

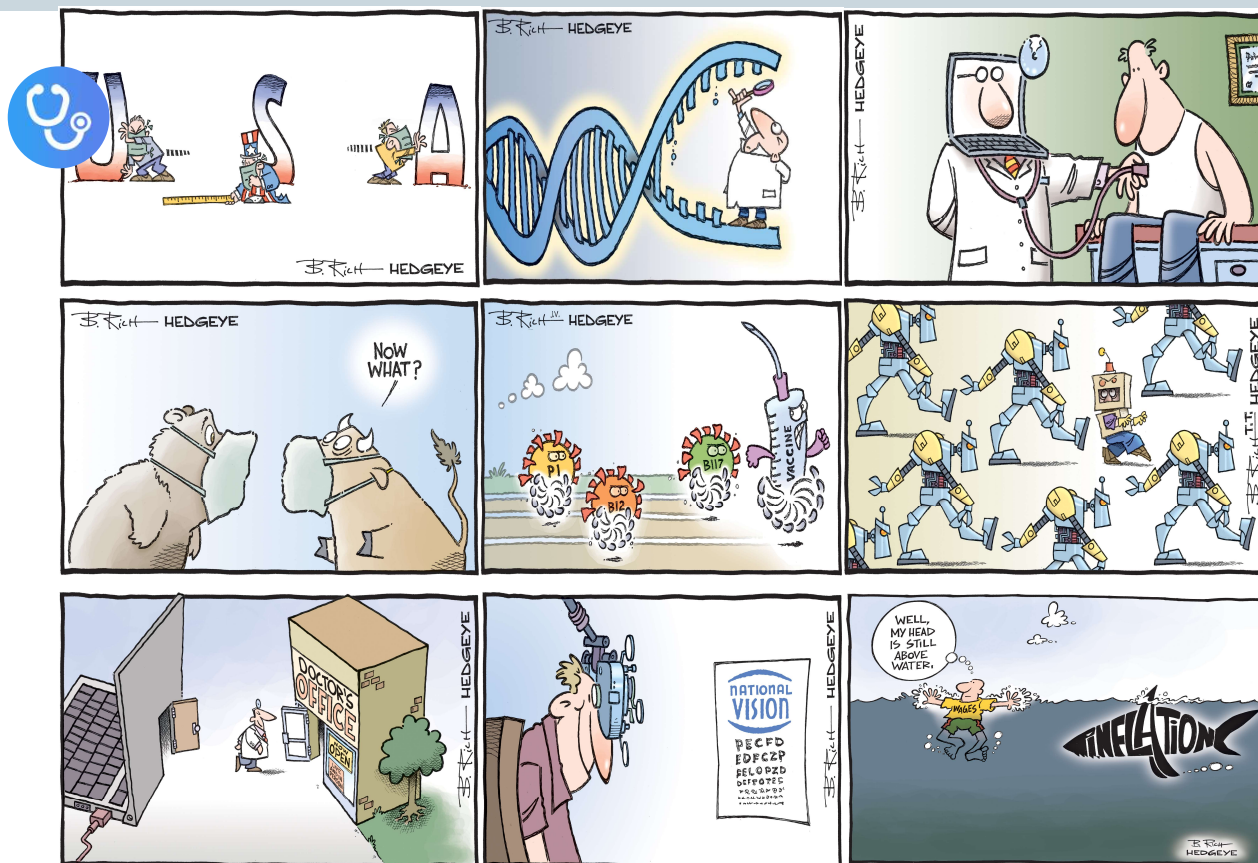
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Hedgeye House Call

The Doctor is In

Week of September 13, 2021

September 13, 2021



Hedgeye Health Care

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MICROQUAD RESULTS

While we have up to five (5) years of data on the securities in the MicroQuads model, not all securities in the model have five years of trading history, and while we make every effort to assure the accuracy of the data, we cannot guarantee its accuracy. The methodology used to arrive at the results displayed herein is proprietary to Hedgeye and involves aggregating the actual historical results for each security while it "resides" in the appropriate MicroQuad over the defined periods of time. These results do not include any consideration for trading costs, commissions, or other factors that could impact results, we make no representations or warranties that past results will or can be repeated, and the data have not been verified by a third-party.

