

United SGD Fund scores again at The Edge-Lipper Singapore Fund Awards

The United SGD Fund (the 'Fund') recently won 'Best Fund Over 3 Years' under the Bond Singapore Dollar category at this year's *The Edge-Lipper Fund Awards*. The latest award is the 11th industry accolade¹ the Fund has received since its inception in June 1998.

The Fund aims to offer a regular, fixed income payout for investors by investing in global short-term, investment-grade bonds with a focus on Asia. The Fund has the flexibility to explore investments in both the local currencies and hard currencies markets, allowing its investors to access a larger investment universe. However, foreign currency exposures are hedged back to the Singapore dollar (SGD) to help mitigate the risk of currency fluctuation.



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Ms Joyce Tan, Head of Singapore & Asia Fixed Income and Portfolio Manager of the Fund believes that striking a fine balance between stability and growth is important in managing the Fund.

"The Fund's consistent focus on quality, short-term bonds aims to insulate it from major corrections and crises. This is a vital feature when investors are concerned over various economic and geopolitical risks around the world," she explains.

This recognition is a testament to our commitment to excellent investment performance. We will continue to strive to be the top asset management house in the region and we thank our customers and partners for your trust and valuable support.

Please visit uobam.com.sg for more information.

Notes:

¹ *The Edge-Lipper Singapore Fund Awards*, 2014, 2013, 2011 and 2010 and the Singapore Investment Fund Awards, 2001 and 2000. Please refer to uobam.com.sg for more information on the award categories.

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The Winning Strategy

UNITED SGD FUND



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SPECIAL EDITION

Interview

The United SGD Fund (the 'Fund') recently won 'Best Fund Over 3 Years' under the Bond Singapore Dollar category at *The Edge-Lipper Fund Awards 2015*. The latest award is the 11th industry accolade¹ the Fund has received since its inception in June 1998. **Joyce Tan, award-winning portfolio manager of the United SGD Fund, shares her market outlook and positioning for the Fund.**

What is your current outlook on the market?

At the moment, we think interest rates are likely to stay low as inflation remains muted.

Investors have been watching the announcements from the US Federal Reserve (Fed) for any potential rates increase. The October 2014 Federal Open Market Committee meeting saw it keep its September 2014 promise by putting an end to the monthly quantitative easing programme. We expect the first rate increase will happen in mid-2015 and a subsequent gentler rate increase will take place in 2016.

What does the United SGD Fund offer investors?

The Fund targets to offer investors a regular, fixed income payout² by investing in global short-term and investment-grade bonds with a focus on Asia.

The Fund has the full flexibility to explore investments in both the local currencies and hard currencies markets, allowing its investors to access a larger investment universe. However, foreign currency exposures are hedged back to the Singapore dollar (SGD) to help mitigate the risk of currency fluctuation.

The Fund's consistent focus on quality, short-term bonds aims to insulate it from major market corrections and crises. This is a vital feature at a time when investors are concerned over various economic and geopolitical risks around the world.

Can bond funds offer attractive returns?

Bonds are a good hedge against other asset classes and tend to hold their value even during stressful market conditions.

When included into a mixed assets portfolio, bonds help to moderate overall portfolio volatility and provide a consistent stream of income (from coupons) for liquidity or re-investment. The United SGD Fund is a safe haven

for investors during major market corrections such as the 2008 Global Financial Crisis, the 2011 European Sovereign Crisis and the 2013 Fed rate taper tantrum.

The Fund invests largely in short-term, high-quality bonds. The average portfolio rating of the Fund as at March 2015 is BBB+, which means the underlying bonds are of good credit quality, with lower default rates. In 2013, for example, BBB-rated credits had zero default compared to 0.09 per cent default rate for BB-rated credits and 1.60 per cent default rate for B-rated credits³.

Short-term bonds (with up to a tenor of three years) also tend to exhibit lower drawdown and higher returns for the same level of risk. The effective duration of the Fund as at end-March 2015 is 2.1 years⁴.

Which sectors, industries or companies have contributed to the United SGD Fund's stellar performance?

The Fund achieved a gross cumulative return of 16.8 per cent from 2012 to 2014. Approximately a third of the portfolio was invested in Singapore high-grade corporate bonds, and this lends stability to the Fund's performance.

