

GLOBAL LIFE SCIENCES STRATEGY

Investment philosophy

We believe in the power of deep, fundamental research to identify life science companies trading at a significant discount to intrinsic value. We feel the quality of our team, the depth of our research and our disciplined long-term approach set us apart in pursuing superior risk-adjusted results for our clients.

Investment process overview



Fundamental Research

Identify investment opportunities through:

- Physician interviews
- Medical conferences
- Scientific literature
- Industry contacts
- Management meetings
- Customer surveys
- Proprietary prescription database



Financial Modeling

Forecast key leverage points using:

- Model components
 - Revenue build-out
 - Expense analysis
- Income statement, balance sheet and cash flow statement
- Financial statements linked



Valuation

Establish absolute valuation targets:

- Primary valuation tools
 - Discounted Cash Flow (DCF) analysis
 - Free cash flow yield
 - Sum of the parts valuation
 - Private transaction multiples
- Secondary valuation tools
 - Relative valuation
 - Peer group analysis

The team has 125 years of combined experience evaluating the science and the business of bringing drugs to market.

*Actual results may vary, and the information should not be considered or relied upon as a performance guarantee. Various account minimums or other eligibility qualifications apply depending on the investment strategy, vehicle or investor jurisdiction.

Portfolio management



Andy Acker, CFA

- Portfolio Manager
- 26 years of financial industry experience

Strategy characteristics

Benchmark MSCI World Health Care IndexSM

Investment style Global Health Care Equity

AUM \$11.7 B (as of 30 Jun 2022)

Industry guidelines 25% – 40% Pharmaceuticals
25% – 40% Biotechnology
15% – 30% Medical devices
10% – 20% Health care services

Expected tracking error range* 400 to 800 bps
(annualized, gross of fees)

Holdings range 80 – 120

Expected annual turnover ~ 50%

Position size Position sizes generally range from 25 to 500 basis points. Position sizes may exceed 5% in order to gain active exposure to a large index holding

Market cap range Diversified and balanced across large (> \$10 B), mid (\$3 B – 10 B) and small (< \$3 B)

Available vehicles Commingled pool
Institutional mutual fund
Separate account

**Performance –
USD (%)**

| | Q322 | 1 Year | 3 Year | 5 Year | 10 Year |
|--|-------|--------|--------|--------|---------|
| Composite (gross) | -1.56 | -11.16 | 11.14 | 8.96 | 14.77 |
| Composite (net) | -1.76 | -11.87 | 10.26 | 8.14 | 13.97 |
| MSCI World Health Care Index SM | -6.69 | -9.38 | 9.46 | 8.23 | 11.30 |
| Difference (gross vs. benchmark) | +5.13 | -1.78 | +1.68 | +0.73 | +3.47 |

Risk/reward

| composite | 3 Year | 5 Year | | 3 Year | 5 Year |
|---------------------|--------|--------|-----------------------|--------|--------|
| Information ratio | 0.23 | 0.10 | Std. dev. | 17.27 | 16.73 |
| Sharpe Ratio | 0.61 | 0.47 | Std. dev. (benchmark) | 15.88 | 14.77 |
| Up market capture | 94% | 100% | Tracking error | 7.35 | 6.95 |
| Down market capture | 86% | 97% | Beta | 0.98 | 1.03 |

Characteristics

| | Rep. account | Benchmark |
|-----------------------------|--------------|-----------|
| Number of holdings | 117 | 141 |
| Weighted average market cap | \$122.1 B | \$165.4 B |
| Median market cap | \$9.3 B | \$15.8 B |
| Active share | 43.80% | – |

Top holdings (%)

| | Absolute weight | Active weight |
|------------------------------|-----------------|---------------|
| UnitedHealth Group Inc | 7.02 | -0.37 |
| AstraZeneca PLC | 4.18 | +1.50 |
| AbbVie Inc | 3.74 | +0.04 |
| Eli Lilly & Co | 3.08 | -1.00 |
| Roche Holding AG | 2.75 | -0.85 |
| Sarepta Therapeutics Inc | 2.72 | +2.72 |
| Merck & Co Inc | 2.70 | -0.69 |
| Bristol-Myers Squibb Co | 2.68 | +0.32 |
| Thermo Fisher Scientific Inc | 2.47 | -0.62 |
| Vertex Pharmaceuticals Inc | 2.42 | +1.27 |

Sector allocation (%)

| | Absolute weight | Active weight |
|------------------------------|-----------------|---------------|
| Biotechnology | 30.84 | +16.93 |
| Devices & medical technology | 21.98 | -6.09 |
| Health care services | 15.43 | -2.26 |
| Pharmaceuticals | 31.75 | -8.58 |

Regional allocation (%)

| | Absolute weight | Active weight |
|--------------------------------|-----------------|---------------|
| North America | 80.44 | +6.68 |
| Developed Europe & Middle East | 12.35 | -3.83 |
| United Kingdom | 4.65 | +0.87 |
| Japan | 1.47 | -2.98 |
| Asia Ex Japan (Dev) | 0.00 | -1.83 |
| Emerging Markets | 1.10 | +1.10 |

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INVESTORS

Past performance cannot guarantee future results. Investing involves risk, including the possible loss of principal and fluctuation of value. Returns greater than one year are annualized. Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and gross of non-reclaimable withholding taxes (if any and unless otherwise noted), and reflect the reinvestment of dividends and other earnings.

The gross performance results presented do not reflect the deduction of investment advisory fees. Returns will be reduced by such advisory fees and other expenses as described in the individual contract and, where applicable, Form ADV Part 2A.

Net performance results do not reflect the deduction of investment advisory fees actually charged to the accounts in the composite but do reflect the deduction of model investment advisory fees based on the maximum fee rate in effect for the respective time period, adjusted for performance-based fees where applicable. Actual advisory fees may vary among clients invested in the strategy and may be higher or lower than model fees. Returns for each client will be reduced by such fees and expenses as described in the individual contract and, where applicable, in Form ADV Part 2A.

Index returns are provided to represent the investment environment existing during the periods shown. The index is fully invested, including the reinvestment of dividends and capital gains. Index returns do not include any transaction costs, management fees or other costs, and are gross of non-reclaimable withholding taxes, if any and unless otherwise noted.

Absolute weight based on representative account.

Active weight reflects over/under relative to index.

Global Life Sciences Composite, benchmarked to the MSCI World Health Care Index, includes portfolios that concentrate on finding growth companies located both inside and outside of the United States that the portfolio managers believe have a life science orientation. "Life sciences" industries may include the following industry groups: health care; pharmaceuticals; agriculture; cosmetics/personal care; and biotechnology. A typical portfolio invests in 80 to 120 equity securities. Effective January 1, 2005 the composite definition was changed to include only proprietary mutual funds and exclude sub-advised pooled funds. Effective January 1, 2009 the composite definition was expanded to also include sub-advised pooled funds and separately managed institutional accounts. The composite was created in January 2003.

Information relating to portfolio holdings is based on the representative account in the composite, which reflects the typical portfolio management style of the investment strategy. Other accounts in the strategy may vary due to asset size, client guidelines and other factors.

Portfolio holdings are as of the date indicated, and are subject to change. This material should not be construed as recommendation to buy or sell any security.

Equity country, regional, sector and industry weights based primarily on MSCI and GICS classifications.

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