

United Asian High Yield Fund – SGD Class

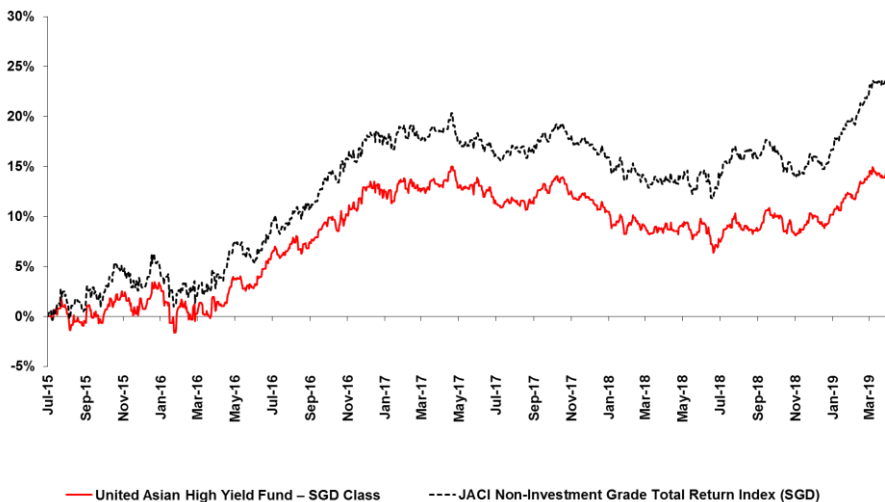
May 2019

All data expressed as at 30 April 2019 unless otherwise stated

FUND OBJECTIVE & STRATEGY

The Fund seeks to provide investors with income and capital appreciation by investing in the United Asian High Yield Bond Fund (the "Target Fund") which has an investment focus on high yield fixed income securities. The Fund will be investing a minimum of 90% of the Fund's Net Asset Value ("NAV") in the Target Fund at all times.

PERFORMANCE CHART SINCE LAUNCH



Source: UOBAM(M)

FUND PERFORMANCE DATA (NAV-NAV PRICES)

	1 Month	3 Months	6 Months	1 Year	Since Launch (Annualised)	YTD
United Asian High Yield Fund – SGD Class	0.72%	4.26%	5.37%	6.10%	3.85%	5.56%
Benchmark	0.81%	5.78%	7.76%	9.65%	5.95%	8.04%

Note: Benchmark - JACI Non-Investment Grade Total Return Index (SGD)
Source: UOBAM(M)

CALENDAR YEAR RETURNS

	2016	2017	2018
United Asian High Yield Fund – SGD Class	10.76%	-1.49%	-1.70%

HISTORICAL INCOME DISTRIBUTION

	Distribution (sen per unit)	Yield
6 December 2016	3.2	5.79%
13 June 2017	0.80	1.50%
18 January 2018	1.55	3.03%

Source: UOBAM(M)

Note: The yield of the distributions are calculated based on the total dividend payout / the day before distribution NAV.

TOP 10 HOLDINGS OF THE TARGET FUND

CHINA EVERGRANDE GROUP	3.02%
SSMS PLANTATION HOLDINGS	2.88%
PB INTERNATIONAL BV	2.86%
RONSHINE CHINA	2.85%
CHINA SCE GRP HLDGS LTD	2.80%
PRIME BLOOM HOLDINGS LTD	2.77%
NEW METRO GLOBAL LTD	2.70%
GLOBAL PRIME CAPITAL	2.69%
CFLD CAYMAN INVESTMENT	2.69%
SUNAC CHINA HOLDINGS LTD	2.54%

Source: UOBAM

PORTFOLIO ALLOCATION

Collective Investment Scheme	97.56%
Cash	2.44%
Total	100.00%

Source: UOBAM(M)

PORTFOLIO ALLOCATION OF THE TARGET FUND

Bond	90.51%
Cash	9.49%
Total	100.00%

Source: UOBAM

SECTOR ALLOCATION OF THE TARGET FUND

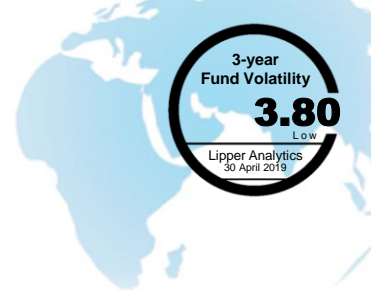
Real Estate	62.05%
Consumer Discretionary	12.01%
Materials	3.90%
Utilities	3.32%
Consumer Staples	2.88%
Industrials	2.00%
Financials	1.87%
Energy	1.44%
Health Care	1.05%
Cash	9.49%
Total	100.00%

Source: UOBAM

GEOGRAPHICAL ALLOCATION OF THE TARGET FUND

China	60.40%
Singapore	10.63%
Indonesia	5.40%
Netherlands	4.05%
India	3.32%
Hong Kong	3.10%
Mongolia	1.87%
United Kingdom	1.73%
Cash	9.49%
Total	100.00%

