

# United G Strategic Fund

Semi Annual Report  
for the half year ended  
31 December 2023



Right By You



# **United G Strategic Fund**

(Constituted under a Trust Deed in the Republic of Singapore)

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## **MANAGER**

UOB Asset Management Ltd

Registered Address:

80 Raffles Place

UOB Plaza

Singapore 048624

Company Registration No. : 198600120Z

Tel: 1800 22 22 228

## **DIRECTORS OF UOB ASSET MANAGEMENT LTD**

Lee Wai Fai

Peh Kian Heng

Thio Boon Kiat

Edmund Leong Kok Mun

Lim Pei Hong Winston (Appointed 14 August 2023)

Lam Sai Yoke (Resigned 15 March 2023)

## **TRUSTEE**

State Street Trust (SG) Limited

168 Robinson Road

#33-01, Capital Tower

Singapore 068912

## **CUSTODIAN / ADMINISTRATOR / REGISTRAR**

State Street Bank and Trust Company, acting through its Singapore Branch

168 Robinson Road

#33-01, Capital Tower

Singapore 068912

## **AUDITOR**

PricewaterhouseCoopers LLP

7 Straits View, Marina One

East Tower, Level 12

Singapore 018936

# United G Strategic Fund

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## A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 29 July 2010 Ann Comp Ret
United G Strategic Fund	6.58	3.51	16.83	3.69	8.71	5.41	4.48
Benchmark	6.02	4.03	16.75	4.99	9.15	7.16	7.47

Source: Morningstar.

Note: The performance returns of the Fund are in Singapore Dollar based on a NAV-to-NAV basis, with dividends and distributions reinvested, if any.

The benchmark of the Fund: Since Inception – 12 Jan 17: 80% MSCI AC World Index and 20% Citigroup Government Bond Index; 13 Jan 17 – 7 Apr 22: 80% MSCI AC World Index and 20% Banks Fixed Deposits 3 Months rate; 8 Apr 22 – Present: 80% MSCI AC World Index +20% 3M Compounded SORA.

For the 6-month period ended 31 December 2023, the United G Strategic Fund achieved a return of 3.51% which was slightly below the blended benchmark<sup>1</sup> which made up of 80% of the MSCI AC World Index and 20% 3M Compounded SORA which gained 4.03%. The MSCI AC World Index gained 4.90% and bank fixed deposits 3-months rate gained 1.75% over 6 months period. During the period, the Fund was largely invested in global equities and thus benefited when global equities ended positively in 2023.

The Fund's primary objective continues to be invested in global markets and participate in returns during periods of low or moderate risk. However, when risks levels rise, the Fund will tactically reduce risk asset exposures and accept lower potential returns in order to protect against downside risks.

Geographically, the Fund ended the period predominantly focused in global equities in line with the MSCI AC World Index. The Fund also uses a number of exchange-traded funds (ETFs) and other efficient funds for liquidity access to the global markets.

<sup>1</sup>The Fund's benchmark comprises 80% MSCI World Index and 20% 3M SORA.

## Economic and Market Review

In the second half of 2023, global markets rose as growth prospects improved and easing inflationary trends allowed global central banks to pause in their rate hiking cycle by the last quarter of 2023. Nevertheless, it was a volatile period with long-end US interest rates selling off almost 75 basis points – partially on concerns on US debt sustainability and serviceability - before reversing back to below 4% by year end. Alongside this sharp rise in rates, global equities initially dropped by 10% before reversing and making new highs by December. By the end of 2023, most economists around the world were convinced of a soft landing coupled with expectations that central banks would pivot and ease policy rates in 2024.

### MSCI disclaimer

The blended index return is calculated by UOB Asset Management Ltd using end of day index level values licensed from MSCI ("MSCI Data"), which are provided "as is". MSCI bears no liability for or in connection with MSCI Data. MSCI full disclaimer at [msci.com/notice-and-disclaimer-for-blended-index-returns](https://www.msci.com/notice-and-disclaimer-for-blended-index-returns).

**A) Fund Performance** (continued)

The six-month period ended 31 December 2023 saw positive performance from global equity benchmarks such as the MSCI AC World Index which was up 4.9% (in SGD terms). The strong performance was driven by the US – one of the regions that were most expected to fall into recession but has defied expectations. The MSCI US Index was up 5.9% over the six months ending 31 December 2023. On the other hand, Asian markets disappointed as the MSCI Asia ex Japan Index was flat at +0.5% over this period. The weak Asian performance was primarily driven by China, which saw negative performance of -6.3%.

