

## **United Simple Income Select** As at 30 September 2022

### **Performance Update**

For the month of September, the United Simple Income Select declined 7.07% (MYR Hedged terms).

The top performer was the Jupiter Dynamic Bond Fund. The fund invests in fixed income assets which declined less than equities during the month. However, the fund underperformed the broad global bond index as credit spreads continued to widen over rising recession fears.

The worst performer was the First Sentier Asian Equity Plus Fund after Asian equities sold off harder than Global Equities amid continued worries over slowing global growth and its impact on the Asian exporters, China's Zero Covid policy and ongoing tensions between China and Taiwan.

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

At the end of September 2022,

| <b>Holdings</b>                      | <b>Current Weightage (%)</b> |
|--------------------------------------|------------------------------|
| First Sentier Asian Equity Plus Fund | 23.57                        |
| Jupiter Dynamic Bond Fund            | 22.03                        |
| United Global Durable Equities Fund  | 18.90                        |
| Fidelity Asian Bond Fund             | 12.59                        |
| Fidelity Global Multi Asset Fund     | 9.91                         |
| United Income Focus Trust            | 9.71                         |
| Cash                                 | 3.29                         |
| <b>Total</b>                         | <b>100.00</b>                |

### **Market Overview**

Global equities continued their decline in September. Risk-off sentiment was driven by high inflation, rising interest rates, and growing signs of a global economic slowdown. In response to the high inflation environment, global central banks were relentless in raising interest rates, with the European Central Bank and US Federal Reserve both delivering 75 basis point rate hikes in September. China continued to struggle with the economic ramifications of its COVID policies and real estate crisis.

Fixed income markets sold off during the month. Most global government bond yields rose on hawkish central bank rhetoric and persistently high inflation. Global corporate bonds underperformed similar duration government bonds as credit spreads widened over rising recession fears. Within emerging markets, local currency debts outperformed external debts in US dollar terms.

### **Outlook and Positioning**

We have downgraded our economic growth outlook from a soft-landing to a hard-landing scenario. Unemployment rate is expected to rise above 5%, higher than previously anticipated in a soft-landing scenario. Global central banks

are getting increasingly hawkish as they attempt to curb persistently high inflation. As such, the outlook for interest rates have risen, increasing the risk of a sharper decline in economic activity than previously anticipated. Against this backdrop, we believe that investors would stay “risk-off” in Q4 2022 as markets adjust to the deteriorating economic outlook.

Against this backdrop, we maintain our neutral stance in terms of asset and geographical allocation. We are invested close to 50% in both equities and fixed income respectively, while 60% of the fund is invested in global funds and 36% is invested in Asian funds. We believe our portfolio remains appropriately positioned in the current volatile investment environment, as our equity positions reflect the inclination towards more defensive quality that provides some downside protection should stock markets decline further, yet still being able to participate in a rebound in equities. 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         | 47.04                 |
| Bonds            | 42.98                 |
| Others           | 6.69                  |
| Cash             | 3.29                  |
| <b>Total</b>     | <b>100.00</b>         |

### Geographical Allocation

| Geographical Allocation | Current Weightage (%) |
|-------------------------|-----------------------|
| Asia Pacific ex Japan   | 39.48                 |
| North America           | 29.03                 |
| Europe ex UK            | 13.29                 |
| UK                      | 6.52                  |
| Japan                   | 3.85                  |
| Central/South America   | 0.84                  |
| Others                  | 3.71                  |
| Cash                    | 3.29                  |
| <b>Total</b>            | <b>100.00</b>         |

### Sector Allocation

| Sector Allocation          | Current Weightage (%) |
|----------------------------|-----------------------|
| Eq- Financial Services     | 12.87                 |
| Eq- Technology             | 7.43                  |
| Eq- Industrials            | 7.41                  |
| Eq- Healthcare             | 6.66                  |
| Eq- Consumer Defensive     | 4.49                  |
| Eq- Consumer Cyclical      | 3.66                  |
| Eq- Communication Services | 1.70                  |
| Eq- Real Estate            | 1.22                  |
| Eq- Utilities              | 0.72                  |
| Eq- Basic Materials        | 0.70                  |
| Eq- Energy                 | 0.07                  |
| Investment Grade Bonds     | 16.49                 |
| High Yield Bonds           | 16.41                 |
| Government Bonds           | 12.15                 |
| Others                     | 4.76                  |
| Cash                       | 3.29                  |
| <b>Total</b>               | <b>100.00</b>         |

### Fund Classes

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

### **Important Notice and Disclaimers**

This information shall not be copied, or relied upon by any person for whatever purpose. The information herein is given on a general basis without obligation and is strictly for information only.

These documents are for general information only and do not take into account your objectives, financial situations or needs. These slides are not an offer, solicitation, recommendation or advice to buy or sell any investment product, including any collective investment schemes or shares of companies mentioned within. The information contained in these slides, including any data, projections and underlying assumptions are based upon certain assumptions, management forecasts and analysis of information available and reflects prevailing conditions and our views as of the date of the document, all of which are subject to change at any time without notice.

You should be aware that investments carry risks. Please consider the fees and charges involved before investing. UOB Asset Management (Malaysia) Berhad does not guarantee any returns on the investments.

In preparing these slides, UOBAM(M) has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was otherwise reviewed by UOBAM(M). UOBAM(M) does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any error, inaccuracy or omission. UOBAM(M) and its employees shall not be held liable for any decision or action taken based on the views expressed or information contained within this publication. Any opinion, projection and other forward looking statement regarding future events or performance of, including but not limited to, countries, markets or companies is not necessarily indicative of, and may differ from actual events or results. Nothing in this publication constitutes accounting, legal, regulatory, tax or other advice. The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. You may wish to seek advice from a professional or an independent financial adviser about the issues discussed herein or before investing in any investment product. Should you choose not to seek such advice, you should consider carefully whether the investment or product is suitable for you or your organization.

UOB Asset Management (Malaysia) Berhad (Company No. 199101009166 (219478-X))