



United Asian High Yield Fund

**Quarterly Report
31 August 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* 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 JUNE 2018 TO 31 AUGUST 2018]**

United Asian High Yield Fund - MYR Class

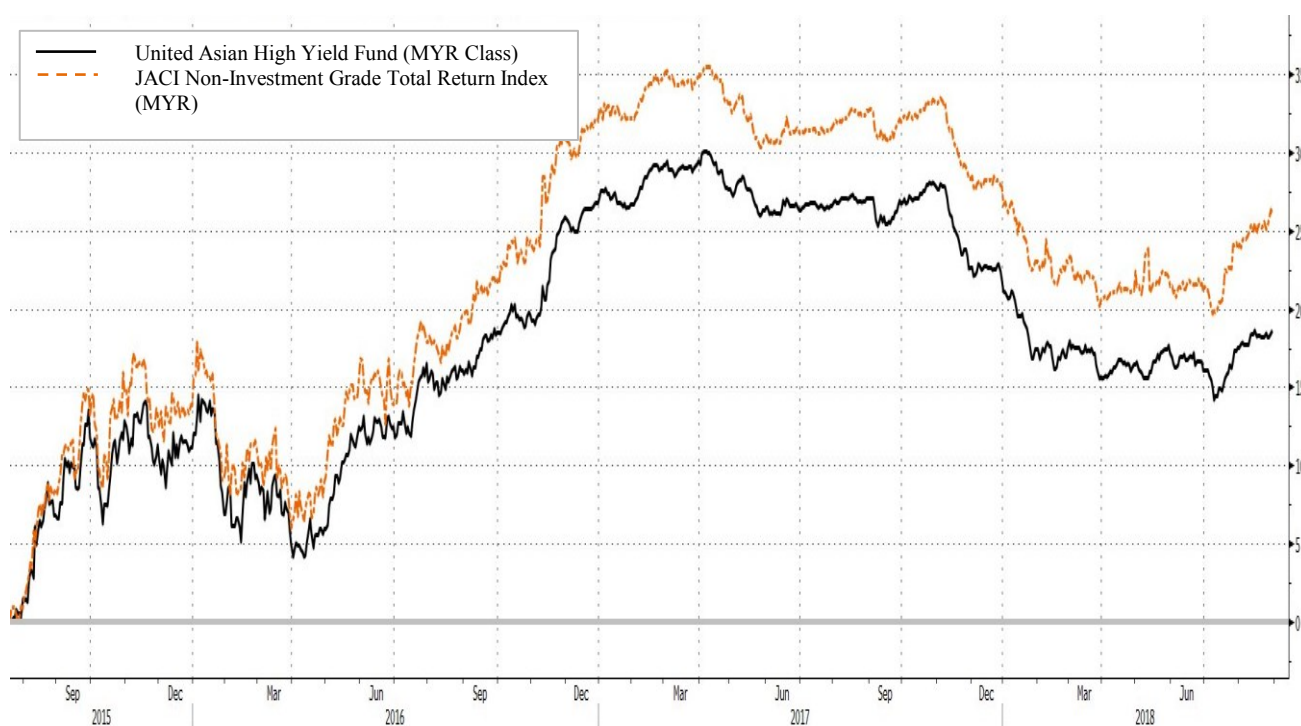
Fund Performance Review

For the period under review, the United Asian High Yield Fund (MYR Class) registered a return of 1.25%, underperforming the benchmark return of 3.76%.

Fund Performance Data (as at 31 August 2018)

	1 m	3 m	6 m	12 m	YTD	Since inception (21 July 2015)
United Asian High Yield Fund (MYR Class)	0.95%	1.25%	0.98%	-6.62%	-2.57%	18.64%
Benchmark: JACI Non-Investment Grade Total Return Index (MYR)	1.81%	3.76%	2.50%	-4.96%	-1.36%	26.08%

Source: UOBAM(M), Bloomberg as at 31 August 2018



Source: UOBAM(M), Bloomberg as at 31 August 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.