Global fixed income markets performed well in the six months ending 31 December 2023 as credit spreads tightened on increased soft-landing prospects. The Barclays Global Corporate Agg was up at +4.8% over the six months ending 31 December 2023. While concerns on US debt sustainability and serviceability initially caused higher interest rates volatility, the continued improvement in inflation trends eventually stabilised bond markets. Specifically, the US Federal Reserve's preferred measure of inflation – core personal consumer expenditure – declined from 4.3% as of 30 June 2023 to 3.2% as of 30 November 2023, thus allowing the US Fed to pause and potentially ease policy rates in 2024. The FOMC's latest dot plot suggested a reduction in Fed Funds rate target expectation in end-2024 from 5.125% to 4.625%. Long-end interest rates were mostly unchanged whereas shorter term yields declined over these six months. At the end of June 2023, the UST 10yr bond yield was 3.84% and by the end of December 2023, the UST 10yr bond yield rose slightly to 3.88%. The UST 2yr bond yield dropped from 4.9% to 4.2% over the same period.

Economic data was mostly better over this six-month period, with continued strength in labour markets and consumer spending albeit continued weakness in manufacturing (proxied by global PMIs and factory orders). The US manufacturing ISM index remained in contractionary levels, edging slightly higher from 46 at the end June 2023 to 47.4 by the end of December 2023. China and European manufacturing PMIs also remained in contractionary levels of 49 and 44.4 respectively by the end of the period. While the manufacturing trend was weak, the US labor market and job openings remained strong and spending in the service sectors continued to buffer the manufacturing slowdown.

**Outlook and Fund Strategy**

Stock and bond markets were volatile in 2023 as investors dealt with the uncertainties regarding recession risks and the inflation outlook. But by the end of the year, markets were relieved that a recession had been avoided, inflation was getting back under control and that central banks appear to have ended their rate hike cycle. Investing in 2023 was challenging but in the end, it proved rewarding.

**MSCI disclaimer**

MSCI Data are exclusive property of MSCI. MSCI Data are provided "as is", MSCI bears no liability for or in connection with MSCI Data. MSCI full disclaimer at [msci.com/notice-and-disclaimer-for-reporting-licenses](https://www.msci.com/notice-and-disclaimer-for-reporting-licenses).

**A) Fund Performance** (continued)

In 2024, we expect the investment climate to be less uncertain. We think investors will increasingly feel like the “hard part is over” and that the investing in 2024 will feel more comfortable and more normal. The uncertainties around inflation, rates and recession risks will be far lower in 2024 compared to 2023. Many investors and investment flows are frequently influenced the success or failure of the prior period. We suspect the fact that stock and bond markets ended up having a good year and significantly beating cash, that there will be more of a “green light” to invest in 2024. Investors are likely to return to focusing on traditional investment drivers such as company earnings and competitive advantages as opposed to focusing on macro stagflation risks such is in the prior two years.

We also expect 2024 will be a year of better breadth in the economy and in markets. In 2023, the economy and markets have been very narrowly supported and we expect investors will be reassured by better breadth. In the past year the markets were narrowly supported by the large tech giants while most stocks saw modest gains. The economy was narrowly supported by the service sectors while global manufacturing and trade were in recession-like conditions. By the end of 2023 global manufacturing and global trade appeared close to returning to expansionary levels. This trend of better breadth in the economy should lead to better market breadth as well. We expect better economic breadth will support broader earnings growth that should help drive broader market performance.

While most of the big “scary” issues from 2022/2023 will subside, we do think there will be ongoing market challenges and risks. The inflation scares from 2022 has passed but we do think inflation will be structurally higher in the coming decade than in the past decade and that it will present ongoing investment challenges. We do not expect a recession in 2024 but we do think growth will slow and this will create some uncertainty regarding how significantly it will slow. We think central banks will cut rates in 2024 but we are concerned the market may be overly optimistic with its rate cut assumption. Geopolitical risks remained heightened and risks in the middle east and regarding US/China tensions will remain elevated.

We continue to expect growth assets to perform in the near term. We also note that the interest rate hikes from 2022 and 2023 will support fixed income returns with their attractive yields in the years to come. Overall, we are slightly overweight equities and neutral fixed income but with a view that both stocks and bonds should be performing positively in the coming periods.

