

Technology revolutionizing health care Credit Suisse (Lux) Digital Health Equity Fund



Technology revolutionizing health care

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) 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



The compound annual growth rate of the global digital health market is expected to reach

19.35%

between 2018 and 2024.

Source ZION Market Research, *Global Digital Health Market*, July 2018

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 stocks. Only a few years ago, the market simply was not broad enough. At the same time, the topic is still recent enough for investors to secure an early-mover advantage in the market.

Digital health is changing the way health systems are run and health care is delivered.

Source World Health Organization, *Global Strategy on Digital Health 2020–2024*, March 2019

How do we invest?

The Credit Suisse (Lux) Digital Health Equity Fund is actively managed by our Thematic Equity team. The fund invests worldwide in stocks of innovative and fast-growing companies that operate at the interface between medicine and digitization. The stock-selection process is based on fundamental analysis.

The investment focus is on companies with strong research and development capabilities, which enable them to bring to market innovative products with high commercial potential. We analyze the investment universe on the basis of quantitative, qualitative, and growth-related factors.

We base our approach on internal and external research, discussions with industry experts and analysts, and regular contacts with companies.

Investment framework:

- The objective is to generate long-term capital growth, taking appropriate risk distribution into account.
- Focused portfolio of 40 to 60 small- and mid-cap stocks.
- Typical allocation of 1% to 4% per stock.
- Sustainable investing: The portfolio meets our ESG¹ sustainability criteria.

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



Research and development
~ 20%
of portfolio



Treatments
~ 40%
of portfolio



Efficiency
~ 40%
of portfolio

Source Credit Suisse

¹ The abbreviation ESG stands for environmental (E), social (S) and governance (G). More information at credit-suisse.com/am/esg.

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

Stock selection is based on four rules:

1

The fund invests exclusively in **pure-play stocks**. We define a company as pure play if technology is essential for its business model and accounts for more than 50% of its current revenue.

2

Our focus on pure plays, innovation, and start-ups results in a clear strategy based on **small- and 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 stock selection and portfolio construction are based on **fundamental bottom-up analyses**, on our conviction concerning long-term investment opportunities, and on diversification considerations.

Source Credit Suisse
For illustrative purposes only.

Fund details



The Credit Suisse (Lux) 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	Benchmark	MSCI World ESG Leaders (NR) ²
Fund management company	Credit Suisse Fund Management S.A.	Inception date	14.12.2017
Portfolio managers	Thomas Amrein, Christian Schmid	Subscriptions/redemptions	Daily, with cut-off at 15:00 CET
Fund currency	USD	Sales charge	Max. 5.00%
Currency-hedged share classes	EUR, CHF		

Share class	Valor no.	ISIN	Effective management fee p.a. ³	Minimum investment	Distribution
USD B	38311163	LU1683285164	1.60%	None	Accumulating
USD IB	38312183	LU1683285750	0.90%	USD 500,000	Accumulating
USD UB	38312204	LU1683288424	1.00%	None	Accumulating
USD EB ⁴	38312178	LU1683287707	0.90%	None	Accumulating
EUR A	43558975	LU1877633989	1.60%	None	Distributing
EUR BH	38311167	LU1683285321	1.60%	None	Accumulating
EUR IBH	38312185	LU1683285834	0.90%	EUR 500,000	Accumulating
EUR IA	46408458	LU1951512372	0.90%	EUR 500,000	Distributing
EUR UBH	38312207	LU1683288770	1.00%	None	Accumulating
EUR EBH ⁴	38312180	LU1683287889	0.90%	None	Accumulating
CHF BH	38311165	LU1683285248	1.60%	None	Accumulating
CHF UBH	38312206	LU1683288697	1.00%	None	Accumulating
CHF EBH ⁴	40995129	LU1796813662	0.90%	None	Accumulating

² While this index is officially designated as the fund's benchmark, it is not applied as such during the investment process and the fund portfolio need not bear any resemblance to it.

³ Management fee as of 31.10.2019. The fee may change at any time without prior notice to investors. For the maximum management fee, please refer to the fund's prospectus.

⁴ For institutional investors only.

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.

Want to find out more?

Visit credit-suisse.com/thematicequities and credit-suisse.com/am/esg

The biggest winners from digital health care will be the patients who receive better treatment, and those who avoid becoming patients at all.

Source The Economist, *A digital revolution in health care is speeding up*, March 2017



CREDIT SUISSE ASSET MANAGEMENT (Switzerland) Ltd.

Distribution

Client Service: +41 44 333 40 50

clientservices.amfunds@credit-suisse.com

credit-suisse.com/assetmanagement

Client
presentation

Newsletter



Source: Credit Suisse, otherwise specified.

Unless noted otherwise, all illustrations in this document were produced by Credit Suisse Group AG and/or its affiliates with the greatest of care and to the best of its knowledge and belief.

Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Credit Suisse does not provide tax advice and it has not been taken into consideration while calculating the returns. The information provided herein constitutes marketing material. It is not investment advice or otherwise based on a consideration of the personal circumstances of the addressee nor is it the result of objective or independent research. The information provided herein is not legally binding and it does not constitute an offer or invitation to enter into any type of financial transaction. The information provided herein was produced by Credit Suisse Group AG and/ or its affiliates (hereafter "CS") with the greatest of care and to the best of its knowledge and belief. The information and views expressed herein are those of CS at the time of writing and are subject to change at any time without notice. They are derived from sources believed to be reliable. CS provides no guarantee with regard to the content and completeness of the information and where legally possible does not accept any liability for losses that might arise from making use of the information. If nothing is indicated to the contrary, all figures are unaudited. The information provided herein is for the exclusive use of the recipient. Neither this information nor any copy thereof may be sent, taken into or distributed in the United States or to any U. S. person (within the meaning of Regulation S under the US Securities Act of 1933, as amended). It may not be reproduced, neither in part nor in full, without the written permission of CS. Investment principal on bonds can be eroded depending on sale price, market price or changes in redemption amounts. Care is required when investing in such instruments. Investments in foreign currencies involve the additional risk that the foreign currency might lose value against the investor's reference currency. Equities are subject to market forces and hence fluctuations in value, which are not entirely predictable. Emerging market investments usually result in higher risks such as political, economic, credit, exchange rate, market liquidity, legal, settlement, market, shareholder and creditor risks. Emerging markets are located in countries that possess one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development stage or a weak economy. CS Investment Funds 4 - Credit Suisse (Lux) Digital Health Equity Fund: This fund is domiciled in Luxembourg. The representative in Switzerland is Credit Suisse Funds AG. The paying agent in Switzerland is Credit Suisse (Switzerland) Ltd., Zurich. The prospectus, the simplified prospectus and/or the Key Investor Information Document (KIID) and the annual and half-yearly reports may be obtained free of charge from the representative or from paying agent in Switzerland. Copyright © 2019 CREDIT SUISSE GROUP AG and/or its affiliates. All rights reserved.