



As of January - March 2018

By Product Management

Bualuang Global Health Care Fund (BCARE) Bualuang Global Health Care RMF (BCARERMF)

Global Health Care Equities Review Q4 2017

The Global Health Care Equities Fund beat the benchmark with annualised total return of 21.0% compared to MSCI World Health Care NET's 19.8% for 1Y 2017. The Q4 performance of the fund, however, underperformed against benchmark with -1.9% annualised total return compared to +0.9%. The Q4 detractors were Allergan, Tesaro, and Boston Scientific, which declined due to investors' concern over the durability of Allergan's legacy franchises, competitive threat posed by AstraZeneca, and further delays to the commercialisation of the medical device manufacturer's heart valve, respectively.

The year 2017 had low Merger & Acquisitions due to uncertainty circling the US tax reforms. However, the health care sector performed well post-election in November 2017 as driven by significant gains in biopharmaceutical and better than expected growth trends in medical technology and other health care service subsectors. M&As have since continued in momentum post-tax reform across the sector.

Source: Wellington Management Company LLP

Global Health Care Outlook for 2018

Aside from the usual tailwinds from the speed of innovation, aging population in multiple continents and globalised demand for western medicine and health care, below the key drivers that could impact the sector in 2018:

Medical spending expected to grow for the world's major economies between 2.4% and 7.5% from 2015 to 2020. The positive outlook is supported by aging population, for example in North America alone, the over-60 population is projected to grow tremendously over the next 35 years and could potentially near 30% of population by 2050. To put in context, per capita health care spending increases sharply with age which pikes up for the over-60 population. The trend should continue similarly for many of the OECD countries, with health care spending in OECD countries up by 25%.

Biosimilar growth in Emerging Markets would establish the region as an important health care arena. Demand is growing fast in the health care sector for Emerging Markets. With the rise of innovation from increased investment, influx of talents and loosened regulations that give rise to schemes such as the Thousand Talents Program in China, where Chinese-born talents are incentivised to return with promise of research funding and tax incentives, the health care sector in Emerging Market is going through a transformation. One of the major changes includes the development of biosimilars, which are cheaper generic copies of complex injectable drugs called biologics. Biosimilar production is capital-intensive, thus the cost advantage of production in Emerging Markets became one of the competitive edge. Currently, pharmaceutical companies in China, India and Eastern Europe have developed biosimilars for their local markets, while South Korean companies sell their biosimilars in developed markets.

Outlook for pharmaceuticals and biotechnology R&D spending projected to grow above GDP. Pharmaceutical and biotechnology is projected to reach 161 billion USD in 2018—3 billion USD more than in 2017—and grow at 3% in the next 5 years. This growth level is supported by the high number of pipeline candidates, increased market penetration supports and mid-single-digit

Master Fund

Name: Wellington Global Health Care Equity Portfolio Class A

Investment Policy: an overseas fund managed by the Wellington Management Company LLP (WMC) which has an investment policy of investing in the securities of companies in the health care industry around the world.

Registered Date: October 2003

Registered Country: Ireland

Currency: USD

Benchmark: MSCI World Health Care index

Morningstar Category: Large cap growth

Bloomberg Code: WGHCEPA ID

Fund Size: USD 1.9 billion

NAV: USD 53.71

Number of Holdings: 114

Source: Wellington Management Company LLP, as of January 31, 2018

Portfolio Statistics:

	Fund	Benchmark
Market Cap-Asset Weighted	USD 43.4 billion	USD 121.7 billion
Yield	0.8%	1.9%
Number of Equity Names	127	133
Number of Countries	15	17
Turnover	25.5%	-
EPS Growth (Next 3-5 years)	24.4%	11.3%
P/E Projected	60.6x	17.2x
P/B	3.7x	3.5x
Tracking Risk	7.2%	-
Beta	1.24	-
R-Squared	0.84	-

Source: Wellington Management Company LLP, as of 31 January 2018

Fund Manager



Jean M Hynes, CFA
25 years of experience



Ann C Gallo
27 years of experience

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growth for contract biopharma industry. Research and development growth in the US and EU is projected to outgrow GDP which is projected at about 2% for the next three years.

Drug-Pricing issue re-emerges as a key political theme. While the drug-pricing issue was overshadowed by the discussion surrounding Obamacare in 2017, the issue is expected to re-emerge as a theme to be addressed ahead of the 2018 US midterm elections in November when Democrats get another chance towards regaining control of Congress. The current Republican-led Congress may not support drug-price negotiations for the Centers for Medicare & Medicaid Services, with the strategy is focussed more towards getting competing drugs to market faster in order to drive down prices.