United Asian High Yield Fund - MYR Class	As at 31 August 2018
Net Asset Value (RM million)	1.46
Units In Circulation (million)	2.73
Net Asset Value Per Unit (RM)	0.5337
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

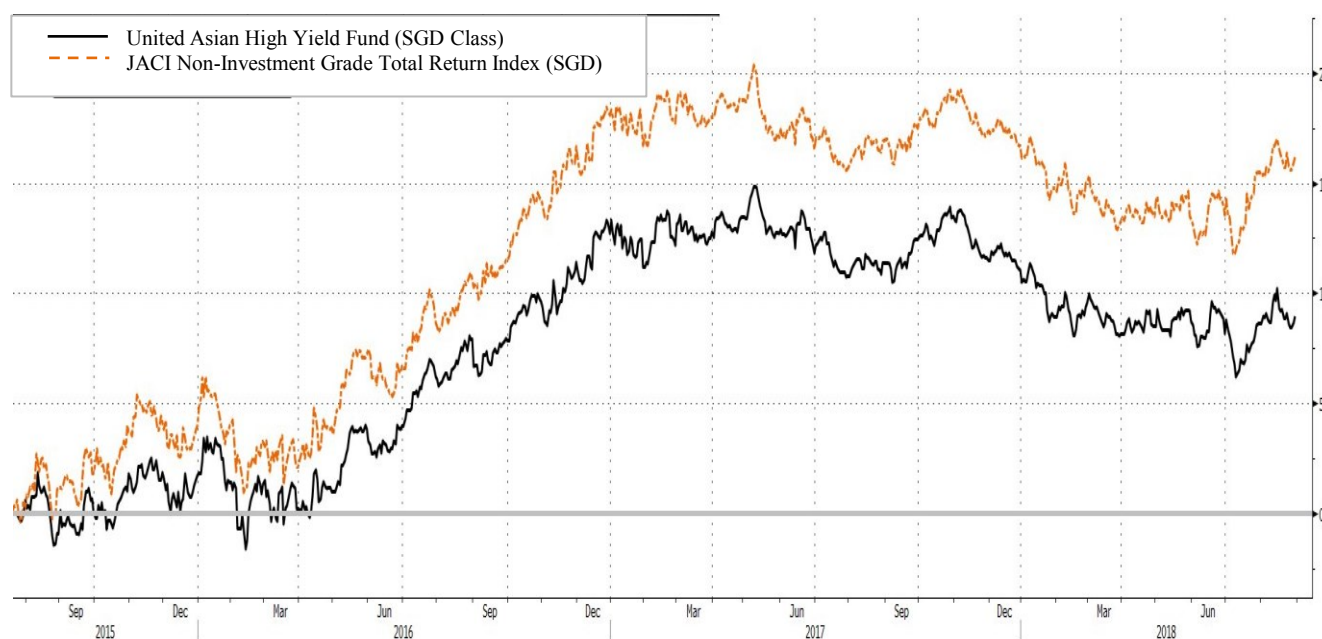
Fund Performance Review

For the period under review, the United Asian High Yield Fund (SGD Class) registered a return of 0.22%, underperforming the benchmark return of 2.45%.

Fund Performance Data (as at 31 August 2018)

	1 m	3 m	6 m	12 m	YTD	Since inception (21 July 2015)
United Asian High Yield Fund (SGD Class)	0.27%	0.22%	-0.53%	-2.22%	-1.86%	9.08%
Benchmark: JACI Non-Investment Grade Total Return Index (SGD)	0.54%	2.45%	0.96%	-0.63%	-0.42%	16.15%

Source: UOBAM(M), Bloomberg as at 31 August 2018



Source: UOBAM(M), Bloomberg as at 31 August 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.

