



United Global Healthcare Fund

Annual Report

for the financial year ended
31st December 2012

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

MANAGER

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CUSTODIAN

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SOLICITORS TO THE MANAGER

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United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

A) Fund Performance

Fund Performance/ Benchmark Returns	3 mth %	6 mth %	1 yr %	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 21 August 2000 Ann Comp Ret
United Global Healthcare Fund	-2.20	0.76	7.29	3.93	1.07	6.35	5.62
Benchmark	0.39	4.31	10.94	4.70	1.00	3.37	0.99

Source: Lipper, a Thomson Reuters Company.

Note: The performance returns of the Fund are in Singapore dollars based on a NAV-to-NAV basis with net dividends reinvested.
The benchmark of the Fund: MSCI ACWI Healthcare.

For the year ended 31 December 2012, the net asset value of the Fund **rose 7.3%**, compared with a **10.9% increase** in the benchmark MSCI ACWI Healthcare index.

The Fund was overweight in certain segments of **Biotechnology** and **Health Care Services** and underweight in **Major Pharmaceuticals** and **Medical Products**.

The Fund benefited from a good year in many of its **Biotechnology** holdings, driven primarily by innovation in the fields of oncology and infectious diseases. The underweight position in the **Medical Products** segment contributed positively to the Fund as many companies within the group continue to face European pricing pressures as a result of austerity measures and dampening sales growth.

On the contrary, the **Health Care Services** segment and our underweight position in the **Major Pharmaceuticals** posed turned out to be drags on the Fund's performance. The Health Management Organization (HMO) stocks within **Health Care Services** made exceptionally strong advances to the start of the year. However, the decision on the Healthcare Reform Bill (also known as Patient Protection & Affordable Care Act), mixed earnings, and uncertainty caused by the US Presidential elections pulled back some gains for the segment. The **Major Pharmaceuticals** had a positive first three quarters as large cap pharmaceutical companies delivered good earnings as a whole, with stronger sales from the Emerging Markets helping to offset weaker European prices.

Key contributors to the Fund include **Onyx Pharmaceuticals** and **Gilead Sciences**. **Onyx's** stock price benefited from speculation that it would be acquired by **Bayer**, its long time partner on Nexavar. **Gilead Sciences** outperformed as the firm's earnings results exceeded market expectations on strong antiviral product sales in its HIV franchise and investors reacted positively to the firm's Hepatitis C franchise clinical trial developments.

Detractors to the Fund include **Salix Pharmaceutical** and **Elan**. **Salix's** stock price declined on the news that Relistor, which is approved for opioid induced constipation in cancer patients, received a FDA complete response letter (CRL) for approval in a broader patient population. **Elan's** highly anticipated Alzheimer's drug, Bapineuzumab, failed to show any clinical benefit in its phase 3 trials and drove the company's stock price downward.

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Over the year, we took advantage of depressed valuations and increased our positions in **Forest Labs (Biotechnology)** and **Teva Pharmaceuticals (Major Pharmaceuticals)**. Selected names where we cut our exposure during the same period included **Coventry Health Care (Health Care Services)** and **Abbott Laboratories (Medical Products)** as we decreased our holdings of these companies into strength.

As at end December 2012, the Fund had the following regional asset allocation: **United States** (69.0%), **Japan** (10.0%), **Ireland** (3.8%), **Belgium** (3.0%), **Switzerland** (2.5%), **UK** (1.8%), Others (3.6%). By sub-sectors, the Fund was positioned in **Major Pharmaceuticals** (29.9%), **Health Care Services** (27.0%), **Biotechnology** (23.2%), **Medical Products** (13.6%). We held 6.3% cash at the end of the period. Our largest shareholdings included **Merck & Co**, **Forest Labs**, **UnitedHealth Group** and **Shionogi**.

Economic and Market Review

Over the twelve month period under review, the healthcare industry was dogged by many exogenous but significant regulatory and political events.

In April 2012, Japan's National Health Institute (NHI) finalized the biennial drug pricing revision and the implementation of new measures to promote domestic generic drug use. Unsurprisingly, many **Pharmaceutical** companies in Japan underperformed as the newly implemented domestic measures attempt to cap drug pricing growth and to reduce branded drug utilization rates. The **Medical Products** companies, on the other hand, rallied on the back of minimal restrictions from the health authority and, to some extent, the return of positive sentiment towards **Olympus**, a world-leading **Medical Product** company, that was dogged by accounting scandals in 2011.

In late June, the Supreme Court of the US ruled positively on the constitutionality of the Individual Mandate of President Obama's Patient Protection and Affordable Care Act (PPACA). Within the **Health Care Services** segment, the healthcare providers and facilities companies rallied in response to the removal of an overhang, while HMOs generally underperformed. With the passing of this legislation, the industry expects up to 32 million additional individuals, who are currently uninsured, to demand for greater access to health care services, drugs and products.

