

## News Release

**UOB Asset Management favours a balanced income investment strategy  
amid a muted growth outlook for 2020***Maintains overweight on fixed income with neutral call on equities for capital preservation and gain*

**Singapore, 16 January 2020** – UOB Asset Management Ltd (UOBAM) is focusing on investment grade bonds and dividend growth equities for capital preservation and gain in 2020. UOBAM's view is based on improving economic conditions, albeit with muted growth expected for the year.

UOBAM's outlook is consistent with the International Monetary Fund which has forecast global real gross domestic product to grow 3.4 per cent in 2020. This is higher than the 3.0 per cent estimate for 2019, which was the lowest level since the 2008 Global Financial Crisis<sup>1</sup>.

Mr Anthony Raza, Head of Multi-Asset Strategy at UOBAM, said, "Last year the global economy narrowly avoided a recession and has shown signs of stabilising<sup>2</sup> at the turn of the decade. However, growth will likely be muted this year. Lingering geopolitical concerns including US-China trade tensions, the US presidential election and Brexit will continue to cast a shadow on the global economy.

"With moderate global economic growth and therefore consequently modest earnings growth, we do not expect further monetary easing this year. As such, most asset classes are unlikely to replicate last year's strong performance. This is why we suggest a risk-based balanced income strategy to preserve and to grow capital through bonds yields and stock dividends."

**UOBAM positive on fixed income and neutral on equities**

For the first quarter of 2020, UOBAM is overweight on fixed income and alternatives, while neutral on equities and underweight in cash and commodities.

Mr Raza said, "With no interest rate policy moves expected in 2020, bond yields are likely to stabilise and to remain low. However, with corporate bonds and Asian bonds reasonably valued, there are

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<sup>1</sup> Source: *World Economic Outlook, October 2019*, International Monetary Fund.

<sup>2</sup> Economic indicators such as the global manufacturing Purchasing Managers' Index has been in the expansionary range of above 50 since November 2019.

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opportunities to buy on price dips. We expect an annual return of about three to four per cent for fixed income this year<sup>3</sup>.”

Within fixed income, UOBAM prefers investment grade credits in developed markets as well as issuances by companies that are market leaders and backed by strong government support.

“For equities, our neutral call for the first quarter is an upgrade from underweight in the second half of 2019. We expect global earnings growth of about seven per cent in 2020<sup>4</sup> to drive returns and will look out for more signs of sustained economic growth before increasing our positions further.

“We favour US equities to Asian equities in anticipation of resilient American corporate profits. While we are currently neutral on Asian equities, we will shift to a positive weightage should conditions such as greater improvement in global economy and trade and easing of the US dollar materialise. Within Asia, Singapore equities in particular offer attractive valuations and growth potential supported by the government’s fiscal flexibility,” Mr Raza said.

Mr Raza shared his views at UOBAM’s 2020 Investment Outlook Seminar today, which was attended by more than 200 participants, including local and regional institutional investors and fund distributors.

– Ends –

### **About UOB Asset Management**

UOB Asset Management Ltd (UOBAM) is a wholly-owned subsidiary of United Overseas Bank Limited. Established in 1986, UOBAM has been managing collective investment schemes and discretionary funds in Singapore for more than 30 years. We currently manage 54 unit trusts in Singapore and are one of the largest unit trust managers in terms of assets under management. As at 30 November 2019, UOBAM and our subsidiaries manage about S\$36.2 billion (US\$26.4 billion) in clients’ assets.

UOBAM has an extensive presence in Asia with regional business and investment offices in Brunei, Indonesia, Japan, Malaysia, Singapore, Taiwan and Thailand. Our network includes UOB Alternative Investment Management Pte. Ltd and UOB Islamic Asset Management Sdn Bhd in Malaysia. We have two joint ventures: Ping-An Fund Management Company Limited (China) and UOB-SM Asset Management Pte Ltd (Singapore). In addition, we forged strategic alliances with UTI International (India) and Wellington Management Singapore.

### **For media queries, please contact:**

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<sup>3,4</sup> UOBAM’s estimate based on Bloomberg data, January 2020.

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