

LONGEVITY & SOCIAL CHANGE



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“The majority of children born in developed countries today can expect to live to more than 100”

PROFESSOR ANDREW SCOTT

Co-author of the 100-Year Life

The world is living longer and retiring later

This trend is only set to continue

A global demographic transition

2018 was first time in history that the global number of adults aged 65 and older out numbered children under the age of five



Over-65s globally

Set to grow ~5x faster than the under 65 population until 2032

Over-65s in US

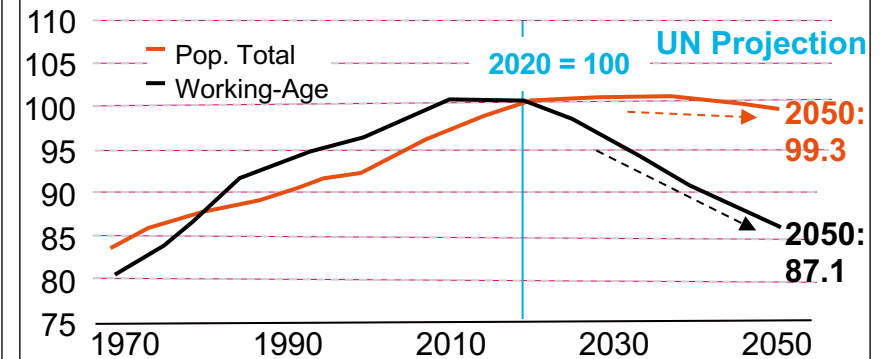
Likely to grow ~17x faster than the US working age population until 2032

Over-65s in China

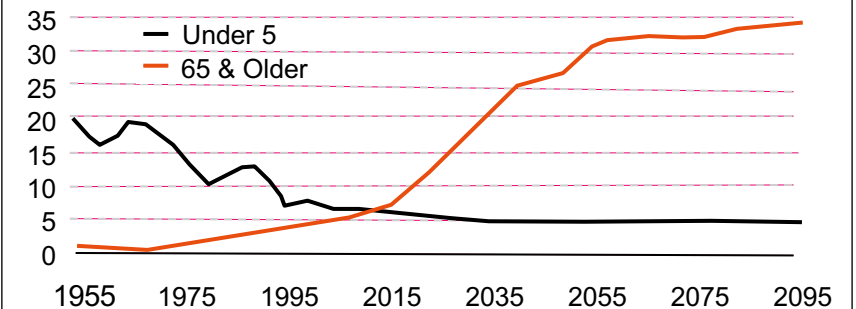
Set to grow 40% by 2032 to 280 million
(increase of 84mn people over 10-yrs equal to the population of Germany)

Working age % reducing

Advanced Europe Population vs Working-Age



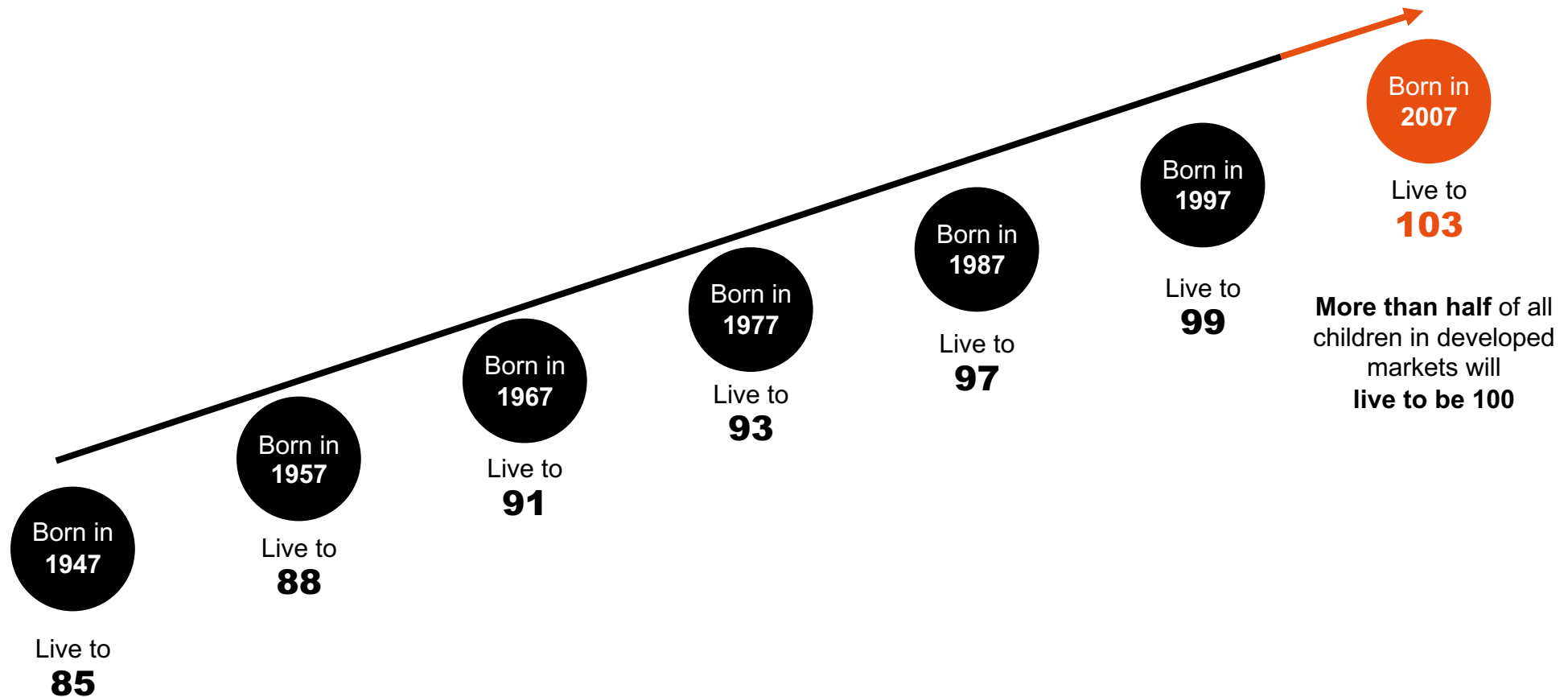
China: Younger Children & Older Adults Percent of country population



The world is living longer and retiring later

This trend is only set to continue

People to live longer

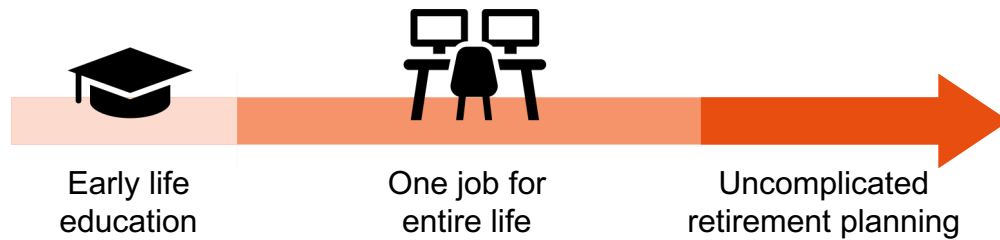


As populations get older...

...it is vital to rethink the traditional model of a three stage life

Younger for longer: Extending Lifespans

Re-imagining ageing, the 100 year life from a 3-stage life...



