

ASSET MANAGEMENT

Technological Revolution in the Health Care Sector

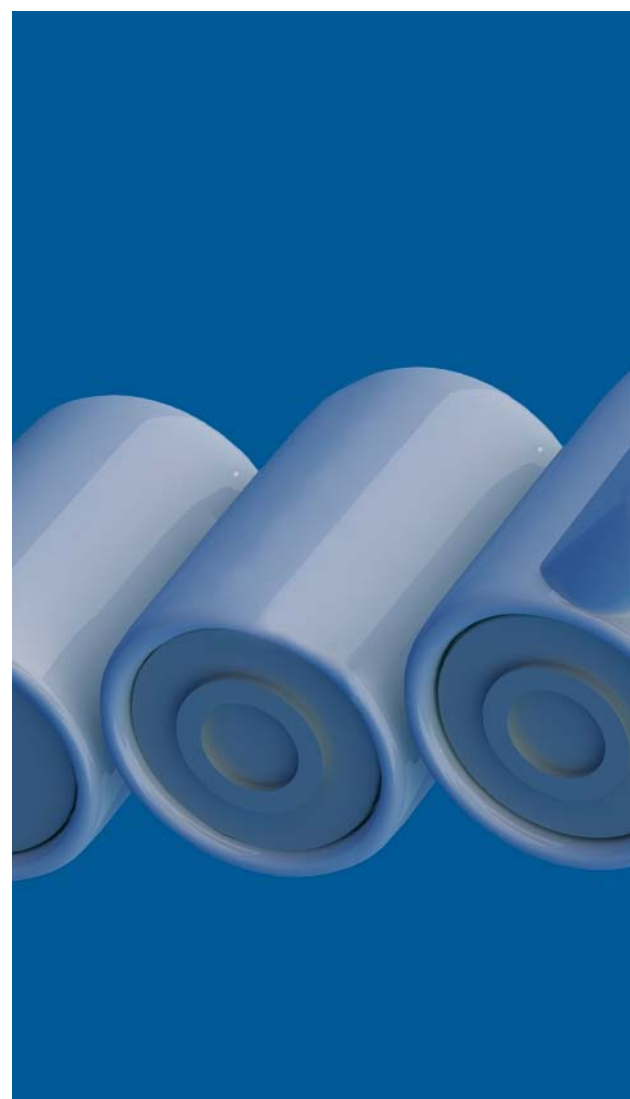
Credit Suisse (Lux) Global Digital Health
Equity Fund



Technological Revolution in the Health Care Sector

Digitalization is revolutionizing the health care sector. With research and development contributing to breakthroughs that would previously have been unimaginable, it has the potential to markedly improve the quality of medical services and curb rising costs. Digital health is one of the fastest-growing segments in health care.

The Credit Suisse (Lux) Global Digital Health Equity Fund offers clients the opportunity to make focused investments in this dynamic field.



Why digital health?

The health care sector offers particularly fertile ground for digital methods and tools. For example, medical research works with huge and growing datasets. Gene sequencing or even the genetic analysis of a broad stratum of the population can lead to revolutionary findings and processes. However, without the use of smart systems, the sheer volume of data is almost impossible to handle.