United Asian High Yield Fund - SGD Class	As at 31 August 2018
Net Asset Value (SGD million)	0.74
Units In Circulation (million)	1.50
Net Asset Value Per Unit (SGD)	0.4901
Highest Net Asset Value Per Unit (SGD)	0.5570
Lowest Net Asset Value Per Unit (SGD)	0.4863

United Asian High Yield Fund - USD Class

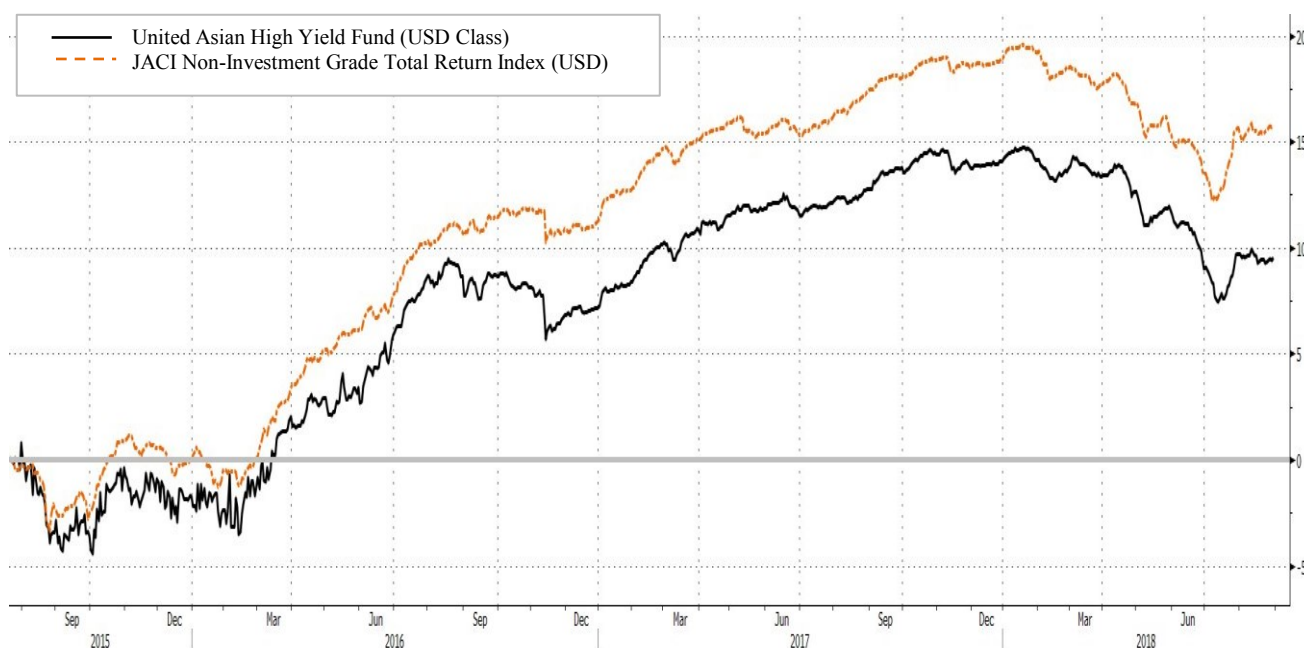
Fund Performance Review

For the period under review, the United Asian High Yield Fund (USD Class) registered a negative return of 1.97%, underperforming the benchmark return of 0.33%.

Fund Performance Data (as at 31 August 2018)

	1 m	3 m	6 m	12 m	YTD	Since inception (21 July 2015)
United Asian High Yield Fund (USD Class)	-0.18%	-1.97%	-3.78%	-2.93%	-4.05%	9.50%
Benchmark: JACI Non-Investment Grade Total Return Index (USD)	0.05%	0.33%	-2.30%	-1.39%	-2.67%	15.75%

Source: UOBAM(M), Bloomberg as at 31 August 2018



Source: UOBAM(M), Bloomberg as at 31 August 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.