...to a 'multi-stage life'



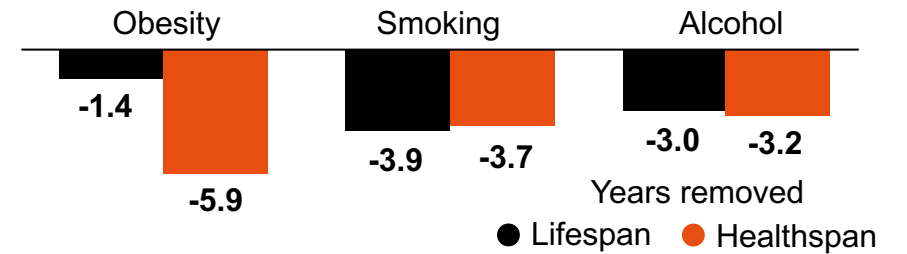
'Whole of life' wellbeing: Increasing Healthspan

US average **Healthspan** vs **Lifespan**

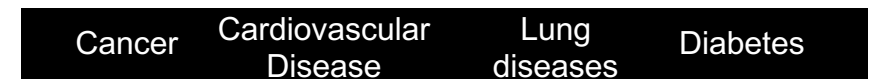
Healthspan: Years remain healthy & disease free



Three preventable lifestyle factors shorten both spans



Which contribute to **four conditions**



That Cause 50% of Deaths
Including many premature deaths

Older generations will dominate global spending in the future

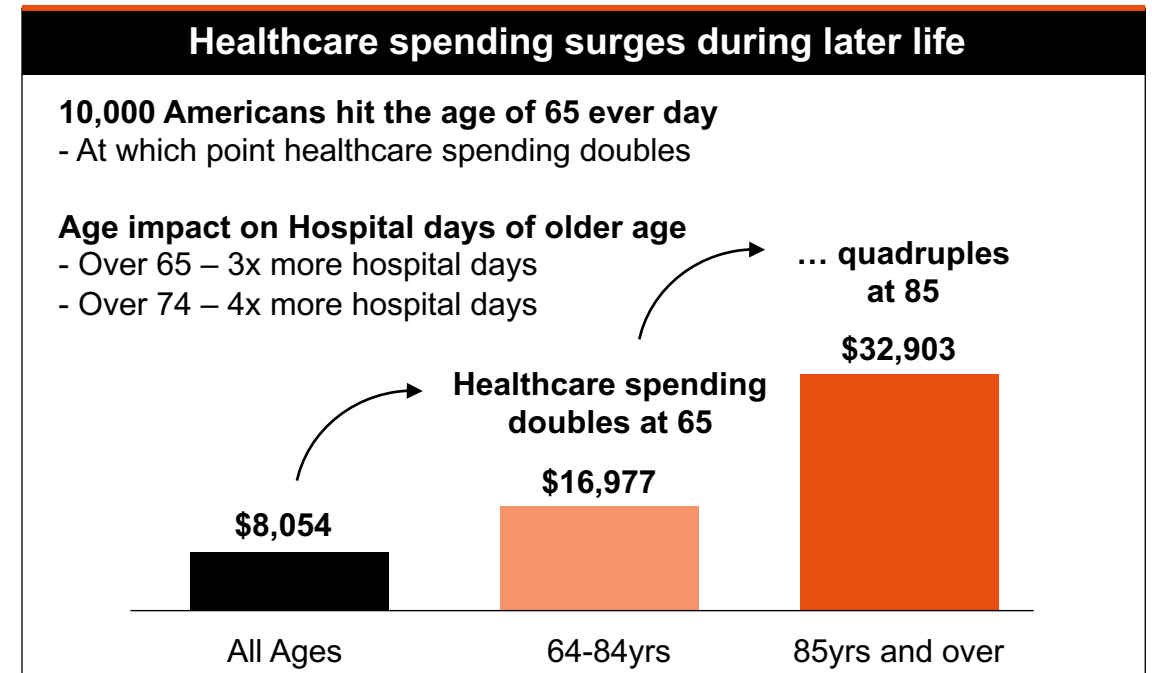
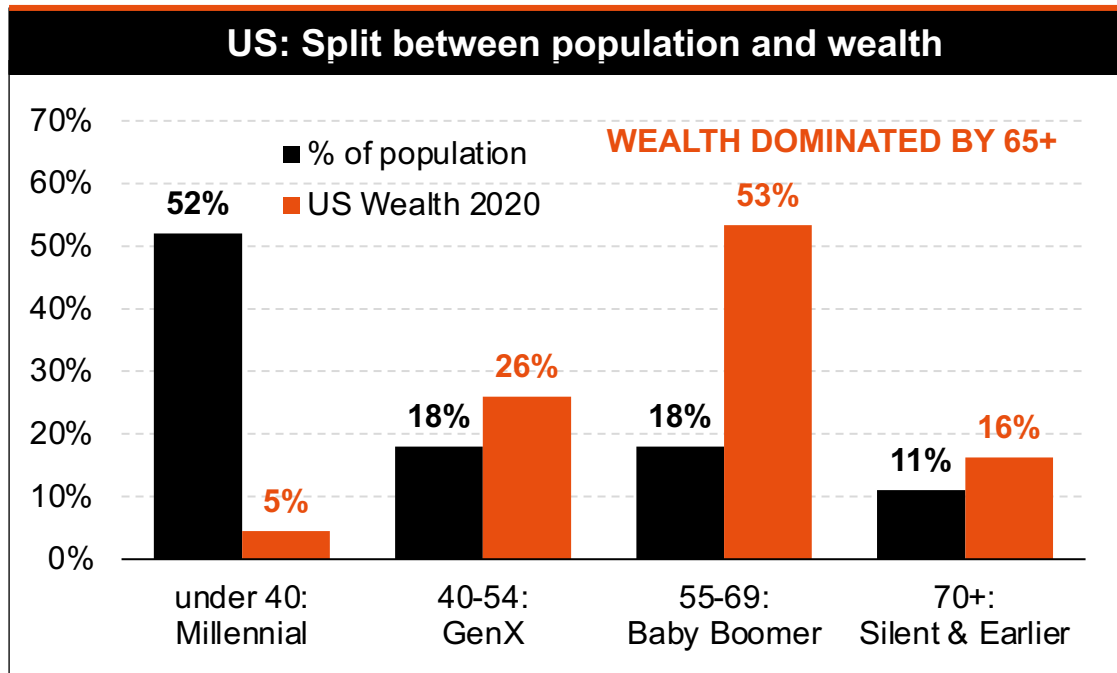
The 65+ cohort account for most of the wealth in many nations

The gap between age and wealth on the rise

- In the US, the over 55s account for ~70% of the nation's wealth¹
 - Just 5% of total US wealth is held by Millennials

Over-65s will also dominate consumption globally

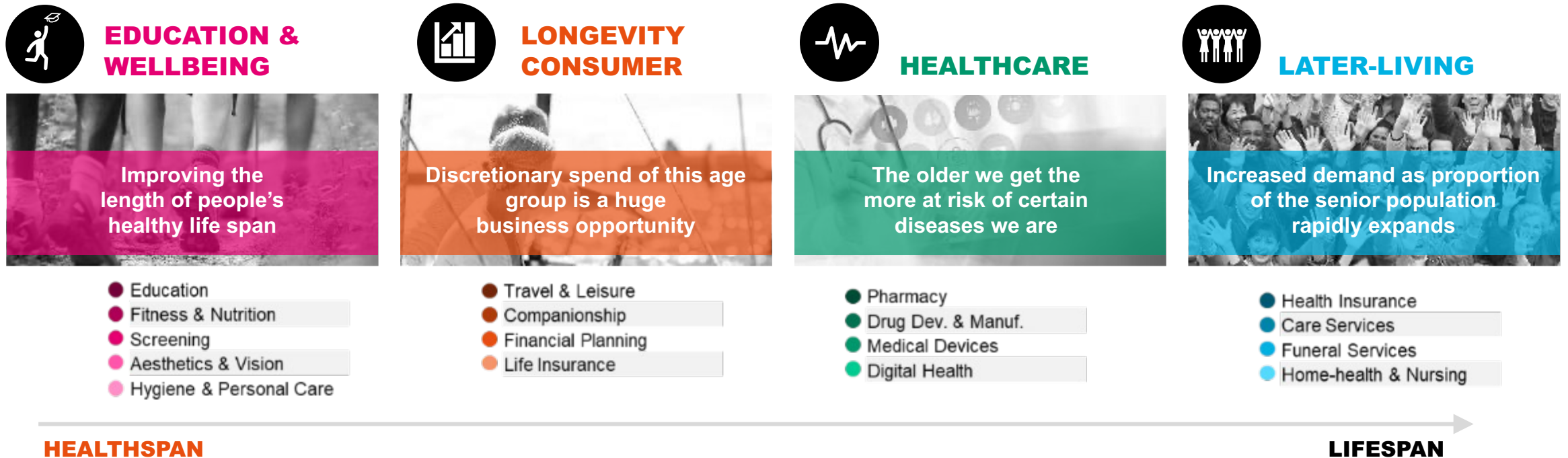
- Expected to be 55% of global consumption growth by 2030²
 - Retiring/elderly generation estimated to be a USD 15 tn+ spending power globally by 2020, up by USD 8 tn in 2010³