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### B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2023 under review classified by

#### i) Country

	Fair Value (S\$)	% of NAV
Ireland	72,020,017	67.77
Luxembourg	5,089,156	4.79
United States	<u>27,536,233</u>	<u>25.91</u>
Portfolio of investments	104,645,406	98.47
Other net assets/(liabilities)	<u>1,630,111</u>	<u>1.53</u>
<b>Total</b>	<b><u><u>106,275,517</u></u></b>	<b><u><u>100.00</u></u></b>

#### ii) Industry

N/A

#### iii) Asset Class

	Fair Value (S\$)	% of NAV
Quoted unit trusts	104,645,406	98.47
Other net assets/(liabilities)	<u>1,630,111</u>	<u>1.53</u>
<b>Total</b>	<b><u><u>106,275,517</u></u></b>	<b><u><u>100.00</u></u></b>

#### iv) Credit rating of quoted bonds

N/A

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**C) Top Ten Holdings**

10 largest holdings as at 31 December 2023

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
DIMENSIONAL FUNDS PLC - GLOBAL SUSTAINABILITY CORE EQUITY FUND SGD ACC	24,343,368	22.91
DIMENSIONAL FUNDS PLC - WORLD EQUITY FUND USD DIST	24,007,165	22.59
SPDR MSCI WORLD UCITS ETF	9,835,448	9.25
AVANTIS ALL EQUITY MARKETS ETF	9,450,046	8.89
VANGUARD S&P 500 ETF	9,184,355	8.64
AMUNDI MSCI WORLD UCITS ETF	9,008,225	8.48
VANGUARD TOTAL WORLD STOCK ETF	8,901,832	8.38
AMUNDI PRIME EMERGING MARKETS UCITS ETF	5,089,156	4.79
DIMENSIONAL FUNDS PLC - EMERGING MARKETS LARGE CAP CORE EQUITY FUND USD ACC	4,825,811	4.54

There were only 9 holdings as at 31 December 2023.

10 largest holdings as at 31 December 2022

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
DIMENSIONAL FUNDS PLC - WORLD EQUITY FUND USD DIST	14,142,481	22.36
DIMENSIONAL FUNDS PLC - GLOBAL SUSTAINABILITY CORE EQUITY FUND SGD ACC	13,953,486	22.07
VANGUARD TOTAL WORLD STOCK ETF	4,560,458	7.21
VANGUARD S&P 500 ETF	4,450,175	7.04
DIMENSIONAL FUNDS PLC - EMERGING MARKETS LARGE CAP CORE EQUITY FUND USD ACC	4,343,500	6.87
INVESCO QQQ TRUST SERIES 1	4,120,621	6.52
AVANTIS INTERNATIONAL EQUITY ETF	3,887,944	6.15
VANGUARD FTSE EUROPE ETF	3,202,816	5.06
SPDR S&P 500 ETF TRUST	2,391,723	3.78
ISHARES MSCI ACWI ETF	1,695,093	2.68

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**D) Exposure to derivatives**

The global exposure relating to derivative instruments is calculated using the commitment approach:

- (i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- (iii) the sum of the values of cash collateral received under certain cases.

i) Fair value of derivative contracts and as a percentage of NAV as at 31 December 2023

N/A

ii) There was a net realised loss of SGD 41,508 on derivative contracts during the financial period from 1 July 2023 to 31 December 2023.

iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2023

N/A

**E) Amount and percentage of NAV invested in other schemes as at 31 December 2023**

Please refer to the Statement of Portfolio.

**F) Amount and percentage of borrowings to NAV as at 31 December 2023**

N/A

**G) Amount of redemptions and subscriptions for the financial period from 1 July 2023 to 31 December 2023**

Total amount of redemptions	SGD	2,053,676
Total amount of subscriptions	SGD	29,185,058

**H) The amount and terms of related-party transactions for the financial period from 1 July 2023 to 31 December 2023**

i) As at 31 December 2023, the Fund maintained current accounts with its related party as follows:

**State Street Bank and Trust Company, Singapore Branch**

Cash and bank balances	SGD	1,555,389
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**H) The amount and terms of related-party transactions for the financial period from 1 July 2023 to 31 December 2023 (continued)**

ii) Investment in Initial Public Offerings managed by UOB Group

N/A

iii) As at 31 December 2023, there was no brokerage income earned by UOB Kay Hian Pte Ltd.

