
Net Asset Value (RM million)	3.80
Units In Circulation (million)	2.65
Net Asset Value Per Unit (RM)	0.5396
Highest Net Asset Value Per Unit (RM)	0.6292
Lowest Net Asset Value Per Unit (RM)	0.5000

### **United Asian High Yield Fund - SGD Class**

#### **Fund Performance Review**

For the period under review, the United Asian High Yield Fund (SGD Class) registered a negative return of 0.37%, outperforming the benchmark return of -1.55%.

#### **Fund Performance Data (as at 30 November 2018)**

	1 m	3 m	6 m	12 m	YTD	Since inception (21 July 2015)
United Asian High Yield Fund (SGD Class)	-0.71%	-0.37%	-0.14%	-2.68%	-2.22%	8.54%
Benchmark: JACI Non-Investment Grade Total Return Index (SGD)	-0.95%	-1.55%	0.85%	2.56%	-1.97%	14.35%

Source: UOBAM(M), Bloomberg as at 30 November 2018



Source: UOBAM(M), Bloomberg as at 30 November 2018

Note: The performance of the Fund is benchmarked against the JACI Non-Investment Grade Total Return Index.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

<b>United Asian High Yield Fund - SGD Class</b>	<b>As at 30 November 2018</b>
Net Asset Value (SGD million)	0.73
Units In Circulation (million)	1.50
Net Asset Value Per Unit (SGD)	0.4883
Highest Net Asset Value Per Unit (SGD)	0.5570
Lowest Net Asset Value Per Unit (SGD)	0.4779

### **United Asian High Yield Fund - USD Class**

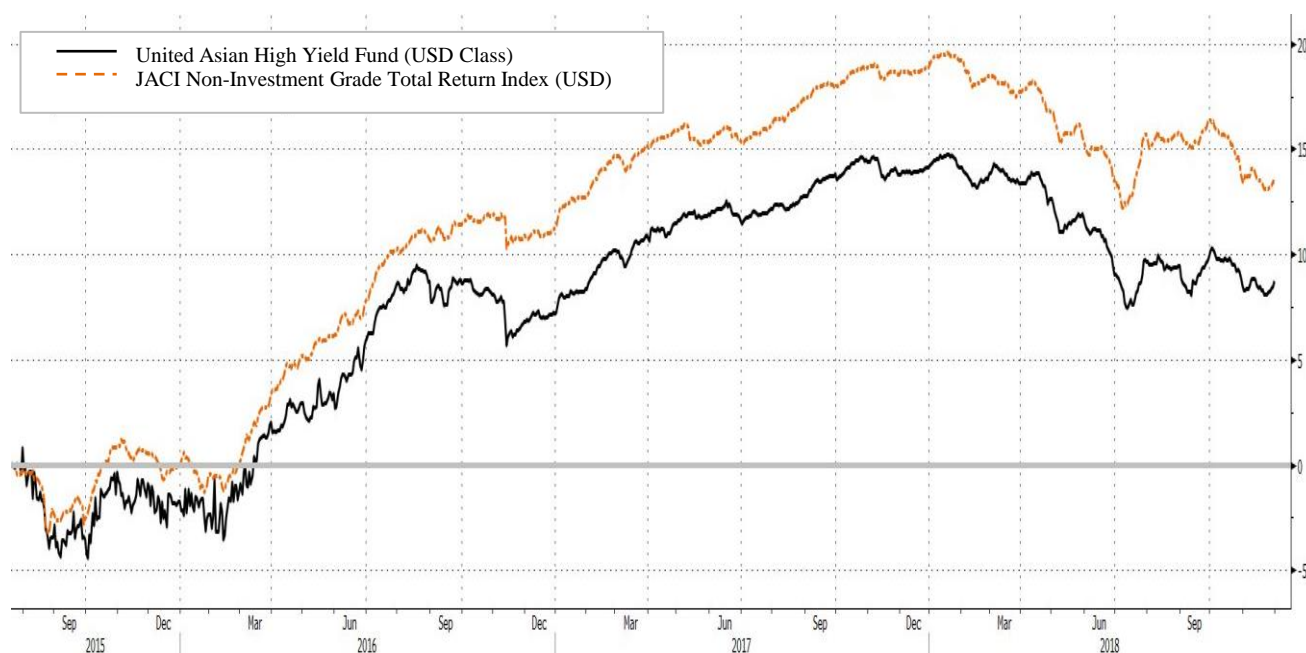
#### **Fund Performance Review**

For the period under review, the United Asian High Yield Fund (USD Class) registered a negative return of 0.69%, outperforming the benchmark return of -1.94%.

