

## **United Simple Income Select**

As at 31 July 2022

### **Performance Update**

For the month of July, the United Simple Income Select rose 3.08% (MYR Hedged terms) in July 2022, outperforming the benchmark of 2.82%.

The top performer was the United Global Durable Equity Fund which performed better than the other funds after global equities rallied, following resilient corporate earnings and as bond yield eased on expectation that the US Federal Reserve would turn less hawkish.

The worst performer was the Fidelity Asian Bond Fund, underperforming its benchmark after bond selection negatively impacted performance. The fund's overweight to Chinese property bonds negatively impacted returns over concerns over its troubled real estate sector.

### **United Simple Income Select allocation:**

At the end of July 2022,

<b>Holdings</b>	<b>Current Weightage (%)</b>
First Sentier Asian Equity Plus Fund	24.64
Jupiter Dynamic Bond Fund	22.48
United Global Durable Equities Fund	19.42
Fidelity Asian Bond Fund	11.77
Fidelity Global Multi Asset Fund	9.76
United Income Focus Trust	9.03
Cash	2.90
<b>Total</b>	<b>100.00</b>

### **Market Overview**

Global equities rebounded in July despite persistently high inflation and rising interest rates. Investor sentiment was buoyed by resilient corporate earnings and moderating inflation expectations amid a decline in commodity prices and slowing global economic growth. Meanwhile the US Federal Reserve (Fed) hiked its target interest rate by 75 basis points (bps) for the second straight meeting to rein in decades-high inflation. Asian equities lagged the global market as China's fragile economic recovery was strained by troubles in the housing market, supply-chain disruptions from the country's zero-COVID policy and sporadic virus outbreaks.

Along with the recovery in equities, most fixed income sectors outperformed governments bonds due to a decline in bond yields and credit spreads. Heightened fears of a global recession were partially offset by expectations for slower monetary policy tightening by major central banks. Global credit outperformed duration-equivalent government bonds as credit spreads narrowed.

### **Outlook and Positioning**

Soft landing continues to be our base case. We expect global economic growth to moderate, but unemployment rates are not expected to rise significantly as many industries continue to seek workers. As for inflation, we do

expect modest improvements as businesses and supply chains normalize following the recovery from COVID disruption. That said, structural concerns such as deglobalization and demographic changes imply that inflation trends could remain stickier than expected. Global equities have rallied towards end-July on hopes that inflation has rolled-over while the US Fed may start cutting interest rates. We do not believe the case for a Fed “pivot”, i.e. to start cutting interest rates, very strong, and hence there is limited upside to equities from current levels as global economic growth moderates and inflation risks remain.

Against this backdrop, we maintain our neutral positioning close to 50% allocated to equities and fixed income investments. In terms of geographical allocation, we currently allocate 62% of the portfolio to global funds and 34% to Asian Funds. We continue to closely monitor the developments in the global economic growth and inflation environment and stand ready to adjust our portfolio accordingly.

### Asset Allocation

Asset Allocation	Current Weightage (%)
Equities	48.67
Bonds	40.14
Others	8.27
Cash	2.90
<b>Total</b>	<b>100.00</b>

### Geographical Allocation

Geographical Allocation	Current Weightage (%)
Asia Pacific ex Japan	39.12
North America	27.32
Europe ex UK	11.98
UK	6.65
Japan	3.52
Central/South America	0.61
Others	7.92
Cash	2.90
<b>Total</b>	<b>100.00</b>

### Sector Allocation

Sector Allocation	Current Weightage (%)
Eq- Financial Services	12.44
Eq- Technology	8.17
Eq- Industrials	7.17
Eq- Healthcare	7.07
Eq- Consumer Defensive	4.72
Eq- Consumer Cyclical	3.96
Eq- Communication Services	1.88
Eq- Real Estate	1.49
Eq- Utilities	0.88
Eq- Basic Materials	0.73
Eq- Energy	0.09
High Yield Bonds	17.96
Investment Grade Bonds	13.95
Government Bonds	10.51
Others	6.11
Cash	2.90
<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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