



Best Ideas Portfolios

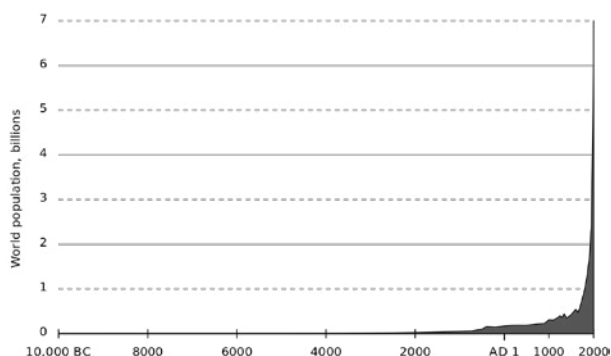
Theme in focus: Healthcare

investors

The EQ Best Ideas Portfolios offer exposure to a range of investment themes which are areas of significant opportunity for our fund managers. Using examples of investments held by our selected funds we look to highlight these themes and share some of our managers' thinking with you, so you can better understand your portfolio.

WHY IS HEALTHCARE A MAJOR THEME?

The scale of opportunities in healthcare is partly down to demographics. The world's population has grown exponentially to around 7.6 billion people:¹



By 2050 it is projected to reach 9.8 billion, and 11.2 billion by 2100 – but future growth is expected to be very unevenly distributed, with over half up to 2050 concentrated in just nine countries. In particular, Africa's share of global population is expected to increase from 16% today to as much as 40% by 2100.

Fertility rates have declined and life expectancy has risen worldwide, resulting in the nearly universal phenomenon of 'aging populations'. By 2050 all regions of the world except Africa will have nearly a quarter or more of their populations aged 60 and above.

In addition, economic development is leading to large-scale changes in diet and lifestyle in many parts of the world. Changing lifestyles combined with larger older populations mean that various medical conditions are becoming far more common.

1 AGEING AND CHANGING LIFESTYLES

Treating diabetes and kidney failure

The most common form of diabetes is type 2 and it has a variety of causes including obesity, lack of exercise, bad diet and general ageing. It generally affects those over the age of 25 in the South Asian region and those over 40 in the West.² Diabetes costs an estimated 12% of global health expenditure and by 2040, it is estimated the global population of sufferers will grow from 415 million in 2015 to 642 million, with more than half of those in South Asia.³

People with diabetes suffer from a buildup of glucose in their blood due to insulin being unable to help their bodies absorb glucose. This excess glucose is disposed by the body through the kidneys which consequently get strained. Diabetes is one of the leading causes of chronic kidney disease.

EXAMPLE HOLDING: **FRESENIUS** Fresenius

Fresenius Medical Care is the world's leading provider of products and services for people with chronic kidney failure. About 3 million patients with this disease worldwide regularly undergo dialysis treatment. Dialysis is a vital blood cleansing procedure that substitutes the function of the kidneys in case of kidney failure.

Through its network of more than 3,500 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatments for more than 300,000 patients around the globe. Fresenius Medical Care is also the world's leading provider of dialysis products such as hemodialysis machines, dialysers and related disposable products.⁴

FUND IN FOCUS:
Jupiter European



Fresenius is an investment held by the Jupiter European fund which runs a highly active stock picking process, in a concentrated portfolio of the most attractive growth opportunities in Europe.

You can find out more about Jupiter European and see where it is held in the Best Ideas Portfolios here:

eqinvestors.co.uk/eq-rated-funds/

2 MEDICAL EQUIPMENT & TECHNOLOGY
Orthopaedic replacements

In North America & Europe, the 60+ age group represents 22-25% of the current total population.¹ With greater use of those 'old bones' comes greater wear and tear! Over the 10 years from the millennium to 2010, the number of hip replacements in the US more than doubled while also becoming more common in younger people.⁵

Orthopaedic hips and knees are big business with annual sales of about \$13 billion.⁶ That's a lot of orthopaedic units to produce and implant! Here we are seeing new medical technologies emerging, driven by advances in other industries.