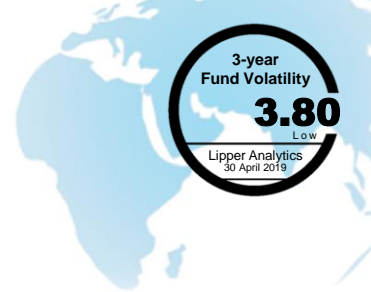
Source: UOBAM



United Asian High Yield Fund – SGD Class

FUND DETAILS

LAUNCH DATE	1 July 2015
FINANCIAL YEAR END	31 May
CATEGORY/TYPE OF FUND	Wholesale (Feeder Fund) / Income & Growth
CLASS OF UNITS	SGD Class
INITIAL OFFER PRICE	SGD 0.5000
UNITS IN CIRCULATION – SGD CLASS	1,261,062.35
NET ASSET VALUE (“NAV”)	SGD 642,085.01
NET ASSET VALUE – TOTAL FUND	RM 3,257,143.30
NAV PER UNIT	SGD 0.5092
MINIMUM INITIAL INVESTMENT	SGD 10,000
MINIMUM ADDITIONAL INVESTMENT	SGD 1,000
TRUSTEE	Deutsche Trustees Malaysia Berhad
SALES CHARGE	Up to 3.00% of NAV per Unit
ANNUAL MANAGEMENT FEE	Up to 1.80% per annum of the NAV of the Fund
ANNUAL TRUSTEE FEE	Up to 0.06% p.a. of the NAV of the Fund, minimum of RM15,000 p.a.
BENCHMARK	J.P. Morgan Asia Credit Index (JACI) Non-Investment Grade Total Return Index (SGD)
ASSET ALLOCATION	A minimum of 90% of the Fund’s NAV in the Target Fund. Up to 10% of the Fund’s NAV in liquid assets.
INVESTMENT MANAGER OF THE TARGET FUND	UOB Asset Management Ltd, Singapore



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HISTORICAL NAV (SGD)

Highest	30/11/2016	0.5570
Lowest	10/7/2018	0.4779

Source: UOBAM(M)

TARGET FUND CHARACTERISTICS

Average Yield to Maturity	7.65% p.a.
Effective Duration	2.30 years
Average Portfolio Ratings	B+
Number of Bond Issues	57

Source: UOBAM

BOND MARKET REVIEW

Risk appetite in April remained on the positive mode although the pace had slowed significantly relative to the sharp rallies registered in first 3 months of the year. Led by the optimism for a better than expected growth as indicated by the recent uptick in China trade figures and US employment figures, investors were seen comfortably adding more risk assets. A dovish US Fed and ECB coupled with a patient European Union in dealing with UK Brexit situation was the other rationale for risk extension. Nevertheless, after such a superb rally in first quarter, market seems to be in a phrase of consolidation and reassessment. Overall, 10-year US treasury yield rose by about 9bps to 2.50% as at end Apr'19 whereas 5-year US treasury also rose by 6bps to 2.29% within this same month. Meanwhile, the JP Morgan Asia credit composite spread repeatedly narrowed by about another 4bps to 254bps for the same period while the non-investment grade segment spread was relatively unchanged at 505bps as at end Apr'19.

PERFORMANCE REVIEW OF TARGET FUND

For the month of April, the Fund underperformed the benchmark. A lower income carry relative to the benchmark was the main detractor although credit selection contributed positively. From country exposure perspective, the Fund's overweight in Indonesia has again been the largest contributor to performance in April but was offset by underweight in Philippines, Hong Kong and Pakistan. In terms of sector allocation, the Fund's performance was mainly driven by overweight in Real Estate and Consumer sector while underweight in Financial, TMT and Diversified were the main detractors. As for security selection, top contributors in April were RUYIGR 7.5% 2019, COGARD 5.125% 2025 and RONXIN 11.25% 2021 while the underperformers were CIFHIG 5.5% 2022, PWRLNG 6.95% 2021 and EVERRE 8.75% 2025. The Fund held cash averaging 4.3% for the month.

OUTLOOK AND STRATEGY OF TARGET FUND

Moving ahead, we are inclined to bias towards neutral but remained invested for defensive carry. Focus continued to be on credit selection as idiosyncratic risk is set to rise. Recent distress cases involving several government related issuers seem to suggest that financing pressures are building up in that space as well. On the macro front, we remain concerned on the strength of global economy ahead and are of the view that China will continue to enter into a structural phase of moderate growth. Nevertheless, our optimism is built on the committed accommodative stances of global central banks as evidenced by recent actions from global central banks which are strong and clear indications that they are closely monitoring the strength of global economy and are ready to provide support, if any needs arise. Having said that, the market had experienced a fast and sharp market rally year-to-date and we believe that some small corrections in near term are highly probable. Our preference will be to add when market dips.

As at end April, the average Asian credit spread stood at about 254bps which was about a mere 9bps wider than its three-year historical average of 245bps and about 1bp narrower than its five-year historical average of 255bps. On a longer historical basis, current spread is a 39bps wider than its 2010's low of 215bps. Overall, we continue to like the non-investment grade segment as this segment offers a much higher carry and yet minimal impact from rising US interest rate. We believe the need for yield remains while credit differentiation is paramount. On the duration strategy, we will be staying broadly neutral in overall duration. That said, we may engage in tactical duration positioning.

IMPORTANT NOTICE AND DISCLAIMERS

Based on the fund's portfolio returns as at 30 April 2019, the Volatility Factor (VF) for this fund is 3.80 and is classified as "Low" (source: Lipper). "Low" includes funds with VF that are above 1.760 but not more than 6.595. The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

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