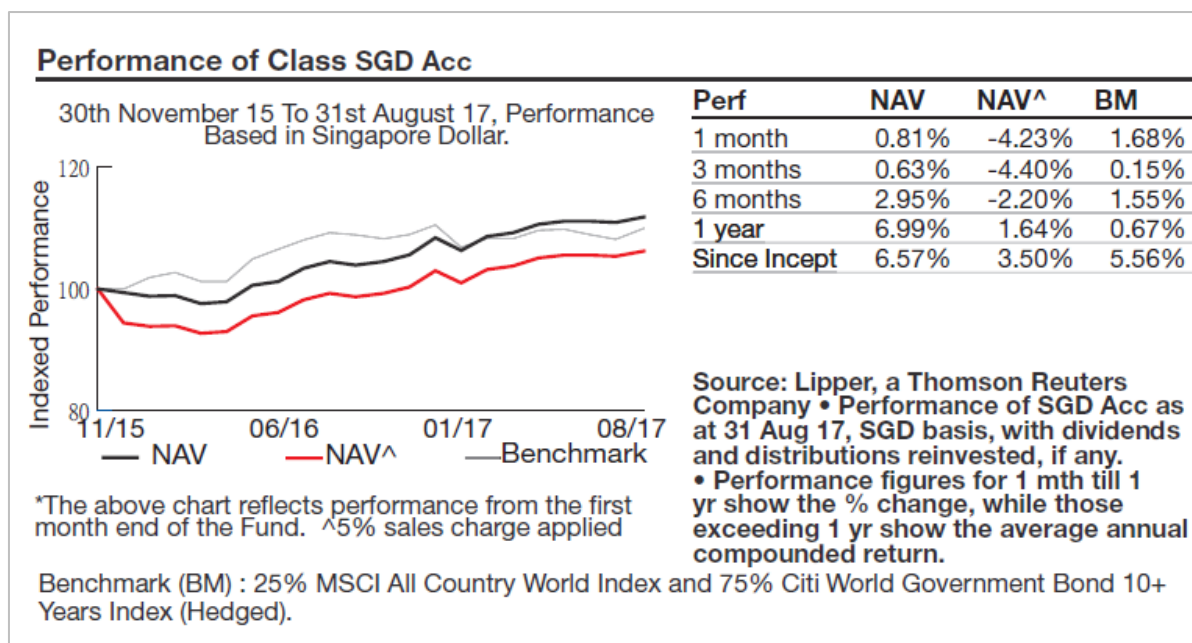


United Income Focus Trust

Fund Performance

The United Income Focus Trust (the "Fund") gained 0.81%¹ in the month of August 2017 whilst its benchmark, the MSCI All Country World Index and Citi World Government Bond 10+ Years Index (Hedged) increased 1.68%².



Market Review

The month of August saw escalating political tensions between the US and North Korea, as the latter fired a midrange ballistic missile, capable of carrying a nuclear payload, over northern Japan. Other concerns over the legislative progress in Washington led to a spike in volatility. Global economic data remained strong. Japanese second-quarter GDP growth came in at 4.0%, far exceeding expectations and the Bank of Japan's (BOJs) 2.5% growth target for the year. No major discussions regarding monetary policy occurred during the annual Jackson Hole Economic Policy Symposium. Instead, US Federal Reserve (Fed) President Janet Yellen and European Central Bank (ECB) President Mario Draghi focused their speeches on financial stability and global recovery. Most global government yields fell during the month, while global equities eked out modest gains.

Equities contributed 63 basis points (bps) to the fund's performance on the back of a challenging and volatile month for equities. Within equities, bond proxies such as utilities (+24 bps), consumer staples (+13 bps) and healthcare (+10 bps) outperformed. Industrials (+13 bps) and Real Estate (+13 bps) also added to performance.

Fixed income also contributed to the fund's positive performance for the month (+35 bps). Investment grade credit generated positive returns (+29 bps). While the duration hedges via short US government futures (-18 bps)

¹ Source: Lipper, Performance from 31 July 2017 to 31 August 2017 in SGD terms, on a NAV (Net Asset Value) basis, with dividends and distributions reinvested (if any).

² Source: Lipper, Performance from 31 July 2017 to 31 August 2017 in SGD terms.

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

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detracted from performance, this was offset by positive contribution from exposure to non-US government debt (+14 bps) as sovereign yields fell during the month.

Outlook and Strategy

The fund is well positioned today for potential market weakness, maintaining the volatility target at 5.0% from last quarter. While there were spikes in volatility in August due to escalating geopolitical tensions between the US and North Korea, equity volatility remains low at levels that do not appear commensurate with the level of uncertainty in markets. Global equities constituted 49% of the portfolio with 5.3% in alternatives (listed real estate and infrastructure). We favour diversified global duration over US duration at the moment, with US 10-year yield below 2.2%. The fund's duration is 4.3 years as of end-August and we'll look for a more attractive entry point to increase duration.

Overall, we are still constructive on the longer term outlook for markets, but believe it is prudent to be prepared to implement a more cautious stance should market risks increase.

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