A number of these orthopaedic units are now being customised per patient using 3D printers. The market for medical device 3D printing in 2015 was worth \$0.8 billion and expected to grow at over 20% per annum.⁷ Advances in medical robotics are also helping surgeons in a variety of procedures, including knee and hip replacements through use of robotic-arm assistance.

EXAMPLE HOLDING:

Stryker



Stryker is one of the world's leading medical technology companies offering a diverse array of products and services in orthopaedics, medical and surgical devices. It is one of the leading suppliers of orthopaedic hip and knee products while being the leading supplier of medical instruments, from power tools to computer assisted surgery technology.

FUND IN FOCUS:
Fundsmith Equity

Fundsmith

Stryker is an investment held by Fundsmith Equity. The fund is an actively managed, concentrated portfolio of growth companies anywhere in the world. For more details please visit:

eqinvestors.co.uk/eq-rated-funds/





3 WONDER DRUGS Curing cancer

One in two people born after 1960 in the UK will be diagnosed with some form of cancer during their lifetime.⁸ Until relatively recently, the best hope we had was chemotherapy which was a very blunt, non-specific treatment that aimed to inhibit the cell division process known as mitosis. Although genetic research had been underway since the 1990's, it was only in 2001 that the first human genome was sequenced. In the short 16 years since then, the biotechnology industry has gone from budding research into the inner workings of the most basic building blocks of our bodies (DNA) into developing targeted therapies for some of the most challenging diseases.

It is still relatively early in the journey of biotechnology, but already there are medicines that treat or help prevent heart attacks, stroke, multiple sclerosis, leukemia, hepatitis, congestive heart failure, lymphoma, kidney cancer, cystic fibrosis and other diseases.⁹

NOTES, SOURCES AND LINKS:

1. *World Population Prospects, United Nations 2017*
2. *What is Type 2 Diabetes?, Diabetes UK*
3. *Diabetes Atlas, International Diabetes Federation*
4. *Fresenius Medical Care*
5. *Number of Hip Replacements Has Skyrocketed, WebMD*
6. *Stryker Fact Sheet, November 2016*
7. *Global Medical Device 3D Printing Market, Market Data Forecast*
8. *Lifetime risk of cancer, Cancer Research UK*
9. *900+ New Biotechnology Medicines Target Over 100 Diseases, Phrma.org*

EXAMPLE HOLDING:

Celgene



Celgene is a global biotechnology company that focuses on the discovery, development and commercialisation of products for the treatment of cancer and other severe immune, inflammatory conditions. It has developed a number of drugs which range from being fully commercialised in the healthcare market, down through the three development stages of the Food & Drug Association in the USA. Their drugs cover a variety of blood and bone marrow cancers (multiple myeloma, lymphoma & leukemia, myeloid disease), solid tumours and other inflammation and immunology drugs.

FUND IN FOCUS:

Polar Capital Biotechnology



Celgene is an investment held by the Polar Capital Biotechnology Fund. The fund is focused on this sector, holding some of the major biotech players as well as smaller companies that have the potential for very high returns. For more details please visit:

eqinvestors.co.uk/eq-rated-funds/

NEXT STEPS:

You can view factsheets and invest online via the EQ website. For other questions and enquiries please contact your EQ adviser or visit:



eqinvestors.co.uk

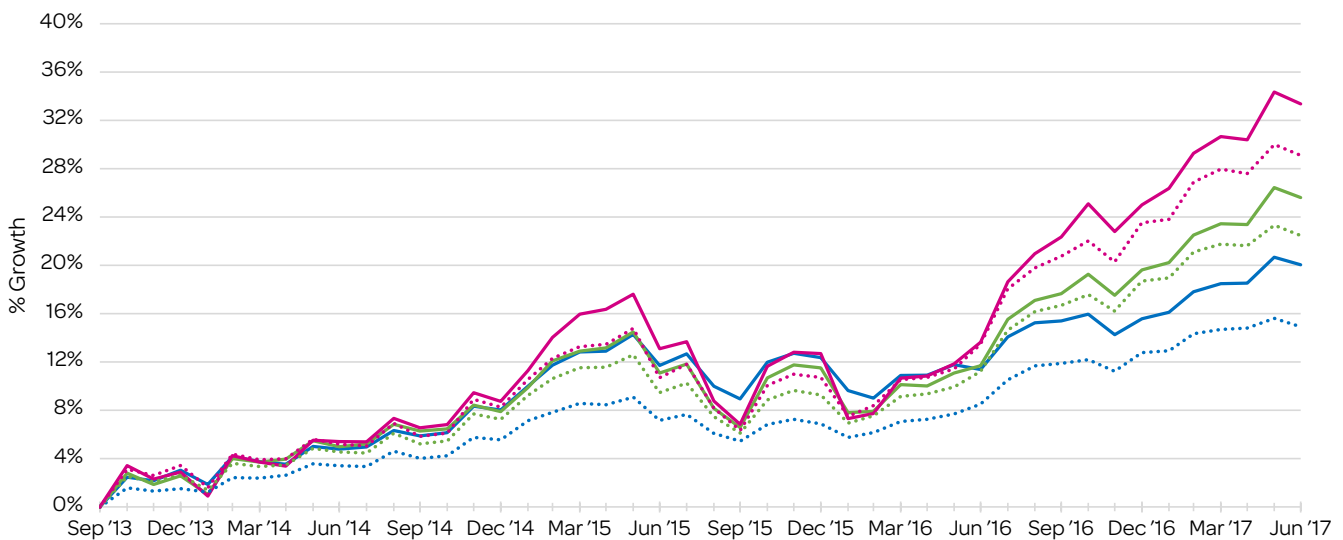


020 7488 7110



enquiries@eqinvestors.co.uk

Cumulative performance since inception 30/09/2013 to 30/06/2017



Annual performance		Jul 16 - Jun 17	Jul 15 - Jun 16	Jul 14 - Jun 15
Best Ideas Cautious	—	7.78%	-0.29%	6.60%
ARC Cautious *	.....	5.91%	1.26%	3.63%
Best Ideas Balanced	—	12.45%	0.54%	5.81%
ARC Balanced *	.....	10.11%	1.59%	4.71%
Best Ideas Adventurous	—	17.36%	0.48%	7.29%
ARC Steady Growth *	.....	13.78%	2.49%	5.24%

Risk warning
Past performance is not a guide to future performance. The value of investments and the income derived from them may go down as well as up and investors may get back less than they originally invested. The Best Ideas Portfolios are available in **seven** different risk profiles, of which **three** are shown here. Inception dates may vary; please see factsheets for full details.

EQ Investors Limited, Centennium House, 100 Lower Thames Street, London EC3R 6DL

EQ Investors Limited is authorised and regulated by the Financial Conduct Authority. Registered in England & Wales at 6th Floor, 60 Gracechurch Street, London EC3V 0HR. Company Number 07223330.

This document has been drafted solely to keep investors informed and does not constitute a personal recommendation. These model portfolios are not suitable for all investors: investments may only be undertaken based on a recommendation from a financial adviser. Example holdings and funds included in the Best Ideas Portfolios on 30/06/2017. Model performance is shown in sterling, net of underlying fund charges and an EQ management fee of 0.59% (including VAT) per annum, but excludes platform and advice fees. Underlying fund charges may vary depending on platform. All income reinvested; actual returns may vary. * We use Asset Risk Consultants (ARC) to benchmark the performance of our portfolios. ARC benchmark figures are based on participating investment managers' actual performance data, net of fees, following the last quarter end. This document may contain opinions that represent our assessment and interpretation of information with which we have been provided and no representation or warranty, expressed or implied, is given as to its accuracy or completeness. Data sources: EQ, Morningstar.