In the second half of the year, the market and the industry's focus shifted to the US Presidential elections and ultimately to the fiscal cliff. The key overhangs on the industry stemming from the political and fiscal uncertainties were the potential increase in drug rebates that **Pharmaceuticals** and **Biotechnology** companies had to offer to both Medicare and Medicaid programs, and the potential reduction in these public health programs' funding. The latter would have profound and lasting negative impact on the growth of healthcare industry in general as majority of the industry depends on government reimbursements one way or another. While the risk of a repeal of the PPACA is now over with the re-election of President Obama, we are still very likely to expect much market volatility as the fiscal cliff debate continues into February/March 2013.

Despite these uncertainties, the underlying fundamentals of the healthcare industry remained robust throughout the year, unaffected by the broad market and macroeconomic conditions. The global health care industry, as represented by the MSCI AC World Health Care Index, rose 10.9% and outperformed the broad market, represented by the MSCI AC World Index, which ended the year with an overall return of 9.4%.

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Amongst the various segments, **Biotechnology** (+35.0%) led the entire industry with the most gains as new pipeline products showed high promise of meeting current unmet medical needs. The **Medical Products** (+10.2%) also demonstrated outperformance against the broad market but experienced poor business conditions mainly in Europe. The **Major Pharmaceuticals** (+5.2%) and **Health Care Services** (+6.0%) segments lagged both the industry and the broad market as the overhang from the US fiscal cliff persists into 2013.

Outlook and Fund Strategy

Overall, it was a satisfactory year for the Fund and the global health care sector. The drug companies, particularly the ones in biotechnology, continue to generate strong returns for the Fund due to their ability to develop differentiated drugs satisfying unmet medical needs across many therapeutic areas. The revival of product pipelines within the drug industry, post the fabled patent cliff, seems to be gaining traction.

Politically, the market has shifted its focus away from the PPACA and the US presidential election, to the fiscal cliff and debt ceiling discussions. The crux of the issue lies in US Congress's heated debate over entitlement spending, including those of the Medicare and Medicaid programs. We will focus on investing in those companies that are least impacted by an uncertain political climate. We also favor companies that enjoy robust growth opportunities supported by structural factors such as aging demographics and highly rewarding therapeutic areas.

We are currently overweight in the **Biotechnology** and **Health Care Services** segments as we believe the respective inherent catalysts from ongoing drug research and the PPACA would provide secular tailwinds to the beneficiary companies within these segments. We go overweight in **US** companies and underweight **UK**- and **Europe**-based companies amidst the poor macroeconomic outlook in the Eurozone. We are underweight and selective in the **Major Pharmaceutical** and **Medical Products** segments as many constituent companies struggle to keep up with the fast evolving business environment that is shaped by the PPACA and ongoing austere measures across numerous developed markets.

While we remain cautious on the outlook for the global economy, pockets of health care should still be able to generate strong, sustainable growth. We are comfortable with our research process and will continue to identify the drugs and devices with the best chances of success and the service companies that are best positioned for the future of health care provision and management. Our diversified portfolio of health care stocks will hopefully generate attractive returns over the long term while minimizing risk.

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B) Investments at fair value and as a percentage of NAV as at 31 December 2012 under review classified by

	Fair Value (S\$)	% of NAV
i) Country		
Belgium	1,216,571	3.03
France	119,595	0.30
Germany	251,344	0.63
Ireland	1,526,819	3.80
Israel	693,470	1.73
Japan	4,026,190	10.03
Norway	37,544	0.09
Spain	349,334	0.87
Switzerland	1,011,939	2.52
United Kingdom	712,258	1.78
United States	31,819,459	79.29
Portfolio of investments	41,764,523	104.07
Other net liabilities	(1,631,294)	(4.07)
Total	40,133,229	100.00
ii) Industry		
Consumer Staples	592,541	1.48
Healthcare	36,874,097	91.88
Information Technology	148,907	0.37
Money Market Fund	4,148,978	10.34
Portfolio of investments	41,764,523	104.07
Other net liabilities	(1,631,294)	(4.07)
Total	40,133,229	100.00
iii) Asset Class		
Equities	37,615,545	93.73
Money Market Fund	4,148,978	10.34
Other net liabilities	(1,631,294)	(4.07)
Total	40,133,229	100.00
iv) Credit rating of debt securities		
N/A		

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C) Top Ten Holdings

The top 10 holdings as at 31 December 2012 and 31 December 2011

10 largest holdings at 31 December 2012

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
SSGA FDS MONEY MARKET FUND	4,148,978	10.34
MERCK	1,824,395	4.55
FOREST LABORATORIES INC	1,781,822	4.44
UNITEDHEALTH GROUP	1,656,354	4.13
SHIONOGI & COMPANY LIMITED	1,295,181	3.23
AMGEN INC	1,223,528	3.05
UCB (E)	1,167,375	2.91
CUBIST PHARMACEUTICALS INC	1,047,827	2.61
ALKERMES INC	981,272	2.45
BOSTON SCIENTIFIC CORPORATION	926,474	2.31

