

United Global Quality Equity Fund

As at 31 October 2022

Performance Update

For the month of October, the Fund MYRH class registered a return of 7.35%, which outperforming its benchmark of 5.96%.

Security selection was the primary driver of relative outperformance. Strong selection in communication services, financials and health care was partially offset by selection in consumer discretionary and utilities. Sector allocation, a result of our bottom-up stock selection process, detracted from returns. Allocation effect was driven by our underweight to energy and overweight to communication services, but partially offset by our underweight to consumer discretionary and consumer staples and overweight to financials.

At the issuer level, our top two relative contributors were an overweight to Schlumberger and not owning Tesla, while our top two relative detractors were overweights to Li Ning and ZTO Express.

Strategy Moving Forward

Markets rose in October despite mixed earnings across sectors and geographies. Globally, the range of outcomes remains wide amidst a steady slate of macro cross currents including rising rates and high inflation for the first time since the GFC, persistent supply chain challenges, and Russia's invasion of Ukraine weighing on economic growth given constrained gas supplies. In China, President Xi claimed a third term as the country's leader and appointed many of his allies to China's Politburo Standing Committee. This caused a dramatic selloff in Chinese equity markets over investor concerns about future policies. We continue to believe the goal of the Chinese government is sustained economic growth, with an emphasis on national security and common prosperity, however the government's commitment to zero Covid remains a near term concern. We continue to find attractive opportunities in an environment of heightened market volatility by following our relative ranking process, seeking to own companies that offer the best combination of growth, quality, capital returns, and valuation upside.

We anticipate that Wellington's Global Cycle Index will find a bottom before year-end driven by the consumer impact from energy price increases on real income, food inflation, and higher interest rates. However, excess savings and wage growth amidst a strong labor market should continue to support consumer confidence. As inflation comes down, we are not discounting the possibility for Central Bank tightening to become less negative on the margin, paving the way for a reacceleration. Given this macroeconomic backdrop, we favor a more balanced positioning within the portfolio and remain equal weight across the four factors.

At the end of the period, our largest overweights were financials and information technology. We were most underweight to consumer staples and energy. From a regional perspective, our largest overweight was North America and we were most underweight to Emerging Markets and Japan.

Stock Commentary

| Stocks | Country | Sector | Remarks |
|--------------|---------------|-----------------------------|--|
| Schlumberger | United States | Energy | <ul style="list-style-type: none"> Schlumberger is a US based oilfield services company. Shares of Schlumberger rose after the company reported its strongest quarterly profit since 2015 with results that topped estimates on oilfield drilling and equipment sales that surged on high oil and gas prices. Oil and gas producers are increasing production with crude prices near eight-year highs, boosting demand for Schlumberger's equipment, services and technology. The company ranks most attractively in our process for organic revenue growth. |
| Li Ning | China | Consumer Durables & Apparel | <ul style="list-style-type: none"> China based maker of athletic shoes and sporting goods. Shares of Li Ning fell during the period amid a broad selloff in Hong Kong and concerns about the Chinese sportswear company's conservative sales outlook due to renewed Covid related lockdowns in China. Analyst also flagged fears of stiffer competition with rival Anta Sports Products. Li Ning produces functional sportswear similar to Nike and has a strong brand focus which appeals to young people. Li Ning is expected to benefit from its China-focused business model as the country begins to recover from Covid related shutdowns. The company ranks most attractively in our process for quality and organic revenue growth. |

Income Distribution

| | Cumulative YTD | 25 March 2022 | 20 June 2022 |
|------------------|----------------|---------------|--------------|
| MYR Hedged Class | 0.89% | 0.41% | 0.48% |
| USD Class | 0.96% | 0.48% | 0.48% |
| SGD Hedged Class | 0.84% | 0.36% | 0.48% |
| AUD Hedged Class | 0.49% | - | 0.49% |

*Bonus / Special Income Distribution
Source: UOBAM(M) Fund Factsheet

Fund Classes

| Fund Classes | | | |
|------------------|-----------|------------------|------------------|
| MYR Hedged Class | USD Class | AUD Hedged Class | SGD Hedged Class |

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