

# 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 because 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 typically 40 to 60 stocks, many of which are small- to mid-cap in size. As the theme develops, our exposure to larger-cap companies might increase over time.
- Maximum allocation per stock is typically 4%.
- Material ESG<sup>1</sup> factors are identified and incorporated into security analysis and are periodically monitored and reviewed.

## 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

## 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

In the first step, we screen the global equity universe of around **40,000** listed companies worldwide to identify those active in the digital health sector.

# 2

After a careful analysis, supported by internal and external research, discussions with analysts and regular company visits, the broad universe of around **400** stocks is quantitatively and qualitatively screened.

# 3

When defining the investable universe of around **200-250** stocks, we apply the pure-play criterion that at least 50% of the companies' revenues should be related to digital health.

# 4

A concentrated, high-conviction portfolio of typically **40 to 60** stocks is built based on a bottom-up approach driven by fundamental research. Material ESG factors are identified and incorporated into security analysis and are periodically monitored and reviewed.

<sup>1</sup> ESG stands for environmental (E), social (S), and governance (G). More information about sustainable investing is available at [credit-suisse.com/am/esg](https://credit-suisse.com/am/esg). For further information about our Sustainable Investing Policy, please visit [credit-suisse.com/esg](https://credit-suisse.com/esg).

# 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) <sup>2</sup>
Fund management	Credit Suisse Fund Management S.A.	Inception date	14.12.2017
Portfolio managers	Thomas Amrein, Fang Liu	Subscriptions/redemptions	Daily, with cut-off at 15:00 CET
Fund currency	USD	Sales charge	Max. 5.00%
Currency-hedged share classes	EUR, CHF, GBP		

Share class	Valor no.	ISIN	Effective management fee p.a. <sup>3</sup>	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	0.90%	None	Accumulating
USD EB <sup>4</sup>	38312178	LU1683287707	0.90%	None	Accumulating
USD MB <sup>4</sup>	41329250	LU1805531933	0.70%	USD 25,000,000	Accumulating
EUR A	43558975	LU1877633989	1.60%	None	Distributing
EUR IA	46408458	LU1951512372	0.90%	EUR 500,000	Distributing
EUR BH	38311167	LU1683285321	1.60%	None	Accumulating
EUR IBH	38312185	LU1683285834	0.90%	EUR 500,000	Accumulating
EUR UB	56929758	LU2228203910	0.90%	None	Accumulating
EUR UBH	38312207	LU1683288770	0.90%	None	Accumulating
EUR EBH <sup>4</sup>	38312180	LU1683287889	0.90%	None	Accumulating
CHF BH	38311165	LU1683285248	1.60%	None	Accumulating
CHF UBH	38312206	LU1683288697	0.90%	None	Accumulating
CHF EBH <sup>4</sup>	40995129	LU1796813662	0.90%	None	Accumulating
GBP UBH	52188856	LU2109362389	0.90%	None	Accumulating

<sup>2</sup> 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. From 01.08.2019, MSCI World ESG Leaders (NR) before MSCI World (NR).

<sup>3</sup> Management fee as of 30.09.2021. The fee may change at any time without prior notice to investors. For the maximum management fee, please refer to the fund's prospectus.

<sup>4</sup> For qualified investors only.

For more information about the methodology, please visit [luxflag.org](http://luxflag.org).

This product undertakes investments that are dedicated to addressing the United Nations Sustainable Development Goals (e.g. education or clean energy) through a thematic approach.

Information about the product's investment objectives, risks, charges, and expenses, as well as more complete information about the product, is provided in the prospectus (or relevant offering document), which should be read carefully before investing.

## 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.

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.com/thematicequities](https://credit-suisse.com/thematicequities)  
[credit-suisse.com/assetmanagement](https://credit-suisse.com/assetmanagement)

For more information, please contact your relationship manager.

**CREDIT SUISSE ASSET MANAGEMENT (Switzerland) Ltd.**  
**CREDIT SUISSE AG, CREDIT SUISSE (Switzerland) Ltd.**

Switzerland, ADGM, Argentina, Austria, Bahamas, Bahrain, Belgium, Bolivia, Brazil, Czech Republic, Chile, Colombia, Costa Rica, Cyprus, Denmark, DIFC, Dominican Republic, Ecuador, Egypt, Finland, France, Ghana, Greece, Honduras, Hungary, Israel, Italy, Jordan, Kazakhstan, Kenya, Kuwait, Lebanon, Liechtenstein, Luxembourg, Mexico, Monaco, Netherlands, Nicaragua, Nigeria, Norway, Oman, Qatar, Pakistan, Panama, Paraguay, Peru, Poland, Romania, Russia, Saudi Arabia, Slovak Republic, Spain, Sweden, Tanzania, Turkey, UAE, Ukraine, Uruguay, Venezuela.