10 largest holdings at 31 December 2011

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
MERCK	2,627,926	4.26
SSGA FDS MONEY MARKET FUND	2,312,725	3.75
UNITEDHEALTH GROUP	2,306,569	3.74
AMGEN INC	1,615,203	2.62
CUBIST PHARMACEUTICALS INC	1,607,172	2.61
SHIONOGI & COMPANY LIMITED	1,470,240	2.39
FOREST LABORATORIES INC	1,420,366	2.30
ALKERMES INC	1,381,308	2.24
SALIX PHARMACEUTICALS LIMITED	1,379,052	2.24
COVENTRY HEALTH CARE INC	1,374,789	2.23

D) Exposure to derivatives

i) fair value of derivative contracts and as a percentage of NAV as at 31 December 2012

N/A

ii) net gains/losses on derivative contracts realised during the financial year ended 31 December 2012

N/A

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D) Exposure to derivatives (continued)

iii) net gains/losses on outstanding derivative contracts marked to market as at 31 December 2012

N/A

E) Amount and percentage of net asset value (NAV) invested in other schemes as at 31 December 2012

	Fair Value (S\$)	% of NAV
SSGA FDS MONEY MARKET FUND	4,148,978	10.34

F) Amount and percentage of borrowings to net asset value (NAV) as at 31 December 2012

N/A

G) Amount of redemptions and subscriptions for the financial year ended 31 December 2012

Total amount of redemptions	SGD	29,651,839
Total amount of subscriptions	SGD	4,148,261

H) The amount and terms of related-party transactions for the financial year ended 31 December 2012

i) As at 31 December 2012 the Fund maintained current accounts with the United Overseas Bank Limited as follows:

Bank balances	SGD	147,399
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ii) Purchase/holdings of UOBAM unit trusts by UOB or its affiliated companies as at 31 December 2012

N/A

iii) Investment in Initial Public Offerings managed by UOB Group.

N/A

iv) As at 31 December 2012 there was no brokerage income earned by UOB Kay Hian Pte Ltd.

I) Expense ratios

31 December 2012	2.04%
31 December 2011	2.40%

Note: The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expense ratios dated 25 May 2005. It does not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising on income received. The Fund does not pay any performance fees.

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J) Turnover ratios

31 December 2012	25.23%
31 December 2011	23.29%

Note: The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

K) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts

N/A

L) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme ("the underlying scheme")¹ should be disclosed as well

- i) top 10 holdings at fair value and as percentage of NAV as at 31 December 2012 and 31 December 2011

N/A

- ii) expense ratios for the financial year ended 31 December 2012 and 31 December 2011.

N/A

- iii) turnover ratios for the financial year ended 31 December 2012 and 31 December 2011

N/A

M) Soft dollar commissions/arrangements

UOB Asset Management has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The product and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management's duties to clients. As such services generally benefit all of UOB Asset Management's clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on a best execution basis and there was no churning of trades.

The Sub-manager, Wellington International Management Company Pte Ltd. ("WIMC") has entered into soft dollar arrangements with selected brokers. The products and services received may include research reports, services and seminars; computer software and certain related hardware for arraying and processing research data; and portfolio evaluation services.

¹ where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.

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REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and to hold the assets of United Global Healthcare Fund (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the financial year covered by these financial statements, set out on pages 12 to 32 comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee
HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

Authorised signatory

26 March 2013

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STATEMENT BY THE MANAGER

In the opinion of the directors of UOB Asset Management Ltd, the accompanying financial statements set out on pages 12 to 32, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Fund as at 31 December 2012 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that the Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
UOB ASSET MANAGEMENT LTD

THIO BOON KIAT
Authorised signatory

26 March 2013

United Global Healthcare Fund

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF UNITED GLOBAL HEALTHCARE FUND

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the accompanying financial statements of United Global Healthcare Fund (the "Fund") set out on pages 12 to 32, which comprise the Balance Sheet and Portfolio Statement as at 31 December 2012, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's Responsibility for the Financial Statements

The Fund's Manager (the "Manager") is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2012 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 26 March 2013

