

Fund: United Bond & Equity Strategic Trust Fund

As at 30 September 2022

Performance Update

For the month of September, the Fund registered a return of -3.63%.

It was a negative month for global equities with both DM and EM reporting negative returns. The US Fed raised its benchmark interest rates by 75bps to a range of 3.00-3.25% and lifted its terminal rate forecast for 2022/2023 to 4.40% and 4.60% respectively. The DXY index gained 3.1% while the US 10-year Treasury yield rose to 3.83% from 3.19% in August.

The MSCI All Country ex-Japan Index (MXASJ) declined 12.9% to close at 558 points dragged by Hong Kong equities. The Hang Seng Index fell 13.7% to close at 17,223 points with the laggard sectors being industrials, healthcare and IT. In a positive surprise, Hong Kong announced that it is scrapping the quarantine requirement for inbound travelers. It will instead implement a "0+3" scheme which means zero quarantine and 3 days of self-monitoring.

During the month, the key equity contributors to the Fund performance were Bank Mandiri, Sands China and SFP Tech. Bank Mandiri's share price increase due to rising in bond yield. Meanwhile, Sands China becomes the top contributor as Macau relaxed travel restrictions. On the other hand, the key detractors to the Fund performance were Alibaba, Tencent and Macquarie. Alibaba and Tencent become the top of detractors due to the stock market overhangs before China National Party Congress.

Strategy Moving Forward

In the near term, the market is expected continue to be influenced by tightening monetary policy, elevated inflation, and slowing economic growth. We have raised some cash earlier on and would redeploy it when there is greater clarity on the global market. Within Asia, we expect Asean to be a relatively defensive region given that most countries are domestic centric. We prefer value/reopening over growth, favoring consumer sector.

Stock Commentary

Stocks	Country	Sector	Remarks
PT Telkom	Indonesia	Telecommunication Services	<ul style="list-style-type: none"> Largest telco in Indonesia. Positive sector outlook with signs of easing competition and reopening.
Bank Mandiri	Indonesia	Financials	<ul style="list-style-type: none"> Benefit from economy reopening. We expect ROE to improve supported by higher NIM, loan growth, and normalization of credit cost.
Alibaba	Hong Kong	Consumer Discretionary	<ul style="list-style-type: none"> There are signs of Chinese regulator easing crackdown on internet companies. Attractive valuation.

Tencent	Hong Kong	Communication Services	<ul style="list-style-type: none"> There are signs of Chinese regulator easing crackdown on internet companies.
Sands China	Hong Kong	Consumer Discretionary	<ul style="list-style-type: none"> Sands China would benefit from tourism arrival as Macau relaxed travel restrictions.

Characteristic of Fixed Income Portfolio

Fixed Income	
Duration	2.1 years
Yield %	4.3
Avg credit rating	AA2

Income Distribution

Date	Yield
21 February 2022	1.00%

Fund Classes

Fund Classes
MYR Class

Award

8.



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