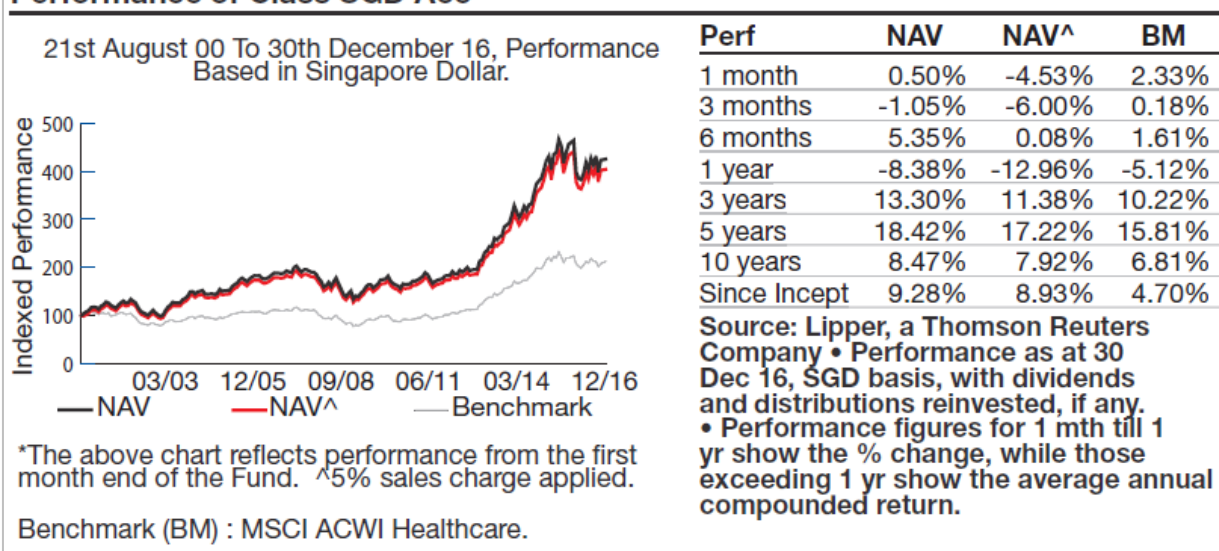


## United Global Healthcare Fund

### Fund Performance

In the month of December 2016, the performance of the United Global Healthcare Fund (the "Fund") rose by 0.5%<sup>1</sup> while its benchmark, MSCI ACWI Healthcare Index, gained 2.33 %<sup>2</sup>.

#### Performance of Class SGD Acc



### Performance Attribution

The Fund underperformed the benchmark in December. The primary drivers of underperformance over the month included mid-cap biopharmaceuticals, health care services and large-cap biopharma. In mid-cap biopharma, stock selection detracted, with Agios Pharmaceuticals' shares moving lower after a pipeline set-back. Security selection in the health care services space detracted from overall performance. Hospital operator Universal Health Services' stock fell after an on-line news article raised concerns about some business practices in its behavioural health unit. Within the biopharma large-cap space, the relative weakness was mostly driven by not holding stocks that appreciated during the month, such as Bayer and Johnson & Johnson. On a more positive note, one of our largest positions, Allergan, moved higher as the firm provided details on an accelerated share-repurchase plan and announced a strategic acquisition. The medical technology space performed roughly in line with the index amid mixed security selection.

Performance within the Fund's collection of off-benchmark small-cap biopharmaceutical stocks was mixed. Portola Pharmaceuticals rose on positive pipeline news, while Five Prime Therapeutics gave back much of its post-election run-up as drug industry pricing concerns resurfaced.

<sup>1</sup> 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).

<sup>2</sup> Source: Lipper, Performance from 30 November 2016 to 30 December 2016 in SGD terms.

<sup>3</sup>Top 10 holdings of the Fund are Allergan Plc, Bristol Myers, Astrazeneca, UnitedHealth Group, Medtronic Plc, Alkermes Plc, Boston Scientific Corporation, Eli Lilly, HCA Hlds Inc and McKesson Corp

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

## United Global Healthcare Fund

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### Outlook and Strategy

In our view, several catalysts make the health care sector an attractive long-term investment. They include biotech and pharmaceutical innovation, an ageing population and growth from developing markets. These powerful tailwinds are set off to some degree by the issue of the affordability of health care, which has raised, and will probably continue to raise, the bar from both a regulatory and a reimbursement standpoint.

Against this backdrop, we believe it is crucial to stay true to our disciplined investment process and seek companies committed to ground-breaking innovation or the provision of value — that is, high-quality health care at a lower cost. While some companies will clearly thrive in this environment, others will struggle to meet ever-increasing standards of performance. The result is likely to be growing divergence in the performance of health care stocks, creating an attractive environment for dedicated active health care investors.

In the US, Republican calls to repeal the Affordable Care Act (ACA) are expected to continue to drive near-term volatility, but a full repeal of the ACA without an alternative replacement plan is politically impossible. We intend to use any market dislocations as trading opportunities to benefit the Fund.

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