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STATEMENT OF TOTAL RETURN

For the financial year ended 31 December 2012

	Note	2012 \$	2011 \$
Income			
Dividends		898,229	900,725
Interest		3,299	4,573
		901,528	905,298
Less: Expenses			
Management fee	9	942,043	1,083,949
Trustee fee	9	21,533	25,938
Audit fee		15,100	15,801
Registrar fee	9	25,000	25,000
Valuation fee	9	107,662	123,880
Custody fee		31,022	54,916
Interest expenses		107	-
Other expenses		(15,071)	179,861
		1,127,396	1,509,345
Net loss		(225,868)	(604,047)
Net gains or losses on value of investments			
Net realised gain on investments		3,679,173	1,417,722
Net change in fair value on investments		1,136,468	3,502,275
Net foreign exchange loss		(378,496)	(24,408)
Net gain on value of investments		4,437,145	4,895,589
Total return for the year before income tax		4,211,277	4,291,542
Less : Income tax	3	(210,831)	(202,236)
Total return for the year		4,000,446	4,089,306

The accompanying notes form an integral part of these financial statements.

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BALANCE SHEET

As at 31 December 2012

	Note	2012 \$	2011 \$
ASSETS			
Portfolio of investments		41,764,523	55,448,742
Sales awaiting settlement		104,638	357,809
Receivables	4	63,515	5,447,349
Cash and bank balances		674,561	942,217
Total Assets		42,607,237	62,196,117
LIABILITIES			
Purchases awaiting settlement		149,585	62,842
Payables	5	2,324,423	496,914
Net assets attributable to unitholders	6	40,133,229	61,636,361
Total Liabilities		42,607,237	62,196,117

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PORTFOLIO STATEMENT

As at 31 December 2012

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
By Geography – Primary			
Money Market Fund			
UNITED STATES			
SSGA FDS MONEY MARKET FUND	3,396,626	4,148,978	10.34
TOTAL MONEY MARKET FUND		4,148,978	10.34
Quoted Equities			
BELGIUM			
AGFA GEVAERT NV	23,143	49,196	0.12
UCB (E)	16,772	1,167,375	2.91
TOTAL BELGIUM		1,216,571	3.03
FRANCE			
IPSEN SA	284	10,375	0.03
ORPEA	2,026	109,220	0.27
TOTAL FRANCE		119,595	0.30
GERMANY			
RHOEN KLINIKUM AG	5,217	128,544	0.32
STADA ARZNEIMITTEL AG	3,120	122,800	0.31
TOTAL GERMANY		251,344	0.63
IRELAND			
ALKERMES INC	43,400	981,272	2.45
ELAN CORP PLC - ADR	29,200	364,169	0.91
PROTHENA CORP PLC	756	6,224	0.01
UNITED DRUG PLC	32,313	175,154	0.43
TOTAL IRELAND		1,526,819	3.80
ISRAEL			
TEVA PHARMACEUTICAL INDUSTRIES LTD-ADR	15,200	693,470	1.73

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As at 31 December 2012

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
By Geography – Primary (continued)			
JAPAN			
ALFRESA HOLDINGS CORPORATION	2,500	119,021	0.30
ASTELLAS PHARMA INC	10,900	595,923	1.48
CHUGAI PHARMACEUTICAL COMPANY LIMITED	32,500	758,025	1.89
DAIICHI SANKYO COMPANY LIMITED	21,400	399,365	0.99
DAINIPPON SUMITOMO PHARMA CO LTD	3,900	57,024	0.14
EISAI COMPANY LIMITED	1,700	86,458	0.22
KYOWA HAKKO KIRIN CO LTD	12,000	143,927	0.36
MITSUBISHI TANABE PHARMA CORPORATION	18,200	289,509	0.72
SHIONOGI & COMPANY LIMITED	63,800	1,295,181	3.23
SUZUKEN CO LTD	4,300	147,493	0.37
SYSMEX CORPORATION	2,400	134,264	0.33
TOTAL JAPAN		4,026,190	10.03
NORWAY			
ALGETA ASA	1,105	37,544	0.09
SPAIN			
LABORATORIOS ALMIRALL SA	29,274	349,334	0.87
SWITZERLAND			
ACTELION LIMITED - REG	2,085	121,116	0.30
ROCHE	3,628	890,823	2.22
TOTAL SWITZERLAND		1,011,939	2.52
UNITED KINGDOM			
ASTRAZENECA PLC	7,026	405,749	1.02
GLAXO SMITHKLINE (ADR)	4,600	244,366	0.61
NMC HEALTH PLC	16,322	62,143	0.15
TOTAL UNITED KINGDOM		712,258	1.78

