



Update on United Income Focus Trust (UIFT) As of 29 May 2020

1. Market developments and outlook:

A combination of hopes for sustained dovish policy from the Federal Reserve and growing optimism around COVID19 vaccines has driven a classic "risk-on" rally recently, where global equities, credit spreads, and commodities rallied, while the US dollar weakened. Geopolitical tensions flared between the US and China, although the effect on prices so far has been modest. President Trump seems intent on blaming China for the COVID-19 crisis ahead of the upcoming November election, while the US Senate moved to make it more difficult to invest in Chinese assets. Meanwhile, China moved to impose a national security law in Hong Kong, which may diminish its autonomy further. Within fixed income, the US treasury yield curve steepened with longer dated yields rising marginally. Both investment grade and high yield corporate spreads tightened over the past two weeks.

2. Performance attribution and positioning:

As of 29 May 2020	Portfolio Positioning		Contribution to Returns (gross in USD)	
Portfolio Exposure	Market Exposure	Contribution to Duration (Years)	Month-to-Date	Year-to-Date
Global Research Income	9.3%	0.0	0.3%	-0.6%
Global Income Low Volatility	28.5%	0.0	0.5%	-6.9%
Equity Hedging	-17.7%	0.0	-0.9%	0.2%
Equity Total	20.1%	0.0	-0.2%	-7.4%
Systematic Fixed Income	28.2%	3.0	0.7%	0.8%
Government bonds	9.8%	1.2	0.0%	-0.5%
Systematic US Corporates	7.5%	0.6	0.1%	-0.2%
Cash Equivalents	0.0%	0.0	0.0%	0.0%
Credit Hedging	-1.8%	0.0	0.0%	-0.2%
Fixed Income Total	43.7%	4.8	0.8%	-0.2%
European Financials	6.8%	0.2	0.1%	-0.2%
Global Property	5.1%	0.0	0.1%	-0.6%
Alternatives Total	11.9%	0.2	0.3%	-0.8%
Total	75.7%	5.1	0.9%	-8.3%

3. Recent portfolio positioning and key changes:

In the recent weeks, optimism surrounding the increased likelihood of the development of a coronavirus vaccine has improved our longer term expectations. With this in mind, we have increased the portfolio's volatility target back to its long term target of 8%. Coupled with less volatility in the market, this has resulted in an increase in both equity exposure and bond positioning within the portfolio. Even with these shifts we continue to be defensively positioned within equities, though at higher weights than earlier in May. Our base case is that markets will experience a second correction and we are confident that this positioning will allow us to protect the portfolio from a second swoon whilst also allowing greater participation if markets continue to move higher. Within fixed income, we initially scaled down our bond positioning as we saw less upside due to more stable government bond yields. Over the last week, we saw bond yields increase slightly and we began to add back to bond duration, as a diversifier to greater equity positions, bringing overall portfolio duration to 5.1 years.

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