



J. SAFRA SARASIN  
— SUSTAINABLE ASSET MANAGEMENT —



# Thematic Insights Future Health Transition to Home: The New Hub of Healthcare

JSS Sustainable Asset Management  
Q4/2020

This quarterly report about the JSS Sustainable Equity – Future Health (the “Fund”) is for information purposes only. The Fund was launched on November 06, 2019. Therefore, the data history available is limited. This publication may only be distributed in Switzerland, Luxembourg, The Netherlands, Dubai, Qatar, The Bahamas and to institutional investors in Germany.



## Commentary from the Portfolio Management Team

### Memorable fourth quarter with positive year-end outcome

The cadence of COVID-19 and US politics-related news flow was unprecedented over the last quarter of 2020. Against this backdrop equity markets remained volatile, particularly during the days around the presidential election in early November. Overall, investors maintained a positive stance during the quarter, driven by very positive COVID-19 vaccine announcements starting in mid-November. Most investors were willing to look beyond the current dire situation with rising COVID-19 cases around the world, and trust in an accelerated vaccine approval and roll-outs globally in the coming months.

The drama surrounding the US presidential transition dominated daily headlines, and the open race in Georgia for control of the senate further complicated this situation. Nevertheless, investors welcomed the incoming US president, Mr. Joe Biden; namely, his fiscal spending plans have accelerated the rotation towards more cyclical business models.

The JSS Sustainable Equity – Future Health fund performed well in this environment, and achieved a +7.38% return (Y USD acc) in the fourth quarter. This performance was in line with health-focused competitors and the health index but it lagged the overall equity index, which spiked mainly thanks to cyclical recovery sectors such as energy, materials and financials.

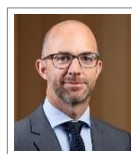
Our first complete annual performance stands at 23.23% (Y USD acc). These strong returns are substantially ahead of the relevant healthcare index (+850 bps) and well ahead of the broad equity market. In terms of peer comparison the fund fared very well and was ranked highly relative to other global health funds. We would also like to highlight our strong sustainability credentials, which resulted in the highest Morningstar Sustainability Globe rating and underpins our strong commitment to combine specialist thematic investing with forward-looking sustainability thinking.

### Portfolio shifting towards specialist growth themes and holdings

During Q4 we were more active than usual in terms of portfolio activities, but we continued to gradually transition the fund towards even more specialist long-term themes and business models. After careful research and interactions with the firms' top management over the last months, we built up two new portfolio positions in the liquid biopsy space by investing in Exact Science and Natera. Our conviction in the liquid biopsy market has grown despite it still being in its early days, and we will discuss this opportunity more in-depth in one of our next quarterly insights.

We also strengthened our portfolio exposure to the home health market by acquiring a stake in Amedisys, which is the leading home health player in a very fragmented and growing market. Baby boomers' medical needs, the economic advantages relative to institutional-based healthcare, and the COVID-19-driven shift from hospitals towards home health, provide compelling growth drivers for the years to come.

Finally, we built up a new portfolio position in Evotec, a clinical research organization specializing in early-stage drug discovery and development. In addition to benefiting from the outsourcing trend in biopharmaceutical development, we see significant value in the platform technologies that Evotec is building.



**Pierin Menzli**  
Lead Portfolio  
Manager



**Terence McManus**  
Portfolio Manager



**Tomasz Godziek**  
Portfolio Manager

### Cautiously optimistic outlook

We believe that the COVID-19 pandemic is far from over, and will continue to plague developing and emerging countries with limited healthcare access for broad population groups. In developed markets we see a path to normalization in the second half of 2021, though social distancing may still be the norm for the remainder of the year. Equity markets seem to be looking beyond the near future and towards a time when vaccination campaigns will have produced positive change.

After strong equity returns in 2020, investors need to trim their high-flying expectations and accept that a lot of positive progress is already priced into current valuations. It is precisely for this reason that being invested in high-quality companies managed by credible and experienced management teams remains important now more than ever. Even more paramount is the competitive positioning in a structural growth market over the coming years. We continue to emphasize the fundamental analysis of our holdings thanks to a thorough financial and sustainability analysis, while always balancing our portfolio in terms of industries, maturity of business models, thematic and therapeutic exposure.

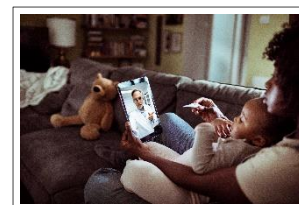
We remain very confident in our thematic Future Health investment approach, and hope that our investors share our enthusiasm and commitment. We wish you a happy and successful investment year 2021.