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As at 31 December 2012

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
By Geography – Primary (continued)			
Quoted Equities			
UNITED STATES			
ABBVIE INC	2,300	96,364	0.24
ABOIMED INC	28,100	461,660	1.15
ACCELRYN INC	13,500	148,907	0.37
ACCURAY INC	320	2,513	0.01
ACORDA THERAPEUTICS INC	8,700	263,763	0.66
AETNA INC	3,300	186,673	0.47
AGILENT TECHNOLOGIES INC	4,000	200,082	0.50
ALLSCRIPTS HEALTHCARE SOLUTIONS INC	16,900	194,460	0.48
ALPHATEC HOLDINGS INC	59,000	118,192	0.29
AMAG PHARMACEUTICALS INC	10,100	181,109	0.45
AMGEN INC	11,600	1,223,528	3.05
ANGIODYNAMICS INC	1,900	25,483	0.06
BAXTER INTERNATIONAL INC	2,500	203,563	0.51
BECTON DICKINSON & CO	1,600	152,834	0.38
BIOGEN IDEC INC	1,800	322,329	0.80
BOSTON SCIENTIFIC CORPORATION	132,600	926,474	2.31
BRISTOL MYERS	14,948	595,425	1.48
CADENCE PHARMACEUTICALS INC	36,100	210,780	0.53
CARDINAL HEALTH INC	10,800	543,255	1.35
CAREFUSION CORPORATION	11,150	389,252	0.97
CIGNA CORPORATION	6,200	404,717	1.01
COMMUNITY HEALTH SYSTEMS INC	6,700	251,660	0.63
CONMED CORPORATION	6,750	230,369	0.57
COVIDIEN PLC	5,700	401,948	1.00
CUBIST PHARMACEUTICALS INC	20,400	1,047,827	2.61
DAVITA HEALTHCARE PARTNERS INC	1,600	215,942	0.54
ELI LILLY & COMPANY	14,100	849,446	2.12
Balance carried forward		9,848,555	24.54

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	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
By Geography – Primary (continued)			
Quoted Equities			
UNITED STATES (continued)			
Balance brought forward		9,848,555	24.54
FOREST LABORATORIES INC	41,300	1,781,822	4.44
FURIEX PHARMACEUTICALS INC	10,300	241,941	0.60
GLOBUS MEDICAL INC	5,000	64,068	0.16
HCA HOLDINGS INC	4,200	154,832	0.39
HEALTH MANAGEMENT ASSOCIATES INC	22,500	255,874	0.64
HEALTH NET INC	8,900	264,065	0.66
HEALTHSOUTH CORPORATION	4,800	123,714	0.31
HEARTWARE INTERNATIONAL INC	1,100	112,799	0.28
HOSPIRA INC	2,710	103,347	0.26
HUMANA INC	1,100	92,215	0.23
INTEGRA LIFESCIENCES HOLDINGS	3,100	147,376	0.37
INVACARE CORPORATION	7,900	157,003	0.39
IRONWOOD PHARMACEUTICALS INC	13,400	181,359	0.45
LABORATORY CORPORATION OF AMERICA HOLDINGS	4,000	423,079	1.05
LIGAND PHARMACEUTICALS INCORPORATED-B	8,500	215,234	0.54
MCKESSON CORPORATION	7,300	864,677	2.15
MEDTRONIC INC	15,300	766,621	1.91
MERCK	36,473	1,824,395	4.55
MOMENTA PHARMACEUTICALS INC	5,600	80,580	0.20
NPS PHARMACEUTICALS INC	41,000	455,241	1.13
NUVASIVE INC	8,800	165,968	0.41
OMNICELL INC	15,500	281,537	0.70
ONYX PHARMACEUTICALS INC	4,000	369,040	0.92
OWENS & MINOR INC	1,900	66,121	0.16
PAIN THERAPEUTICS INC	8,300	27,171	0.07
PAREXEL INTERNATIONAL CORPORATION	6,400	231,166	0.58
PFIZER INC	13,574	416,008	1.04
QUEST DIAGNOSTICS INCORPORATED	9,400	668,832	1.67
QUESTCOR PHARMACEUTICALS INC	3,300	107,626	0.27
SALIX PHARMACEUTICALS LIMITED	13,650	674,776	1.68
SPECTRUM PHARMACEUTICALS INC	33,100	451,622	1.12
ST JUDE MEDICAL INC	14,700	649,111	1.62
Balance carried forward		22,267,775	55.49

The accompanying notes form an integral part of these financial statements.