#### **Fund Performance Data (as at 30 November 2018)**

	1 m	3 m	6 m	12 m	YTD	Since inception (21 July 2015)
United Asian High Yield Fund (USD Class)	0.23%	-0.69%	-2.65%	-4.43%	-4.72%	8.74%
Benchmark: JACI Non-Investment Grade Total Return Index (USD)	0.02%	-1.94%	-1.61%	-4.27%	-4.56%	13.50%

Source: UOBAM(M), Bloomberg as at 30 November 2018



Source: UOBAM(M), Bloomberg as at 30 November 2018

Note: The performance of the Fund is benchmarked against the JACI Non-Investment Grade Total Return Index.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

<b>United Asian High Yield Fund - USD Class</b>	<b>As at 30 November 2018</b>
Net Asset Value (USD million)	0.03
Units In Circulation (million)	0.07
Net Asset Value Per Unit (USD)	0.4885
Highest Net Asset Value Per Unit (USD)	0.5472
Lowest Net Asset Value Per Unit (USD)	0.4778

### **United Asian High Yield Bond Fund (Target Fund)**

#### **Target Fund Performance Review**

For the period under review, the United Asian High Yield Fund (SGD Class) registered a negative return of 0.19, underperforming the benchmark return of 1.76%.

*Source: UOB Asset Management Ltd*

#### **Target Fund Performance Data (as at 30 November 2018)**

	1 m	3 m	6 m	1 year	3 years (annualised)	Since 2 April 2013 (annualised)
<b>United Asian High Yield Bond Fund (SGD Dist)</b>	-0.62%	-0.19%	0.56%	-1.56%	4.03%	6.98%
<b>Benchmark: JACI Non-Investment Grade Total Return Index (SGD)</b>	-0.90%	1.76%	0.93%	-2.49%	3.19%	6.41%

*Source: UOB Asset Management Ltd, Morningstar as at 30 November 2018*

#### **Investment Policy and Strategy employed by the Target Fund**

The Manager focused on gathering defensive carry, staying short in duration. The Manager participated in new issues that came with new issue concession while cherry picking in secondary market following broad based sell-off witnessed in the absence of deterioration in credit fundamentals.

The Target Fund outperformed the Benchmark by 172 basis points ("bps").

The outperformance was mainly attributable to the Fund's overweight in China and underweight Indonesia. In terms of sector exposure, the outperformance was mainly due to the Fund's underweight in Real Estate and Sovereign sector. Long tenured Real Estate were generally sold off in the quarter under review while perpetual bonds were not spared, the former in which the Fund had minimal exposure, contributing to positive return in during the period. Idiosyncratic risk in select Chinese Industrial names was witnessed during the period in which the Fund had no exposure in. Sri Lanka sovereign bonds were sold off along the curve on the back of political headwinds while the Fund had