Focus on whole of life wellbeing

Identifying Investment Themes - investment process overview

- Apply rigorous, varied research, longevity economy and social change experience to identify multi-year growth themes and unique investment opportunities
- Focusing on secular multi-year themes and sub-themes which are already investable with proven commercial viability
- Long-term investment outlook, which seeks to capitalise on structural growth trends and shifting demographics
- Utilising experience and industry network as well as attending industry conferences



Portfolio structure

Themes and sub-themes

EDUCATION & WELLBEING 25.9%



● Education	2.7%
● Fitness & Nutrition	6.6%
● Aesthetics & Vision	7.0%
● Hygiene & Personal Care	6.0%
● Screening	3.6%

LONGEVITY CONSUMER 24.1%



● Financial Planning	11.6%
● Life & Non-Life Insurance	5.0%
● Travel & Leisure	5.3%
● Companionship	2.2%

LATER-LIVING 18.9%

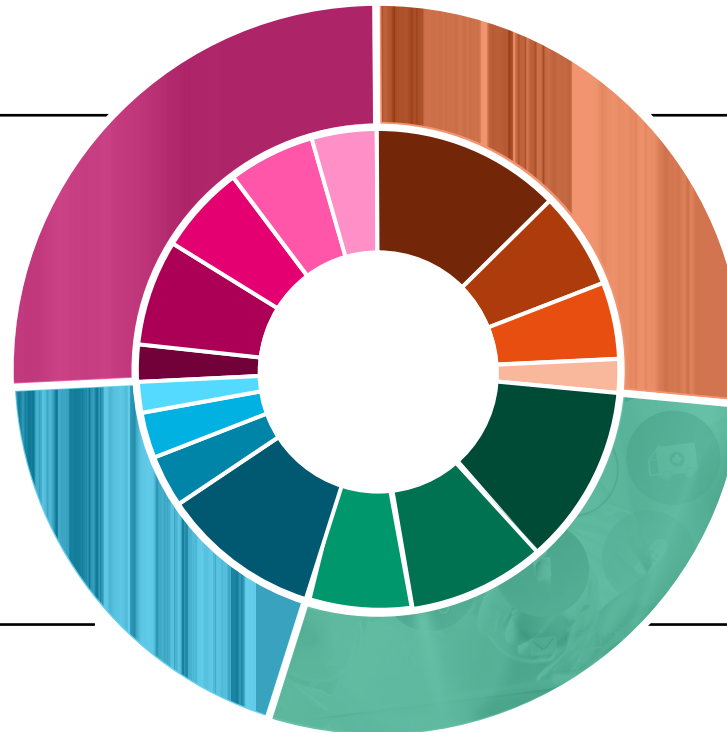


● Health Insurance	11.4%
● Funeral Services	3.2%
● Home-health & Nursing	2.0%
● Care Services	2.4%

HEALTHCARE 27.3%



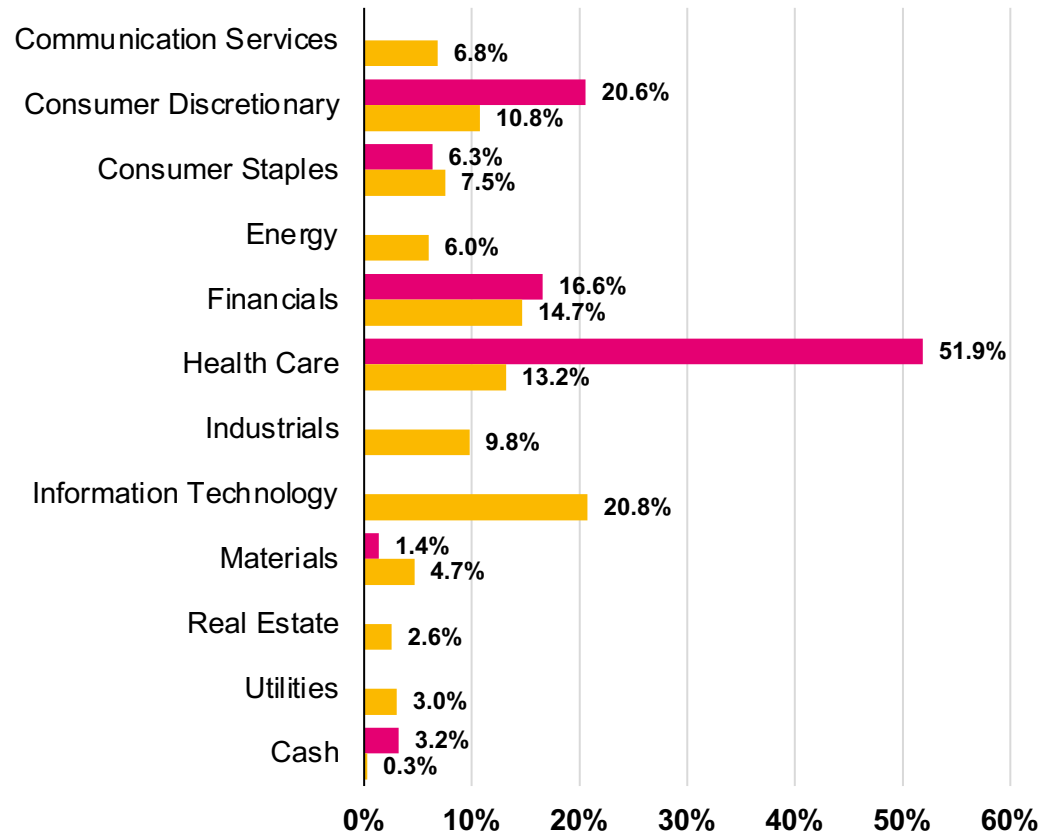
● Pharmacy	12.8%
● Medical Devices	9.1%
● Drug Dev. & Manuf.	5.4%



