UOB Asset Management

3-year Fund Volatility
7.52
Moderate
Lipper Analytics
15 November 2018

# United Asian High Yield Fund – USD Class

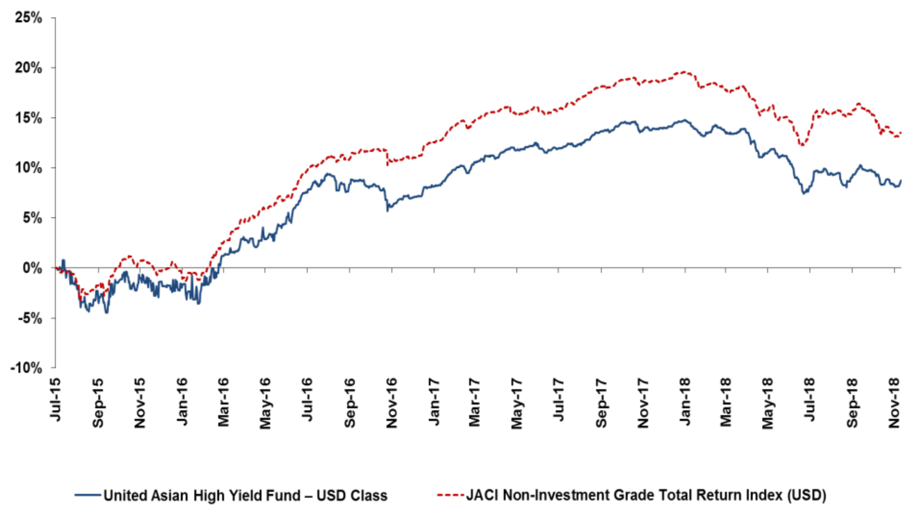
November 2018

All data expressed as at 31 October 2018 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 – USD Class | 0.23% | -0.69% | -2.65% | -4.43% | 2.52% | -4.72% |
| Benchmark | 0.02% | -1.90% | -1.61% | -4.27% | 3.84% | -4.56% |

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

## CALENDAR YEAR RETURNS

| | 2016 | 2017 |
|---|---|---|
| United Asian High Yield Fund – USD Class | 9.08% | 6.50% |

## HISTORICAL INCOME DISTRIBUTION

| | Distribution (sen per unit) | Yield |
|---|---|---|
| 6 December 2016 | 3.2 | 5.99% |
| 13 June 2017 | 0.79 | 1.50% |
| 19 January 2018 | 1.58 | 2.97% |

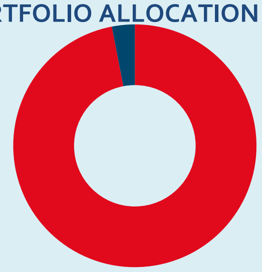
Source: UOBAM(M)
Note: The yield of the distributions are calculated based on the total dividend payout / the day before distribution NAV.

## TOP 10 HOLDINGS OF THE TARGET FUND

| | |
|---|---|
| BAOXIN AUTO FINANCE I LT | 4.43% |
| BUKIT MAKMUR MANDIRI | 3.30% |
| PB INTERNATIONAL BV | 3.28% |
| GLOBAL PRIME CAPITAL | 3.21% |
| CHINA SCE GRP HLDGS LTD | 3.19% |
| RONSHINE CHINA | 3.15% |
| INDO ENERGY FINANCE II | 3.11% |
| NEW METRO GLOBAL LTD | 3.11% |
| CHINA MINMETALS CORP 3 | 2.89% |
| SUNAC CHINA HOLDINGS LTD | 2.87% |

Source: UOBAM

## PORTFOLIO ALLOCATION



| | |
|---|---|
| Collective Investment Scheme | 96.97% |
| Cash | 3.03% |
| **Total** | 100.00% |

Source: UOBAM(M)

## SECTOR ALLOCATION OF THE TARGET FUND

| | |
|---|---|
| Real Estate | 47.62% |
| Consumer Discretionary | 15.13% |
| Materials | 9.44% |
| Industrials | 8.55% |
| Financials | 4.76% |
| Consumer Staples | 2.83% |
| Energy | 2.64% |
| Utilities | 2.04% |
| Government | 1.55% |
| Health Care | 1.43% |
| Cash | 4.01% |
| **Total** | 100.00% |

Source: UOBAM

## GEOGRAPHICAL ALLOCATION OF THE TARGET FUND

| | |
|---|---|
| China | 59.54% |
| Singapore | 10.73% |
| Indonesia | 6.48% |
| Netherlands | 6.39% |
| Mongolia | 3.92% |
| Thailand | 2.64% |
| Mauritius | 2.04% |
| United Kingdom | 2.01% |
| Japan | 1.39% |
| Hong Kong | 0.86% |
| Cash | 4.01% |
| **Total** | 100.00% |

