

# HEALTHCARE PRIMER



# Why Should Investors Own Healthcare Stocks?

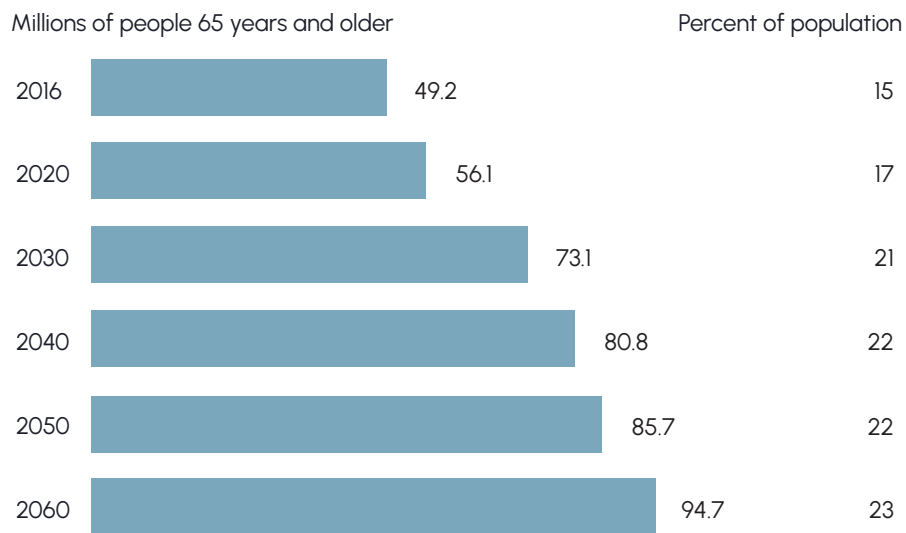
## Powerful long-term trends are driving growth in the sector

### Aging Population

The number of Americans age 65 and older is expected to grow by 30% between 2020 and 2030. By 2034, older adults will outnumber children for the first time in US history. This older cohort spends nearly \$20K per year on healthcare products and services - double that of those aged 45 to 64 and quadruple those aged 19 to 44.

#### Projections of the Older Adult Population: 2020 to 2060

By 2060, nearly one in four Americans is projected to be an older adult



Source: U.S. Census Bureau, 2017 National Population Projections

### Technological Innovation

The pace of innovation in healthcare has never been faster. Groundbreaking technologies are evolving rapidly in fields such as genomics, mRNA vaccines, robotic surgeries as well as molecular diagnostics and neuroscience. The scientific community's unprecedented understanding of human biology, combined with larger data sets and faster information processing capabilities, is expected to yield therapies and procedures that will change medicine.

## Healthcare Is Essential

Healthcare spending represents ~20% of US GDP. Immense financial and human resources are required to ensure equitable access to drugs, doctors and medical equipment for all. The COVID-19 pandemic highlighted the importance of a well-functioning healthcare system and strengthened R&D commitments from governments, corporations and academic institutions.