Source: Credit Suisse, unless 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.

This material constitutes marketing material of Credit Suisse Group AG and/or its affiliates (hereafter "CS"). This material does not constitute or form part of an offer or invitation to issue or sell, or of a solicitation of an offer to subscribe or buy, any securities or other financial instruments, or enter into any other financial transaction, nor does it constitute an inducement or incitement to participate in any product, offering or investment. Nothing in this material constitutes investment research or investment advice and may not be relied upon. It is not tailored to your individual circumstances, or otherwise constitutes a personal recommendation. 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. Insofar as data, documents, and other information provided by you were used in the preparation of this presentation, we have merely checked them for plausibility and, in the event of any obvious inconsistencies, have given you appropriate notice. 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. The information provided in this material may change after the date of this material without notice and CS has no obligation to update the information. This material may contain information that is licensed and/or protected under intellectual property rights of the licensors and property right holders. Nothing in this material shall be construed to impose any liability on the licensors or property right holders. Unauthorised copying of the information of the licensors or property right holders is strictly prohibited. The full offering documentation including, the prospectus or offering memorandum, the key investor information document (KIID), the basic information document (Basisinformationsblatt) for Swiss products, the fund rules, as well as the annual and bi-annual reports ("Full offering documentation"), as the case may be, may be obtained free of charge from the legal entity/entities indicated below. Information on your local distributors, representatives, information agent, paying agent, if any, and your local contacts in respect of the investment product(s) can be found below. The only legally binding terms of any investment product described in this material, including risk considerations, objectives, charges and expenses are set forth in the prospectus, offering memorandum, subscription documents, fund contract and/or any other fund governing documents. Some of the product(s) included in this material may not be registered and/or available for purchase in your country of domicile. If in doubt whether the product(s) is/are registered for distribution in your country, please consult your relationship manager or locally registered distributor. If investment products have not been registered with, or authorized by a supervisory authority, certain investor protections provided under supervisory laws and regulations may not be provided. As the investment product(s) has/have not been registered with, or authorized by a supervisory authority, certain investor protections provided under supervisory laws and regulations may not be provided. This material may not be forwarded or distributed to any other person and may not be reproduced. Any forwarding, distribution or reproduction is unauthorized and may result in a violation of the U.S. Securities Act of 1933, as amended (the "Securities Act"). The securities referred to herein have not been, and will not be, registered under the Securities Act, or the securities laws of any states of the United States and, subject to certain exceptions, the securities may not be offered, pledged, sold or otherwise transferred within the United States or to, or for the benefit or account of, U.S. persons. For a full description of the features of the products mentioned in this presentation as well as a full description of the opportunities, risks, and costs associated with the respective products, please refer to the relevant underlying securities prospectuses, sales prospectuses, or other additional product documents, which we will be pleased to provide to you at any time upon request. In addition, there may be conflicts of interest with regard to the investment. In connection with the provision of services, Credit Suisse AG and/or its affiliates may pay third parties or receive from third parties, as part of their fee or otherwise, a one-time or recurring fee (e.g. issuing commissions, placement commissions or trailer fees). Prospective investors should independently and carefully assess (with their tax, legal and financial advisers) the specific risks described in available materials, and applicable legal, regulatory, credit, tax and accounting consequences prior to making any investment decision.

**Additional country-specific information:**

**DIFC:** This presentation can only be offered to Professional Clients. This material is personal to each offeree and may only be used by those persons to whom it has been handed out.

**Russia:** This document is provided to you for information purposes only and in Russia it shall be exclusively used by recipients, who are Qualified Investors as defined by the applicable Russian legislation.

Настоящий документ предоставлен Вам исключительно для информационных целей и предназначен на территории России исключительно для пользования квалифицированными инвесторами, признанными таковыми в силу или в порядке, определенном применимым российским законодательством.

**Uruguay:** The instruments of this fund correspond to a fund that was not established under the system provided by Uruguayan Law 16,774 of September 27, 1996 and is not registered before the Uruguayan Central Bank.

Copyright © 2021 CREDIT SUISSE GROUP AG and/or its affiliates. All rights reserved.

Representative: Credit Suisse Funds AG<sup>1</sup>, Uetlibergstrasse 231, CH-8070 Zurich | Paying Agent, Distributor: Credit Suisse (Switzerland) Ltd., Paradeplatz 8, CH-8001 Zurich | Distributor: Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich | Distributor: Credit Suisse Asset Management (Switzerland) Ltd., Kalandergrasse 4, CH-8045 Zurich | Supervisor (Entity of Registration): Swiss Financial Market Supervisory Authority (FINMA)

<sup>1</sup> Legal entity, from which the full offering documentation, the key investor information document (KIID), the fund rules, as well as the annual and bi-annual reports, if any, may be obtained free of charge.