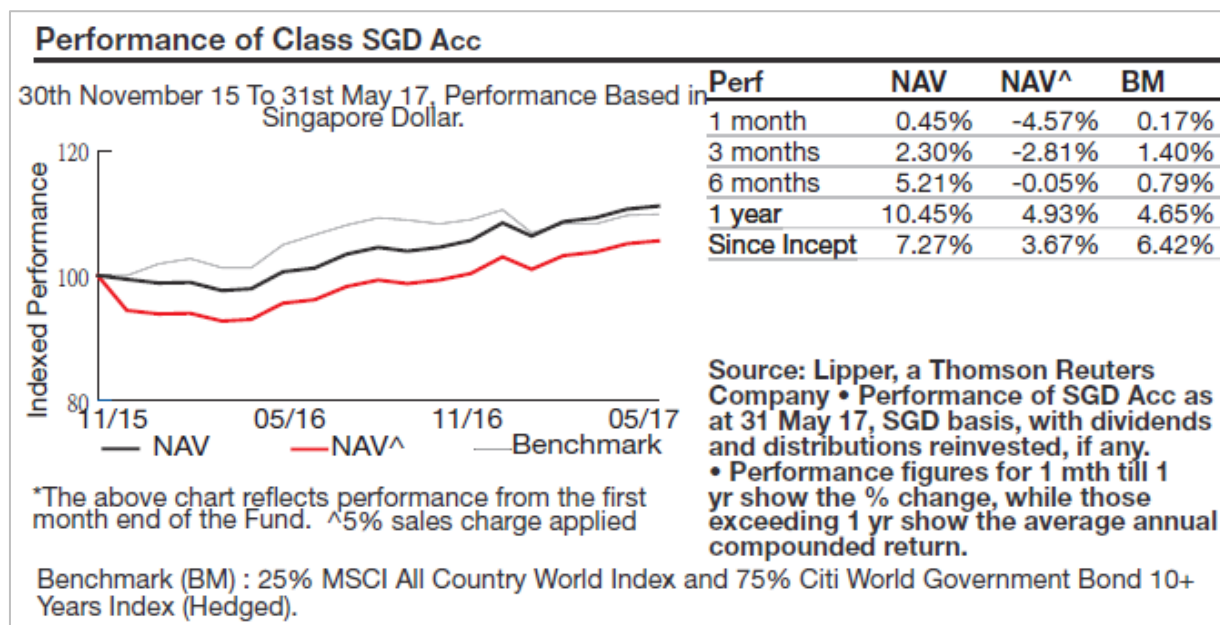


United Income Focus Trust

Fund Performance

The performance of the United Income Focus Trust (the "Fund") rose 0.45%¹ in the month of May 2017 whilst its benchmark, the MSCI All Country World Index and Citi World Government Bond 10+ Years Index (Hedged) gained 0.17%².



Market Review

Market participants breathed a sigh of relief in May after independent centrist Emmanuel Macron won the French presidential election by a large margin, a victory widely seen as supportive for the stability of the European Union (EU). Geopolitical risks remained part of the narrative amid UK terrorist attacks and the threat of additional North Korean missile tests. However, risk assets remained resilient as continued solid global economic data and strong year-over-year corporate earnings growth bolstered investors' optimism.

The fund had a solid month with positive returns across asset classes. Equities continued to be a strong contributor to performance (+109bps). Within equities, we saw gains across various sectors. Some of the defensive sectors outperformed, including utilities (+27bps), healthcare (+20bps), and consumer staples (+16bps). Financials (+23bps) and consumer discretionary (+19bps) also contributed to performance. Prior month returns in the real estate sector reversed in the month of May (-16bps) on the back of lackluster housing reports. Our equity risk management positions contributed +19bps in May.

Fixed income also contributed to the fund's positive performance for the month (+86bps). Credit exposure, specifically Investment grade credit (+63bps) and high yield credit (+13bps), contributed to performance as most credit sectors generated positive total returns and outperformed duration-equivalent government bonds. Global sovereign bond exposure also helped performance (+22bps) as most global government bond yields declined over

¹ Source: Lipper, Performance from 28 April 2017 to 31 May 2017 in SGD terms, on a NAV (Net Asset Value) basis, with dividends and distributions reinvested (if any).

² Source: Lipper, Performance from 28 April 2017 to 31 May 2017 in SGD terms.

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

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the month. In the US, the Trump reflation trade continued to unwind, driven by rising political uncertainty and weaker economic data.

Outlook and Strategy

We continue to expect reasonable global growth expansion even though momentum may fade marginally in coming months. US growth remains on a satisfactory path, with investment spending taking the lead and bolstered by steady consumption growth. In Europe, the election of Emmanuel Macron has eliminated a major tail risk and inserted some near-term certainty into the market. However, despite improving macro fundamentals across regions and a positive view on markets over the medium term (1-3 years), we remain conscious of the high levels of uncertainty that persist. We continue to be mindful of the political uncertainty in Europe, most notably with the latest hung parliament in UK and the upcoming German elections (and possibly Italian elections). Having said that, we continue to monitor Europe closely as we may see opportunities on the back of positive cyclical surprises, and where geopolitical uncertainty may allow for attractive entry points.

As of 31 May 2017, our volatility target held steady at 6% with the potential for further reduction – representing a modestly cautious stance, but also suppressed market volatility. All things being equal our volatility targeting process suggests increasing exposure to hit volatility targets, however, we do not want to chase equity exposures at these valuations and low risk levels given the potential for a shock. As far as global bonds are concerned, bond valuations are also looking rich in some regions with US 10-year US Treasury yields below 2.2% and the curve becoming flatter. While we are still constructive on the longer term outlook for markets we believe it is prudent to be prepared to implement a more cautious stance should the above concerns increase. Global equities constituted 52% of the portfolio at May month-end with 5.8% in alternatives (listed real estate and infrastructure). The fund maintained duration at 5.6 years in May with a yield of 4.6%. We believe that US yields will be trading in a range in the foreseeable future and will dynamically adjust exposures based on where we are in that range.

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