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

PORTFOLIO STATEMENT

As at 31 December 2012

	Holdings at 31 December 2012	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %
By Geography – Primary (continued)			
Quoted Equities			
UNITED STATES (continued)			
Balance brought forward		22,267,775	55.49
TENET HEALTHCARE CORP	5,075	201,161	0.50
TRANS1 INC	11,200	33,928	0.08
TRIPLE-S MANAGEMENT CORPORATION CLASS B	13,400	302,155	0.75
TRIUUS THERAPEUTICS INC	10,500	61,435	0.15
UNITED THERAPEUTICS CORPORATION	2,400	156,606	0.39
UNITEDHEALTH GROUP	25,000	1,656,354	4.13
UNIVERSAL HEALTH SERVICES SERIES B	6,300	372,075	0.93
VANGUARD HEALTH SYSTEMS INC	13,100	195,860	0.49
VERTEX PHARMACEUTICALS INC	3,300	169,139	0.42
VOLCANO CORPORATION	2,700	77,801	0.19
WALGREEN COMPANY	13,100	592,541	1.48
WATSON PHARMACEUTICALS INC	1,600	168,059	0.42
WELLCARE HEALTH PLANS INC	4,700	279,532	0.70
WELLPOINT INC	9,400	699,604	1.74
XENOPORT INC	11,700	110,902	0.28
ZIMMER HOLDINGS INC	4,000	325,554	0.81
TOTAL UNITED STATES		27,670,481	68.95
TOTAL EQUITIES		37,615,545	93.73
Portfolio of investments		41,764,523	104.07
Other net liabilities		(1,631,294)	(4.07)
Net assets attributable to unitholders		40,133,229	100.00

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

PORTFOLIO STATEMENT

As at 31 December 2012

	Percentage of total net assets attributable to unitholders at 31 December 2012 %	Percentage of total net assets attributable to unitholders at 31 December 2011 %
By Geography – Primary (Summary)		
Money Market Fund		
United States	10.34	3.75
Quoted Equities		
Belgium	3.03	1.75
Canada	-	0.36
France	0.30	0.10
Germany	0.63	1.10
Ireland	3.80	3.12
Israel	1.73	0.48
Japan	10.03	8.79
Norway	0.09	-
Spain	0.87	0.61
Switzerland	2.52	1.91
United Kingdom	1.78	1.84
United States	68.95	66.15
Portfolio of investments	104.07	89.96
Other net (liabilities)/assets	(4.07)	10.04
Net assets attributable to unitholders	100.00	100.00

The accompanying notes form an integral part of these financial statements.

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

PORTFOLIO STATEMENT

As at 31 December 2012

	Fair value at 31 December 2012 \$	Percentage of total net assets attributable to unitholders at 31 December 2012 %	Percentage of total net assets attributable to unitholders at 31 December 2011 %
By Industry - Secondary			
Money Market Fund	4,148,978	10.34	3.75
Quoted Equities			
Consumer Staples	592,541	1.48	1.27
Healthcare	36,874,097	91.88	84.25
Industrials	-	-	0.41
Information Technology	148,907	0.37	0.28
Portfolio of investments	41,764,523	104.07	89.96
Other net (liabilities)/assets	(1,631,294)	(4.07)	10.04
Net assets attributable to unitholders	40,133,229	100.00	100.00

The accompanying notes form an integral part of these financial statements.

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

United Global Healthcare Fund (the "Fund") is a Singapore registered trust fund constituted by a Trust Deed dated 5 July 2000 between UOB Asset Management Ltd (the "Manager") and RBC Dexia Trust Services Singapore Limited (the "Trustee"). The Deed is governed by the laws of the Republic of Singapore.

With effect from 1 March 2011, the Trustee of the Fund has changed from RBC Dexia Trust Services Singapore Limited (the "Retired Trustee") to HSBC Institutional Trust Services (Singapore) Limited (the "Trustee").

The Fund is included by the Central Provident Fund ("CPF") Board under the CPF investment scheme - Ordinary account for subscription by unitholders using their CPF monies. However, unitholders should note that no new subscriptions for units (including subscriptions under the RSP) are accepted using CPF monies with effect from 31 March 2009. The Fund will nevertheless remain as a CPFIS Included Fund.

The primary activity of the Fund is to achieve long term capital growth by investing in securities issued by companies principally involved in the development, production or distribution of products, equipment and/or services related to healthcare, in any part of the world. Such investments would include investing in sub-sectors of the healthcare industry such as medical products, health services, major pharmaceuticals, specialty major pharmaceuticals and specialty pharmaceuticals.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of financial assets at fair value through profit or loss, and in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Certified Public Accountants of Singapore.

The financial statements are expressed in Singapore dollars.

(b) Recognition of income

Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective interest method.

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

(c) Investments

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchase of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the year in which they arise.

(iii) *Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sale of investments are computed on the basis of the difference between the weighted average cost and selling price net of transaction costs, and are taken up in the Statement of Total Return.

(d) Basis of valuation of investments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price.

(e) Foreign currency translation

(i) *Functional and presentation currency*

The Fund's investors are mainly from Singapore with the subscriptions and redemptions of the units denominated in Singapore dollars and United States dollars.

The performance of the Fund is measured and reported to the investors in Singapore dollars. The Manager considers Singapore dollars as the currency of the primary economic environment in which the Fund operates. The financial statements are presented in Singapore dollars, which is the Fund's functional and presentation currency.

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

2. Significant accounting policies (continued)

(e) Foreign currency translation (continued)

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statement of Total Return within the fair value net gain or loss.