United Asian High Yield Fund - USD Class	As at 31 August 2018
Net Asset Value (USD million)	0.04
Units In Circulation (million)	0.09
Net Asset Value Per Unit (USD)	0.4919
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 0.75% return, underperforming the benchmark return of 2.74%.

Source: UOB Asset Management Ltd

Target Fund Performance Data (as at 31 August 2018)

	1 m	3 m	6 m	1 year	3 years (annualised)	Since 2 April 2013 (annualised)
United Asian High Yield Bond Fund (SGD Dist)	0.59%	0.75%	0.17%	-1.16%	5.15%	7.35%
Benchmark: JACI Non-Investment Grade Total Return Index (SGD)	0.65%	2.74%	1.14%	-0.58%	4.78%	7.07%

Source: UOB Asset Management Ltd, Morningstar as at 31 August 2018

Investment Policy and Strategy employed by the Target Fund

The Manager focused on gathering defensive carry, staying broadly neutral with tilt towards slightly positive positioning. The Manager was of a view that previous massive indiscriminating sell-off in absence of deteriorating fundamentals had driven valuation to attractive levels and credit selection was paramount.

The Target Fund underperformed the Benchmark by 199 basis points ("bps").

The underperformance was mainly attributable to the Fund's underweight in China and overweight in Indonesia. In terms of sector, the underweight in Oil and Gas as well as overweight in Consumer were detrimental to the Fund. We noted that the lower rated bonds took more positive cue from broad market rebound witnessed in July, namely bonds issued by single-B rated Chinese developers and Indonesian real estate players with relatively higher unhedged foreign exchange ("FX") risk which the Fund was underweight in.

Investment Policy and Strategy employed by the Target Fund (continued)

The underperformance was offset by the off-benchmark investments which were majority bonds maturing within one year in view of continued volatility in the market. The other contributor to performance was the Fund's underweight in Real Estate as the sector experienced downward re-pricing amidst flood of new issuance with wider premium.