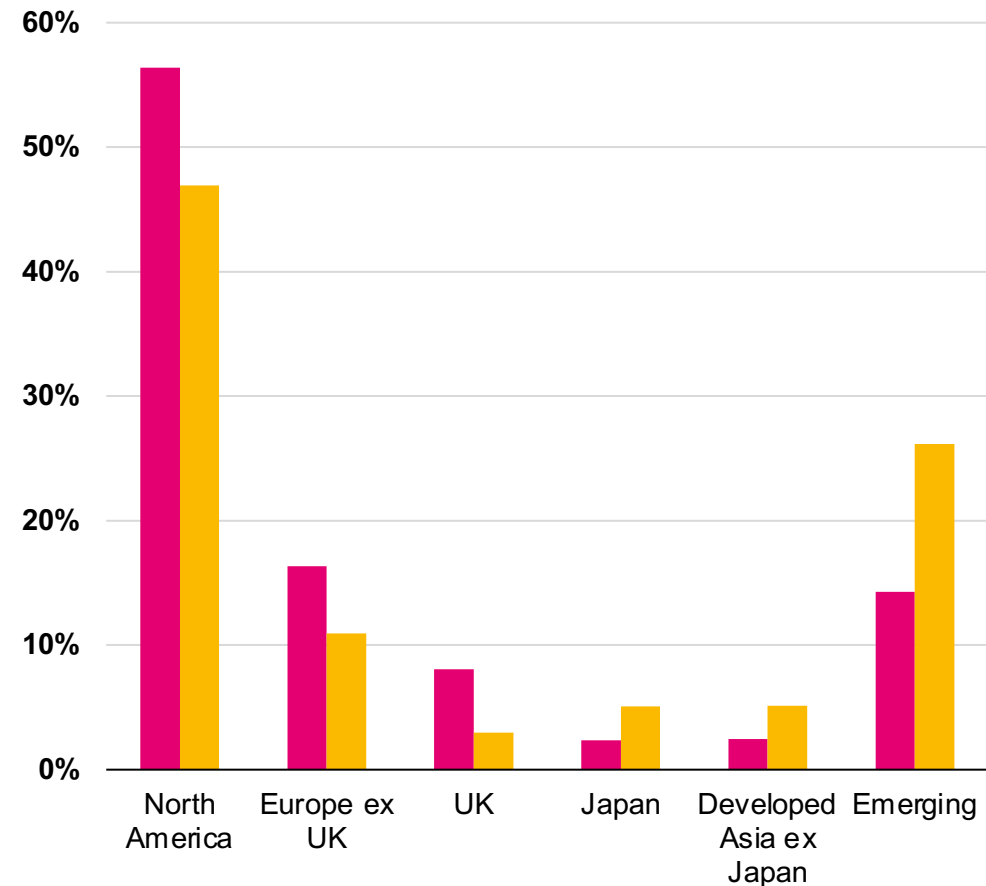
Pacific Longevity and Social Change Fund

Geographic revenue exposure more balanced than split by domicile

Sector breakdown vs benchmark (%)*



Geographical revenue vs benchmark (%)*



● iShares MSCI ACWI ETF ● Pacific Longevity and Social Change Fund – Representative

Source: Pacific Asset Management
 Allocations and holdings are subject to change. All data as at Oct 2022

Pacific Longevity and Social Change Fund

All data as at 28 Oct 2022

Fund characteristics

Total no. of securities held	58
Top 10 concentration	31.8%
Median mkt cap (\$ bn)	19.3
Women on Board	33%
Female Executives	22%
Tracking error	6.0%
Predicted Beta	1.03
Active Share	93.3%

Market cap breakdown (% of nav)

Small <\$2bn	7.1%
Mid-cap \$2bn - \$10bn	23.7%
Large-cap \$10bn - \$200bn	18.5%
Mega-cap >\$200bn	48.6%
Cash	3.2%

Top 15 holdings (%)

Name	Geographic	Theme	Sub-theme	% of fund
Humana	US	Later-living	Health Insurance	4.6
UnitedHealth	US	Later-living	Health Insurance	4.1
AstraZeneca	UK	Healthcare	Pharmacy	3.9
Brunswick	US	Longevity Consumer	Travel & Leisure	3.2
Service Corp	US	Later-living	Funeral Services	3.2
EssilorLuxottica	France	Education & Wellbeing	Aesthetics & Vision	3.0
AbbVie	US	Healthcare	Pharmacy	2.8
Hologic	US	Education & Wellbeing	Screening	2.5
Axonics	US	Healthcare	Medical Devices	2.3
Horizon Therapeutics	US	Healthcare	Pharmacy	2.2
Pets at Home	UK	Longevity Consumer	Companionship	2.2
Allianz	Germany	Longevity Consumer	Life & Non-Life Insurance	2.1
Booking	US	Longevity Consumer	Travel & Leisure	2.1
Reckitt Benckiser Group	UK	Education & Wellbeing	Hygiene & Personal Care	2.1
CVS Health	US	Later-living	Health Insurance	2.1

CAPTURING KEY TRENDS



EDUCATION & WELLBEING

Improving the length of people's healthy life span

Education: Life-Long Learning

Life-long development of knowledge as people live longer, and career changes more frequent

- Re-education
- Degrees at work
- Mature-age employment



50% of US nurses over 50¹



20% of IFAs in the UK expected to retire in next 5 years²



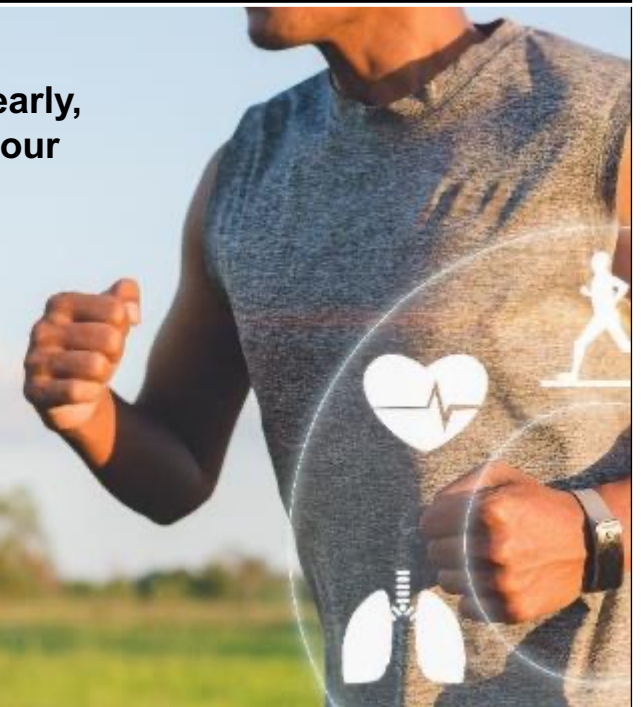
Wellbeing: 'Whole of life'

Reduce the severity of disease, detect diseases early, modify unhealthy behaviour

- Fitness & Nutrition
- Screening & Monitoring
- Aesthetics & Vision
- Hygiene & Personal Care



Global health club revenues in 2019
USD 96.7bn³



Stock Example: EDUCATION & WELLBEING

Hologic – a global champion for Women’s Health

Firm



Firm Overview

- A developer, manufacturer, and supplier of premium diagnostic products, medical imaging systems, and surgical products
- Core business units focus on diagnostics, breast health, GYN surgical, and skeletal health

Financials

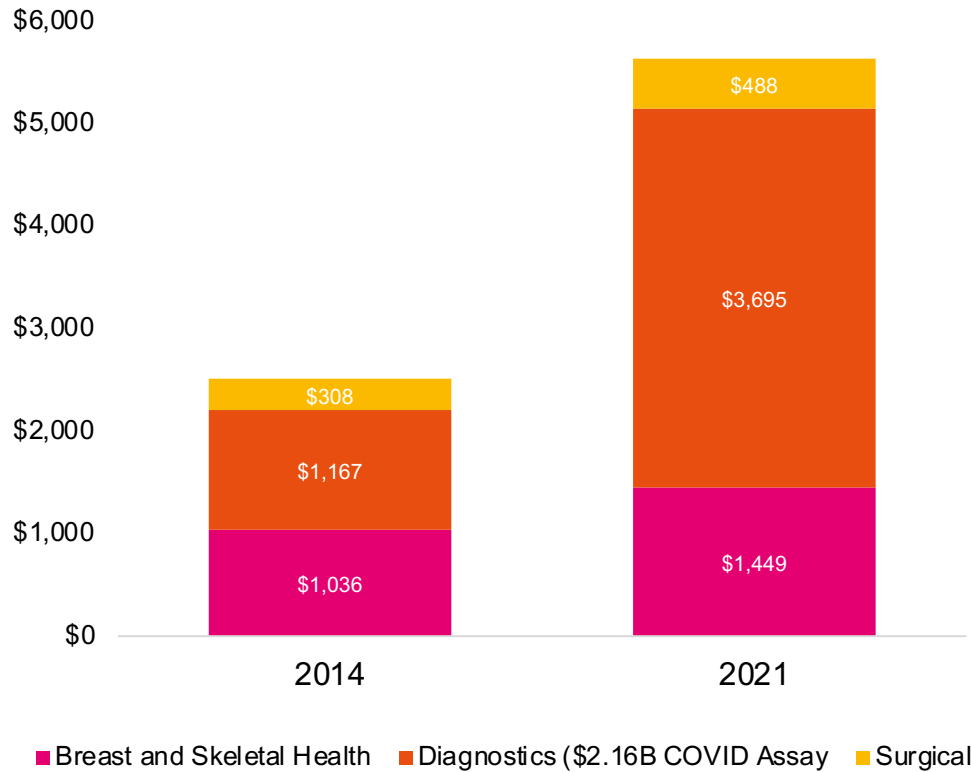
Market Cap	\$18.4bn
FY23E Sales	\$3.8bn
FY22E EBITDA	\$1.24bn
EBITDA margin	32.6%
FY24 P/E	18.9x
FY24 EV/EBITDA	13.8x
Long-term EPS Growth*	10%
Portfolio weight	2.75%
Purity of theme	3
TrueValue rating	Average