*Source: UOB Asset Management Ltd*

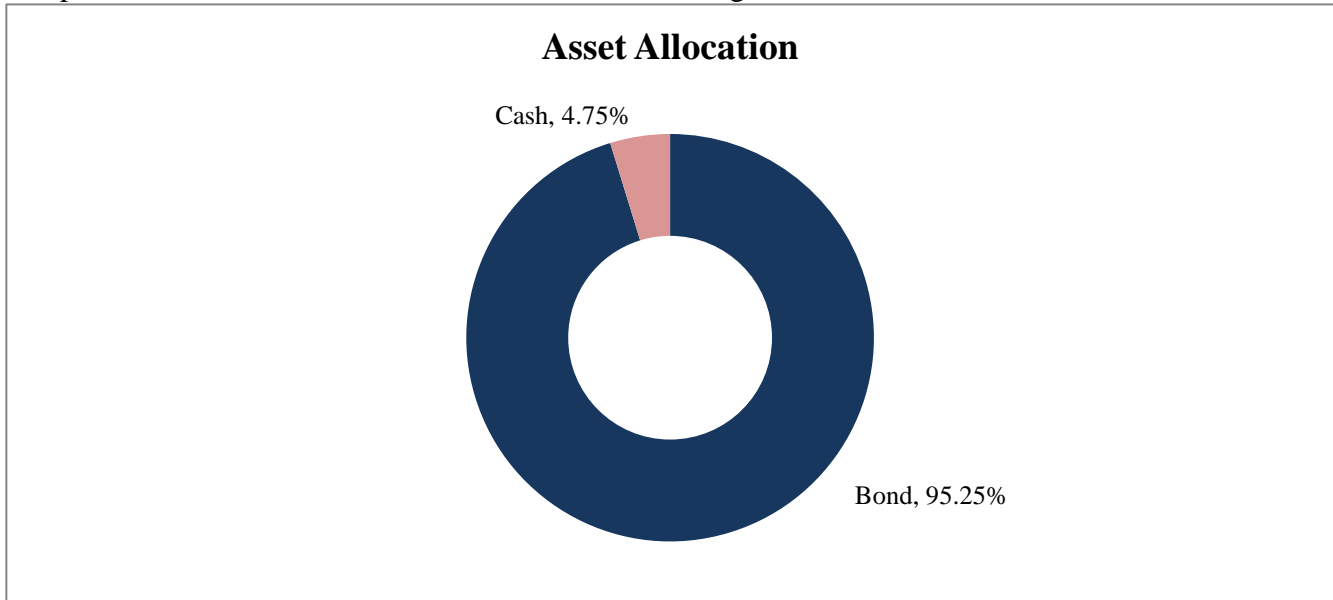


## PORTFOLIO STRUCTURE

The table below is the asset allocation of the Fund for the financial period under review.

	<b>As at 30 November 2018</b>
	<b>%</b>
Collective investment scheme	96.97
Cash	3.03
<b>Total</b>	<b>100.00</b>

The pie chart below shows the asset allocation of the Target Fund as at 30 November 2018.



*Source: UOB Asset Management Ltd*

## OTHER MATTER

- (1) As at 30 November 2018, there was no subscription of units in MYR hedged Class. As such, for the period under review, there was no return for MYR hedged Class.

## **Market Review**

While most were optimistic that tensions will somewhat ease upon impending United States of America ("U.S.)/China meeting at the end of November, the rebound seen in market could barely offset the extended risk-off sentiment since the beginning of period under review. U.S.-China trade tussle continued to pose headwind in performance of risk assets. In a related note, U.S. President Trump announced additional tariff on China export in September.

Market was concerned on softer economic prints from Europe, Japan and China as well as a hawkish U.S. Federal committee, both could potentially derail global growth. International Monetary Fund ("IMF")'s recent downward revisions on growth were not helping market sentiment either. Nevertheless, continued committed accommodative stance of Chinese officials and subdued new issuances had rendered some support to the market.

Overall, 10-years U.S. treasury yield rose by 13 bps to 2.99% as at end November 2018 whereas 5-years U.S. treasury yield increased by 7 bps to 2.99% within the period under review. Meanwhile, J.P. Morgan Asia non- investment grade spread was wider by 84 bps during the same period to end November 2018 at 610 bps.

*Source: UOB Asset Management Ltd*

**UNITED ASIAN HIGH YIELD FUND**

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT 30 NOVEMBER 2018**

	Note	30.11.2018 RM	31.05.2018 RM
<b>ASSETS</b>			
Investments	1	3,682,279	4,151,336
Other receivables		-	4,775
Cash at bank		142,582	140,109
<b>TOTAL ASSETS</b>		<u>3,824,861</u>	<u>4,296,220</u>
<b>LIABILITIES</b>			
Amount due to Manager		1,851	6,972
Amount due to Trustee		1,233	1,274
Accruals		24,491	28,626
<b>TOTAL LIABILITIES</b>		<u>27,575</u>	<u>36,872</u>
<b>UNITHOLDERS' EQUITY</b>			
Unitholders' capital		2,977,058	3,525,777
Retained earnings		820,228	733,571
<b>TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS</b>		<u>3,797,286</u>	<u>4,259,348</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,824,861</u>	<u>4,296,220</u>
<b>NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS</b>			
- MYR CLASS		1,428,311	1,632,969
- SGD CLASS		2,233,354	2,447,670
- USD CLASS		135,621	178,709
		<u>3,797,286</u>	<u>4,259,348</u>
<b>UNITS IN CIRCULATION</b>			
- MYR CLASS		2,646,894	3,097,214
- SGD CLASS		1,500,541	1,683,142
- USD CLASS		66,385	89,527
<b>NET ASSET VALUE PER UNIT IN MYR</b>			
- MYR CLASS		0.5396	0.5272
- SGD CLASS		1.4884	1.4542
- USD CLASS		2.0430	1.9961
<b>NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES</b>			
- MYR CLASS (MYR)		0.5396	0.5272
- SGD CLASS (SGD)		0.4883	0.4890
- USD CLASS (USD)		0.4885	0.5018

The accompanying notes form an integral part of the unaudited financial statements.

