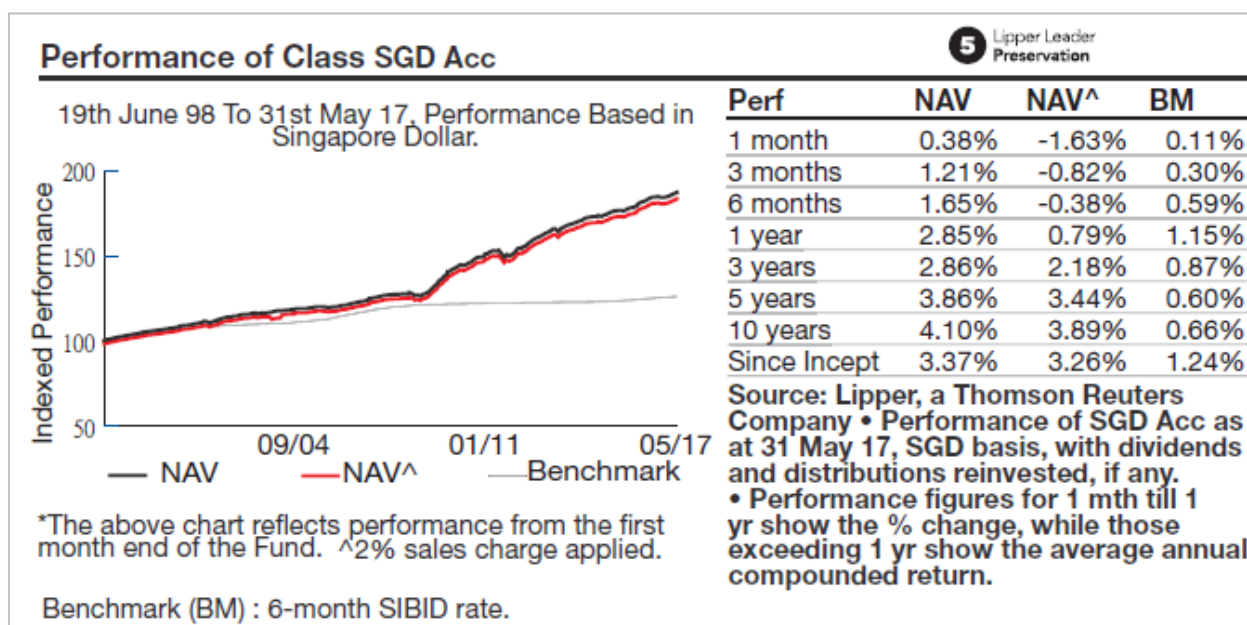


## United SGD Fund

### Fund Performance

The performance of the United SGD Fund Class A (Acc) SGD (the "Fund") advanced 0.38%<sup>1</sup> in the month of May 2017. The Fund's benchmark, the 6-month Singapore Interbank Bid Rate ("SIBID rate"), increased 0.11 %<sup>2</sup>.



### Market Review

The Fund had a NAV at \$1.843 in May 2017.

While credit spreads widened on a risk-off sentiment, 10-year US treasury yields ended the month at 2.20%. The Trump reflation trade lost ground amidst political controversies and less than stellar US economic data. In the first half of May, the US Federal Reserve (Fed) commented economic growth slowdown for the first quarter of 2017 was "transitory", hinting that the pace of interest rate hikes will not be affected. However Fed meeting minutes released towards the end of May shifted in stance, and held a more cautious tone, with the policy path on balance sheet normalisation being viewed as more dovish than expected. Rating downgrades on China's sovereign rating overshadowed the market, along with a commodity trader whose unexpected first quarter loss led to extreme liquidity issues and a flow on impact on high yield bonds in the commodities space.

The pipeline for new issuances remain strong as issuers continued to rush to market with US\$23 billion issued in the Asia dollar (ex-Japan) primary market. This brought the cumulative year to date issue amount to USD129.8 billion, almost double the amount printed during the same period in 2016.

### Outlook and Strategy

<sup>1</sup> Source: Lipper, Performance from 28 April 2017 to 31 May 2017 in SGD terms, on a NAV (Net Asset Value) basis, with dividends and distributions reinvested (if any).

<sup>2</sup> Source: Lipper, Performance from 28 April 2017 to 31 May 2017 in SGD terms.

Fund Awards include: The Edge Lipper SGD Fund Awards (2010-2011, 2013-2015), SG Inv Fund Awards (2000-2001)

All statistics quoted in the write-up are sourced from Bloomberg as at 31 May 2017 unless otherwise stated

## United SGD Fund

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We maintain our defensive positioning with preference for quality credits with leading market share, of systemic importance, in defensive sectors and which are professionally managed. We continue to invest up the credit rating scale and increase exposure to developed markets, to insulate the portfolio against spurts of volatility.

The markets are now expecting two more Fed rate hikes till end of year, with a rate hike on the cards in June. A higher interest rate environment will benefit the performance of the Fund as bonds are reinvested at higher interest rates and any negative impact into portfolio is limited due to low portfolio duration.

The Fund will continue to buy fairly priced bonds and sell/take-profit on expensive bonds based on relative value. We will focus on companies that have good access to capital markets and have defensive business models. We will also continue to invest in bonds that are maturing, callable or puttable up to 3 years to enhance overall return. The Fund will maintain 3% to 5% in cash for liquidity purposes and hedge foreign currency risk to the Singapore dollar.

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