Source: UOBAM

UOB Asset Management

3-year Fund Volatility
7.52
Moderate
Lipper Analytics
15 November 2018

# United Asian High Yield Fund – USD 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 | USD Class |
| INITIAL OFFER PRICE | USD0.5000 |
| UNITS IN CIRCULATION – USD CLASS | 66,384.60 |
| NET ASSET VALUE ("NAV") | USD 32,429.59 |
| NET ASSET VALUE - TOTAL FUND | RM 3,797,285.71 |
| NAV PER UNIT | USD 0.4885 |
| MINIMUM INITIAL INVESTMENT | USD 10,000 |
| MINIMUM ADDITIONAL INVESTMENT | USD 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 (USD) |
| ASSET ALLOCATION | A minimum of 90% of the Fund's NAV in the Target Fund.<br>Up to 10% of the Fund's NAV in liquid assets. |
| INVESTMENT MANAGER OF THE TARGET FUND | UOB Asset Management Ltd, Singapore |

3-year
Fund Volatility
7.52
Moderate
Lipper Analytics
15 November 2018

UOB Asset Management

# United Asian High Yield Fund – USD Class

## HISTORICAL NAV (USD)

| | | |
|---|---|---|
| Highest | 18/8/2016 | 0.5472 |
| Lowest | 2/10/2015 | 0.4778 |

Source: UOBAM(M)

## TARGET FUND CHARACTERISTICS

| | |
|---|---|
| Average Yield to Maturity | 8.80% p.a. |
| Effective Duration | 2.23 years |
| Average Portfolio Ratings | BB- |
| Number of Bond Issues | 51 |

Source: UOBAM

## BOND MARKET REVIEW

After another month of sharp sell-off in October, market started well with improved risk appetite in the new month as most were optimistic that tensions will somewhat ease upon the impending US/China meeting during G20 meeting at the end of November. However, even before the actual meeting, optimism moderated and prices started drifting lower as investors seemed less inclined to put on new positions amid thinner market liquidity towards year-end. Market was also concerned on the global economic softness observed especially in Europe and China, coupled with a highly anticipated hawkish stance from the US Federal committee in the coming December FOMC. Having said that, continued committed accommodative stance of Chinese officials and subdued new issuances had rendered some support to the market. Overall, 10-year US treasury yield fell by about 15bps to 2.99% as at end Nov'18 whereas 5-year US treasury also fell by 16bps to 2.81% within this same month. Meanwhile, the JP Morgan Asia credit non-investment grade spread was wider by 31bps to 610bps as at end Nov'18.

## PERFORMANCE REVIEW OF TARGET FUND

For the month of November, the Fund outperformed the benchmark. From country exposure perspective, our overweight in China and underweight in HK was the major performance contributor. In terms of frontier market, our underweight in both Pakistan and Sri Lanka contributed positively to November's return as well. In terms of sector allocation, overweight in Real Estate (including off-benchmark bonds) and Consumer as well as underweight in Sovereign and Financial have been the key contributors to performance in November. As for security selection, top performers in November were SUNAC 7.35 2021, TPHL 10.95 2020 and SHIMAO 6.375 2021 while the underperformers were REDPRO 7.2018, MINMET 3.75 PERP and VEDLN 6.375 2022. The Fund held cash averaging 4.71% for the month.

## OUTLOOK AND STRATEGY OF TARGET FUND

Moving ahead, we are inclined to stay invested and focused on defensive carry strategy. Although there seems to be a silver lining to US/China troubled ties as negotiation resumed, it remains a tricky issue to be discussed and fully resolved. Any resolution may likely be gradual with compromises along the way which may in turn, bring noises and volatility to the market. Adding to this, the testing of peaks in global economic data will also be another important focal point on our radar. On the other hand, new issuance pipelines are likely to be sized to demand while Chinese officials continue to encourage ease of financial condition. This thus, help to ensure smooth digestion of the credit bond market supply as issuers look to pace out their new issuances accordingly. Weighing all alongside the attractive bond valuation, it remains a good reason for many to stay invested so as to gather high carry. Credit bonds remain a favourable asset class with carry to cushion against the rising interest rate and yet enjoy the healthy global growth with inflation staying benign and low. Having said that, credit selection remains paramount so as to cruise through this period of rising idiosyncratic risk.

Overall, we inclined to stay invested as Asia non-investment grade 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.



RIGHT BY YOU


UOB Asset Management (Malaysia) Berhad (Company no.219478-X)
General Line: 03-27321181 Fax No: 03-21648188
www.uobam.com.my