Longevity & Social Change tailwinds

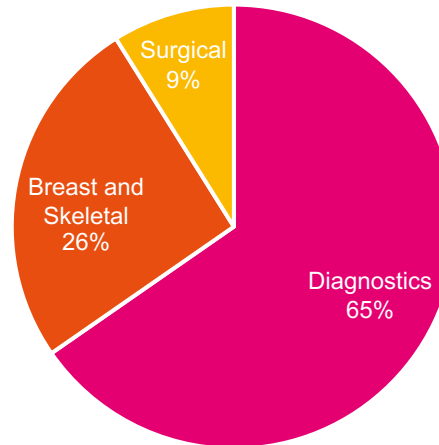
- Global leader in breast cancer screening, STI testing and cervical cancer screening
 - Breast cancer represents 15% of total UK cancer cases
 - ~50% of UK Breast Cancer cases in women over the age of 60
- Leading player in Molecular diagnostics with the current period dominated by COVID
 - Huge installed base of ~3,200 PANTHER instruments globally
- As COVID demand normalises, strong FCF generation provides significant optionality for Hologic to emerge as a 5-7% top-line growth company with ~10% p.a. EPS growth
- Base PT: \$85 using blend of multiples and DCF
- Tuck-in M&A supplements growth, capital return enhances TSR

Larger, more growth-oriented portfolio and more geographically diverse

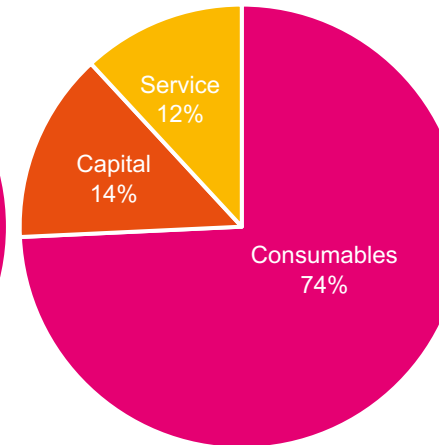
Divisional Revenue



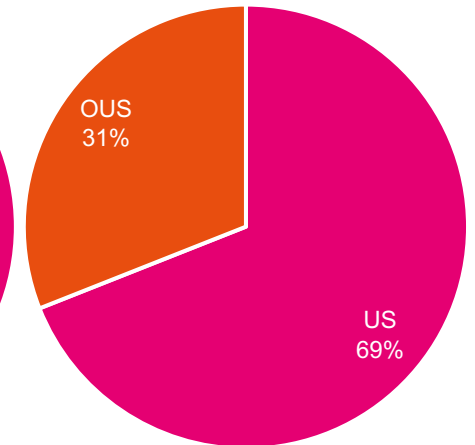
By Division



By Type



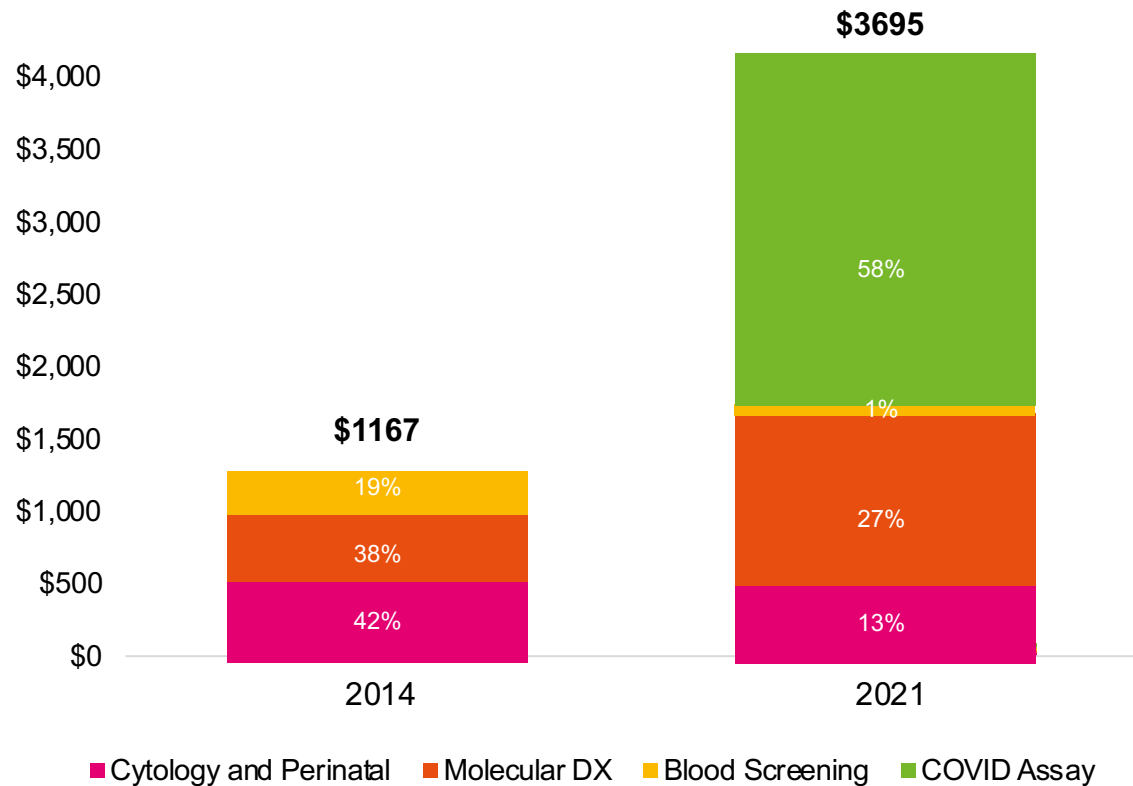
By Geography



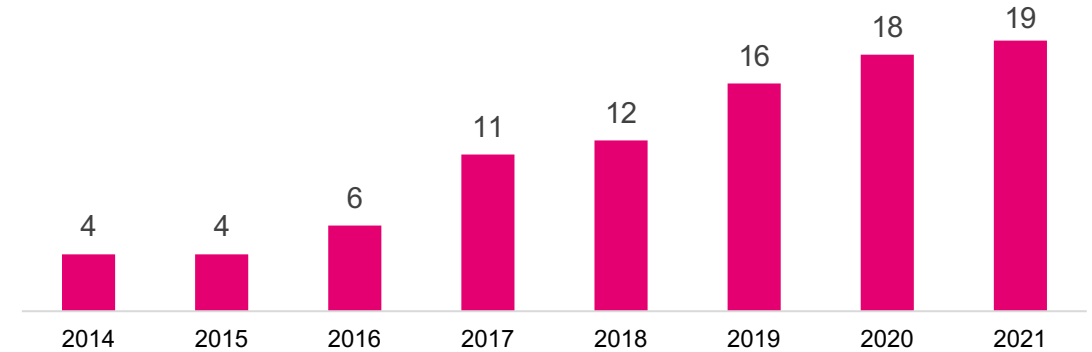
Expanding Molecular Diagnostics business