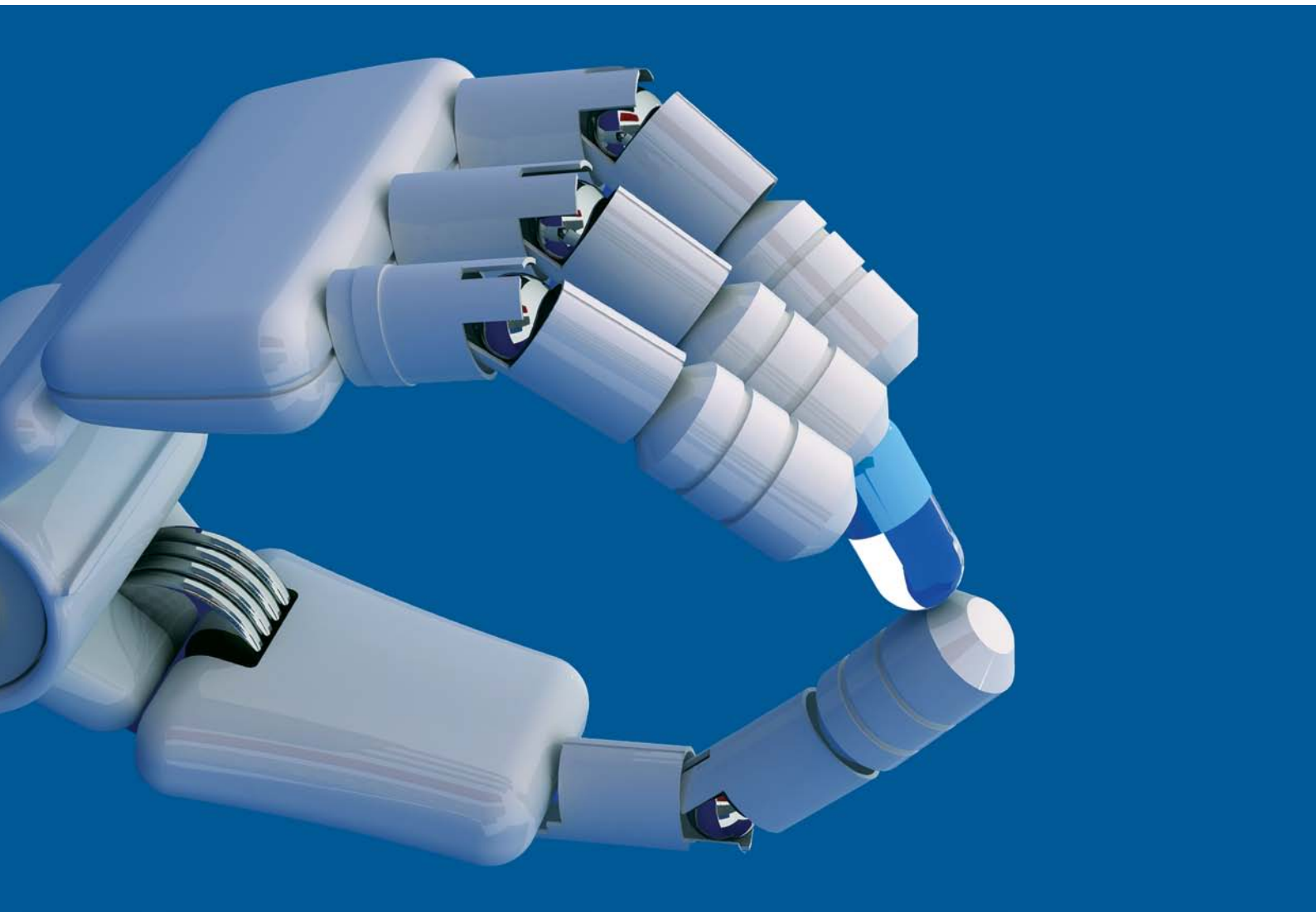
Digitalization also allows existing processes to be applied in a way that is not only more exact, but also faster and entails fewer side effects. Increasingly precise imaging diagnostics and the support provided by robots in operating theaters mean better results and shorter hospital stays.

The latter is also a cost factor. The growing complexity of modern medicine and increasing life expectancy are contributing to a general rise in health care costs. This is where higher efficiency, brought about by digital process optimization, can be useful.

The future of the health care sector is digital

More than 75% of all patients expect to use digital medical services in future.

Source: McKinsey & Company, Healthcare's digital future, July 2014



Why now?

Despite the obvious synergies and advantages offered by digitalization in the health care sector, it is still early days. The corresponding know-how first had to be built up, the companies needed to be founded and the technologies needed to be developed.

However, the prerequisites for a major leap forward are certainly there. The technologies have become established, the market is sufficiently mature and the regulatory framework is in place.

For investors, the time is ripe, as effective diversification is now possible. This is demonstrated not least by the fact that we have successfully built a broad-based portfolio of digital health equities. Only a few years ago, there was simply no such market breadth. At the same time, the topic is still recent enough for investors to secure an early-mover advantage in the market.

“ Digital health is a textbook example of a positive trend, triggered by a technological revolution and reinforced by long-term demographic developments.”

Thomas Amrein,
Senior Portfolio Manager

How do we invest?

Our Thematic Equity team manages the Credit Suisse (Lux) Global Digital Health Equity Fund. The actively managed fund invests worldwide in equities of innovative and fast-growing companies at the interface between medicine and digitalization. Stock selection is based on the Thematic Equity team's fundamental research process.

The investment focus is on companies with solid capacities in the areas of research and development that are able to bring innovative products with high commercial potential to market. We analyze the investment universe on the basis of quantitative, qualitative and growth-related factors. We base our approach on internal and external research reports, discussions with industry experts and analysts and regular contact with companies.

