

Fund: United Global Technology Fund

As at 31 July 2022

Performance Update

For the month of July, the Fund MYRH class registered a return of 13.11%.

Our stock choices in industrials contributed to relative returns the most. Shares of Tesla, the leading manufacturer of electric vehicles, climbed during the period to benefit relative performance. Investors were encouraged that its new plants in Texas and Germany showed signs of increased productivity, which will allow the company to accelerate vehicle production and meet the continued demand for its cars. We appreciate Tesla's ability to leverage its advantages in manufacturing, software, and brand, and we expect it to eventually be able to move down the cost curve and unlock new parts of the market while increasing unit margins.

Our security choices in internet further boosted relative results. Our position in Amazon.com, the world's leading e-commerce platform, benefited relative performance. Shares spiked late in the period as the company's earnings were boosted by stronger-than-expected third-party revenue, which more than offset falling revenue in its online store division. Even in a challenging retail environment, we are encouraged by the company's accelerated guidance for the remainder of the year.

Alternatively, the portfolio's lack of exposure to hardware detracted from relative returns as the subsector outperformed the broader index. In particular, not owning Apple, the smartphone and personal computing hardware and software giant, detracted from relative performance during the period. Shares appreciated after the company reported solid earnings from its most recent quarter, driven by better-than-expected iPhone sales and services revenue, and management said it expects accelerating sales growth in September as supply constraints ease. Our decision to not own Apple reflects, in our opinion, its demanding valuation and our preference for businesses that we believe can sustain higher levels of growth in the coming years. The portfolio's overweight position in software also weighed on relative returns as the subsector underperformed the benchmark.

Strategy Moving Forward

We believe the market has discounted recent macroeconomic headwinds as reflected in technology valuations, which have corrected to pre-COVID-19 levels. Additionally, we think many of the top holdings in the portfolio today have secular growth drivers that we think are durable. Our portfolio is positioned in many idiosyncratic names in enterprise software. Our overweight allocation to enterprise software is defensive from a fundamental perspective. We have conviction of the underlying business models and profitability these companies have with established unit economics in a variety of economic scenarios.

During the month, we continued to refine our position in software. Within the space, we invest in companies that benefit from strong secular growth drivers, sustaining demand in the face of macro uncertainty, and have limited supply chain exposure. Many of the software companies that we favor develop innovative solutions that are valued by their customers precisely for their ability to create greater efficiencies. We believe these efficiencies should lead to higher productivity and lower costs. We trimmed certain internet names that are facing increased regulatory risk, competition, or inflationary pressures. We also continued to reduce our position in electric vehicle makers. Conversely, we added to our position in semiconductors. While we continue to be mindful of the inventory cycle, we are becoming more constructive on certain holdings within the space given the recent increase in data center spending.

Stock Commentary

Stocks	Country	Sector	Remarks
Sea	Singapore	Rest Of World Internet Media/Advertising	<ul style="list-style-type: none"> • Sea Limited is a consumer Internet company which operates under digital entertainment, e-commerce, as well as digital payments and financial services. • It offers e-sports and provides access to other entertainment content and social features, such as live streaming of gameplay. • It provides users a shopping environment with integrated payment, logistics infrastructure and seller services. • SeaMoney provides various payment services and loans to individuals and businesses. • It also integrates with third party merchant partners and covers a set of consumption use cases. • Shares accelerated during the period as investors appreciated how the company reversed course on its aggressive expansion outside China, giving its core businesses a chance to resume growth. We believe expectations for the company are now reset as the company regroups.
Roblox	United States	Video Gaming	<ul style="list-style-type: none"> • Roblox Corporation is a technology company which operates a human co-experience platform where users interact with each other to explore and develop, user-generated and 3D experiences. • Its platform is powered by user-generated content that draws inspiration from gaming, entertainment, social media and even toys. • Shares climbed on investor belief that the company was increasing bookings during the summer months and creating better monetization options for its platform. • We are attracted to the powerful social network effects Roblox utilizes in drawing in new active users and creators. • We believe this sets up a positive feedback loop and helps the platform widen its moat, expand its addressable market, and potentially deliver durable earnings.

Fund Classes

Fund Classes			
MYR Class	MYR Hedged Class	USD Class	SGD Hedged Class

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