

United Simple Income Select

As at 31 January 2023

Performance Update

For the month of January, the United Simple Income Select 4.04% (MYR Hedged terms).

The top performer was the Hang Seng China Enterprise Index ETF as Chinese equities continued to rally supported by the further loosening of Covid-19 restrictions, measures to support the country's property market and loosening of the regulatory crackdown on China's technology companies.

The iShares Short Duration Investment Grade Corporate Bond ETF, though it recorded slight positive performance. The ETF is more defensive in nature and underperformed other riskier asset classes during the month.

During the month, we trimmed our position in First Sentier Asian Equity Plus Fund and initiated a position in the Hang Seng China Enterprise Index ETF.

United Simple Income Select allocation:

At the end of January 2023.

Holdings	Current Weightage (%)
First Sentier Asian Equity Plus Fund	22.93
United Global Durable Equities Fund	17.54
Jupiter Dynamic Bond Fund	14.45
iShares USD Short Duration Corp Bond ETF	13.00
Fidelity Asian Bond Fund	12.26
United Income Focus Trust	9.71
iShares Core S&P 500 ETF	2.96
iShares Core Global Aggregate Bond ETF	2.81
Hang Seng China Enterprises Index ETF	2.33
Cash	2.01
Total	100.00

Market Overview

Global equities rose sharply in January. Investors were encouraged by strong labour reports, moderating inflation, and surprisingly resilient economic growth amid a decline in energy prices. Warmer weather in Europe, lower natural gas prices, and China's reopening added to the optimism. Most global sovereign yields fell sharply as moderating inflation increased expectations that major central banks might be nearing an end to their rate-hiking cycle. Global credit bonds performed better than similar duration government bonds as spreads tightened.

Outlook and Positioning

Inflation, interest rates and growth concerns continue to be key factors affecting markets. Our base case outlook is for inflationary pressures to moderate but global economic growth may slow to levels consistent with a shallow recession. Against this backdrop, interest rates would peak, and this would be positive for bonds, but concerns over economic growth would likely weigh on equity performance. By the end of the year, we do expect equities and bonds to do well after a choppy first half of 2023, as markets look past the economic slowdown toward a brighter 2024.

Economic data and trends in January continue to support our “benign” base case. The moderating inflation trend and slowing wage growth provide leeway for the Fed to reduce the pace of its monetary policy tightening. As such, there is possibility that the US may avoid a recession or at least match our view that a recession would not result in a significant rise in unemployment rates.

Over in Asia, we do expect more upside to the equity market in 2023. Asian equity valuations are more attractive compared to developed markets and Asian economies have enough structural growth to withstand the higher interest rate environment.

The fund continues to be focused on generating income from diversified sources across the globe. We maintain a neutral positioning in our asset allocation and are close to a 50%/50% allocation to equities and bond investments. During the month, we increased our allocation to China and Hong Kong equities through the position in the Hang Seng China Enterprises Index ETF as they are likely to be supported by the reopening of the Chinese economy and positive sentiment from the Chinese government in their willingness to support the property sector.

Asset Allocation

Asset Allocation	Current Weightage (%)
Equities	46.61
Bonds	46.17
Others	5.20
Cash	2.01
Total	100.00

Geographical Allocation

Geographical Allocation	Current Weightage (%)
Asia Pacific ex Japan	37.06
North America	36.08
Europe ex UK	9.48
Japan	4.43
UK	4.17
Central/South America	0.45
Middle East/Africa	0.00
Others	6.31
Cash	2.01
Total	100.00

Sector Allocation

Sector Allocation	Current Weightage (%)
Eq- Financial Services	12.61
Eq- Technology	8.07
Eq- Healthcare	6.83
Eq- Industrials	6.63
Eq- Consumer Cyclical	4.75
Eq- Consumer Defensive	4.64
Eq- Communication Services	2.37
Eq- Real Estate	0.97
Eq- Basic Materials	0.69
Eq- Utilities	0.65
Eq- Energy	0.44
Investment Grade Bonds	26.90
High Yield Bonds	10.05
Government Bonds	8.95
Others	3.44
Cash	2.01
Total	100.00

Fund Classes

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

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