### Home is the new hub of healthcare

The COVID-19 pandemic has exposed the vulnerability of hospitals and skilled nursing facilities, as more than 40% of COVID-19 related deaths in the US have occurred in such institutions. This fact has accelerated the shift from hospitals and care facility settings towards patients' homes. We see many more reasons why home health is a compelling industry with a long growth trajectory.

Learn more about

**Transition to Home: The New Hub of Healthcare** in our thematic insights on the next page.



# Transition to Home: The New Hub of Healthcare



Home-based health players provide a multitude of healthcare services to chronically ill patients directly at home. COVID-19 revealed several shortcomings in the healthcare system, particularly hospitals and skilled nursing facilities as the central hubs of care delivery. Home-based health will benefit from a structural shift towards more screening, diagnostics, and triage at home rather than at the hospital. Multiple growth drivers, such as an aging baby boomer generation, patient care shifting from the hospital to home, and remote monitoring, suggest a bright outlook for the industry. Large players such as Amedisys or LHC Group are in favourable positions, since they have superior star ratings versus smaller players, experienced management teams, and accelerating organic and acquisitive growth in this highly fragmented industry.

## Shifting from High-Impact to High-Touch care

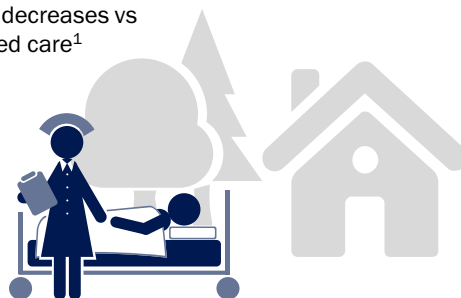
The shift from hospitals to homes is opening doors to a new ecosystem of companies that make care more patient-centric and use digital tools to better manage underlying conditions.



## Patients are the winners of transition to home-based care

**COST ADVANTAGE:** home health care after a hospital discharge leads to >50% cost decreases vs facility based care<sup>1</sup>

**IMPROVED OUTCOMES:** enabled by remote diagnostic and monitoring technologies



**FASTER RECOVERY:** due to lower risks of infections and lower stress levels

**LOWER READMISSION:** hospital readmissions can be reduced by ca. 25%

## Strong growth drivers are in place...



Global home healthcare market was valued at USD 182 Bn in 2020 and is expected to reach USD 275 Bn by 2025

## Case study – Amedisys

**Leading home health provider delivering care to + 369'000 patients every year**

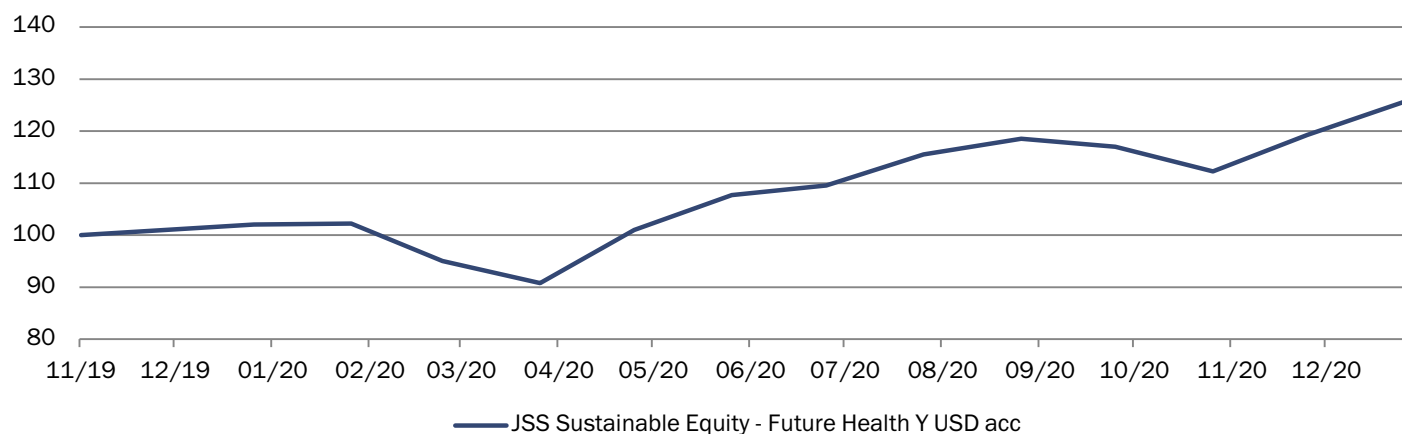
**+430 locations in 38 states in the USA**

