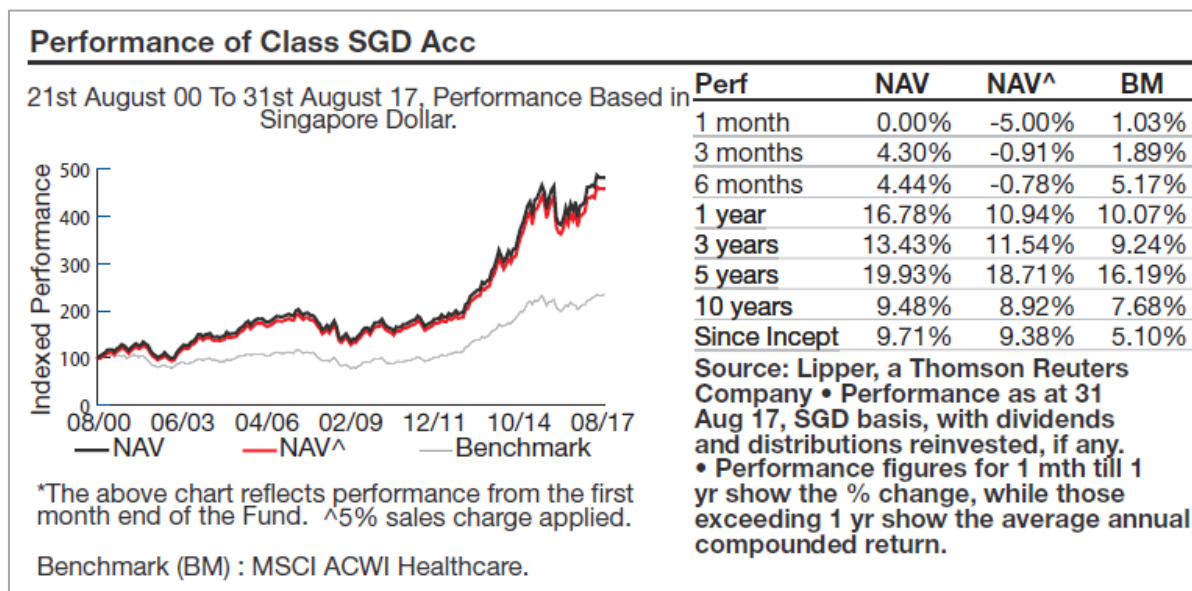


United Global Healthcare Fund

Fund Performance

In August 2017, the performance of the United Global Healthcare Fund (the "Fund") was flat from the previous month¹ while its benchmark, MSCI ACWI Healthcare Index, inched up by 1.03%².



Performance Attribution

The Fund underperformed the MSCI ACWI Healthcare Index for August.

Stock selection in health care services detracted from performance. Drug distributor Cardinal Health declined after the release of disappointing quarterly results amid continued generic pricing weakness and ongoing IT investments. Stock selection in the medical technology sub-sector made a positive contribution as a maker of steroid-releasing implants for the treatment of ear, nose and throat conditions outperformed after releasing above-consensus quarterly results and a bump up in revenue guidance.

In the large-cap biopharma space, stock selection weighed on performance. Mylan's shares underperformed as management reduced guidance, citing pricing pressures in North America and delays in the launch of several new products. While the Fund's overweight to the relatively poorly performing mid-cap biopharmaceutical space detracted, security selection made a positive contribution. Bluebird Bio's shares rose on news of the approval of a peer's gene therapy treatment. Investors viewed the approval as signifying a favourable regulatory environment for some of Bluebird's pipeline treatments. The Fund's collection of off-benchmark small-cap biopharmaceutical stocks aided performance, with shares in Akcea Therapeutics (cardiometabolic diseases) rising over the month.

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.

Top 10 holdings of the Fund are UnitedHealth Group, Allergan Plc, Alkermes Plc, Bristol Myers Squibb, Boston Scientific Corporation, Astrazeneca, Eli Lilly, Alnylam Pharmaceuticals, Portola Pharmaceuticals, and Medtronic

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

United Global Healthcare Fund

Outlook and Strategy

Uncertainties about health care policy in the US remain. However, we think long-term industry trends will be the main drivers of performance in the sector. Health care is likely to remain a legislative item despite the defeat of the measure to repeat the Affordable Care Act earlier this year. We still believe that most of the millions of Americans who obtained insurance coverage in the past few years will retain coverage in some form under most conceivable outcomes. Drug pricing reform has been an overhang on the sector affecting approximately 60% of the opportunity set. However, the US Food and Drug Administration (FDA) has worked closely with the industry to grant broad labels for drugs that demonstrate improved standards of care, and we believe that the FDA will continue to be flexible in approving innovative drugs. While we believe that structural drug pricing reform is unlikely, we are mindful of the impact of any governmental action or political rhetoric. Across the sector, we expect companies to continue to be rewarded for innovation.

In selecting stocks for the portfolio, we tend to favour companies that develop innovative products or provide solutions to the challenges facing the health care system. Such companies should be comparatively well positioned whatever the regulatory environment. Persistent themes in this vein include the shift from fee-for-service to fee-for-outcome models.

We believe that the sector should continue to grow over the long term, thanks to the tailwinds of innovation, an ageing population and the globalisation of demand for cutting-edge Western-style health care. We believe that we are well resourced and favourably positioned to capitalise on that growth.

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