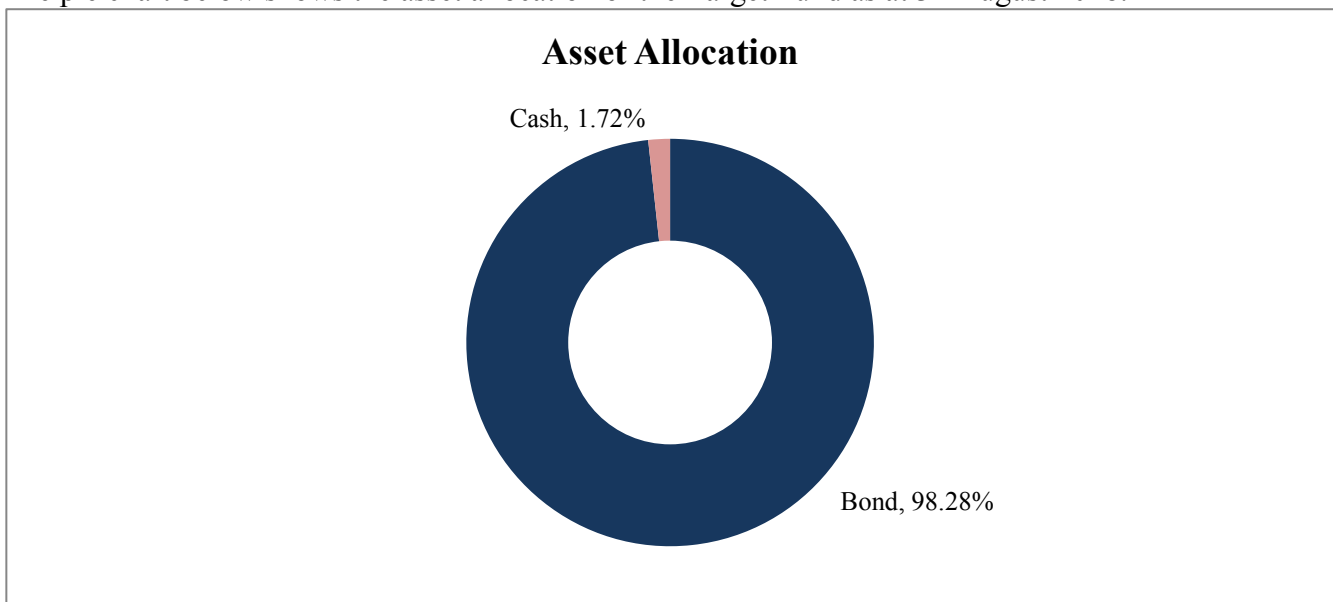
Source: UOB Asset Management Ltd

PORTFOLIO STRUCTURE

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

	As at 31 August 2018
	%
Collective investment scheme	97.23
Cash	2.77
Total	100.00

The pie chart below shows the asset allocation of the Target Fund as at 31 August 2018.



Source: UOB Asset Management Ltd

OTHER MATTER

- (1) As at 31 August 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.
- (2) With effect from 17 January 2018, Mr. Seow Voon Ping was appointed to be the alternate director of Mr. Seow Lun Hoo.

Market Review

Persistent global trade tussle between United States of America ("U.S.") and the major economies, especially China took centre stage in June-August quarter. Already U.S. has started imposing 25% tariff on United States Dollar ("USD")34 billion of Chinese imports in July, an additional USD16 billion worth of Chinese exports to U.S. has been added to the list in August. The trade escalation is not expected to pause as President Trump was said ready for additional tariffs on proposed USD200 billion Chinese goods in September. . China, on the other hand, despite indicating willingness to negotiate to end the dispute, has succumbed to retaliate with 5%-25% tariff on USD60 billion U.S. exports to China should U.S. decides to proceed with the next round of proposed tariff imposition. The tension has added great uncertainties to risk markets and remained as a potential threat to derail global growth. Nevertheless, bright spots came from favourable development in U.S.-North Korea denuclearisation and continual robust growth momentum in global growth.

Continued poor risk sentiment lingered through June, putting pressure on trading liquidity. However, tremendous reversal of market sentiment and trend was witnessed in mid-July on the back of Chinese authorities' explicit easing measures countering the tight financial conditions. August witnessed some pull-backs in gains as risk appetite turned weak although trading liquidity have returned to a healthier level compared to the previous quarter.

Worrisome crisis of Turkey in July had brought huge tremors to emerging marker currencies after the greenback had strengthened much in June against its Asian peers currencies given uncertainties on trade front. Market has seen a slew of proactive measures by the People's Bank of China ("PBOC") to tackle weakening Renminbi ("RMB"), including hike of margin requirement for forward RMB transaction as well as meeting with major lenders to discourage momentum chasing while sending a message that the policy bank has plenty of tools to stabilize the currency.

Overall, the 5-years U.S. treasury yield rose 4 bps quarter-on-quarter ("QoQ") to 2.74% as at end-August while the 10-years treasury yield was unchanged QoQ to end August at 2.86%. Meanwhile, the J.P. Morgan non-investment grade credit composite spread widened 36 bps for the same period to 526 bps as at end-August as compared to high of 566 bps during the same period.