**UNITED ASIAN HIGH YIELD FUND**

**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER OF 1 SEPTEMBER 2018 TO 30 NOVEMBER 2018**

	<b>01.09.2018 to 30.11.2018 RM</b>	<b>01.09.2017 to 30.11.2017 RM</b>
<b>INVESTMENT INCOME/(LOSS)</b>		
Interest income from deposits with a licensed financial institution	297	691
Income distribution from investments at fair value through profit or loss (“FVTPL”)	-	145,410
Net gain/(loss) on investments at FVTPL:		
- net realised loss on sale of investments at FVTPL	(4,208)	(234)
- net unrealised gain/(loss) on changes in fair values	60,345	(409,125)
Net realised foreign currency exchange loss	(410)	(7,683)
Net unrealised foreign currency exchange gain	-	202
	<u>56,024</u>	<u>(270,739)</u>
<b>EXPENSES</b>		
Manager’s fee	5,584	13,137
Trustee’s fee	3,740	3,740
Auditors’ remuneration	2,194	2,119
Tax agent’s fee	1,047	1,047
Other expenses	1,177	4,737
	<u>13,742</u>	<u>24,780</u>
<b>NET INCOME/(LOSS) BEFORE TAXATION</b>	42,282	(295,519)
Tax expense	-	-
<b>NET INCOME/(LOSS) AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD</b>	<u>42,282</u>	<u>(295,519)</u>
Net income/(loss) after taxation is made up of the following:		
Realised amount	(18,063)	113,404
Unrealised amount	60,345	(408,923)
	<u>42,282</u>	<u>(295,519)</u>

The accompanying notes form an integral part of the unaudited financial statements.

**UNITED ASIAN HIGH YIELD FUND**

**STATEMENT OF CHANGES IN NET ASSET VALUE (UNAUDITED)  
FOR THE QUARTER OF 1 SEPTEMBER 2018 TO 30 NOVEMBER 2018**

	<b>Unitholders' capital RM</b>	<b>Retained earnings RM</b>	<b>Total net asset value RM</b>
Balance as at 1 September 2017	6,763,997	1,626,057	8,390,054
Movement in net asset value:			
Total comprehensive loss for the financial period	-	(295,519)	(295,519)
Creation of units			
- MYR CLASS	194,648	-	194,648
- SGD CLASS	531,461	-	531,461
- USD CLASS	86,724	-	86,724
Cancellation of units			
- MYR CLASS	(438,458)	-	(438,458)
- SGD CLASS	(90,889)	-	(90,889)
- USD CLASS	(166,245)	-	(166,245)
Balance as at 30 November 2017	<u>6,881,238</u>	<u>1,330,538</u>	<u>8,211,776</u>
Balance as at 1 September 2018	3,068,937	777,946	3,846,883
Movement in net asset value:			
Total comprehensive income for the financial period	-	42,282	42,282
Cancellation of units			
- MYR CLASS	(44,560)	-	(44,560)
- USD CLASS	(47,319)	-	(47,319)
Balance as at 30 November 2018	<u>2,977,058</u>	<u>820,228</u>	<u>3,797,286</u>

The accompanying notes form an integral part of the unaudited financial statements.

**UNITED ASIAN HIGH YIELD FUND****STATEMENT OF CASH FLOWS (UNAUDITED)****FOR THE QUARTER OF 1 SEPTEMBER 2018 TO 30 NOVEMBER 2018**

	<b>01.09.2018</b>	<b>01.09.2017</b>
	<b>to</b>	<b>to</b>
	<b>30.11.2018</b>	<b>30.11.2017</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	47,433	368,917
Purchase of investments	-	(857,679)
Cash received from capital reduction	66,891	-
Interest received from deposits with a licensed financial institution	297	691
Income distribution received from investments at FVTPL	-	145,410
Manager's fee paid	(5,690)	(14,001)
Trustee's fee paid	(3,781)	(3,781)
Auditors' remuneration paid	(8,800)	(8,500)
Payment of other fees and expenses	(2,138)	(5,413)
Net realised foreign currency exchange loss	(410)	(7,683)
Net cash generated from/(used in) operating and investing activities	<u>93,802</u>	<u>(382,039)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from creation of units	-	812,833
Payment for cancellation of units	(91,879)	(874,329)
Net cash used in financing activities	<u>(91,879)</u>	<u>(61,496)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,923	(443,535)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<u>140,659</u>	<u>626,784</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<u>142,582</u>	<u>183,249</u>
Cash and cash equivalents comprise the following:		
Cash at bank	<u>142,582</u>	<u>183,249</u>

The accompanying notes form an integral part of the unaudited financial statements.

