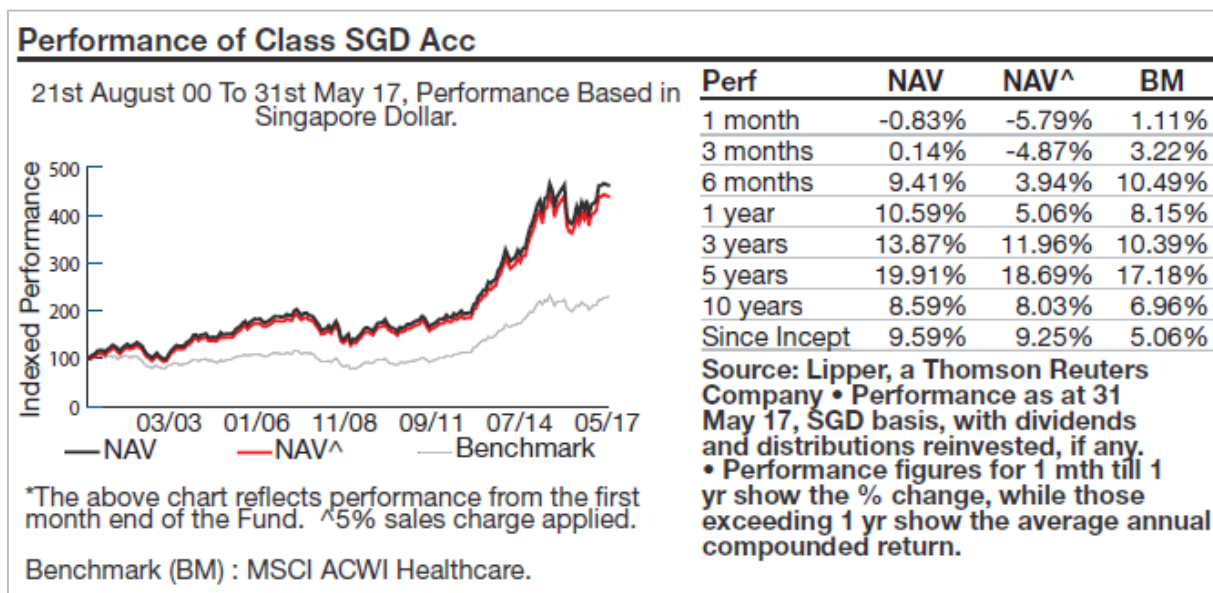


## United Global Healthcare Fund

### Fund Performance

In the month of May 2017, the performance of the United Global Healthcare Fund (the "Fund") declined 0.83%<sup>1</sup> while its benchmark, MSCI ACWI Healthcare Index, increased 1.11%<sup>2</sup>.



### Performance Attribution

The Fund underperformed the MSCI ACWI Healthcare Index for the month.

Security selection in medical technology space detracted from performance. While genetic-testing firm Invitae's billable test numbers exceeded expectations, revenues disappointed, mainly because of issues surrounding the onboarding of two major payers. In health care services, stock selection made a positive contribution. Athenahealth, a provider of cloud-based medical records and network services, rose on news that an activist investor had established meaningful exposure to the stock. In the large-cap biopharmaceuticals space, the portfolio benefitted from not holding several benchmark stocks that underperformed during the month, including Pfizer, Celgene and Amgen. Stock selection within the sector detracted from performance. While Allergan's quarterly results exceeded expectations, the stock moved lower after being downgraded by a sell-side analyst.

The mid-cap biopharma space detracted as stock selection lagged and the portfolio's overweight to the relatively poorly performing sector weighed on results. The stock of Medicines underperformed amid limited news flows. Investors are awaiting greater clarity on a cardiovascular drug slated for Phase III trials later this year.

<sup>1</sup> 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).

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

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

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

## United Global Healthcare Fund

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The portfolio's collection of off-benchmark small-cap biopharma stocks detracted, amid mixed performance over the month.

### Outlook and Strategy

While the health care sector has benefited broadly since the US elections last November, uncertainties remain. In our opinion, meaningful structural reform of drug pricing is unlikely in the foreseeable future; however, we are mindful of the potential impact of any governmental action or political rhetoric. Regarding the uncertain repeal of the Affordable Care Act (Obamacare), we continue to 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.

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.

Over the long term, the sector should continue to grow, 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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