Source: UOB Asset Management Ltd

UNITED ASIAN HIGH YIELD FUND

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2018**

	Note	31.08.2018 RM	31.05.2018 RM
ASSETS			
Investments	1	3,740,466	4,151,336
Other receivables		-	4,775
Cash at bank		140,659	140,109
TOTAL ASSETS		3,881,125	4,296,220
LIABILITIES			
Amount due to Manager		1,957	6,972
Amount due to Trustee		1,274	1,274
Accruals		31,011	28,626
TOTAL LIABILITIES		34,242	36,872
UNITHOLDERS' EQUITY			
Unitholders' capital		3,068,937	3,525,777
Retained earnings		777,946	733,571
TOTAL EQUITY, REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNITHOLDERS		3,846,883	4,259,348
TOTAL EQUITY AND LIABILITIES		3,881,125	4,296,220
NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS			
- MYR CLASS		1,456,920	1,632,969
- SGD CLASS		2,209,049	2,447,670
- USD CLASS		180,914	178,709
		3,846,883	4,259,348
UNITS IN CIRCULATION			
- MYR CLASS		2,729,619	3,097,214
- SGD CLASS		1,500,541	1,683,141
- USD CLASS		89,527	89,527
NET ASSET VALUE PER UNIT IN MYR			
- MYR CLASS		0.5337	0.5272
- SGD CLASS		1.4722	1.4542
- USD CLASS		2.0208	1.9961
NET ASSET VALUE PER UNIT IN RESPECTIVE CURRENCIES			
- MYR CLASS (MYR)		0.5337	0.5272
- SGD CLASS (SGD)		0.4901	0.4890
- USD CLASS (USD)		0.4919	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 JUNE 2018 TO 31 AUGUST 2018**

	01.06.2018 to 31.08.2018 RM	01.06.2017 to 31.08.2017 RM
INVESTMENT INCOME		
Interest income from deposits with a licensed financial institution	310	787
Income distribution from investments at fair value through profit or loss (“FVTPL”)	24,192	125,846
Net gain/(loss) on investments at FVTPL:		
- net realised (loss)/gain on sale of investments at FVTPL	(49,202)	35,708
- net unrealised gain/(loss) on changes in fair values	84,046	(81,529)
Net realised foreign currency exchange loss	(1,674)	(3,936)
Net unrealised foreign currency exchange loss	-	(408)
	<u>57,672</u>	<u>76,468</u>
EXPENSES		
Manager’s fee	6,017	13,427
Trustee’s fee	3,781	3,781
Auditors’ remuneration	2,218	2,143
Tax agent’s fee	1,059	1,059
Other expenses	222	3,858
	<u>13,297</u>	<u>24,268</u>
NET INCOME BEFORE TAXATION	44,375	52,200
Tax expense	-	-
NET INCOME AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	<u>44,375</u>	<u>52,200</u>
Net income after taxation is made up of the following:		
Realised amount	(39,671)	134,137
Unrealised amount	84,046	(81,937)
	<u>44,375</u>	<u>52,200</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 JUNE 2018 TO 31 AUGUST 2018**

	Unitholders' capital RM	Retained earnings RM	Total net asset value RM
Balance as at 1 June 2017	6,280,850	1,690,881	7,971,731
Movement in net asset value:			
Total comprehensive income for the financial period	-	52,200	52,200
Creation of units			
- MYR CLASS	466,009	-	466,009
- SGD CLASS	115,563	-	115,563
- USD CLASS	2,116,659	-	2,116,659
Reinvestment of units			
- MYR CLASS	46,688	-	46,688
- SGD CLASS	46,378	-	46,378
- USD CLASS	23,958	-	23,958
Cancellation of units			
- MYR CLASS	(1,099,081)	-	(1,099,081)
- SGD CLASS	(31,118)	-	(31,118)
- USD CLASS	(1,201,909)	-	(1,201,909)
Distributions	-	(117,024)	-
Balance as at 31 August 2017	<u>6,763,997</u>	<u>1,626,057</u>	<u>8,390,054</u>
Balance as at 1 June 2018	3,525,777	733,571	4,259,348
Movement in net asset value:			
Total comprehensive income for the financial period	-	44,375	44,375
Creation of units			
- MYR CLASS	971	-	971
- SGD CLASS	-	-	-
- USD CLASS	-	-	-
Cancellation of units			
- MYR CLASS	(192,685)	-	(192,685)
- SGD CLASS	(265,126)	-	(265,126)
- USD CLASS	-	-	-
Balance as at 31 August 2018	<u>3,068,937</u>	<u>777,946</u>	<u>3,846,883</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 JUNE 2018 TO 31 AUGUST 2018**