With larger menu and huge installed base (incremental 700 units) – annuity per system is going higher

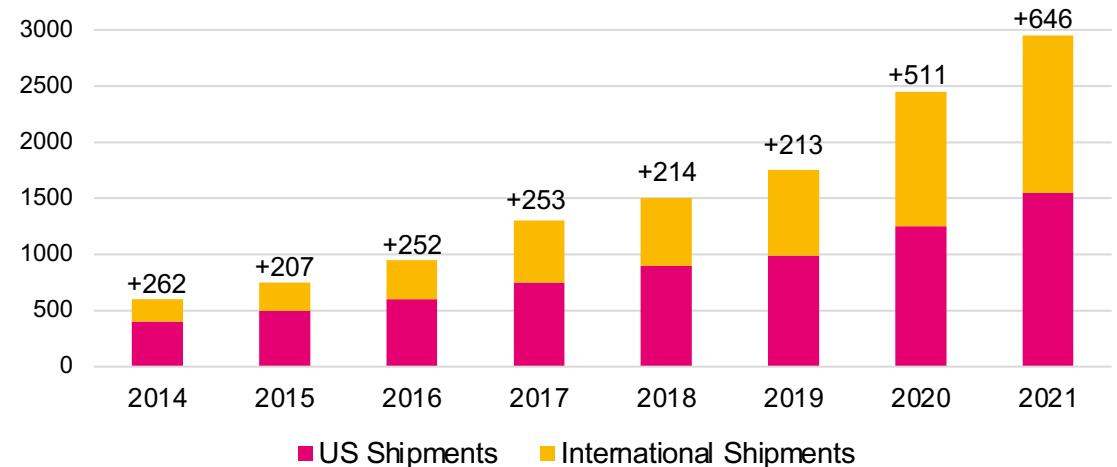
Diagnostic Revenue



Number of FDA Approved Assays on Panther



Cumulative Global Panther Shipments



Hologic – a global champion for Women’s Health



EDUCATION & WELLBEING

Sub-theme: Screening



- Hologic has outperformed MSCI World since fund inception

The contents of this slide are neither to be considered research nor an investment recommendation.

Source: Bloomberg, Pacific Asset Management and Tandem Diabetes Care. * 3-5 years Earnings per Share Growth.

Stock Example: EDUCATION & WELLBEING

Adtalem Global Education – High purity of exposure to the Longevity & Social Change theme

Firm



Firm Overview

- Adtalem is a leading workforce solutions provider that offers a wide array of programs across healthcare and financial services.
 - #1 Undergraduate and Graduate Nursing Enrolment in the US
 - #1 Provider of US Licensed Physicians
 - #1 Provider of MDs, PhDs and Nursing degrees to African Americans

Financials

Market Cap	\$2.0bn
FY23E Sales	\$1.42bn
FY23E EBITDA	\$352m
EBITDA margin	24.7%
FY24 P/E	10.1x
FY24 EV/EBITDA	6.4x
Long-term EPS Growth*	10-12%
Portfolio weight	1.95%
Purity of theme	3
TrueValue rating	Average

Market Overview – High growth expected in US nursing education market

Labour Shortage in US Healthcare expected to grow

- Demand for healthcare practice professionals in US currently exceeds supply by 44%
 - 50% of Registered Nurses are age 50+
 - Over 1 million Registered Nurses will leave the workforce by 2030 due to retirement
 - 38% of active physicians are age 56 and older
 - 33% of physicians will be 65+ in age in 10 years
 - ~139,000 Shortage of U.S. physicians by 2033
- US nursing education market currently \$28bn and expected to grow to \$60bn by 2024

The contents of this slide are neither to be considered research nor an investment recommendation.

Source: Bloomberg, Pacific Asset Management and Adtalem Global Education.

* 3-5 years Earnings per Share Growth.

Adtalem is a Leading Healthcare Educator

Scale & Breadth

>80,000

Enrolment

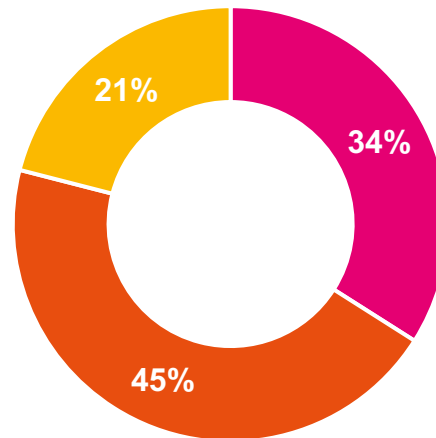
\$1.37B

Revenue

-80%

Online Modality

Degree Mix



■ Bachelors ■ Masters ■ Doctoral

Rankings

#1

Undergraduate and Graduate Nursing Enrolment in the US

#1

Provider of US Licensed Physicians

#1

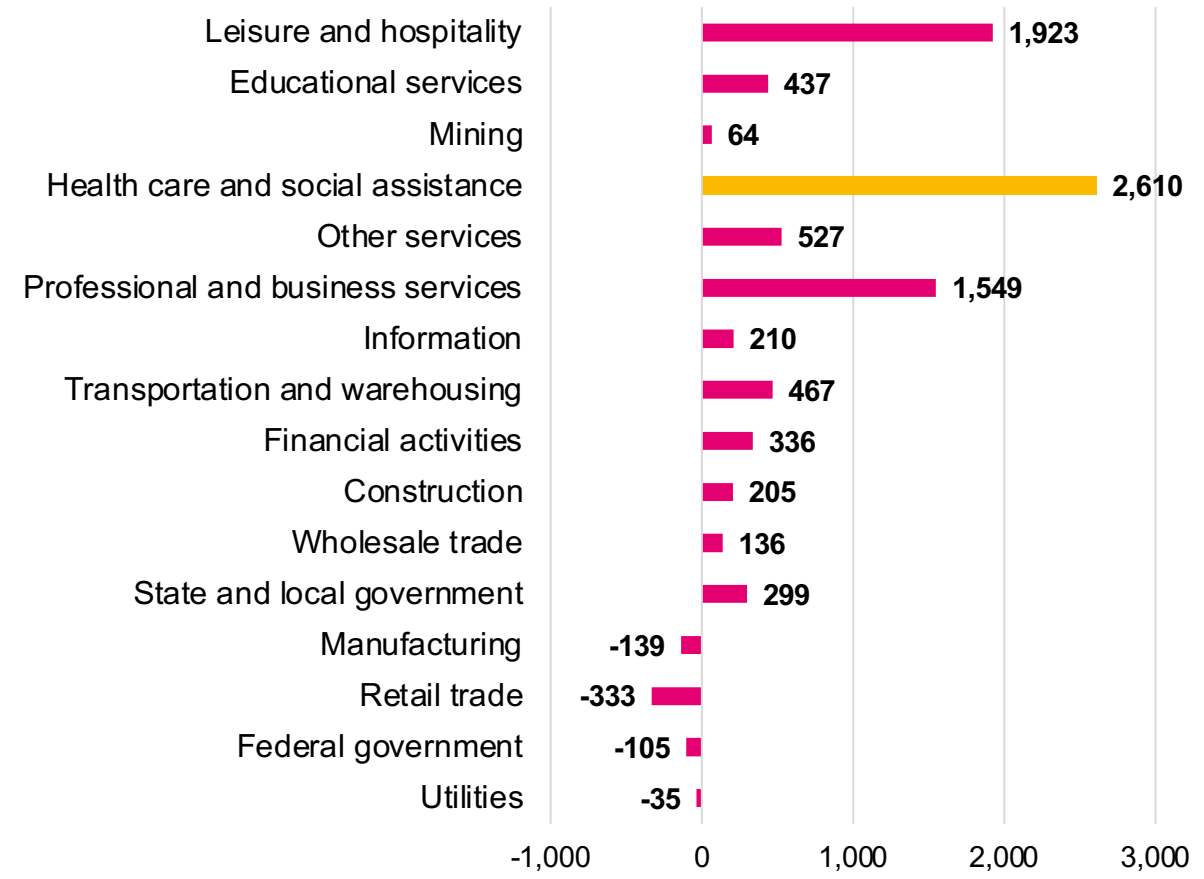
Provider of MDs, PHDs and Nursing degrees to African Americans