**I) Expense ratios**

	<b>2023</b>	<b>2022</b>
	\$	\$
Total operating expenses	<b>1,248,304</b>	992,054
Average daily net asset value	<b>80,483,328</b>	62,752,224
Weighted average of the Investee Funds' expense ratio	<u><b>0.21%</b></u>	<u>0.22%</u>
Expense ratio	<u><b>1.76%</b></u>	<u>1.80%</u>

*Note: The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). This is the sum of the Fund's expense ratio and the weighted average of the Investee Funds' unaudited expense ratios. The unaudited expense ratio of the Investee Funds are obtained from Investee Funds' Manager. The calculation of the Fund's expense ratio at 31 December 2023 was based on total operating expenses divided by the average net asset value respectively for the financial period. The total operating expenses do not include (where applicable) brokerage and other transaction costs, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.*

**J) Turnover ratios**

	<b>2023</b>	<b>2022</b>
	\$	\$
Lower of total value of purchases or sales	<b>24,958,872</b>	2,786,056
Average daily net assets value	<u><b>91,277,408</b></u>	<u>62,554,418</u>
Turnover ratio	<u><b>27.34%</b></u>	<u>4.45%</u>

*Note: The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.*

**K) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts**

N/A

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**L) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme (“the underlying scheme”)<sup>1</sup> should be disclosed as well**

i) Top 10 holdings at fair value and as percentage of NAV as at 31 December 2023 and 31 December 2022

N/A

ii) Expense ratios for the financial period ended 31 December 2023 and 31 December 2022

N/A

iii) Turnover ratios for the financial period ended 31 December 2023 and 31 December 2022

N/A

<sup>1</sup> *Where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.*

**M) Soft dollar commissions/arrangements**

UOB Asset Management has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The products and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management’s duties to clients. As such services generally benefit all of UOB Asset Management’s clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on a best execution basis and there was no churning of trades.

**N) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the pre-determined payouts**

N/A

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**STATEMENT OF TOTAL RETURN**

For the half year ended 31 December 2023 (Un-audited)

	<b>31 December 2023</b>	31 December 2022
	\$	\$
<b>Income</b>		
Dividends	<b>707,250</b>	537,905
Interest	<b>3,233</b>	2,443
Other income	<b>2,829</b>	-
<b>Total</b>	<b><u>713,312</u></b>	<u>540,348</u>
<b>Less: Expenses</b>		
Management fee	<b>549,996</b>	378,170
Trustee fee	<b>13,128</b>	10,880
Audit fee	<b>7,393</b>	7,217
Registrar fee	<b>12,569</b>	12,654
Valuation fee	<b>57,291</b>	39,393
Administration fee	<b>34,375</b>	23,635
Custody fee	<b>4,554</b>	4,039
Transaction costs	<b>24,945</b>	3,781
Other expenses	<b>20,891</b>	29,913
<b>Total</b>	<b><u>725,142</u></b>	<u>509,682</u>
<b>Net income/(losses)</b>	<b><u>(11,830)</u></b>	<u>30,666</u>
<b>Net gains/(losses) on value of investments and financial derivatives</b>		
Net gains/(losses) on investments	<b>3,793,848</b>	(1,481,732)
Net gains/(losses) on financial derivatives	<b>(41,508)</b>	(14,287)
Net foreign exchange gains/(losses)	<b>16,113</b>	(56,737)
	<b><u>3,768,453</u></b>	<u>(1,552,756)</u>
<b>Total return/(deficit) for the financial period before income tax</b>	<b>3,756,623</b>	(1,522,090)
Less: Income tax	<b>(93,006)</b>	(82,811)
<b>Total return/(deficit) for the financial period</b>	<b><u>3,663,617</u></b>	<u>(1,604,901)</u>

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**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023 (Un-audited)

	<b>31 December</b>	30 June
	<b>2023</b>	2023
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Portfolio of investments	<b>104,645,406</b>	70,372,420
Receivables	<b>488,529</b>	90,271
Cash and bank balances	<u><b>1,555,389</b></u>	<u>5,316,753</u>
<b>Total assets</b>	<u><b>106,689,324</b></u>	<u>75,779,444</u>
<b>Liabilities</b>		
Payables	<u><b>413,807</b></u>	<u>298,926</u>
<b>Total liabilities</b>	<u><b>413,807</b></u>	<u>298,926</u>
<b>Equity</b>		
<b>Net assets attributable to unitholders</b>	<u><b>106,275,517</b></u>	<u>75,480,518</u>