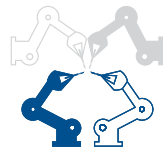
Our global approach, with a focus on three fast-growing digital health themes

Research and development



~ **20%** of portfolio

Treatments



~ **50%** of portfolio

Efficiency



~ **30%** of portfolio

Source: Credit Suisse

Investment framework

- The objective is to generate long-term capital growth, taking appropriate risk distribution into account
- Focused portfolio of 40 to 60 stocks with small to medium-sized market capitalization
- Typical allocation of 1% to 4% per stock

Our investment universe

Global equity universe
~ **40,000**

listed companies worldwide

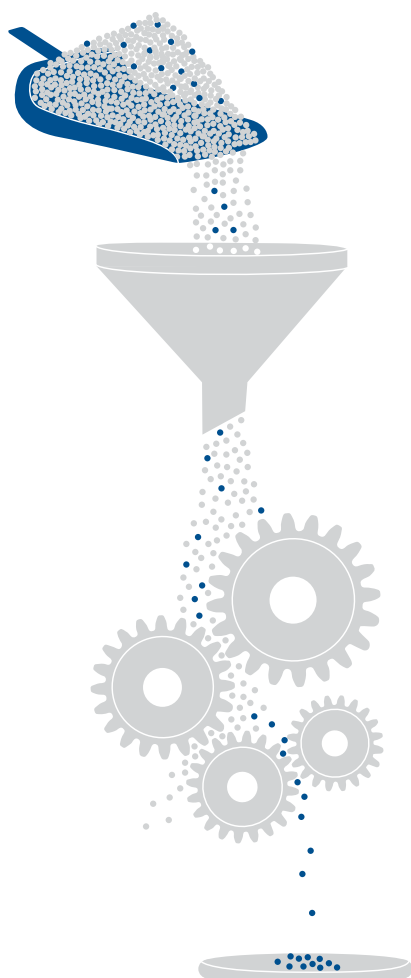
Broad universe
~ **400**

companies with links
to the digital health market

Investable universe
~ **200–250**

pure-play stocks

Portfolio construction
40–60 stocks



For illustrative purposes only.
Source: Credit Suisse

Stock selection is based on four rules:

- 1** The fund invests exclusively in **pure-play stocks**. We define a company as pure play where technology is essential for the business model and accounts for more than 50% of current revenue.
- 2** Our focus on pure plays, innovation and start-ups results in a clear strategy based on **small to medium-sized enterprises**.
- 3** We base our analyses on a **time horizon of 7 to 10 years**. This enables us to observe the structural strengths of the transformation in general terms, without short-term distortions. As a consequence of this approach, our portfolio turnover is generally low.
- 4** Our non-benchmark stock selection and portfolio construction is based on **fundamental bottom-up analyses**, on our conviction concerning long-term investment opportunities and on diversification considerations.

Fund Details

The Credit Suisse (Lux) Global Digital Health Equity Fund offers investors access to soundly funded and well-managed pure-play companies that will profit in the long term from the digitalization of the health care sector, and are expected to post growth rates in the double-digit percentage range.

Key facts

Fund domicile	Luxembourg
Legal structure	SICAV
Portfolio managers	Thomas Amrein, Christian Schmid
Fund Management	Credit Suisse Fund Management S.A.
Fund currency	USD
Benchmark	MSCI World (NR)
Subscriptions/redemptions	Daily, with cutoff at 15:00 CET
Initial charge	Max. 5.00%

Share class	ISIN	Management fee p.a.	TER	Minimum investment	Distribution
USD IB	LU1683285750	0.90%	1.20%	USD 500,000	Accumulating
USD UB	LU1683288424	1.00%	1.30%	None	Accumulating

Risks

- The investor may lose part or all of the invested amount.
- Focus on digital health companies can lead to significant sector/regional exposure.
- A slowdown in the global economy might impact the digital health sector.
- Liquidity risk (exposure to small caps).
- Equity markets can be volatile in the short term.
- Due to the possibility of increased exposure to emerging markets, the fund may be affected by political and economic risks in these countries.

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21% p.a.
is the likely medium-term
growth rate for the digital
health market.

These forecasts are not reliable indicators of future performance.
Source: Roland Berger GmbH, 28.09.2016

“ We are expecting a wave of innovation from research and development pipelines as well as numerous technology-facilitated transformations that will provide further evidence for interventions and will bring about measurable improvements in health care.”

Source: Murray Aitken, Executive Director, IMS Institute for Healthcare Informatics, “Global Medicines Use in 2020”, November 2015

Your contact

Asset Management Fund Distribution will be pleased to answer any questions you may have.

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