

## **Fund: United Bond & Equity Strategic Trust Fund**

**As at 31 May 2022**

### **Performance Update**

For the month of May, the Fund registered a return of -0.57%

In May, global equities were mostly mixed as investors focused on elevated inflation and tightening 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 ex-Japan Index (MXASJ) gained 0.2% to close at 688 points led by a rebound in mainland China. Market sentiment turned positive due to the mainland Chinese government's efforts to cushion the slowdown in economic growth and expectations of Shanghai reopening and easing of COVID-19 restrictions in Beijing. In addition, the US also made a statement citing potential removal of some tariff on imports from mainland China.

During the month, the key equity contributors to the Fund performance were CNOOC, Hibiscus and Alibaba. CNOOC and Hibiscus become contributors due to rise in oil price. On the other hand, Alibaba's share price rose on May due to China stimulus measures.

In contrast, the key detractors to the Fund performance were PT Telkom, Sands China and Macquarie.

### **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. Within Asia, we favour Asean as we expect Asean to be a relatively more defensive and certain countries namely Indonesia and Malaysia are benefitting from reopening and high commodities prices. We have recently added exposure to China/Hong Kong market given decent valuation and government's stimulus policy. We prefer value/reopening over growth, favoring financials and consumer.

## Stock Commentary

Stocks	Country	Sector	Remarks
PT Telkom	Indonesia	Telecommunication Services	<ul style="list-style-type: none"> <li>Largest telco in Indonesia.</li> <li>Positive sector outlook with signs of easing competition and improvements in COVID restrictions.</li> </ul>
Bank Mandiri	Indonesia	Financials	<ul style="list-style-type: none"> <li>Benefit from economy reopening.</li> <li>We expect ROE to improve supported by higher NIM, loan growth, and normalization of credit cost.</li> </ul>
CNOOC	China	Energy	<ul style="list-style-type: none"> <li>Benefit from high oil price.</li> </ul>
Thai Bev	Singapore	Consumer Staples	<ul style="list-style-type: none"> <li>Expect sales to recover as economy activities normalize.</li> </ul>
City Development	Singapore	Real Estate	<ul style="list-style-type: none"> <li>Benefits from recovery in tourists arrival.</li> </ul>

## Characteristic of Fixed Income Portfolio

Fixed Income	
Duration	2.3 years
Yield %	4.4
Avg credit rating	AA2

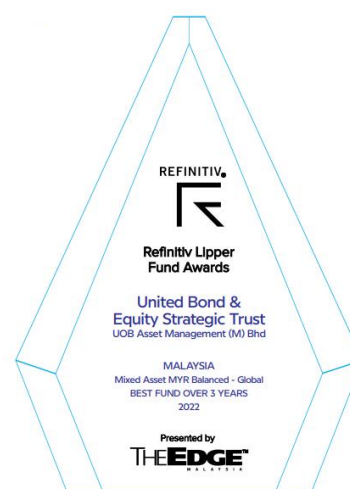
## Income Distribution

Date	Yield
21 February 2022	1.00%

## Fund Classes

Fund Classes
MYR Class

## Award



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