We also took the opportunity to ride on the development of Asia's fastest-growing economy by increasing our exposure to China's high-grade bonds. This investment approach enabled the portfolio to strike a fine balance between stability and growth. At the industry level, the Fund was focused on banks and real estate – sectors that underpin economic growth.

Based on your outlook and the rising interest rate environment, how would you position the United SGD Fund going forward?

The Fund is positioned to cope with rising interest rates using a "ladder" strategy, where investment maturity is spread across a one-year, two-year and three-year time frame. In the

event of rising interest rates, bonds that mature in the current year will be re-invested at the higher interest rate. As such, we expect the Fund to be able to ride the momentum of rising interest rates to enhance total return for investors.

What are the key risks of the United SGD Fund and how do you mitigate these risks?

There are different types of risks such as interest rate risk, market risk and credit risk⁵. For the Fund, credit risk management is the most important and this is why we have a stringent bond selection process to manage this risk.

A team of 19⁶ analysts supports the Fund. This team covers corporate and sovereign issuers across Asia, emerging markets as well as developed markets. Our team of credit analysts conducts a detailed credit analysis that closely evaluates macroeconomics outlook, industry outlook, business outlook, specific debt structure, strength of ownership and management expertise. These findings are summarised into an in-house rating score that will eventually determine the relative valuation of each credit investment. Each investment is then carefully deliberated on, considering portfolio diversification by country and by sector. This ensures optimal risk-adjusted return enhancement for the entire portfolio.

¹The Edge-Lipper Singapore Fund Awards 2015, 2014, 2013, 2011, 2010 and the Singapore Investment Fund Awards, 2001 and 2000. These awards relate to past performance and are not a reliable indicator of future or likely performance. Please refer to uobam.com.sg for more information on the award categories.

²Only for Class A (Dist) SGD units. Investors should note that the making of distributions is at the absolute discretion of the Managers and that distributions are not guaranteed.

³Source: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®, March 2014.

⁴Source: UOBAM Singapore, as of end-March 2015

⁵Please refer to the Fund's prospectus for other risks.

⁶As at April 2015

Benefits at a glance

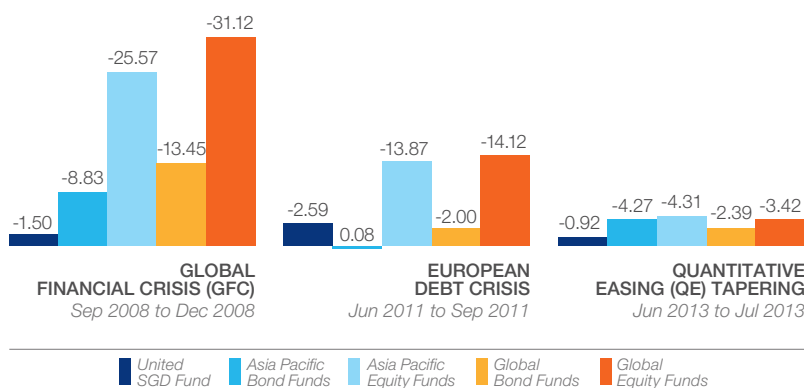
1 Proven track record
since inception. Only one year of negative return since the Fund was set up in 1998

1998	2.20	2007	3.32
1999	3.22	2008	-0.64
2000	2.75	2009	11.58
2001	1.89	2010	5.91
2002	4.27	2011	0.95
2003	1.34	2012	7.41
2004	1.97	2013	4.14
2005	0.61	2014	2.65
2006	2.76	2015	1.23 [^]

CALENDAR YEAR RETURN (%)

Source: Lipper, 31 March 2015. Performance in Singapore dollar (SGD) terms, on a Net Asset Value (NAV) basis, with dividends and distributions reinvested. [^]Year-to-date

2 Lower drawdowns
during periods of market instability



MAXIMUM DRAWDOWN (%)

Source: Lipper, 31 March 2015, SGD terms

4 Potential to enjoy a steady stream of income

of 2 per cent p.a.⁷ on quarterly basis in addition to potential capital appreciation

Initial Investment* At Inception	2010	2011	2012	2013	2014	Mar 2015
S\$100,000	S\$149,260	S\$150,680	S\$161,850	S\$168,550	S\$173,020	S\$175,150
2005	S\$119,730					
2006	S\$123,040					
2007	S\$127,120					
2008	S\$126,310					
2009	S\$140,930					

*Investors should note that this is for illustration purpose only, on the assumption that an initial sum of S\$100,000 has been invested, since inception on 19 June 1998.