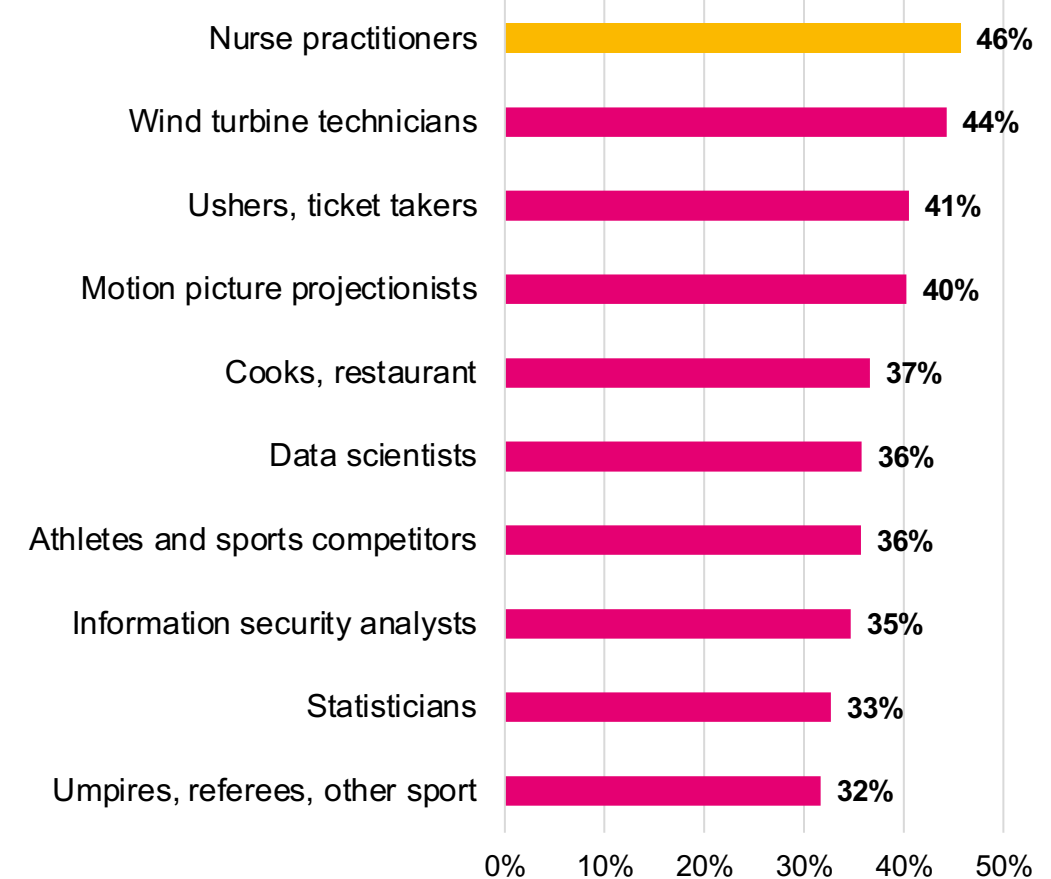
Adtalem is a Leading Healthcare Educator

BLS projects Health care and social assistance to see the highest additions to employment

Employment change by sector 2021-2031, thousands



Percent employment change 2021-31



Stock Example: EDUCATION & WELLBEING

Adtalem Global Education – A Tale of Two Halves



- Shares materially underperformed in early 2022
 - COVID continued to impact on-campus teaching
 - Student enrolment limited by lockdowns
- Shares have re-rated strongly post major corporate action
 - Divestment of Financial Services unit for \$770mn overlooked
 - Proceeds from divestment used to buyback \$150mn of stock and a further \$300mn for open market share repurchases, remainder used to pay down debt

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Source: Bloomberg, Pacific Asset Management and Adtalem Global Education.

* 3-5 years Earnings per Share Growth.



LONGEVITY CONSUMER

Discretionary spend of this age group is a huge growing opportunity

2/3 of consumption globally for 60+ unrelated to healthcare

60+: **USD 15 trillion** spending power by 2020



60+ **Travel**: 29% of tourists in EU by 2030¹



60+ **Beauty**: Spend twice as much as under 25's²

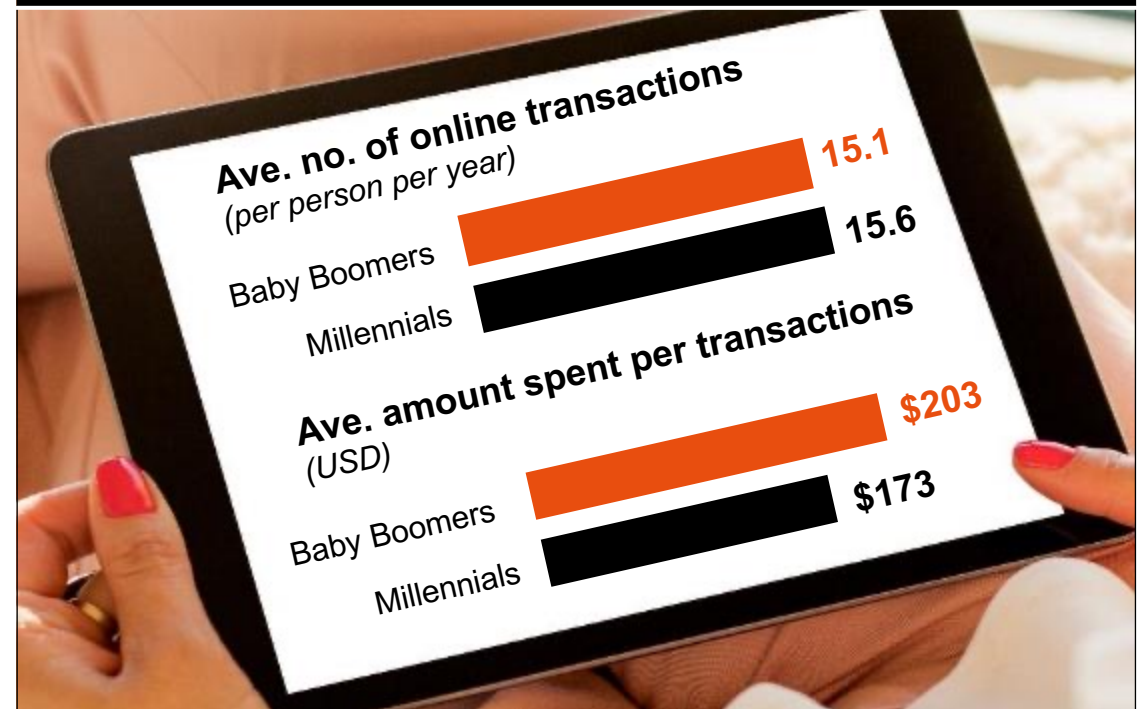


60+ **Home Improvement**: 87% of people wish to 'age at home'³



60+ **Pets**: 30% of pet owners over the age of 65⁴

Longevity Consumers average digital spend overlooked



Stock Example: LONGEVITY CONSUMER

Pets at Home Group – 30% of pet owners over the age of 65

Firm



Firm Overview

- Pet supplies retailer selling pet products including food, toys, bedding, medication, accessories and pets.
 - 23% share of Pet Care market worth £6.2bn
 - Operate 453 stores plus 316 grooming salons

Financials

Market Cap	\$1.6bn
FY23E Sales	\$1.6bn
FY22E EBITDA	\$296m
EBITDA margin	18.5%
FY24 P/E	13.0x
FY24 EV/EBITDA	6.3x
Long-term EPS Growth*	8%
Portfolio weight	2.2%
Purity of theme	2
TrueValue rating	Above Average

