

Fund Review June 2022

HH UOB Asset Management

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# Fund: United Global Technology Fund

As at 31 May 2022

### Performance Update

For the month of May, the Fund MYRH class registered a return of -16.39%.

Our stock choices in software and, secondarily, our significant overweight position in the subsector lowered relative returns the most. Atlassian, a collaboration and workflow tool provider whose software development workflow product Jira is the standard tool in the software development life cycle, detracted from relative returns during the period. The uncertain pace of its users migrating to the cloud, a long-term driver of increased revenue for Atlassian, is providing near-term friction as the company cannot control when the clients choose to change over. We believe Atlassian can successfully navigate this transition, and we remain constructive on the long-term prospects of a company that directly targets users in marketing their products employing a low-cost flywheel approach rather than a traditional top-down sales model. In semiconductors, our underweight allocation and stock selection also weighed on relative performance as the subsector outperformed the broader index during the month.

Our security choices in industrials further hurt relative gains. Alternatively, the portfolio's lack of exposure to hardware contributed to relative results as the sector declined during the period and underperformed the index. Bypassing investments in the telecom space also marginally aided relative gains as the sector underperformed the broader index during the period.

#### **Strategy Moving Forward**

Despite the ongoing macroeconomic challenges, we have remained steadfast in our investment approach, which is based on the twin pillars of our careful fundamental research and our willingness to be patient in times of volatility. We believe that our holdings' fundamentals have remained largely consistent throughout this volatile period, helping to reinforce our conviction and continued focus on longer-term prospects.

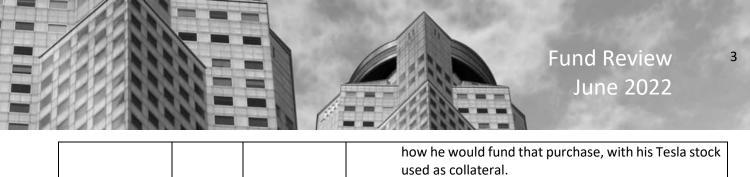
During the month, we refined our position in software. Within the space, we invest in companies that benefit from strong secular growth drivers, sustaining demand in the face of macro uncertainty, and have limited supply chain exposure. Many of the software companies that we favor develop innovative solutions that are valued by their customers precisely for their ability to create greater efficiencies. We believe these efficiencies should lead to higher productivity and lower costs. We trimmed certain internet names that are facing increased regulatory risk, competition, or inflationary pressures. We also trimmed our position in semiconductors as we continue to have concerns over the inventory cycle, although we are becoming more constructive on certain holdings within the space given the recent increase in data center spending. Finally, in industrials, we continued to reduce our position in electric vehicle makers.



# Stock Commentary

| Stocks  | Country          | Sector   | Remarks   |
|---------|------------------|--|---|
| MongoDB | United<br>States | Infrastructure<br>and Developer<br>Tool Software | <ul> <li>MongoDB, Inc. is a modern, general purpose database platform that enables developers to build and modernize applications across a range of use cases in the cloud, on-premise or in a hybrid environment.</li> <li>Its primary commercial database offering is MongoDB Enterprise Advanced, which includes its proprietary database server, enterprise management capabilities, analytics integrations and technical support.</li> <li>It also offers MongoDB Atlas, its cloud hosted database-as-a-service (DBaaS) offering that includes infrastructure and management of its community server offering.</li> <li>The Company's other products include Community Server, a free-to-download version of its database and it also provides professional services to its customers, including consulting and training.</li> <li>During this month, shares declined as concerns over monetary policy. interest rates dragged down high-growth stocks early in the period and pressured by mixed earnings reports from other software companies during the month.</li> <li>We believe the company has a long runway for consistent and durable growth due to its clear market dominance and tailwinds including growing product demand and growing comfort with NoSQL databases.</li> </ul> |
| Tesla   | United<br>States | Automobile<br>Manufacturers                      | <ul> <li>Tesla, Inc., formerly Tesla Motors, Inc., designs, develops, manufactures and sells fully electric vehicles, and energy storage systems, as well as installs, operates and maintains solar and energy storage products.</li> <li>The Company operates through two segments: Automotive, and Energy generation and storage.</li> <li>The Automotive segment includes the design, development, manufacturing, and sales of electric vehicles.</li> <li>The Energy generation and storage segment includes the design, manufacture, installation, and sale or lease of stationary energy storage products and solar energy systems to residential and commercial customers, or sale of electricity generated by its solar energy systems to customers.</li> <li>During May, the shares price declined as founder Elon Musk's efforts to buy Twitter raised concerns about</li> </ul>  |





 We appreciate Tesla's ability to leverage its advantages in manufacturing, software, and brand, and we expect the company will eventually move down the cost curve and unlock new parts of the market while increasing unit margins.

## **Fund Classes**

| Fund Classes |            |           |            |  |  |  |
|--------------|------------|-----------|------------|--|--|--|
| MYR Class    | MYR Hedged | USD Class | SGD Hedged |  |  |  |
|              | Class      |           | Class      |  |  |  |





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