(f) Expenses charged to the Fund

All direct expenses relating to the Fund are charged directly to the Statement of Total Return. In addition, certain expenses shared by all unit trusts managed by the Manager are allocated to each Fund based on the respective Fund's net asset value.

3. Income tax

	2012	2011
	\$	\$
Overseas income tax	210,831	202,236

The Fund was granted the status of a Designated Unit Trust and, therefore, the following income is exempt from tax in accordance with Section 35(12) of the Income Tax Act (Cap 134):

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Singapore Income Tax Act); and
- (iii) dividends derived from outside Singapore and received in Singapore.

The overseas income tax represents tax deducted at source on dividends derived from outside Singapore.

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

4. Receivables

	2012	2011
	\$	\$
Amounts receivable for creation of units	18,420	5,395,533
Dividend receivable	45,095	51,816
	63,515	5,447,349

5. Payables

	2012	2011
	\$	\$
Amounts payable for cancellation of units	2,077,845	200,273
Amount due to Manager	220,702	269,763
Amount due to Trustee	4,517	5,529
Other creditors and accrued expenses	21,359	21,349
	2,324,423	496,914

United Global Healthcare Fund
(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

6. Net assets attributable to unitholders

	2012 \$	2011 \$
At the beginning of the financial year	61,636,361	71,857,788
Operations		
Change in net assets attributable to unitholders resulting from operations	4,000,446	4,089,306
Unitholders' contributions/(withdrawals)		
Creation of units	4,148,261	10,882,463
Cancellation of units	(29,651,839)	(25,193,196)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(25,503,578)	(14,310,733)
Total decrease in net assets attributable to unitholders	(21,503,132)	(10,221,427)
At the end of the financial year	40,133,229	61,636,361
Units in issue (Note 7)	21,490,352	35,419,973
	\$	\$
Net assets attributable to unitholders per unit	1.87	1.74

7. Units in issue

	2012	2011
Units at beginning of the year	35,419,973	44,146,502
Units created	2,266,242	6,274,868
Units cancelled	(16,195,863)	(15,001,397)
Units at end of the year	21,490,352	35,419,973

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

8. Financial risk management

The Fund's activities expose it to a variety of financial risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme seeks to minimise potential adverse effects on the Fund's financial performance. The Fund may use financial futures contracts, financial options contracts and/or currency forward contracts subject to the terms of the Prospectus to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Fund at any time as part of the overall financial risk management to reduce the Fund's risk exposures.

The Fund's assets principally consist of financial instruments such as equity investments, money market investments and cash. They are held in accordance with the published investment policies of the Fund. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

(a) Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investor's expectation etc. which may have significant impact on the value of the investments. The Fund's investments are substantially dependent on changes in market prices. The Fund's investments are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Fund. Guidelines are set to reduce the Fund's risk exposures to market volatility such as diversifying the portfolio by investing across various geographies, alternatively, the Fund may be hedged using derivative strategies.

(i) Foreign exchange risk

The Fund has securities denominated in currencies other than Singapore dollars and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between Singapore dollars and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Fund.

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

8. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the on-balance sheet exposure to currency risks for the Fund.

As at 31 December 2012

	SGD \$	USD \$	JPY \$	Others \$	Total \$
Assets					
Portfolio of investments	-	34,108,960	4,026,190	3,629,373	41,764,523
Sales awaiting settlement	-	102,312	-	2,326	104,638
Receivables	14,021	39,394	10,100	-	63,515
Cash and bank balances	287,058	387,503	-	-	674,561
Total Assets	301,079	34,638,169	4,036,290	3,631,699	42,607,237
Liabilities					
Purchases awaiting settlement	-	149,585	-	-	149,585
Payables	396,666	1,927,757	-	-	2,324,423
Net assets attributable to unitholders	40,133,229	-	-	-	40,133,229
Total Liabilities	40,529,895	2,077,342	-	-	42,607,237
Net currency exposure	(40,228,816)	32,560,827	4,036,290	3,631,699	

As at 31 December 2011

	SGD \$	USD \$	JPY \$	Others \$	Total \$
Assets					
Portfolio of investments	-	45,907,794	5,420,655	4,120,293	55,448,742
Sales awaiting settlement	-	357,809	-	-	357,809
Receivables	32,219	5,398,861	16,269	-	5,447,349
Cash and bank balances	802,480	139,737	-	-	942,217
Total Assets	834,699	51,804,201	5,436,924	4,120,293	62,196,117
Liabilities					
Purchases awaiting settlement	-	62,842	-	-	62,842
Payables	450,174	46,740	-	-	496,914
Net assets attributable to unitholders	61,636,361	-	-	-	61,636,361
Total Liabilities	62,086,535	109,582	-	-	62,196,117
Net currency exposure	(61,251,836)	51,694,619	5,436,924	4,120,293	

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

8. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Investments, which is the significant item in the balance sheet, is exposed to currency risk and interest rate risk. Currency risk sensitivity analysis is prepared and disclosed only for monetary assets and liabilities. The table below summarises the sensitivity of the Fund's monetary assets and liabilities to changes in foreign exchange movements as at 31 December 2012 and 2011. The analysis is based on the assumptions that the functional currency increased / decreased to the relevant foreign exchange rates as disclosed below. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

Currency	2012		2011	
	Net impact to net assets attributable to unitholders	%	Net impact to net assets attributable to unitholders	%
	\$		\$	
USD	92,888	6	405,078	7

(ii) Price risk

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices.