PERFORMANCE MONITOR FORWARD/PROSPECTIVE PRICE CHANGES

The data for each security are based on historic price performance and average forward returns and are not a guarantee of future performance. We make every effort to assure the accuracy of the calculations and forecasts; however, we cannot guarantee their accuracy or that performance will be repeated.

Health Care Position Monitor

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For Week of September 6, 2021

Best Ideas - Longs						Best Ideas - Shorts					
LONG		Price	Mkt Cap (\$B)	Trend	Tail	SHORT		Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
NTRA	Natera, Inc.	\$ 122.48	\$11.5B	✓	✓	EXAS	Exact Sciences Corporation	\$ 104.91	\$18.0B	×	×
BFLY	Butterfly Network, Inc. Class A	\$ 13.25	\$2.2B	✓	✓	ARKG	ARK Genomic Revolution ETF	\$ 85.94	\$8.5B	×	×
AMN	AMN Healthcare Services, Inc.	\$ 113.04	\$5.3B	✓	✓						
DGX	Quest Diagnostics Incorporated	\$ 155.54	\$19.0B	✓	✓						
DRIO	DarioHealth Corp.	\$ 12.72	\$0.2B	✓	✓						
EYE	National Vision Holdings, Inc.	\$ 58.64	\$4.8B	✓	✓						
ONEM	1Life Healthcare, Inc.	\$ 24.55	\$4.7B	✓	✓						
NEO	NeoGenomics, Inc.	\$ 51.70	\$6.3B	✓	✓						
ATIP	ATI Physical Therapy, Inc. Class A	\$ 4.30	\$0.8B	✓	✓						
Long Bias						Short Bias					
TXG	10x Genomics Inc Class A	\$ 190.92	\$17.3B			AMWL	American Well Corporation Class A	\$ 10.70	\$2.3B		
NVTA	Invitae Corp.	\$ 31.71	\$6.9B			TDOC	Teladoc Health, Inc.	\$ 142.98	\$22.8B		
GDRX	GoodRx Holdings, Inc. Class A	\$ 41.65	\$14.8B			ME	23andMe Holding Co Class A	\$ 8.17	\$0.8B		
GH	Guardant Health, Inc.	\$ 132.17	\$14.8B								

Note

Best Idea Longs/Shorts are high conviction ideas that we've either presented a Black Book for already or have one in the works (similar to other Hedgeye teams). Bias Ideas are ones in which we've done the bulk of the work, but there may be another question we need to answer to move it over the line. All active positions are higher conviction than bias ideas. We rank active versus active and bias versus bias.