## Healthier Lifestyle Trends

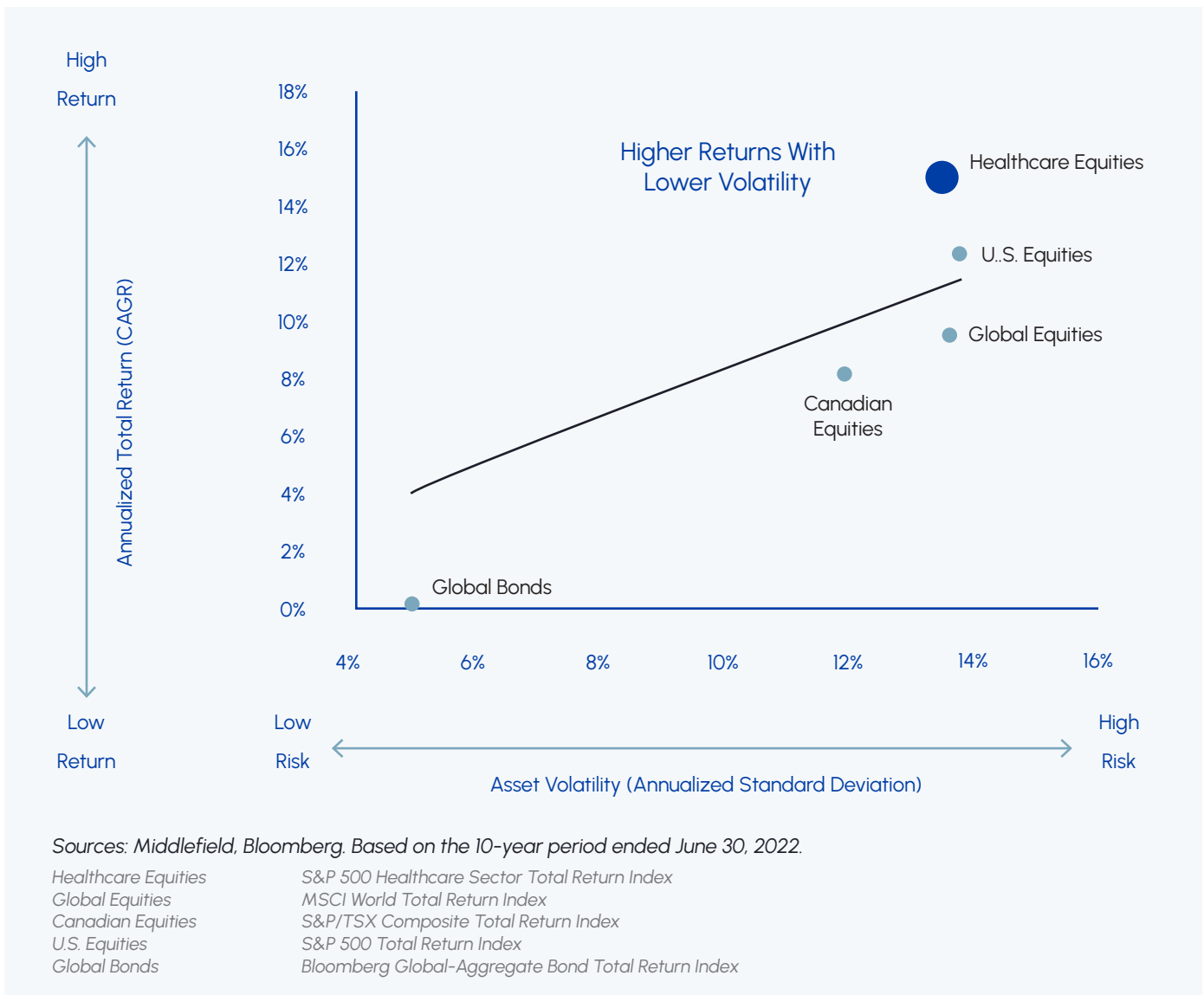
People view health & wellness through an increasingly broad and sophisticated lens. Overall health encompasses physical and mental health, fitness, nutrition and appearance. Preventative strategies are growing in practice and substantially reduce the risk of chronic diseases such as diabetes, hypertension and heart disease.



## Strong Performance in Good Times and Bad




Healthcare equities offer investors an attractive mix of defensive qualities and growth. Historically, the sector has generated higher total returns while exhibiting lower volatility. Large and established companies in this sector often demonstrate remarkable resilience during market downtrends. For example, during the great financial crisis in 2008-09, sales volumes of pharmaceutical products only declined by 1-3% on average. This inelastic demand is due to the needs-based nature of healthcare products and supports recession-resistant businesses. Healthcare companies also do well during periods of inflation as many of the best firms have low commodity price exposure, high margins and pay growing levels of dividends.