The table below summarises the impact of increases/decreases from the Fund's underlying investments in equities on the Fund's net assets attributable to unitholders at 31 December 2012 and 2011. The analysis is based on the assumption that the index components within the benchmark increased/ decreased by a reasonable possible shift, with all other variables held constant and that the fair value of the Fund's investments moved according to the historical correlation with the index.

Benchmark component	2012		2011	
	Net impact to net assets attributable to unitholders	%	Net impact to net assets attributable to unitholders	%
	\$		\$	
MSCI ACWI Healthcare	8,102,317	20	11,533,338	20

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

8. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Other than the cash balances, the Fund's financial assets and liabilities are largely non-interest bearing. Hence, the Fund is not subjected to significant risk due to fluctuations in the prevailing levels of market interest rates.

(b) Liquidity risk

The Fund is exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Fund maintains sufficient cash and cash equivalents and that it is able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in securities which are traded in a relatively active market and which can be readily disposed of.

The Fund's investments in listed securities are considered to be readily realisable as they are listed on established regional stock exchanges.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

As at 31 December 2012	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Purchases awaiting settlement	149,585	-	-	-
Payables	2,324,423	-	-	-
Net assets attributable to unitholders	40,133,229	-	-	-
<hr/>				
As at 31 December 2011	Less than 3 months \$	3 months to 1 year \$	1-5 years \$	Above 5 years \$
Purchases awaiting settlement	62,842	-	-	-
Payables	496,914	-	-	-
Net assets attributable to unitholders	61,636,361	-	-	-

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

8. Financial risk management (continued)

(c) Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The Fund's credit risk is concentrated on cash and bank balances, and amounts or securities receivable on the sale and purchase of investments respectively. In order to mitigate exposure to credit risk, all transactions in listed securities are settled/ paid for upon delivery and transacted with approved counterparties using an approved list of brokers that are regularly assessed and updated by the Manager.

The table below summarises the credit rating of banks and custodians in which the Fund's assets are held as at 31 December 2012 and 2011.

The credit ratings are based on the Bank Financial Strength ratings published by the rating agency.

As at 31 December 2012

	Credit rating	Source of credit rating
<u>Bank</u>		
State Street Bank & Trust Co.	B	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>		
State Street Bank & Trust Co.	B	Moody's

As at 31 December 2011

	Credit rating	Source of credit rating
<u>Bank</u>		
State Street Bank & Trust Co.	B	Moody's
United Overseas Bank Limited	B	Moody's
<u>Custodian</u>		
State Street Bank & Trust Co.	B	Moody's

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

United Global Healthcare Fund

(Constituted under a Trust Deed in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

8. Financial risk management (continued)

(d) Capital management

The Fund's capital is represented by the net assets attributable to unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

9. Related party transactions

- (a) The Manager and the Trustee of the Fund are UOB Asset Management Ltd and HSBC Institutional Trust Services (Singapore) Limited respectively. UOB Asset Management Ltd is a subsidiary of United Overseas Bank Limited. HSBC Institutional Trust Services (Singapore) Limited is a subsidiary of HSBC Holdings Plc.

Management and valuation fees are paid to the Manager, while trustee and registrar fees are paid to HSBC Institutional Trust Services (Singapore) Limited, a subsidiary of HSBC Holdings Plc. These fees paid or payable by the Fund shown in the Statement of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

- (b) As at the end of the financial year, the Fund maintained current accounts with the related party:

	2012	2011
	\$	\$
<u>United Overseas Bank Limited</u>		
Bank balances	147,399	36,134

- (c) The following transactions took place during the financial year between the Fund and United Overseas Bank Limited at terms agreed between the parties:

	2012	2011
	\$	\$
Bank charges	30	30

United Global Healthcare Fund

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

10. Financial ratios

	2012	2011
Expense ratio ¹	2.04%	2.40%
Turnover ratio ²	25.23%	23.29%

¹ The expense ratio is computed in accordance with the IMAS guidelines on disclosure of expense ratios dated 25 May 2005. It does not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising on income received. The Fund does not pay any performance fees.

² The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