Market Overview – Large, growing and resilient market

- Favourable demographics and clear, structural demand drivers – growing UK pet population of c. 33mn pets, underpinned by increasing humanisation and premiumisation
- Significant headroom in core areas such as nutrition, veterinary services and subscriptions
- Strengthened growth outlook post COVID -> estimated 8% growth in UK pet ownership accelerating annual underlying growth rate of the market to c.4.5%
- Pet ownership in the US and UK – between 60-70% of households own a pet, with approximately 30% of Pet owners over the age of 65



Age-related therapies to be among the fastest growing within the Healthcare industry

Increased risk to certain chronic diseases

The Big 5:

- Heart attack/stroke
- Cancer
- Diabetes
- Arthritis
- Dementia

Global Impact of Dementia



Musculoskeletal solutions – Innovation led growth market



Spine & CMF
\$10bn Market



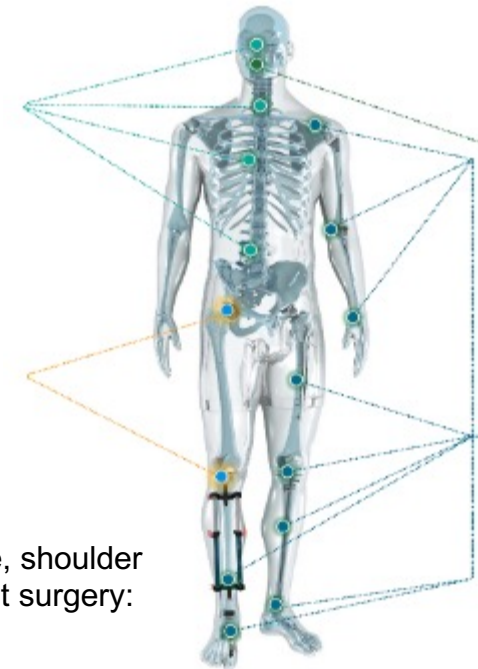
Dental
\$5bn Market



Hip & Knee
\$14bn Market



S.E.T.
\$20bn Market



Ave. age for knee, shoulder & hip replacement surgery:
70 yrs

Stock Example: HEALTHCARE

Axonics – Bringing innovation and relief to patients with bladder dysfunction

Firm



Firm Overview

- Axonics is a medical device manufacturer based in Irvine, California.
 - The company develops medical technologies for the treatment of Overactive Bladder (OAB), Stress Urinary Incontinence (SUI) or mixed
 - Axonics introduced the first rechargeable Sacral Neuromodulation (SNM) system with a 15+ year lifespan + a fully recharge-free SNM that can last 10-20 years in the body

Financials

Market Cap	\$3.2bn
FY23E Sales	\$327mn
FY23E EBITDA	-\$25mn
FY23 EV/Sales	8.7x
Net Cash	\$350mn
Long-term Sales Growth*	>20%
Portfolio weight	2.1%
Purity of theme	3
TrueValue rating	Average

Market Overview – Sacral Neuromodulation therapy

- High unmet clinical need exists due to limitations of legacy technologies (low efficacy, short duration, etc.). Market now poised to meaningfully expand, driven by Axonics innovative therapies and increased patient awareness.
- Approximately 78m women in the US suffer from some form of urinary incontinence
- Prevalence of urinary incontinence increases with age, and in women aged >70 years, more than 40% of the female population is affected ([source](#))
- SNM market size in 2021 was \$750mn with just 50,000 adults implanted in the US
- SNM market poised to double over the next 5 years, growing at 15% per annum

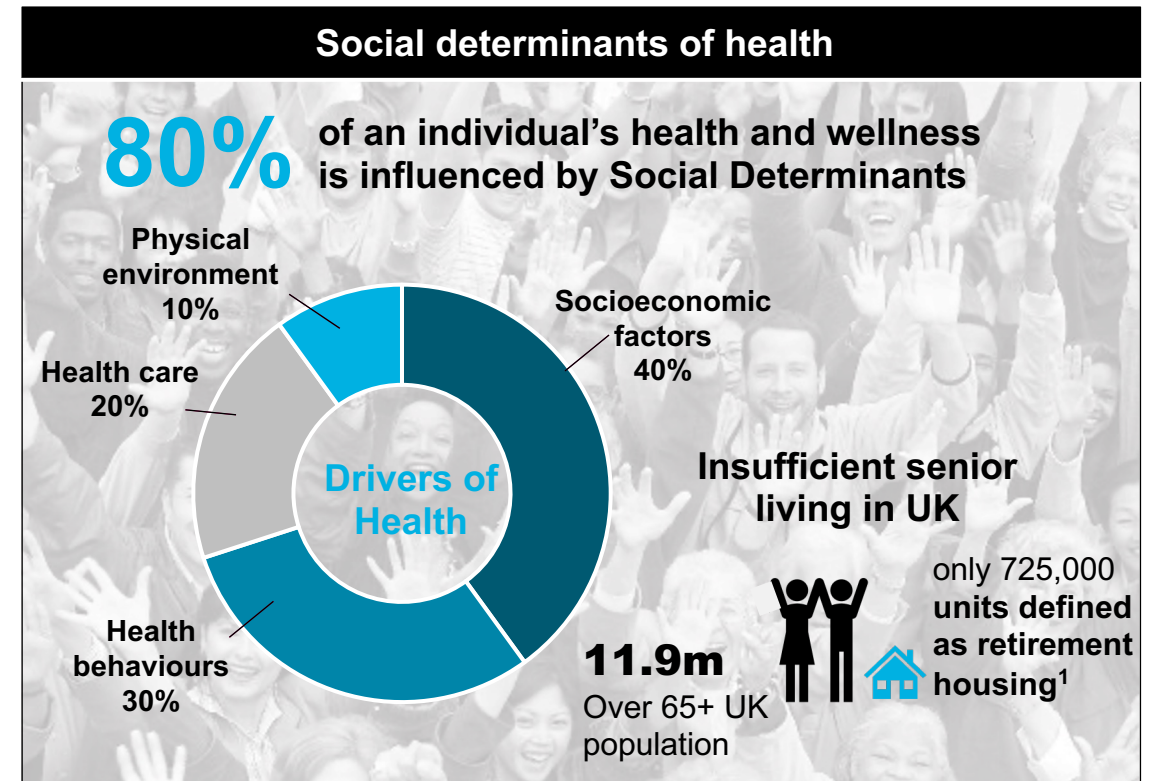
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Source: Bloomberg, Pacific Asset Management and Tandem Diabetes Care.

* 3-5 years Earnings per Share Growth.



Growing demand for senior housing



Stock Example: LATER-LIVING

Amedisys – Strong positioning in attractive segments of the Healthcare Delivery System

Firm



Firm Overview

- Amedisys is the second largest provider of home health care services and third largest provider of hospice care in the United States.
 - The company's relationships span more than 3,000 hospitals and 90,000 physicians in the US
 - Hospice represents approximately 1/3 of revenues, operating 175 hospice centers

Financials

Market Cap	\$2.8bn
FY22E Sales	\$2.23bn
FY22E EBITDA	\$0.25bn
EBITDA margin	11.3%
FY23 P/E	16.3x
FY23 EV/EBITDA	11.7x
Long-term EPS Growth*	10%
Portfolio weight	1.4%
Purity of theme	3
TrueValue rating	Above Average

Market Overview – Secular growth tailwind

- Home health and hospice represent one of the fastest-growing segments of healthcare services, riding the demographic wave of aging baby boomers.
- In addition to a secular growth tailwind, payers of all types (MCOs, government, PBMs) are focused on driving an increasing percentage of healthcare into the home.
- Hospice care is for terminally ill individuals with a life expectancy of six months or less.
- c.25% of Medicare spending is spent on patients in the last year of their life.

Source: Bloomberg, Pacific Asset Management and Amedisys. * 3-5 years Earnings per Share Growth.

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