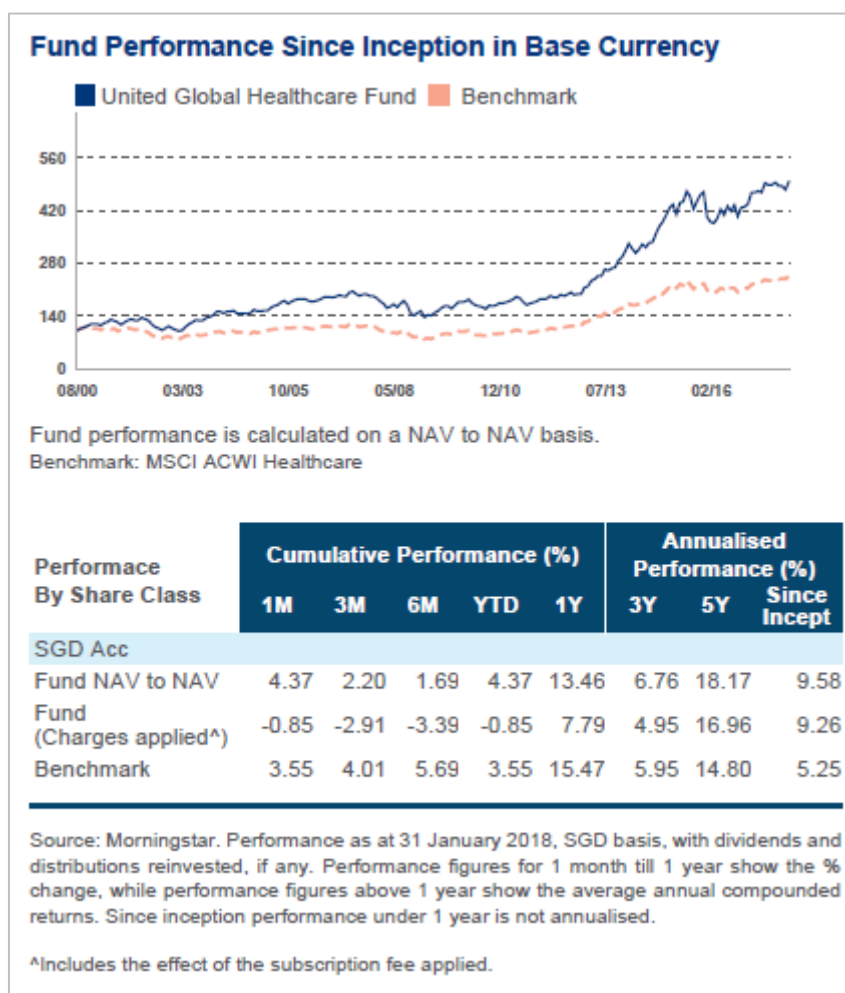


United Global Healthcare Fund

Fund Performance

In January 2018, the performance of the United Global Healthcare Fund (the “Fund”) grew 4.37%¹ while its benchmark, MSCI ACWI Healthcare Index, rose 3.55%².



Performance Attribution

The Fund outperformed the MSCI ACWI Healthcare Index in January.

Stock selection within the mid-cap biopharma space was the biggest contributor to relative performance. Agios Pharmaceuticals and BeiGene moved higher alongside primary stock offerings and investor enthusiasm for the companies’ pipeline programmes. In the large-cap biopharma subsector not holding

¹ Source: Morningstar, Performance from 31 December 2017 to 31 January 2018 in SGD terms, on a NAV (Net Asset Value) basis, with dividends and distributions reinvested (if any).

² Source: Morningstar, Performance from 31 December 2017 to 31 January 2018 in SGD terms. Top 10 holdings of the Fund are UnitedHealth Group, Allergan, Alkermes, Bristol Myers Squibb, Boston Scientific Corporation, Astrazeneca, Alnylam Pharmaceuticals, Portola Pharmaceuticals, McKesson Corp and Medtronic. All statistics quoted in the write-up are sourced from Bloomberg as at 31 January 2018 unless otherwise stated.

United Global Healthcare Fund

several benchmark stocks that underperformed, including Johnson & Johnson, Roche and Shire, aided the portfolio's performance.

The Fund's collection of off-benchmark small-cap biopharma stocks made a positive contribution, as two stocks rose sharply during the month on positive pipeline news. Stock selection in the health care services sub-sector modestly detracted from performance. Shares in a provider of cloud-based medical records and network services moved lower amid mixed sentiment and concerns about bookings ahead of the firm's quarterly earnings report in early February.

While the medical technology space was the best-performing sub-sector for the index this month, the portfolio's stock selection detracted. Genetic testing firm Invitae's shares moved lower after the release of disappointing guidance on revenues for 2018.

Outlook and Strategy

The health care sector has advanced strongly since the 2016 US elections, despite the many outstanding uncertainties about US health care policy. We believe that meaningful structural reform of drug pricing is unlikely in the foreseeable future. Recent calls by some Democrats for a single payer system, which would directly address this issue, will undoubtedly get nowhere. In the meantime, Republicans have so far failed to advance substantive ideas on drug price reform.

The US Food and Drug Administration, under new head Scott Gottlieb, appears to be more accommodating to biopharmaceutical companies developing novel therapies than it has been in the past. This is evident both in enhanced regulatory transparency and in recent regulatory decisions. At the same time, Gottlieb is seeking to accelerate approvals of generic or biosimilar drugs, particularly for diseases where off-patent but high-cost branded drugs still dominate, because of a lack of competition. The combined effect of these two initiatives should be to increase rewards for substantial biopharmaceutical innovation, while diminishing the profitability of older or less innovative drugs. In selecting stocks for the portfolio, we favour companies which develop innovative products designed to address important unmet medical needs, as well as companies which provide solutions to the fiscal or logistical challenges besetting the health care delivery system.

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.

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