

United Global Healthcare Fund

As at 31 October 2022

Performance Update

For the month of October, the Fund MYRH class registered a return of 6.89%.

Sector allocation, a result of our bottom-up stock selection process, was a driver of relative underperformance. Allocation effect was driven by our overweight to biopharma small cap and biopharma mid cap, but modestly offset by our overweight to health care services and medical technology. Stock selection also detracted from returns. Weak selection in biopharma mid cap and medical technology was offset by selection in biopharma small cap.

At the issuer level, our top two relative contributors were an out of benchmark allocation to Vaxcyte and an underweight to Roche, while our top two relative detractors were an underweight to Merck & Co. and not owning Intuitive Surgical.

Shares of Merck rose during the period. The company announced positive results from a Phase 3 study of Sotatercept, an add-on therapy aimed to reduce inflammation in adults with Pulmonary Arterial Hypertension. The trial met its primary endpoint of significant improvement in 6-minute walk distance and met 8 out of 9 secondary endpoints. Management also reported a 14% revenue increase for 3Q 2022 and raised full-year guidance.

Strategy Moving Forward

Today's attractive valuations, strong fundamentals, and robust innovation across the health care sector leave us with a positive outlook. Starting with biopharma, the prospects for value creation in the industry are especially strong as breakthrough innovation – particularly in oncology, immunology, and certain rare diseases – is generating a rich opportunity set for specialist investors. Several companies are well-positioned to address upcoming patent expiries with their rich internally and externally sourced pipelines. While the long-term implications of the US drug reform remain to be seen, we are encouraged by the lifting of this longstanding overhang on the biopharmaceutical industry and remain confident that innovation will continue to drive value in the sector.

Outside of biopharma, the opportunity set is equally compelling, and we are just as enthusiastic about the opportunities within medical technology where innovation pipelines have never been stronger, with far more attractive medical device categories poised to accelerate in the 2020s compared to the 2010s, including in new diabetes devices, mitral valve therapies, and genetic sequencing/diagnostics. In the coming years, we believe many firms will grow their addressable market through geographic expansion, new technologies, and the use of existing technologies to treat new patient populations. We feel our balance between deep research on the technology, while also trying to be prudent on valuation and risk/rewards, will benefit us going forward.

Lastly and importantly, the overall delivery of health care continues to evolve and health care companies are well positioned to help solve one of the greatest societal challenges we face for the future: rising health care costs. The U.S., for example, is experiencing a decades-long transition toward a fee-for-value payment system from an historic fee-for-service approach which we expect will result in new business models that has the potential to improve outcomes and reduce costs. These tailwinds across the various healthcare subsectors, coupled with strong valuation support, leaves us with a positive outlook for the health care sector.

At the end of the period, our largest exposures were biopharma large cap and medical technology and we were least exposed to biopharma small cap and biopharma mid cap. From a regional perspective, our largest exposures were North America and Developed Europe & Middle East ex UK and we were least exposed to Emerging Markets. We had no exposure to Developed Asia Pacific ex Japan.

Sub-Sector Allocation

Sector	%	Benchmark* %
Biopharma Large Cap	38.4	50.7
Medical Tech	25.2	25.5
Healthcare Services	21.5	19.7
Biopharma Mid Cap	10.3	4.2
Biopharma Small Cap	4.6	0.0

*Benchmark: MSCI

Stock Commentary

Stocks	Country	Sector	Remarks
Vaxcyte (Small Cap)	United States	Pharma, Biotech & Life Sciences	<ul style="list-style-type: none"> Vaxcyte is a preclinical biotechnology company that leverages its proprietary protein engineering/expression/conjugation platform technology to develop novel vaccines. Shares of Vaxcyte soared in October as the company shared strong results from a Phase 1/2 clinical study of VAX-24, an investigational vaccine for the prevention of Invasive Pneumococcal Disease in adults. Compared to the current standard of care, VAX-24 showed a similar safety profile and met or exceeded the immune response standards across all 24 serotypes and doses tested.
Seagen Inc (Large Cap)	United States	Pharma, Biotech & Life Sciences	<ul style="list-style-type: none"> Seagen is a biotechnology company focused on the development of monoclonal antibody-based therapies for cancer. The stock was down after reporting mixed quarterly earnings that included soft sales for its bladder cancer drug (PADCEV) and little clarity on future pipeline successes. We continue to view Seagen as a high-quality business with strong prospects given its compelling growth potential, longevity of the commercial stage products, leading Antibody-Drug Conjugate (ADC) platform, and our expectation that the company turns cash-flow positive in the near-term.

Fund Classes

Fund Classes			
MYR Class	MYR Hedged Class	USD Class	SGD Hedged Class

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