**United G Strategic Fund**  
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**STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS**

For the half year ended 31 December 2023 (Un-audited)

	<b>31 December 2023 \$</b>	30 June 2023 \$
<b>Net assets attributable to unitholders at the beginning of the financial period/year</b>	<b>75,480,518</b>	59,521,620
<b>Operations</b>		
Change in net assets attributable to unitholders resulting from operations	<b>3,663,617</b>	6,797,161
<b>Unitholders' contributions/(withdrawals)</b>		
Creation of units	<b>29,185,058</b>	10,202,533
Cancellation of units	<b>(2,053,676)</b>	(1,040,796)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	<b>27,131,382</b>	9,161,737
Total increase/(decrease) in net assets attributable to unitholders	<b><u>30,794,999</u></b>	<u>15,958,898</u>
<b>Net assets attributable to unitholders at the end of the financial period/year</b>	<b><u>106,275,517</u></b>	<u>75,480,518</u>

## United G Strategic Fund

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### STATEMENT OF PORTFOLIO

As at 31 December 2023 (Un-audited)

	Holdings at 31 December 2023	Fair value at 31 December 2023 \$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>By Geography - Primary</b>			
<b>Quoted unit trusts</b>			
<b>IRELAND</b>			
AMUNDI MSCI WORLD UCITS ETF	573,197	9,008,225	8.48
DIMENSIONAL FUNDS PLC - EMERGING MARKETS LARGE CAP CORE EQUITY FUND USD ACC	231,986	4,825,811	4.54
DIMENSIONAL FUNDS PLC - GLOBAL SUSTAINABILITY CORE EQUITY FUND SGD ACC	1,178,285	24,343,368	22.91
DIMENSIONAL FUNDS PLC - WORLD EQUITY FUND USD DIST	1,130,413	24,007,165	22.59
SPDR MSCI WORLD UCITS ETF	224,753	<u>9,835,448</u>	<u>9.25</u>
<b>TOTAL IRELAND</b>		<u><b>72,020,017</b></u>	<u><b>67.77</b></u>
<b>LUXEMBOURG</b>			
AMUNDI PRIME EMERGING MARKETS UCITS ETF	222,174	5,089,156	4.79
<b>UNITED STATES</b>			
AVANTIS ALL EQUITY MARKETS ETF	110,624	9,450,046	8.89
VANGUARD S&P 500 ETF	15,940	9,184,355	8.64

# United G Strategic Fund

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## STATEMENT OF PORTFOLIO

As at 31 December 2023 (Un-audited)

	Holdings at 31 December 2023	Fair value at 31 December 2023 \$	Percentage of total net assets attributable to unitholders at 31 December 2023 %
<b>By Geography - Primary (continued)</b>			
<b>Quoted unit trusts</b>			
<b>UNITED STATES (continued)</b>			
VANGUARD TOTAL WORLD STOCK ETF	65,595	<u>8,901,832</u>	<u>8.38</u>
<b>TOTAL UNITED STATES</b>		<u><b>27,536,233</b></u>	<u><b>25.91</b></u>
<b>Total Unit Trusts</b>		<u><b>104,645,406</b></u>	<u><b>98.47</b></u>
<b>Portfolio of investments</b>		<b>104,645,406</b>	<b>98.47</b>
<b>Other net assets/(liabilities)</b>		<u><b>1,630,111</b></u>	<u><b>1.53</b></u>
<b>Net assets attributable to unitholders</b>		<u><b>106,275,517</b></u>	<u><b>100.00</b></u>

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**STATEMENT OF PORTFOLIO**

As at 31 December 2023 (Un-audited)

	<b>Percentage of total net assets attributable to unitholders at 31 December 2023 %</b>	<b>Percentage of total net assets attributable to unitholders at 30 June 2023 %</b>
<b>By Geography - Primary (Summary)</b>		
<b>Quoted unit trusts</b>		
Ireland	<b>67.77</b>	48.00
Luxembourg	<b>4.79</b>	-
United States	<b>25.91</b>	45.23
<b>Portfolio of investments</b>	<b>98.47</b>	93.23
<b>Other net assets/(liabilities)</b>	<b>1.53</b>	6.77
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

As the Fund is invested wholly into quoted unit trusts, it is not meaningful to classify the investments into industry segment.

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