## Attractive Risk-Adjusted Returns



# Middlefield's Healthcare Strategies

## Solutions Overview

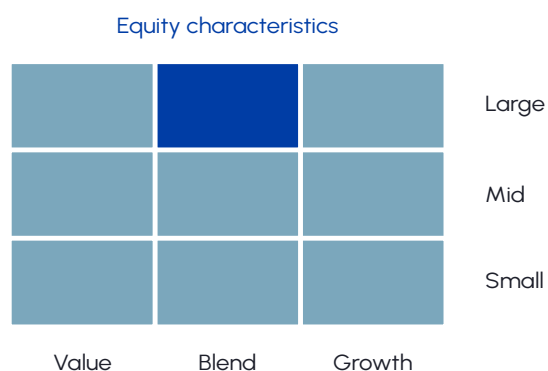
Strategy	ETF/Mutual Fund	Ticker/ Fund Code	Investment Focus	Risk Rating	Fund Inception Date
 <b>MIDDLEFIELD HEALTHCARE DIVIDEND ETF</b>	ETF	MHCD	Diversified Global Healthcare	Medium	July 21, 2017
 <b>MIDDLEFIELD HEALTHCARE DIVIDEND FUND</b>	Mutual Fund	MID326	Diversified Global Healthcare	Medium	October 23, 2014
 <b>MIDDLEFIELD HEALTH &amp; WELLNESS ETF</b>	ETF	HWF	Diversified Global Healthcare + Wellness Companies	Medium	October 20, 2016

### High Levels of Income

All Middlefield healthcare funds provide investors with attractive levels of monthly income.

### Holdings

Middlefield's healthcare strategies are actively managed portfolios holding approximately 30-45 names with emphasis on stable, mature, large-cap companies that pay and grow their dividends over time.





# Exclusive Industry Healthcare Advisor

## SSR Health Provides Our Funds with Expert-Driven Healthcare Insights

### SSR Relationship

SSR Health is an independent research firm that provides expert analysis of the industry and political landscape impacting the healthcare sector as well as unique comprehension and actionable investment ideas. SSR is highly regarded across the healthcare industry and its client base includes asset managers and government agencies. SSR is an independent research firm and is does not engage in investment banking or sales and trading activities.



### SSR Healthcare Lead

Dr. Evans has 20+ years of healthcare industry experience. A former senior pharmaceuticals executive with Roche and top-ranked pharmaceuticals analyst with Sanford C. Bernstein, he was ranked #1 by both Bloomberg and Institutional Investor for his thought-leading industry coverage.

[www.ssrhealth.com](http://www.ssrhealth.com)



SSR Healthcare Lead

Dr. Richard Evans

# Healthcare Areas We Like

Powerful secular trends are driving opportunities in the following sub-sectors



## Biotech

The biotechnology industry is on the cusp of a multi-decade innovation cycle which is expected to yield groundbreaking therapeutics and treatments.



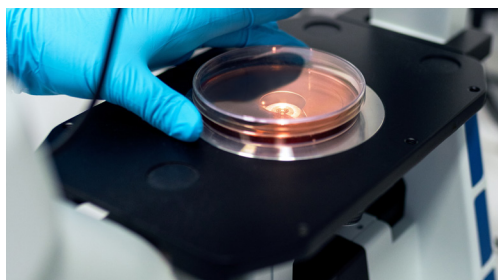
## Pharmaceuticals

Pharmaceutical companies generate stable and predictable earnings, carry low financial leverage and consistently grow their dividends.



## Equipment & Supplies

Robust innovation, expanding end markets and pandemic-related backlogs result in higher average growth rates.



## Life Science Tools & Service

Elevated R&D spending from industry, government and academic centres support robust genomics, DNA sequencing and molecular diagnostics innovation.



## Managed Care

Subsiding COVID-19 hospitalizations and low unemployment improves the case mix and should lead to higher utilization of healthcare services.

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