

## **United Global Durable Equity Fund**

As at 31 October 2022

### **Performance Update**

For the month of October, the Fund MYRH class registered a return of 7.80%, which outperforming its benchmark of 5.96%.

Industrials and financials were the top contributing sectors, while real estate was the bottom contributing sector. At the issuer level, our top two absolute contributors were Science Applications International and Globe Life, while our top two absolute detractors were AIA Group and Black Knight.

Shares of Science Applications, a provider of technical, engineering, and enterprise IT services rose over the period. The company was awarded NASA's Systems and Software Assurance Services 2 contract, worth \$170 million. Under the five-year contract, the company will deliver services including software systems IV&V, safety & mission assurance, software assurance, and mission protection services. Shares of AIA Group fell over the period. The insurance provider reported new business results for the third quarter with total weighted premium income coming in at \$8.66B vs. \$8.95B a year ago.

### **Strategy Moving Forward**

**Purchases**~ Our purchase criteria consist of: 1) potential for stable cash flows that are likely to demonstrate resiliency across the business cycle, 2) value creation primarily through the sensible use of free cash flow and 3) moderate valuation that may allow for attractive risk-adjusted returns over time. Consistent with our very long term investment horizon and residual low turnover, we did not purchase shares in any new businesses during the month.

**Sales**~ We sell stocks if 1) cash flows are less stable than we predicted, 2) stock valuation rises such that risk-adjusted returns no longer fall within our target range, or 3) some combination of lower stability and higher valuation. Consistent with our very long term investment horizon and residual low turnover, we did not eliminate shares in any businesses during the month.

At the end of the period, our largest exposures were industrials and financials and we were least exposed to real estate and consumer discretionary. We had no exposure to communication services, energy, and materials, among others. From a regional perspective, our largest exposures were North America and Developed Europe & Middle East ex UK and we were least exposed to United Kingdom. We had no exposure to Emerging Markets.

### **Fund Classes**

<b>Fund Classes</b>				
MYR Hedged Class	USD Class	AUD Hedged Class	SGD Hedged Class	GBP Hedged Class

### Income Distribution

	Cumulative YTD	25 March 2022	23 May 2022	17 August 2022
MYR Hedged Class	2.06%	0.65%	0.76%	0.65%
USD Class	2.04%	0.64%	0.76%	0.64%
AUD Hedged Class	2.05%	0.65%	0.75%	0.65%
SGD Hedged Class	2.05%	0.65%	0.75%	0.65%
GBP Hedged Class	-	-	-	-

\*Bonus / Special Income Distribution

Source: UOBAM(M) Fund Factsheet

### Stock Commentary

Stocks	Country	Sector	Remarks
Science Applications International	United States	Commercial & Professional Services	<ul style="list-style-type: none"> <li>Science Applications International is a US based company that provides government services and information technology support.</li> <li>Shares of Science Applications, a provider of technical, engineering, and enterprise IT services rose over the period.</li> <li>The company was awarded NASA's Systems and Software Assurance Services 2 contract, worth \$170 million.</li> <li>Under the five-year contract, the company will deliver services including software systems IV&amp;V, safety &amp; mission assurance, software assurance, and mission protection services.</li> </ul>
Black Knight	United States	Software & Services	<ul style="list-style-type: none"> <li>Black Knight provides integrated technology, services, data and analytics to the mortgage and real estate industries and automate many business process across the entire loan lifecycle.</li> <li>The business model is highly resilient and predictable, with 90% of revenue recurring in nature and majority of clients under long-term contracts.</li> <li>The company is more insulated from downturns in the economy and housing market as a result of a high percentage of contractual revenues based on loan count, and the mission critical nature of their technology.</li> <li>Based on our intrinsic return framework, we were able to initiate our position at a 9.9% annualized expected return.</li> </ul>

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