

UOBAM (Malaysia) fund ranked number one in ASEAN by Lipper for outperforming industry peers by more than 60 per cent



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UOB Asset Management takes home three awards

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An unwavering bottom-up, fundamentals-driven and structured team-based approach helped UOB Asset Management (M) Bhd win three awards at the Refinitiv Lipper Fund Awards 2021. The awards are the Best Mixed Asset MYR Conservative (won by United Income Plus Fund) and Best Equity Asean (Malaysia) (won by United Asean Discovery Fund) in the three-year category, and Best Mixed Asset MYR Balanced — Global (Malaysia) in the five-year category (won by United Bond & Equity Strategic Trust).

CEO Lim Suet Ling says security selection has been a significant contributor to the funds' outperformance historically and was a key factor in the awards. "We are flexible in recognising that different styles may work better at different times. This flexibility allows us to pick an optimal style in achieving the investment objective for our clients.

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“For example, in the second half of 2020, we started rotating from a growth-biased style to a more balanced approach to include value. The positive news on Covid-19 vaccines towards the end of last year triggered a rotation from growth to value. The funds benefited from the positioning in some value sectors such as healthcare and healthcare services.”

Despite the selldown in equity markets globally in March 2020 amid pandemic fears, the team held on to their many convictions as they believed that businesses would be able to withstand the shock from the pandemic, says Lim. “When governments signalled that they were undertaking unprecedented fiscal and monetary policies, the funds took advantage of the equity market weakness to accumulate and were able to benefit from the swift rebound that followed.”

Sticking to their conviction was the “biggest challenge” in the face of hostile market conditions, she says. “Always do your homework and know the company that you have invested in. If the market turns hostile, you can count on the strength of the businesses that you have invested in. In some cases, we believe that the company’s competitive position has been enhanced.”

Lim says the funds benefited from the sharp rise in the stock prices of glove manufacturers, which saw supernormal profits during the pandemic. But the performance of the funds was attributed to much more than just the glove manufacturers. “One of the big contributors to the funds’ performance in recent years has been the positioning in the technology sector. The Covid-19 pandemic did two main things for the technology sector — first, it accelerated the digitalisation trend and second, investors flocked to the technology sector as it was relatively resilient amid a global recession.”

The funds’ earlier positioning in technology resulted in significant outperformance, she adds. “For United Income Plus Fund, we have exposure to many of the leading technology names in the world. For United Bond & Equity Strategic Trust, we have exposure to global semiconductor and leading technology names. For the United Asean Discovery Fund, we have exposure to manufacturers in the technology supply chain.

“Apart from strong demand for products, these companies have also benefited from trade diversion as a result of the US-China trade tensions.”

In the light of the current economic uncertainties, the fund house will continue to use the bottom-up approach to investing and continue to focus on finding opportunities to invest in quality businesses irrespective of economic conditions, says Lim.

“Besides looking at security selection to underpin outperformance, we will also manage the asset allocation actively to optimise the funds’ returns,” she says.