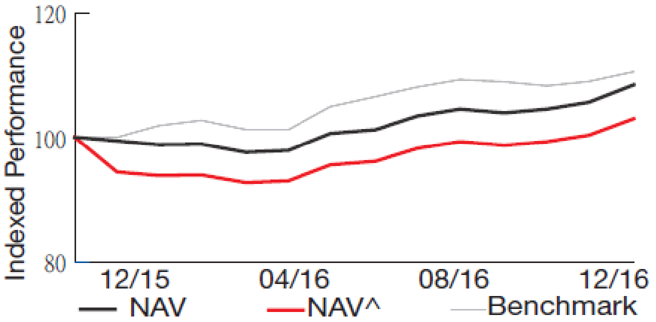
United Income Focus Trust

Fund Performance

The performance of the United Income Focus Trust (the "Fund") rose by 2.65%[1] in the month of December 2016 whilst its benchmark, the MSCI All Country World Index and Citi World Government Bond 10+ Years Index (Hedged) gained 1.44%[2].

Performance of Class SGD Acc

30th November 15 To 30th December 16, Performance Based in Singapore Dollar.



*The above chart reflects performance from the first month end of the Fund. ^5% sales charge applied

Perf	NAV	NAV^	BM
1 month	2.65%	-2.48%	1.44%
3 months	4.34%	-0.88%	1.49%
6 months	7.12%	1.77%	3.75%
1 year	9.06%	3.61%	10.52%
Since Incept	7.73%	2.75%	9.64%

Source: Lipper, a Thomson Reuters Company • Performance of SGD Acc as at 30 Dec 16, SGD basis, with dividends and distributions reinvested, if any.
• Performance figures for 1 mth till 1 yr show the % change, while those exceeding 1 yr show the average annual compounded return.

Benchmark (BM) : 25% MSCI All Country World Index and 75% Citi World Government Bond 10+ Years Index (Hedged).

Market Review

Positive economic news, higher oil prices, and some signs of global policy tightening in 2017 marked the close of a roller-coaster year. The USD appreciated versus most currencies, and corporate spreads tightened. Global equities continued to rally ending the year strongly. The S&P 500 hit a record high for a second straight month on the premise that Donald Trump will reduce regulatory restrictions and increase fiscal stimulus, including by cutting corporate and individual taxes and boosting infrastructure spending. European equities were also a bright spot amid encouraging economic data releases. On the monetary policy front, the US Federal Reserve (Fed) raised rates by 25 basis points (bps), a well-telegraphed move and only the second hike in the last decade.

Both global equities (+132bps after hedges) and fixed income exposures (+70bps) delivered positive returns for the Fund – as did cash and currency hedging positions (+19bps). Within global equities, after generating weak returns in November, more rate sensitive sectors — including telecommunication services, utilities, and consumer staples — rallied in December as the Trump reflation trade moderated. Banks continued to benefit from the post-election backup in bond yields and deregulation dynamic. Infrastructure plays levelled off after posting outsized gains in November following Trump's call for a ramp-up in infrastructure spending (REITS and infrastructure equities in the Fund detracted -9bps in December). The Fund's equity risk

[1] Source: Lipper, Performance from 30 November 2016 to 30 December 2016 in SGD terms, on a NAV (Net Asset Value) basis, with dividends and distributions reinvested (if any).
[2] Source: Lipper, Performance from 30 November 2016 to 30 December 2016 in SGD terms.

All statistics quoted in the write-up are sourced from Bloomberg as at 30 December 2016 unless otherwise stated.

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management positions (-6bps) detracted modestly in December. Reversing some of the trend from October and November, the Fund's exposures to high quality investment grade credit assets contributed to performance (+44bps) in December. Global investment-grade corporate bonds outperformed duration-equivalent government bonds, with all major sectors generating positive excess returns. The commodity sectors in the US — energy and basic industry — benefitted from perceived favourable Trump policies for oil, gas, and mining companies, and friendly cabinet appointments. Negative returns from the Fund's fixed income holdings were experienced in non-US government debt (-14bps), which offset the positive returns from investment grade credit, high yield (+15bps), US government debt (+5bps), and emerging market debt (+3bps).

Outlook and Strategy

We have seen an improvement in performance since the lows at the end of November – as fixed income markets began to stabilise and global equity returns continued to be robust through to the end of the year – however, looking forward into 2017, we remain conscious of potential market instability stemming from elections in a number of important European countries as well as the inauguration and initial days of a Trump presidency. In addition, we continue to be mindful of the potential for further commodity price volatility, and the potential for a renewed slowdown in Asian economic activity (led by China).

Given the improvement in market sentiment, and portfolio performance, we have increased risk over recent weeks. As of 31 December we are targeting 7% volatility, which is up significantly from the level as at November month-end (5.1%) although still below our longer term target. Our positions in high yield credits remain mostly unchanged (at 14%) while we do retain some modest hedges on our investment grade credit positions. We retain a strategic allocation to select government debt for diversification purposes even as we tactically managed the Fund's duration exposure (especially in US government debt). Global equities constituted 42% of the Fund at December month-end (up from 35% pre-US election), with alternatives (listed real estate and infrastructure) sitting at 6.8%. The Fund currently has a yield of 4.8% with 6.2 years duration.

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