UOB Asset Management

Fund Focus

Fund Focus | United Global Durable Equity Fund:

A complement to conventional global equity portfolios

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Are you more tech-exposed than you realise?

In recent years, global mega-cap tech stocks have delivered outsized returns and captured investor attention. As a result, many investors today own portfolios concentrated in tech names, either through direct stock holdings or via broad market indices.

For instance, Information Technology (IT) and Communication Services stocks now form 35 percent of the MSCI All Country World Index (ACWI) and 44 percent of the S&P 500 index. This means that even index investors could be more exposed to tech than they realise.

Durable companies help to dampen down the risk

While Tech companies offer higher growth potential, they also come with higher volatility. Market sentiment, earnings surprises, and regulatory headlines can all trigger sharp price swings, especially given their lofty valuations.

To hedge against the risks of tech-heavy portfolios, exposure to durable companies can help to provide stability, income, and enhanced diversification. This is particularly pertinent in the current environment, given growth uncertainties as US tariff policies start to bite.

So, what are durable companies? These are well-managed businesses that can weather economic ups and downs and generate consistent earnings, even in uncertain environments. Such companies typically have lower risk and often pay out attractive dividends thanks to their stable earnings. This can help cushion portfolios against volatility and offer investors a smoother ride through market swings.

Why the United Global Durable Equities Fund (the Target “Fund”)?

The Fund aims to deliver attractive long-term total returns through a combination of capital appreciation and dividend income. It does so by investing in durable companies from across the world.

To identify such companies, the Fund manager employs a disciplined selection process based on three key criteria:

- Stable and resilient earnings, which form the foundation for long-term compounding
- Strong and capable management to enhance the probability of long-term business success
- Moderate valuations to ensure investments are made at reasonable prices

By focusing on these attributes, the Fund aims to generate long-term returns with lower risk than the broader market.

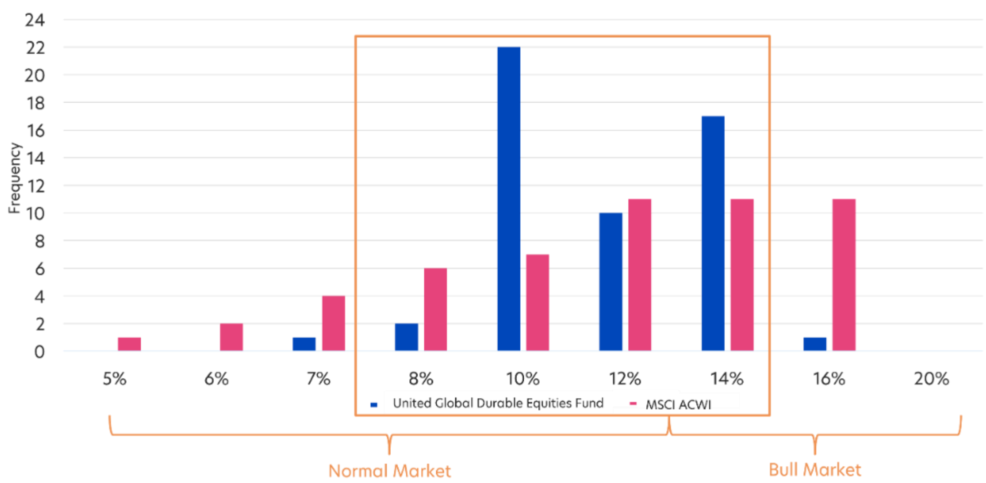
5 key benefits

- **Proven stable, consistent returns**

  Over the past five years, there were 66 instances out of a 100 when an investment in global equities delivered annualised returns between 8 to 14 percent (as measured using the MSCI ACWI index).

  However, the Fund achieved this range of returns 96 times out of 100. This means the Fund’s returns are more consistent and less dispersed compared to the MSCI ACWI. While the broader index can sometimes experience very low or very high returns, the Fund has historically remained within a steady performance band. This stability helps investors stay invested, especially during uncertain market conditions.

Fig 1: 5-year rolling monthly returns



Source: MSCI, Wellington Management, UOBAM, July 2025 | Benchmark used in the calculation of the chart: MSCI All Country World. | Sums may not total due to rounding. | Performance returns for periods one year or less are not annualised. |Past performance does not predict future returns. An investment can lose value

- **Attractive monthly income**

  Given that interest rates are trending downward and bond yields are moderating, income-focused investors are increasingly seeking alternative sources of yield that don't require taking on excessive risk. For example, the yield on Singapore 6-month T-bills has dropped sharply, falling from 2.9 percent at the start of the year to 1.7 percent as of 1 August 2025.

  In this environment, the Fund offers a compelling option. With a dividend yield of 5.5 percent per annum, paid out monthly (Class A SGD Dist), it provides a higher income payout that bonds, but without significantly increasing risk.

  This is achieved by investing in durable, resilient companies with consistent earnings, stable cash flows, and disciplined management, characteristics that enable them to deliver regular and attractive dividends. Additionally, more than one-third of the Fund is invested in financial companies such as banks and insurers. These companies are typically strong dividend payers and play a key role in boosting the Fund's overall yield.

