



UOB Asset Management (M) Bhd - ONE FUND AWARD

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UOB Asset Management (M) Bhd

ONE FUND AWARD

UOB Asset Management (M) Bhd bagged an award at the Refinitiv Lipper Fund Awards 2020. Its UOB United Income Plus fund won the award for Best Mixed Asset MYR Conservative in the three-year category.

The fund, which provided investors with a return of 17.51% for the three years ended Dec 31, 2019, is a mixed asset fund. Its equity exposure is set at a maximum of 30% while the remainder is a combination of fixed-income assets and cash holdings. Due to the asset allocation, the fund is inherently less volatile, especially during periods of market turbulence, says UOB Asset Management chief investment officer Francis Eng.

According to him, the strategy was to generate stable returns from fixed income and get an additional boost from equities. As 2019 was largely a strong year for fixed-income returns, the fund's conservative nature was an inherent advantage.

"We managed to further boost returns with our equity exposure. The generally poor performance of markets in 2018 provided fertile conditions for us as stock pickers in 2019," says Eng.

"As an investment house that emphasises a bottom-up approach, we were able to buy into quality companies at very reasonable prices. Our stock selection was a significant contributor to the fund's outperformance last year."

He adds that 2020 is expected to see much more volatility, particularly with the heightened uncertainty over the Covid-19 pandemic

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| FUND | United Income Plus | |
| AWARD | Mixed Asset MYR Conservative (3 years) | |
| FUND SIZE | RM40.5 million | |
| FUND MANAGER | Francis Eng | |
| RETURNS FOR PERIODS ENDED DEC 31, 2019 (%) | 1 year | 11.73 |
| | 3 years | 17.51 |

and its impact on the global economy. "The outlook for fixed income is mildly positive. Meanwhile, central banks are expected to cut interest rates further and keep monetary policies loose. They have launched bond-buying schemes and announced several measures to inject much needed liquidity into the financial system.

"In the absence of any inflationary pressure, we expect the low interest rate environment to persist. In the near term, the debt markets are expected to be volatile."

Under the circumstances, the prospects of equities are looking challenging in the near term, largely due to the economic fallout from the pandemic. To this end, Eng believes that a combination of fiscal policy, central bank action and effective healthcare measures will help mitigate the impact of Covid-19 on the markets. "Assuming that the situation improves in the second half of this year [given the measures taken by the government], this could set the foundation for an economic recovery

in late 2020 and the following year," he says.

Bearing these factors in mind, Eng's investment thesis for the year is to continue relying on fixed income to generate stable returns in what has been a very volatile year for the stock market thus far. "The portfolio will be anchored by fixed income which, in turn, will be supported by low interest rates and continued monetary easing to deal with the [economic effects of the] pandemic. We raised some cash earlier on and are waiting to deploy into equities at the right opportunity," he says.

While it will be difficult to predict the end of the pandemic, a look back at previous outbreaks indicates that markets tend to bottom out when the number of new cases hits a peak, says Eng.

In the meantime, the broad market sell-offs over the last few weeks have presented some of the best buying opportunities in a very long time. "If the market sell-down continues, investors will be able to buy into quality companies at bargain prices. However, this needs to be balanced against the possibility of Covid-19 having a more extensive and extended impact than previously anticipated."

— By Oliver Christopher Gomez



Eng



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Refinitiv Lipper Fund Awards 2020

UOB Asset Management (M) Bhd - ONE FUND AWARD

Oliver Christopher Gomez / The Edge Malaysia
 April 18, 2020 00:02 am +08



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