

United Simple Income Select

As at 31 October 2022

Performance Update

For the month of October, the United Simple Income Select declined 0.42% (MYR Hedged terms).

The top performer was the United Global Durables Equity Fund after global equities rallied supported by better-than-expected earnings releases and hope that the Fed may slow the pace of interest rate hikes.

The worst performer was the First Sentier Asian Equity Plus Fund was the weakest performer after Asian equities declined, dragged down by Chinese equities which declined sharply after the National Congress signalled President Xi's power consolidation and the extension of its zero-Covid policy.

United Simple Income Select allocation:

At the end of October 2022,

Holdings	Current Weightage (%)
First Sentier Asian Equity Plus Fund	22.51
United Global Durable Equities Fund	20.52
Jupiter Dynamic Bond Fund	14.98
Fidelity Asian Bond Fund	11.65
United Income Focus Trust	9.89
iShares USD Short Duration Corp Bond ETF	1.51
Cash	18.94
Total	100.00

Market Overview

Global equities rebounded in October supported by better-than-expected earnings and hope that the US Federal Reserve (Fed) may slow down its hawkish commentary and path of interest rate hikes. Developed market equities registered strong returns, while emerging markets were dragged lower by China. Chinese equities fell sharply as markets grew increasingly anxious about the state of China's economy and the direction of governance and policy following a reshuffling in President Xi Jinping's leadership team. Major central banks continued to increase interest rates as they attempt to combat persistently high inflation, although some scaled back the magnitude of the hikes. Corporate bonds outperformed similar maturity government bonds supported by an improving political backdrop in the UK, declining gas prices in Europe, and hopes that major central banks may soon shift away from rapid interest rate hikes.

Outlook and Positioning

We maintain our cautious outlook for markets as we believe that recession would be our base case for 2023 and Inflation and the risk of recession continue to be the key drivers of markets and there remains high uncertainties

around the outlook for these issues. Higher interest and mortgage rates in the US may weigh on its economic momentum while Europe continues to be negatively affected by concerns over the Ukraine war and energy prices. China's economic growth has also slowed significantly due to its zero-Covid policy and weakness in the property market. However, the outlook on inflation and interest rates are slightly more stable than in prior months. Markets have, to a large extent, adjusted to the Fed's interest rates outlook and is near its peak, subject to any inflation upside surprises. Against this backdrop, we believe that investors would stay "risk-off" in Q4 2022 as markets adjust to the deteriorating economic outlook.

We adopt a cautious positioning in our portfolio, and we initiated a new position in short duration investment grade bonds through the iShares USD Short Duration Corp Bond ETF and this was funded by trimming our high yield exposure by exiting our position in the Fidelity Global Multi Asset Income Fund and trimming our allocation in the Jupiter Dynamic Bond Fund. We expect credit spreads on high yield bonds to widen as recession risk rise and short duration investment grade bonds tend to hold up better in recessionary environments. We continue to closely monitor developments in the global economic growth and inflation environment and stand ready to adjust our portfolio in accordance with developments.

Asset Allocation

Asset Allocation	Current Weightage (%)
Equities	45.23
Bonds	30.65
Others	5.19
Cash	18.94
Total	100.00

Geographical Allocation

Geographical Allocation	Current Weightage (%)
North America	25.73
Central/South America	0.40
Asia Pacific ex Japan	33.38
Japan	3.50
Europe ex UK	8.88
UK	3.69
Middle East/Africa	0.00
Others	5.48
Cash	18.94
Total	100.00

Sector Allocation

Sector Allocation	Current Weightage (%)
Eq- Financial Services	13.00
Eq- Technology	7.53
Eq- Healthcare	7.10
Eq- Industrials	7.08
Eq- Consumer Defensive	4.09
Eq- Consumer Cyclical	3.13
Eq- Communication Services	1.34
Eq- Real Estate	0.84
Eq- Basic Materials	0.53
Eq- Utilities	0.47
Eq- Energy	0.02
Investment Grade Bonds	15.10
High Yield Bonds	9.86
Government Bonds	7.28
Others	3.69
Cash	18.94
Total	100.00

Fund Classes

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

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