

Fund: United Global Emerging Markets Opportunity Fund

As at 30 June 2022

Performance Update

For the month of June, the Fund MYRH class registered a return of -7.70%.

Stock selection within Consumer Staples and Financials added value. In contrast, stock selection within IT and Consumer Discretionary detracted.

On the stock level, our holdings in Longi, Moutai and China Merchants Bank contributed positively. Longi rose on expectations that Europe's renewable energy development plans may be accelerated in reaction to Russia's invasion of Ukraine. China Merchants Bank rose as it had possibly been oversold on concerns regarding the news of President Tian's departure. We do not think the management change will have material impact on CMB's financials as the bank has a strong corporate culture and team that should keep it ahead of its competitors. In addition, senior management of other banks had been removed previously without any significant impact on the banks. We will continue to focus on the fundamental of the company and monitor if there is any change in the bank's strategy.

In contrast, our holdings in Anglo American and Mediatek detracted. Anglo American declined on lower commodity prices. Last, not holding Alibaba detracted too. The stock rose as the ecommerce sector growth in May and June has rebounded from the relaxation of Covid lock down situation in Shanghai and Beijing.

Strategy Moving Forward

Russia's invasion of Ukraine has become a key overhang for the global economy. In terms of contagion effect on the rest of EM, we believe that Eastern Europe is expected to be negatively impacted as the region closest to the war zone with relatively higher economic ties. In general, we would expect some negative impact on countries importing commodities and some positive impact on countries exporting commodities. As such, Middle East and Indonesia might be beneficiaries on a relative basis.

Another concern for investors is China and how much government support and easing will be forthcoming. Policy was key to last year's China market selloffs and could be key again for possible gains this year. We think the worst is possibly behind us but are waiting to see how the stimulus measures will be rolled out.

Elsewhere, investor concerns revolve around tighter Federal Reserve policy and sooner-than-expected interest rate hikes in Emerging Markets. However, data has shown that while average equity returns are negative a month after previous Fed rate hikes, returns tend to recover thereafter, especially in Emerging Markets. As for Fed tapering, we do not expect a repeat of 2013's 'taper tantrum', as EM economies are better positioned this time round, such as improved current account deficits for South Africa, Brazil and Indonesia and stronger macro stability.

Finally, we remain confident in fundamental, long-term changes playing out in emerging markets and our investments are focused on quality companies associated with them.

Stock Commentary

Stocks	Country	Sector	Remarks
Kweichow Moutai	China	Consumer Staples	<ul style="list-style-type: none"> Kweichow Moutai contributed as its 1Q22 results showed strong growth in revenues and profits, which were better than expected and indicated that the business remains resilient despite broad slowdown in consumption in China. The company launched its iMoutai app in late March, reflecting their commitment to increase direct sales, which could help to improve ASP and margins in the longer run.
MediaTek	Taiwan	Information Technology	<ul style="list-style-type: none"> Mediatek fell on a bad month for the semiconductor sector globally with fears of a demand collapse heading into a scenario of severe economic slowdown. Nonetheless, the long term outlook for the company remains positive and the company remains one of our favored names in the sector.

Fund Classes

Fund Classes		
MYR Hedged Class	USD Class	SGD Hedged Class

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