

United Simple Income Select

As at 30 June 2022

Performance Update

For the month of June, the United Simple Income Select declined 4.43% (MYR Hedged terms) in June 2022, outperforming the benchmark.

The top performer was the Fidelity Asian Bond Fund which performed better than the other funds as Asian bonds were supported by positive economic data from China and additional stimulus from the People's Bank of China (PBOC), such as a reduction of mortgage interest rates for first time home buyers to stimulate property demand.

The worst performer was the Fidelity Global Multi Asset Fund. The fund's performance was negatively impacted after risk assets such as equities, high yield bonds and emerging market bonds declined as concerns over recession and rising interest rates weighed on investor sentiment.

United Simple Income Select allocation:

At the end of June 2022,

Holdings	Current Weightage (%)
First Sentier Asian Equity Plus Fund	24.59
Jupiter Dynamic Bond Fund	21.86
United Global Durable Equities Fund	20.26
United Income Focus Trust	9.90
Fidelity Asian Bond Fund	9.87
Fidelity Global Multi Asset Fund	9.78
United Global Quality Growth Fund	0.58
Cash	5.63
Total	100.00

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 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,

On the fixed income front, credit spreads widened amid recession fears and a gloomy growth outlook. While most global sovereign bond yields rose amidst concerns of more aggressive monetary policy tightening, the effect of both higher rates and credit spreads caused global corporate bonds to underperform government bonds.

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.

Against this backdrop, we maintain a cautious positioning in our asset allocation and are 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	49.84
Bonds	39.43
Others	7.57
Cash	3.16
Total	100.00

Geographical Allocation

Geographical Allocation	Current Weightage (%)
Asia Pacific ex Japan	37.21
North America	29.24
Europe ex United Kingdom	12.52
United Kingdom	6.52
Japan	2.94
Central/South America	0.85
Others	7.55
Cash	3.16
Total	100.00

Sector Allocation

Sector Allocation	Current Weightage (%)
Eq- Financial Services	12.87
Eq- Technology	8.14
Eq- Industrials	7.73
Eq- Healthcare	6.73
Eq- Consumer Defensive	4.80
Eq- Consumer Cyclical	4.18
Eq- Communication Services	2.07
Eq- Real Estate	1.49
Eq- Utilities	0.91
Eq- Basic Materials	0.78
Eq- Energy	0.10
High Yield Bonds	17.34
Investment Grade Bonds	13.75
Government Bonds	10.41
Others	5.52
Cash	3.16
Total	100.00

Fund Classes

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

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