

## **United Simple Growth Select**

As at 30 June 2022

### **Performance Update**

For the month of June, the United Simple Growth Select declined 5.21% (MYR Hedged Class) in June 2022, outperforming the benchmark.

The top performer during the month was the allocation to UBS China Opportunities Fund which performed strongly as sentiment for Chinese equities rose after news that lockdown measures in various cities, including Shanghai were easing. The worst performer was the iShares Global Materials ETF after commodity prices fell on concerns that slowing global growth would reduce demand for commodities.

### **United Simple Growth Select Allocation**

At the end of June 2022,

<b>Holdings</b>	<b>Current Weightage (%)</b>
United Global Durable Equities Fund	25.14
Schroder Sustainable Asian Equity	24.32
United Global Quality Growth Fund	19.80
UBS China Opportunities Fund	10.19
Blackrock World Technology	7.50
iShares Global Materials ETF	7.42
Cash	5.63
<b>Total</b>	<b>100.00</b>

### **Market Overview**

Global equities declined during the month. Equity markets fell sharply as investors were concerned about the persistently high inflation, rising interest rates, and an increased likelihood of recession. Inflation remained elevated globally, with the US and Eurozone Consumer Price Indices (CPI) both rising. Most global central banks continued to adopt hawkish policy measures to rein in inflation, with the US Federal Reserve (Fed) hiking its target interest rate by 75-basis points in June – the biggest increase since 1994. While supply-chain constraints were gradually easing, there were concerns that inflation is gradually spreading to wages, services and rents, which tend to be more persistent. In China, authorities relaxed Covid-19 restrictions put in place during the earlier part of the quarter. The People's Bank of China (PBOC) pledged to keep monetary policy supportive to aid the economy's recovery, while signaling that stimulus would likely focus on promoting credit growth to boost liquidity.

### **Outlook and Positioning**

The higher-than-expected inflation, together with the energy and food supply disruptions caused by the Russian-Ukraine conflict, are a troublesome combination for the macro outlook and has made the investment environment more complicated than we were expecting at the start of the year. Inflation, and how central banks are handling it, have become the most important variable in global macro conditions. So far, economic data remained robust around the world as most countries have reopened their economies and shifted toward endemic management of Covid-19. Our base case is for an economic soft-landing where growth rate is expected to slow, but a significant

decline in economic activity and a sharp rise in unemployment is not expected. In the near-term, we expect modest improvements in inflation and risk assets such as equities may see some relief from heavily sold-off positions.

We are cautiously optimistic in this very uncertain investment environment. Despite the performance of the markets in the first half of 2022, investment opportunities are forming especially in oversold sections of the stock market. In terms of our positioning, we are 45% allocated to core global equity strategies and 24% allocated to core Asian strategies with a dedicated allocation to China H-Shares via the UBS China Opportunity Fund.

During the month, we exited our position in United Global Healthcare Fund and initiated a position in iShares Global Materials ETF. We exited the United Global Healthcare Fund as the fund's investments in innovative small- and mid-cap biopharma companies suggests that it is more aggressive than traditional healthcare funds and did not seem appropriate in the current volatile investment environment. We initiated a position in global Materials as we believe that a reopening China and the focus the energy transition away from traditional fossil fuels would increase the demand on metals and thus presenting an investment opportunity over the medium-term. Within our tactical allocation, we are invested in Global Technology and Global Materials.

### Asset Allocation

Asset Allocation	Current Weightage (%)
Equities	90.52
Others	3.85
Cash	5.63
<b>Total</b>	<b>100.00</b>

### Geographical Allocation

Geographical Allocation	Current Weightage (%)
North America	39.20
Asia Pacific ex Japan	37.52
Europe ex United Kingdom	8.91
United Kingdom	3.04
Japan	1.11
Central/South America	0.54
Others	4.04
Cash	5.63
<b>Total</b>	<b>100.00</b>

### Sector Allocation

Sector Allocation	Current Weightage (%)
Technology	18.58
Financial Services	17.85
Healthcare	10.74
Basic Materials	10.20
Industrials	10.09
Communication Services	7.56
Consumer Cyclical	6.62
Consumer Defensive	4.21
Real Estate	2.95
Utilities	1.34
Energy	0.38
Others	3.85
Cash	5.63
<b>Total</b>	<b>100.00</b>

### Fund Classes

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

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