- **Winning by not losing**

  The Fund's focus on durable companies has also helped it to experience lower drawdowns during periods of market volatility. This is important because avoiding large losses is key to long-term capital compounding. When portfolios don't drop significantly during downturns, they don't need to rebound as much to get back to par, allowing gains to build steadily over time.

  Here's how the Fund has performed against the MSCI ACWI during volatile periods over the past several years.

	United Global Durable Equities	MSCI ACWI	Outperformance
2020 COVID pandemic	-20.34%	-21.36%	1.03%
2022 rising rate environment	-16.93%	-25.62%	8.70%
2023 higher for longer volatility	-7.61%	-9.62%	2.01%

Source: Source: Wellington Management, UOBAM, July 2025. Returns calculated in USD terms. Past performance does not predict future returns

- **Meaningful diversification**

  The United Global Durable Equities Fund offers exposure to companies that are often underrepresented in traditional global equity portfolios.

  A comparison between the Fund's top 10 holdings and those of the MSCI ACWI reveals no overlaps, highlighting its differentiated approach. Instead, the Fund invests in lesser-known names that nonetheless offer strong total return potential.

Fig 2: Fund top 10 holdings, as of 31 July 2025

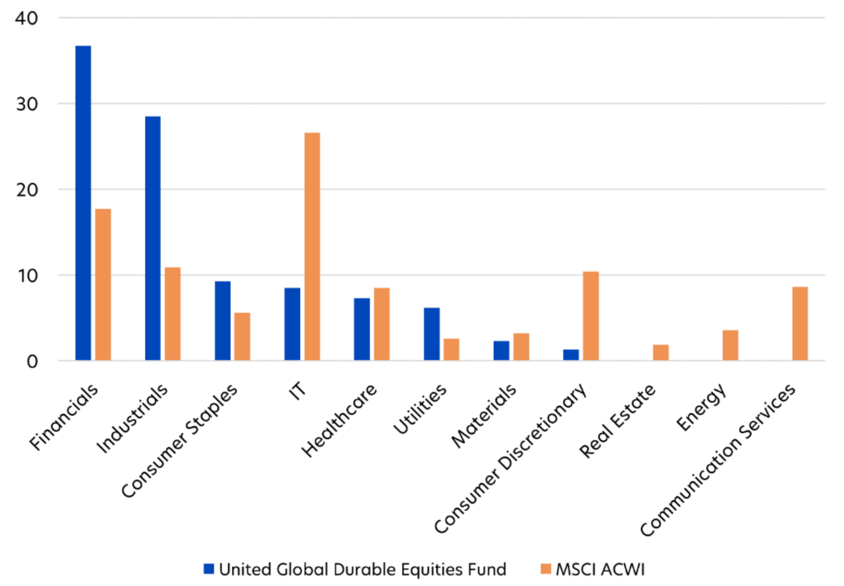
Company	Description	Weight (%)
FinecoBank	Italian bank	5.7
US Foods	US food service distributor	5.3
HDFC Bank	Indian bank	5.0
Globe Life	US insurance company	4.8
Intact Financial	Canadian insurance company	4.8
PTC	US software company	4.6
Nasdaq	US stock exchange operator	4.6
ITOCHU	Japanese conglomerate; owner of FamilyMart	4.1
Constellation Software	Canadian software company	3.9
Reckitt Benckiser Group	UK consumer goods company; portfolio brands include Dettol, Strepsils, Vanish	3.9

Source: UOBAM, as of 31 July 2025

The Fund also differs from the MSCI ACWI in terms of sector allocation, offering a differentiated exposure that complements well with conventional global equity portfolios, which may be more tech heavy.

It holds a higher proportion of Financials and Industrials, sectors that typically offer stronger dividend potential, while maintaining a lower allocation to IT stocks. Notably, the Fund has no exposure to Communication Services, Energy, and Real Estate, further distinguishing its sector profile from traditional global equity portfolios.

Fig 3: Fund sector allocation vs MSCI ACWI (%)



Source: Wellington Management, UOBAM, MSCI, as of 31 July 2025

- **Solid risk-adjusted performance**

  The Fund is actively managed without reference to any benchmark. However, the MSCI ACWI is used as a reference point to gauge broad equity market performance.

  Over the past three years, the Fund has delivered strong returns with lower volatility compared to both its peers and the MSCI ACWI. This highlights the effectiveness of its investment strategy, which focuses on durable, dividend-paying companies across diverse sectors and geographies.

	Cumulative returns (%)		Annualised returns (%)	Risk (%)
	Year-to-date	1-year	3-year	3-year standard deviation
United Global Durable Equities Fund	5.69	7.08	8.54	10.19
Peers	6.45	8.19	8.15	11.41
MSCI ACWI	6.08	12.4	12.83	11.59

Source: Morningstar, MSCI as of 31 July 2025. | Refers to United Global Durable Equities Fund – Class SGD Dist | Fund performance is calculated on a NAV to NAV basis. Past performance is not necessarily indicative of future performance. | Peers category (Morningstar): Global Flex-Cap Equity. Does not include the effect of the current subscription fee that is charged, which an investor might or might not pay

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