Best quality star ratings drive patient satisfaction & more patient referrals	Very experienced management team with successful track record in home health
Economies of scale thanks to growing footprint across the US	Strong balance sheet to complement organic growth with accelerated deal making

<sup>1</sup> Source: American Journal of Medicine, Impact of Home Health Care on Health Care Resource Utilization Following Hospital Discharge: A Cohort Study, November 2017. <sup>2</sup> Source: healthleadersmedia.com, How Health Systems Can Use Home Care to Reduce Readmissions, October 2018. <sup>3</sup> Source: Marketsandmarkets.com, Home Healthcare Market by Product, Service, Indication, Region – Global Forecast to 2025, October 2020. The company presented is provided as an example investment and might not be part of the investment portfolio of the fund. The example is given for illustrative purposes only and does not account for individual circumstances of potential investors. Pictures from GettyImages

# Performance Report

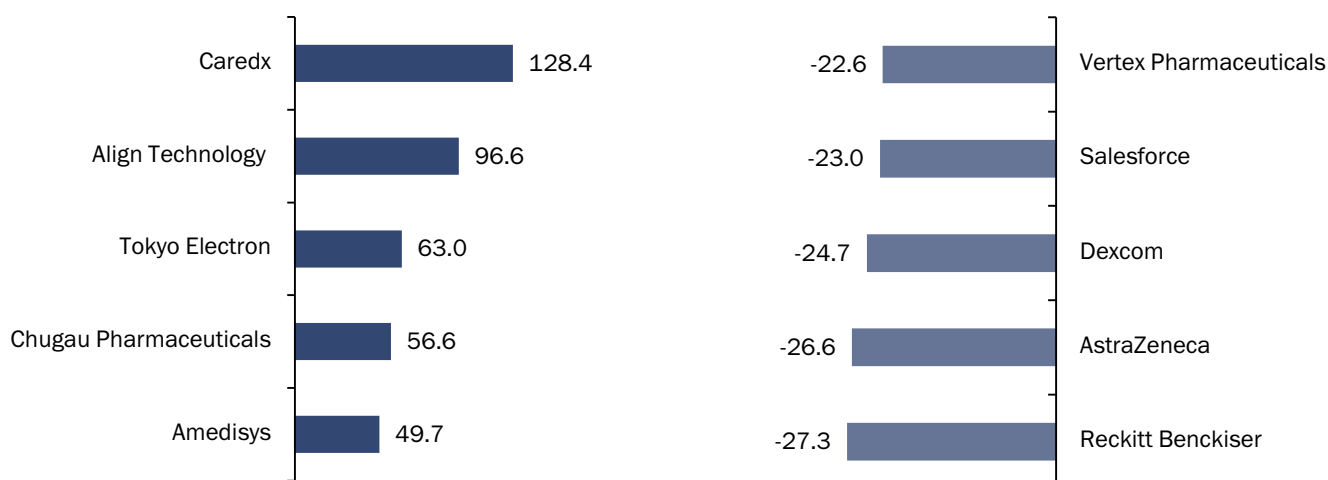
Historical net performance since inception (in USD; 06.11.2019 – 31.12.2020)



Monthly net performance since inception in % (Y USD acc)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2020</b>	0.23%	-7.05%	-4.49%	11.28%	6.63%	1.69%	5.49%	2.58%	-1.27%	-4.06%	6.26%	5.34%	23.2%
<b>2019</b>											4.17%	2.03%	6.2%

Top 5 and bottom 5 contributors to return (Period: 01.10.2020 – 31.12.2020, in bps)



Source: Bank J. Safra Sarasin Ltd, Datastream, Bloomberg, as of 31.12.2020. Past performance is no indicator or guarantee for future performance.

