UOB Asset Management

Fund Commentary

United CIO Growth Fund

October 2024

How did the Fund perform?

The United CIO Growth Fund – A SGD Acc (Hedged) (the "Fund"), declined 0.37%[1] in October 2024 in Singapore dollar (SGD) terms, and outperformed the composite benchmark return of -1.22%.

	1-month	3-month	6-month	1-year	Year to Date	Since Inception
Fund	-0.37	2.03	8.07	24.40	11.01	0.56
Fund (Charges applied^)	-5.35	-3.07	2.67	18.18	5.46	-0.73
Benchmark	-1.22	1.74	8.17	25.14	13.13	7.53*

[1]Source: Morningstar, as of 31 October 2024, in SGD terms, based on Class A SGD Acc (Hedged), with dividends and distributions (if any) reinvested. The above table performance figures for 1 month till 1 year show the % change, while performance figures above 1 year show the average annual compounded returns. Past performance is not indicative of future performance. Class A SGD Acc (Hedged) Inception Date: 12 November 2020. Benchmark: Inception – 3 May 2022: No benchmark, 4 May 2022 – 5 March 2023: MSCI AC World Index, 6 March 2023 – Present: 80% MSCI AC World Index, 15% Bloomberg Global Aggregate Index and 5% SORA 1M Compounded.

^Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

**Since Inception Benchmark Returns are from the date the benchmark was incorporated on 04 May 2022.*

Positive contributors to relative performance were the allocation to US equities, in particular Financials, which rallied strongly on the back of positive earnings announcements, and to gold miners which were supported by rising gold prices. However, the allocation to Japanese equities detracted from performance as the JPY depreciated sharply against the USD while Chinese equities slumped as policy announcements from the Chinese government failed to sustain investor optimism. Within fixed income, the allocation to financial bonds and catastrophe bonds helped performance. Active fund selection was positive as PIMCO Income Fund outperformed its benchmark.

Fund adjustments: During the month, we increased our allocation to mega-cap technology companies and financials which would be supported by the Fed's dovish bias and expectations of a resilient economic outlook for the US. This was funded by reducing the allocation to US small-mid cap stocks, consumer staples, healthcare, and utilities sectors. We also slightly increased our allocation to Chinese equities, and this was funded by reducing the allocation to real estate and taking profit on broad Asian equities. These were some of the adjustments made during the month:

Holdings Bought	Rationale	Holdings Sold	Rationale
Invesco S&P 500 Top 50 ETF	Mega-cap technology names would be supported by the Fed's dovish bias. Reduced underweight to Mag 7	VanEck Morningstar SMID Moat ETF	Profit taking
		Staples Select Sector SPDR Fund	Staples may underperform in soft-landing scenario
		Healthcare Select Sector SPDR Fund	Healthcare may underperform in soft-landing scenario
Financials Select Sector SPDR Fund	Financials may benefit in soft-landing scenario	Utilities Select Sector SPDR Fund	Profit taking
HSCEI ETF	Tactical overweight on Chinese equities as recent policy stimulus announcements could support China's growth	Real Estate Select SPDR Fund	-
		iShares MSCI EM Asia ETF	Profit taking
iShares USD IG Corp Bond ETF	Tactical lengthening of duration due to dovish bias by the Fed	iShares Global Aggregate Bond ETF	-

At the end of October 2024, the top ten holdings of the United CIO Growth Fund are as follows[2]:

Holdings	(%)
iShares MSCI ACWI UCITS ETF	10.41%
iShares NASDAQ 100 UCITS ETF	10.04%
Financials Select Sector SPDR Fund	8.37%
iShares Core S&P 500 UCITS ETF	5.95%
Cash	5.83%
Invesco S&P 500 Top 50 ETF	5.34%
iShares MSCI EM Asia UCITS ETF	4.79%
Industrial Select Sector SPDR Fund	4.65%
S&P500 Equal Weight UCITS ETF	4.48%
VanEck Semiconductor ETF	3.78%

Source: UOB Asset Management, 31 October 2024

[2] The Fund is rebalanced on a regular basis to ensure that the asset allocation is aligned to the views of the fund manager. Thus, the underlying funds selected here are subject to changes depending on the manager's discretion.

What happened in October 2024?

Global equities declined in October 2024 amid uncertainty ahead of the US presidential elections, heightened geopolitical tensions in the Middle East and the assessment of ongoing policy easing measures. Japan equities continued to experience elevated volatility but rebounded from September to generate positive return in JPY terms. Chinese equities suffered sharp declines as stimulus optimism failed to sustain investor sentiment. Most government bond yields rose during the month as generally resilient economic data, the prospect of a Trump victory and the likely implementation of more inflationary policies led to a re-pricing of the anticipated Fed interest rate cuts. Global credit outperformed duration-equivalent government bonds as spreads tightened, supported by the resilient economic environment.

