

United Global Quality Equity Fund

As at 30 September 2022

Performance Update

For the month of September, the Fund MYRH class registered a return of -9.19%.

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

At the issuer level, our top two relative contributors were overweights to Bharti Airtel and Eli Lilly, while our top two relative detractors were overweights to Goldman Group and East Money Information.

Strategy Moving Forward

This year has been categorized by heightened market volatility spurred on by a steady slate of macro cross currents ranging from record inflation, persistent supply chain challenges, and Russia's invasion of Ukraine. Markets ended the period lower for the third consecutive quarter on weakening sentiment and uncertainty surrounding the path of interest rates, the potential for a recession, and the timeline for China re-opening. We continue to anticipate weakness in sectors with high interest rate sensitivity and lingering effects of China COVID lockdowns and the war in Ukraine. However, we believe most emerging markets will benefit from a positive commodity cycle and we expect a pickup in Chinese activity as cities emerge from lockdown, supported by fiscal and monetary stimulus.

We anticipate that Wellington's Global Cycle Index will find a bottom over the quarter 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 before year end. Given this macroeconomic backdrop, we favor a more balanced positioning within the portfolio. The portfolio remains equal weight quality, growth, capital returns to shareholders, and valuation upside.

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 Japan and Emerging Markets.

Stock Commentary

Stocks	Country	Sector	Remarks
Bharti Airtel	India	Telecommunication Services	<ul style="list-style-type: none"> Bharti Airtel is India-based wireless operator with attractive growth and leading market share for wireless in India.

			<ul style="list-style-type: none"> The company has sustainably strong revenue growth in mobile and accelerating growth in non-mobile units (consumer digital, payments, data centers, etc.) Shares of Bharti Airtel rose after India's government announced Prime Minister Narendra Modi is set to launch 5G services in the country on October 1st, during the inauguration of a telecom industry event. The company stated it will launch initial services on the next-gen technology in select cities in the weeks leading up to Diwali, and will cover the country by late 2023 or early 2024. The company ranks most attractively in our process for organic revenue growth and valuation upside.
Goodman Group	Australia	Real Estate	<ul style="list-style-type: none"> Goodman Group is an Australia-based global logistics real estate investment trust and asset management company. Goodman Group shares declined during the period as interest rate hikes to combat stubborn inflation are likely to slow the economy and reshape the operating and capital market environment, affecting REITS in particular. Goodman's global business is based in tier 1 cities making its real estate assets valuable; with strong growth and high free cash flow margins. 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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