# UNITED ASIAN HIGH YIELD FUND

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

### 1. INVESTMENTS

	<b>30.11.2018</b>	<b>31.05.2018</b>
	<b>RM</b>	<b>RM</b>
Investments designated as FVTPL:		
- foreign collective investment schemes	3,682,279	4,151,336
	<u>3,682,279</u>	<u>4,151,336</u>
	<b>01.09.2018</b>	<b>01.09.2017</b>
	<b>to</b>	<b>to</b>
	<b>30.11.2018</b>	<b>30.11.2017</b>
	<b>RM</b>	<b>RM</b>
Net gain/(loss) on investments at FVTPL comprised:		
- net realised loss on sale of investments at FVTPL	(4,208)	(234)
- net unrealised gain/(loss) on changes in fair values	60,345	(409,125)
	<u>56,137</u>	<u>(409,359)</u>

Investments designated as FVTPL as at 30 November 2018 are as follows:

<b>Name of Counter</b>	<b>Quantity</b>	<b>Cost</b>	<b>Fair value</b>	<b>Fair value expressed as a percentage of value of the Fund</b>
		<b>RM</b>	<b>RM</b>	<b>%</b>
<b>COLLECTIVE INVESTMENT SCHEMES - FOREIGN</b>				
United Asian High Yield Bond Fund - SGD Distribution Class ("Target Fund")	1,129,025	4,012,893	3,682,279	96.97
		<u>4,012,893</u>	<u>3,682,279</u>	
<b>SHORTAGE OF FAIR VALUE OVER COST :</b>				
- UNREALISED FAIR VALUE LOSS		(279,033)		
- UNREALISED FOREIGN EXCHANGE LOSS		<u>(51,581)</u>		
<b>TOTAL INVESTMENTS AT FVTPL</b>		<u>3,682,279</u>		

## 2. MANAGEMENT EXPENSE RATIO ("MER")

	<b>01.09.2018</b>	<b>01.09.2017</b>
	<b>to</b>	<b>to</b>
	<b>30.11.2018</b>	<b>30.11.2017</b>
		<b>%</b>
Manager's fee*	0.15	0.15
Trustee's fee	0.10	0.04
Other expenses	0.10	0.10
Total MER	<u>0.35</u>	<u>0.29</u>

\* *Manager's fee net of Target Fund's management fee*

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis.

## 3. PORTFOLIO TURNOVER RATIO ("PTR")

	<b>01.09.2018</b>	<b>01.09.2017</b>
	<b>to</b>	<b>to</b>
	<b>30.11.2018</b>	<b>30.11.2017</b>
PTR (times)	<u>0.01</u>	<u>0.06</u>

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the average NAV of the Fund calculated on a daily basis.

## 4. QUARTERLY REPORT

The quarterly report for the financial period from 1 September 2018 to 30 November 2018 is unaudited.



## **CORPORATE INFORMATION**

<b>Manager</b>	UOB Asset Management (Malaysia) Berhad (219478-X)
<b>Registered &amp; Principal Office</b>	Level 22, Vista Tower The Intermark 348, Jalan Tun Razak 50400 Kuala Lumpur  Tel: 03-2732 1181 Fax: 03-2164 8188  Website: <a href="http://www.uobam.com.my">www.uobam.com.my</a>
<b>Board of Directors</b>	Mr Wong Kim Choong Mr Thio Boon Kiat (alternate to Mr Wong Kim Choong) Mr Seow Lun Hoo Mr Seow Voon Ping (alternate to Mr Seow Lun Hoo) Dato' Dr Choong Tuck Yew Mr Khoo Chock Seang En Syed Naqiz Shahabuddin Bin Syed Abdul Jabbar Ms Lim Suet Ling (Executive Director & CEO)
<b>Trustee</b>	Deutsche Trustees Malaysia Berhad (763590-H)
<b>Fund Valuation Service Provider</b>	Deutsche Trustees Malaysia Berhad (763590-H)
<b>Auditor of the Fund</b>	Ernst & Young (AF0039)
<b>Tax Advisers for the Fund</b>	Deloitte Tax Services Sdn Bhd
<b>Solicitors</b>	Wei Chien & Partners
<b>Investment Manager of the Target Fund</b>	UOB Asset Management Ltd, incorporated in Singapore

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