What to expect going forward?

We remain cautiously optimistic on markets over the medium term supported by relatively resilient growth outlook and expectation that inflation would continue to trend lower. Most of the developed market (DM) central banks are beginning to shift their focus from inflation to growth downside risk implying a downward bias on policy rates for most DM central banks except Japan. While the high interest rate environment may weigh on growth, soft landing remains our base case supported by relatively resilient economic data and there is ample room for interest rate cuts given the high current rate.

What is the Fund's strategy?

While we maintain a cautiously optimistic view on markets over the medium term, we maintain a tactically cautious stance on risk assets in the near term. We anticipate higher volatility in the near term as investor sentiment alternates between recessionary pessimism and rate cut optimism as economic data soften. Market volatility may also be exacerbated by rising geopolitical tensions in the Middle East and policy uncertainty as we head into the US presidential elections.

We maintain our overweight allocation to equities, remaining cautiously optimistic on quality and cyclical companies, including financials and industrials which will be supported by expectations for a resilient economy. At the same time, we continue to maintain our defensive exposures via gold miners, which may help to buffer volatility. We also tactically increased our allocation to Chinese equities as we believe they present an interesting opportunity with recent policy support from the Chinese government. That said, sustained upside may be dependent on how well the current policy support translates to an improvement in economic activity and further reflationary efforts. Lastly, we reduced our allocation to Japanese equities as we expect the market to remain volatile due to heightened political uncertainty as the ruling Liberal Democratic Party (LDP) struggles to form a government after an unexpected defeat in the Lower House election. We continue to be active in our asset allocation and would adjust the portfolio according to changes in the macro environment.

All statistics quoted in the write-up are sourced from Bloomberg as of 31 October 2024 unless otherwise stated.

Important notice and disclaimers

MSCI Data are exclusive property of MSCI. MSCI Data are provided "as is", MSCI bears no liability for or in connection with MSCI Data. Please see complete MSCI disclaimer here.

All information in this publication is based upon certain assumptions and analysis of information available as at the date of the publication and reflects prevailing conditions and UOB Asset Management Ltd ("UOBAM")'s views as of such date, all of which are subject to change at any time without notice. Although care has been taken to ensure the accuracy of information contained in this publication, UOBAM makes no representation or warranty of any kind, express, implied or statutory, and shall not be responsible or liable for the accuracy or completeness of the information.

Potential investors should read the prospectus of the fund(s) (the "Fund(s)") which is available and may be obtained from UOBAM or any of its appointed distributors, before deciding whether to subscribe for or purchase units in the Fund(s). Returns on the units are not guaranteed. The value of the units and the income from them, if any, may fall as well as rise. Please note that the graphs, charts, formulae or other devices set out or referred to in this document cannot, in and of itself, be used to determine and will not assist any person in deciding which investment product to buy or sell, or when to buy or sell an investment product. An investment in the Fund(s) is subject to investment risks and foreign exchange risks, including the possible loss of the principal amount invested. Investors should consider carefully the risks of investing in the Fund(s) and may wish to seek advice from a financial adviser before making a commitment to invest in the Fund(s). Should you choose not to seek advice from a financial adviser, you should consider carefully whether the Fund(s) is suitable for you. Investors should note that the past performance of any investment product, manager, company, entity or UOBAM mentioned in this publication, and any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance of any investment product, manager, company, entity or UOBAM or the economy, stock market, bond market or economic trends of the markets. Nothing in this publication shall constitute a continuing representation or give rise to any implication that there has not been or that there will not be any change affecting the Funds. All subscription for the units in the Fund(s) must be made on the application forms accompanying the prospectus of that fund.

The above information is strictly for general information only and is not an offer, solicitation advice or recommendation to buy or sell any investment product or invest in any company. This publication should not be construed as accounting, legal, regulatory, tax, financial or other advice. Investments in unit trusts are not obligations of, deposits in, or guaranteed or insured by United Overseas Bank Limited, UOBAM, or any of their subsidiary, associate or affiliate or their distributors. The Fund(s) may use or invest in financial derivative instruments and you should be aware of the risks associated with investments in financial derivative instruments which are described in the Fund(s)' prospectus.

In the event of any discrepancy between the English and Mandarin versions of this publication, the English version shall prevail.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

UOB Asset Management Ltd Co. Reg. No. 198600120Z