Source: Wellington Management Company LLP, Bloomberg

Positive and Negative Catalysts for the Global Health Care Equities in 1H2018

- (+) Increased M&A deals due to conclusion of the US tax reform should continue in momentum as large and mid-sized pharmaceutical and medical tech companies are looking to fill their pipelines and fuel top-line growth by taking in their smaller, and often more innovative, counterparts.
- (+) Pace of discovery enabled by new tools and modalities such as gene therapy, gene editing and cellular therapy is rapid, with some being already in use. Gene therapy, for example, is currently being used to treat some lifelong diseases. Gene editing, with its CRISPR (clustered regularly interspaced short palindromic repeats) system, is a new technology that can focus extremely precise changes in the patient’s genetic material—a less disruptive option to gene therapy. Cellular therapy is being studied as a cure of cancer, with hope that the first CAR-T (engineered chimeric antigen receptor T-cells) therapy should enter the market soon.
- (+/-) The joint venture announced by Amazon, Berkshire Hathaway and JP Morgan Chase is expected to have minimal impact on contract research (CROs) and contract manufacturing (CMOs) biopharma services companies in the short-term. This is due to biopharma services companies long partnering with Amazon through the cloud services whether directly or indirectly through Medidata. The implications long-term, however, may be different although the sector is more of an end-market rather than a competitor to Amazon.
- (-) With the 21st Century Cures Act setting the tone of FDA favouring innovation, drug approvals were expected to rise, which some did, but not in the case of biosimilars. Delays in biosimilar approvals were due to the FDA pushing back the timeline to clear the backlog of approvals for smaller molecule drugs. This delay will put pressure on stocks of companies with biosimilars in their pipeline.
- (-) Faster drug approvals can also lead to negative implications, as approval of small-molecule generics created competitive pricing environment and hurt generic drug manufacturers.

Source: Wellington Management Company LLP, Bloomberg

Wellington Global Health Care Equities Fund Strategy

To seek long-term total returns by investing in the equity securities of health care companies worldwide. The Fund takes a long term value approach and seeks to invest in fundamentally sound companies.

Historical Return vs Benchmark

	3 M accumulated	6 M accumulated	1 Y p.a.	3 Y p.a.	5 Y p.a.	Year to Date accumulated	Since Inception
BCARE	2.84%	1.89%	12.60%	7.35%	17.44%	4.03%	10.75%
Benchmark ¹	1.75%	2.60%	10.17%	5.40%	13.83%	1.54%	7.04%
กองทุนหลัก	6.50%	6.10%	23.30%	9.50%	19.20%	6.60%	13.00%
Benchmark ²	7.90%	9.50%	23.80%	7.10%	13.50%	5.60%	9.40%

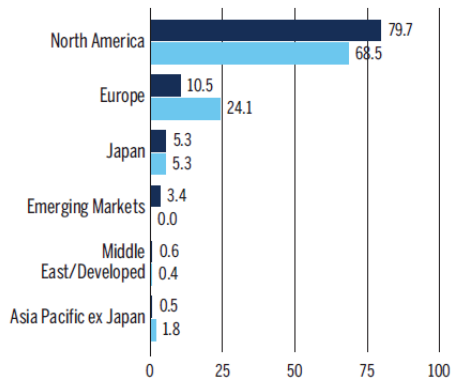
Benchmark¹ is MSCI World Health Care Index Net in USD adjusted by the exchange rate to calculate the returns in Baht as of the date of calculation

Benchmark² is MSCI World Health Care Index Net

Weight of Investment Holdings of master Fund by Region and sector, as of 31 January 2018

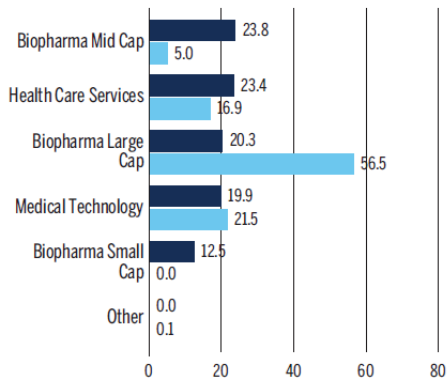
REGIONAL DISTRIBUTION (%)

% OF EQUITY



SECTOR DISTRIBUTION (%)

% OF EQUITY



Top Five Active Weight Holdings, as of 31 December 2017

1. **UnitedHealth Group Incorporated** owns and manages organized health systems in the United States and internationally. The Company provides employers products and resources to plan and administer employee benefit programs. UnitedHealth also serves the health needs of older Americans, provides specialized care services, and provides health care information and research to providers and payers.
2. **Bristol-Myers Squibb Company** is a global biopharmaceutical company. The Company develops, licenses, manufactures, markets, and sells pharmaceutical and nutritional products. Bristol-Myers Squibb products and experimental therapies address cancer, heart disease, HIV and AIDS, diabetes, rheumatoid arthritis, hepatitis, organ transplant rejection, and psychiatric disorders.
3. **AstraZeneca PLC** operates as a holding company. The Company, through its subsidiaries, researches, manufactures, and sells pharmaceutical and medical products. AstraZeneca focuses its operations on eight therapeutic areas, including gastrointestinal, oncology, cardiovascular, respiratory, central nervous system, pain control, anaesthesia, and infection.
4. **Boston Scientific Corporation** develops, manufactures, and markets minimally invasive medical devices. The Company's products are used in interventional cardiology, cardiac rhythm management, peripheral interventions, electrophysiology, neurovascular intervention, endoscopy, urology, gynecology, and neuromodulation.
5. **Allergan plc** manufactures specialty pharmaceuticals. The Company develops, manufactures, and distributes generic, brand, and over-the-counter products. Allergan offers its pharmaceutical drugs around the world.