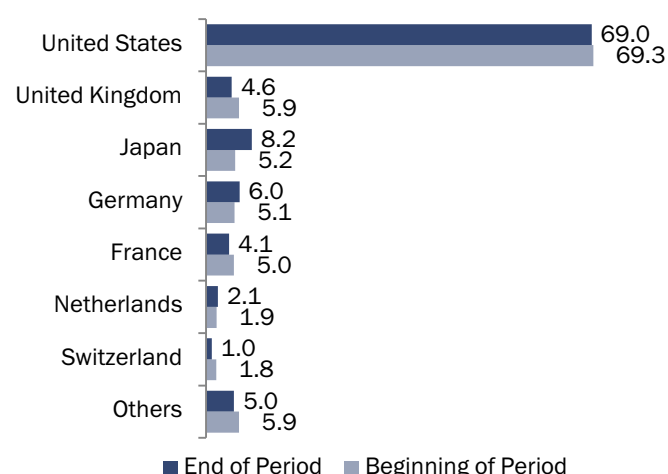
# Allocations Report

## Top 10 holdings (as of 31.12.2020)

Security	Country	Sector	Theme	Weight (%)
Amedisys	United States	Health Care	Infrastructure & Technology	3.5%
Horizon Therapeutics	United States	Health Care	Treatment	3.4%
Chugai Pharmaceuticals	Japan	Health Care	Treatment	3.3%
Medtronic	United States	Health Care	Treatment	3.2%
AstraZeneca	United Kingdom	Health Care	Treatment	3.2%
Vertex Pharmaceuticals	United States	Health Care	Treatment	3.2%
EssilorLuxottica	France	Consumer Discretionary	Prevention & Diagnostics	3.2%
Iqvia Holdings	United States	Health Care	Prevention & Diagnostics	3.1%
Edwards Lifesciences	United States	Health Care	Treatment	3.1%
Danaher	United States	Health Care	Prevention & Diagnostics	3.0%
<b>Total</b>				<b>32.2%</b>

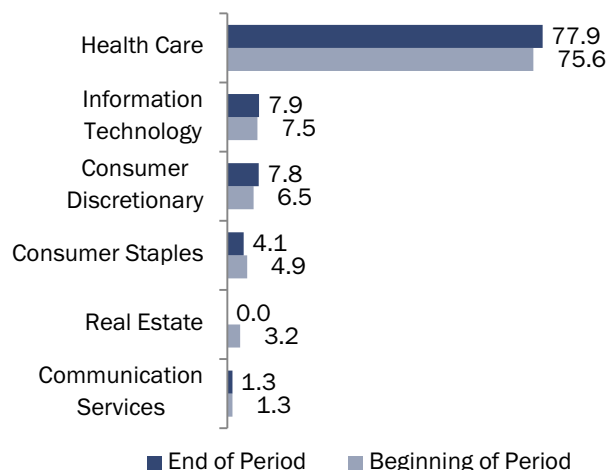
### Geographical allocation in%

(Period: 01.10.2020 – 31.12.2020)



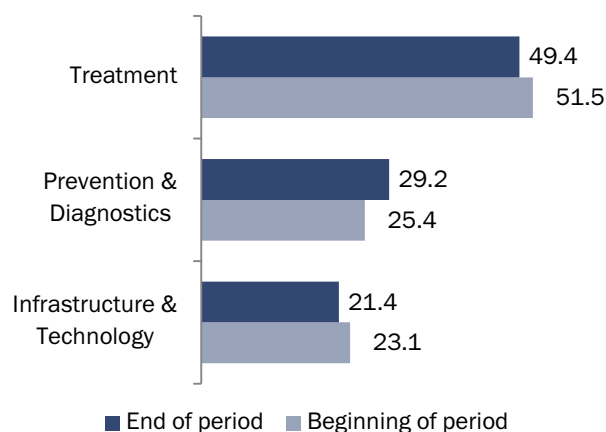
### Sector allocation in%

(Period: 01.10.2020 – 31.12.2020)



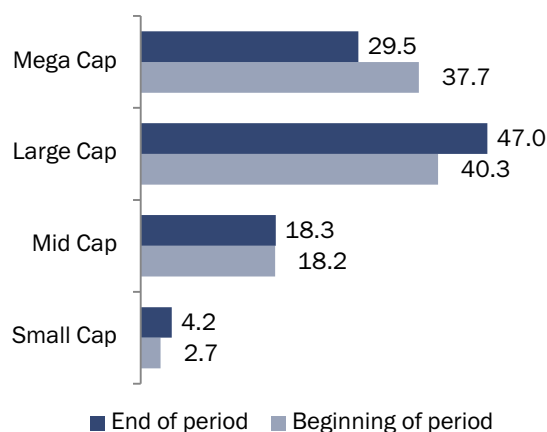
### Thematic allocation in%

(Period: 01.10.2020 – 31.12.2020)



### Size allocation in%

(Period: 01.10.2020 – 31.12.2020)



Source: Bank J. Safra Sarasin Ltd, Datastream, Bloomberg, as of 31.12.2020. Allocations may change without notice.

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