

Fund: United ASEAN Discovery Fund

As at 31 May 2022

Performance Update

For the month of May, the Fund registered a return of -2.15%.

In May, global equities were mostly mixed as investors focused on elevated inflation and tightening US Fed's monetary policy. US inflation data for April came in at an annualized rate of 8.3%, indicating that prices for US goods and services increased at a slower rate mom but still remained elevated. At the same time, US Fed governor, Christopher Waller, advocated for the central bank to raise interest rates at every meeting until inflation is curbed.

The MSCI All Country ASEAN Index (MXSO) declined 1.9% to close at 673 points. The decline was led by Singapore equities which saw the Straits Times Index dipping 3.7% in May. The Singapore benchmark index mirrored the losses on Wall Street as investors were wary of elevated inflation. Singapore's core inflation data for April was 3.3% yoy (up from 2.9% in March) driven by higher energy and food costs. The Singapore Dollar strengthened by 0.9% against the US Dollar.

During the month, key contributors of the fund were Berjaya Food, PTTEP and Indofood CBP. Berjaya Food reported strong set of quarterly results meanwhile PTTEP becomes contributor due to rising oil price. Besides, Indofood reported an attractive valuation after the selldown in share price.

In contrast, key detractors of the fund during the month were AllHome, EcoWorld and XL Axiata. EcoWorld and XL Axiata. On the other hand, AllHome's share price dropped during May due to results below expectation.

Strategy Moving Forward

In the near term, the market is expected continue to be influenced by tightening monetary policy, elevated inflation, and slowing economic growth. Against this backdrop, we have de-risked the Fund and raised some cash with the view of redeploying it when there is greater clarity on the global market. We expect Asean markets to be a relatively defensive region as it has limited direct linkage with Russia and certain countries namely Indonesia and Malaysia are benefitting from reopening and rising commodities prices. We prefer value/reopening over growth, favoring financials and consumer.

Fund Classes

Fund Classes
MYR Class

Stock Commentary

Stocks	Country	Sector	Remarks
MR DIY	Malaysia	Consumer Products & Services	<ul style="list-style-type: none"> MR DIY is the largest home improvement retailer in Malaysia. Future growth will be underpinned by store expansion.
Berjaya Food	Malaysia	Consumer Products & Services	<ul style="list-style-type: none"> Benefit from reopening and cost cutting measures
Bank Negara Indonesia	Indonesia	Financials	<ul style="list-style-type: none"> We like the company's new strategy to improve asset quality. Its valuation is at a discount to the peers.
Bank Rakyat	Indonesia	Financials	<ul style="list-style-type: none"> Benefit from economy reopening. We expect ROE to improve supported by loan growth and normalization of credit cost.
Thai Bev	Singapore	Consumer Staples	<ul style="list-style-type: none"> Expect sales to recover as economy activities normalize

Income Distribution

Date	Yield
23 February 2022	2.70%

Award



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