5 Award-winning fund

Best Fund Over 3 Years - Bond SGD

The Edge-Lipper Singapore Fund Awards 2015

Best Fund Over 5 Years & Over 10 Years - Bond SGD

The Edge-Lipper Singapore Fund Awards 2014

Best Fund Over 5 Years & Over 10 Years - Bond SGD

The Edge-Lipper Singapore Fund Awards 2013

Best Fund Over 3 Years & Over 5 Years - Bond SGD

The Edge-Lipper Singapore Fund Awards 2011

Best Fund Over 3 Years & Over 5 Years - Bond SGD

The Edge-Lipper Singapore Fund Awards 2010

Singapore Investment Fund Award 2001

Singapore Investment Fund Award 2000



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Meet the manager

Joyce Tan Mui Ling
Head of Singapore &
Asia Fixed Income

Joyce Tan manages the award-winning United SGD Fund. An industry veteran of 18 years, she has won several industry awards herself.

Joyce was recognised by The Asset Benchmark Survey as one of the Most Astute Investors in Singapore Dollar Bond for 3 consecutive years between 2011 to 2013. She also won accolades such as One of the Most Astute Investors in Asian G3 Bonds in 2012 and 2013.

A CFA® charterholder, Joyce joined UOB Asset Management in 2007 and is a portfolio manager managing Singapore and Asia Fixed Income portfolios. She is the co-Head of the Singapore and Asia Fixed Income team and the sector specialist for Asia Financials.

She graduated with a Bachelor of Business (Financial Analysis and Applied Economics) (Hons) from Nanyang Technological University of Singapore.

⁷Distributions will be made in respect of the Distribution Classes only. Distributions are based on the NAV per unit of the relevant Distribution Class as at the last business day of every quarter. Investors should note that the intention of the Managers to make the distribution is not guaranteed. The Managers reserve the right to vary the frequency and/or amount of distributions. If a dividend distribution is made, it should not be taken to imply that further distributions will be made. Distributions may be made out of the income, capital gains or capital of the relevant Class. The declaration or payment of distributions (whether out of income, capital gains, capital or otherwise) may have the effect of lowering the NAV of the relevant Class. Moreover, distributions out of the capital of a Class may amount to a reduction of part of the relevant holder's original investment. Such distributions may also result in reduced future returns to the relevant Holders. Please refer to the prospectus for more information on distributions by the Fund.

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Pursuant to the Financial Advisers Regulations (“FAR”), please be informed that UOB Asset Management Ltd (“UOBAM”) is exempted from complying with certain business conduct rules in the Financial Advisers Act (“FAA”) when providing financial advisory services to Accredited Investors, Expert Investors and/or Overseas Investors, each as defined under the FAR.

A summary of the applicable exemptions to UOBAM under the FAA pursuant to the FAR, for the respective class of investors is set out in the table below:

Sections In The Financial Advisers Act	Dealing With Accredited Investor	Dealing With Expert Investor	Dealing With Overseas Investor
Section 25 Obligation to disclose product information to clients	Exempted	Exempted	Exempted
Section 26 Statements made by financial advisers (“FA”)	-	-	Exempted
Section 27 Recommendations by FA	Exempted	Exempted	Exempted
Section 28 Receipt of client’s money or property	-	-	Exempted
Section 29 Obligation to furnish information to Authority	-	-	Exempted
Section 32 Insurance broking premium accounts	-	-	Exempted
Section 34 Representations by FA in relation to proposed contract of insurance	-	-	Exempted
Section 36 FA to disclose certain interests in securities	Exempted	Exempted	Exempted

The exemptions will not undermine the management of your account, and we will continue to strive to provide you with quality financial services.

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