

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 ESG¹ 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.

¹ ESG stands for environmental (E), social (S), and governance (G). More information about sustainable investing is available at credit-suisse.com/am/esg. For further information about our Sustainable Investing Policy, please visit 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) ²
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	ISIN	Effective management fee p.a. ³	Ongoing charge	Minimum investment	Distribution
USD B	LU1683285164	1.60%	1.85%	None	Accumulating
USD IB	LU1683285750	0.90%	1.15%	USD 500,000	Accumulating
USD UB	LU1683288424	0.90%	1.22%	None	Accumulating
USD EB ⁴	LU1683287707	0.90%	1.11%	None	Accumulating
USD MB ⁴	LU1805531933	0.70%	0.92%	USD 25,000,000	Accumulating
EUR A	LU1877633989	1.60%	1.85%	None	Distributing
EUR IA	LU1951512372	0.90%	1.15%	EUR 500,000	Distributing
EUR BH	LU1683285321	1.60%	1.93%	None	Accumulating
EUR IBH	LU1683285834	0.90%	1.24%	EUR 500,000	Accumulating
EUR UB	LU2228203910	0.90%	1.21%	None	Accumulating
EUR UBH	LU1683288770	0.90%	1.30%	None	Accumulating
EUR EBH ⁴	LU1683287889	0.90%	1.19%	None	Accumulating
CHF BH	LU1683285248	1.60%	1.93%	None	Accumulating
CHF UBH	LU1683288697	0.90%	1.30%	None	Accumulating
CHF EBH ⁴	LU1796813662	0.90%	1.19%	None	Accumulating
GBP UBH	LU2109362389	0.90%	1.29%	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. From August 1 2019 MSCI World ESG Leaders (NR) before MSCI World (NR)

³ 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.

⁴ For professional/institutional investors only.

For more information about the methodology, please visit towardssustainability.be and 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. The list of share classes is meant for illustrative purposes only. Please note that not all share classes may be available in your jurisdiction. Depending on your jurisdiction, additional share classes may also be available. Please contact your relationship manager for more information.

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

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Source: Credit Suisse, unless otherwise specified

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