	01.06.2018 to 31.08.2018 RM	01.06.2017 to 31.08.2017 RM
CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		
Proceeds from sale of investments	397,914	2,039,122
Purchase of investments	-	(2,416,155)
Cash received from capital reduction	47,800	-
Interest received from deposits with a licensed financial institution	310	787
Income distribution received from investments at FVTPL	24,192	125,846
Manager's fee paid	(6,257)	(5,373)
Trustee's fee paid	(3,781)	(3,781)
Payment of other fees and expenses	(1,114)	(3,774)
Net realised foreign currency exchange loss	(1,674)	(3,936)
Net cash generated from/(used in) operating and investing activities	<u>457,390</u>	<u>(267,264)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from creation of units	971	2,793,683
Payment for cancellation of units	(457,811)	(2,205,401)
Net cash (used in)/generated from financing activities	<u>(456,840)</u>	<u>588,282</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	550	321,018
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>140,109</u>	<u>305,766</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>140,659</u>	<u>626,784</u>
Cash and cash equivalents comprise the following:		
Cash at bank	<u>140,659</u>	<u>626,784</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

	31.08.2018	31.05.2018
	RM	RM
Investments designated as FVTPL:		
- foreign collective investment schemes	3,740,466	4,151,336
	<u>3,740,466</u>	<u>4,151,336</u>
	01.06.2018	01.06.2017
	to	to
	31.08.2018	31.08.2017
	RM	RM
Net gain/(loss) on investments at FVTPL comprised:		
- net realised (loss)/gain on sale of investments at FVTPL	(49,202)	35,708
- net unrealised gain/(loss) on changes in fair values	84,046	(81,529)
	<u>34,844</u>	<u>(45,821)</u>

Investments designated as FVTPL as at 31 August 2018 are as follows:

Name of Counter	Quantity	Cost	Fair value	Fair value expressed as a percentage of value of the Fund
		RM	RM	%
COLLECTIVE INVESTMENT SCHEMES - FOREIGN				
United Asian High Yield Bond Fund - SGD Distribution Class ("Target Fund")	1,143,475	4,131,425	3,740,466	97.23
		<u>4,131,425</u>	<u>3,740,466</u>	
SHORTFALL OF FAIR VALUE OVER COST :				
- UNREALISED FAIR VALUE LOSS		(278,582)		
- UNREALISED FOREIGN EXCHANGE LOSS		<u>(112,377)</u>		
TOTAL INVESTMENTS AT FVTPL		<u>3,740,466</u>		

2. MANAGEMENT EXPENSE RATIO ("MER")

	01.06.2018 to 31.08.2018	01.06.2017 to 31.08.2017 %
Manager's fee*	0.15	0.16
Trustee's fee	0.09	0.05
Other expenses	0.09	0.09
Total MER	<u>0.33</u>	<u>0.30</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")

	01.06.2018 to 31.08.2018	01.06.2017 to 31.08.2017
PTR (times)	<u>0.05</u>	<u>0.27</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 June 2018 to 31 August 2018 is unaudited.

CORPORATE INFORMATION

Manager	UOB Asset Management (Malaysia) Berhad (219478-X)
Registered & Principal Office	Level 22, Vista Tower The Intermark 348, Jalan Tun Razak 50400 Kuala Lumpur Tel: 03-2732 1181 Fax: 03-2164 8188 Website: www.uobam.com.my
Board of Directors	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)
Trustee	Deutsche Trustees Malaysia Berhad (763590-H)
Fund Valuation Service Provider	Deutsche Trustees Malaysia Berhad (763590-H)
Auditor of the Fund	Ernst & Young (AF0039)
Tax Advisers for the Fund	Deloitte Tax Services Sdn Bhd
Solicitors	Wei Chien & Partners
Investment Manager of the Target Fund	UOB Asset Management Ltd, incorporated in Singapore

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