

Fund: United Bond & Equity Strategic Trust Fund

As at 31 August 2022

Performance Update

For the month of August, the Fund registered a return of 1.99%, which outperforming its benchmark of 0.88%.

It was a mixed month for global equities with declines skewed to the United States and mainland China. US equities declined in August after Jerome Powell's hawkish comments at the Jackson Hole conference. Meanwhile, mainland China's south-western metropolis of Chengdu placed 21m people under lockdown as the country continues its stringent zero-COVID policy. In August, the US 10-year Treasury yield rose to 3.19% from 2.65% in July.

The MSCI All Country ex-Japan Index (MXASJ) declined marginally by 0.2% to close at 641 points. The worst performer was mainland China while the outperformer in the region was Indian equities. For mainland China equities, investors grew wary of further lockdowns as the country battles a new wave of COVID-19 infections. As for Indian equities, the country's July CPI continued to soften. Both the Chinese Yuan and the Indian Rupee depreciated against the US Dollar.

During the month, the key equity contributors to the Fund performance were PT Telkom, Hibiscus and Bank Mandiri. Hibiscus's share price increased due to high oil price. On the other hand, the key detractors to the Fund performance were Macquarie, Dagang Nexchange and Sands China. Dagang Nexchange expects lower ASP from semiconductor business. Meanwhile, Sands China detracted due to the application for license renewal for the casino operators.

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.

City Developments	Singapore	Consumer Discretionary	<ul style="list-style-type: none"> To benefit from higher tourists arrival.
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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



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