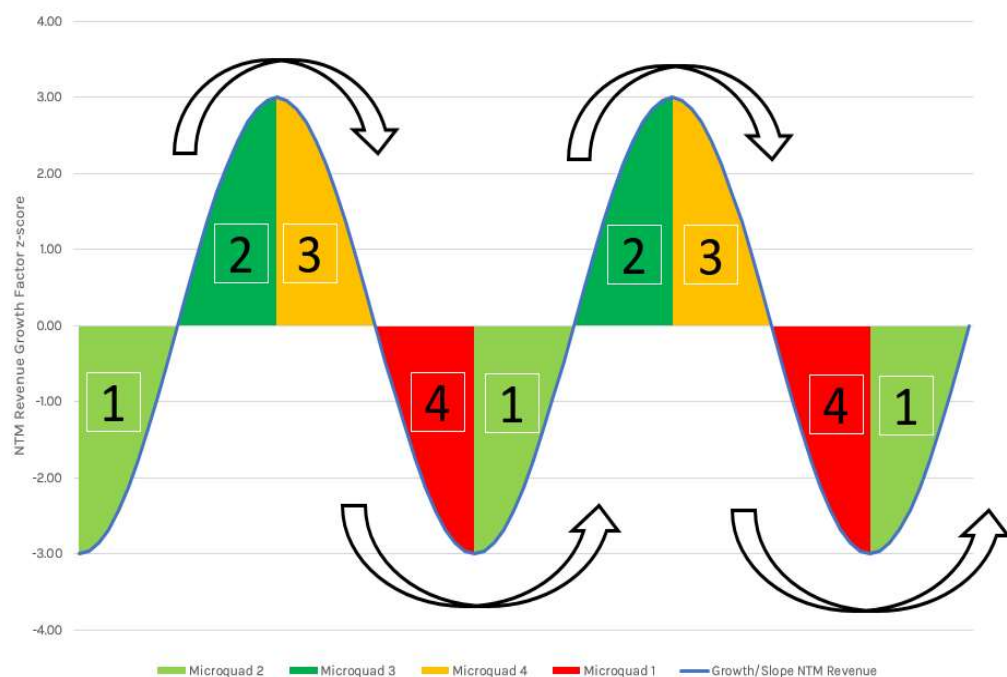
Disclaimer

Hedgeye's "bias" represents Hedgeye's outlook on companies currently under Hedgeye's review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bias and representation of a company on the bias does not forecast whether Hedgeye will or will not issue any additional material on that company.

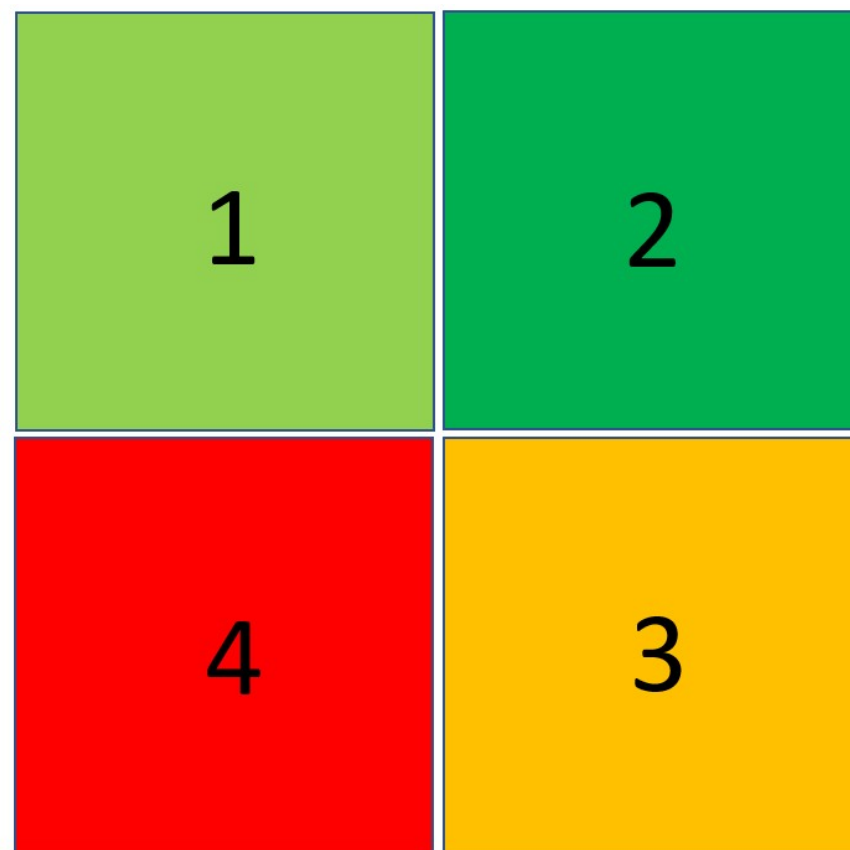
MicroQuad | Model vs Actual

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MicroQuad – Generic Growth Curve Progression

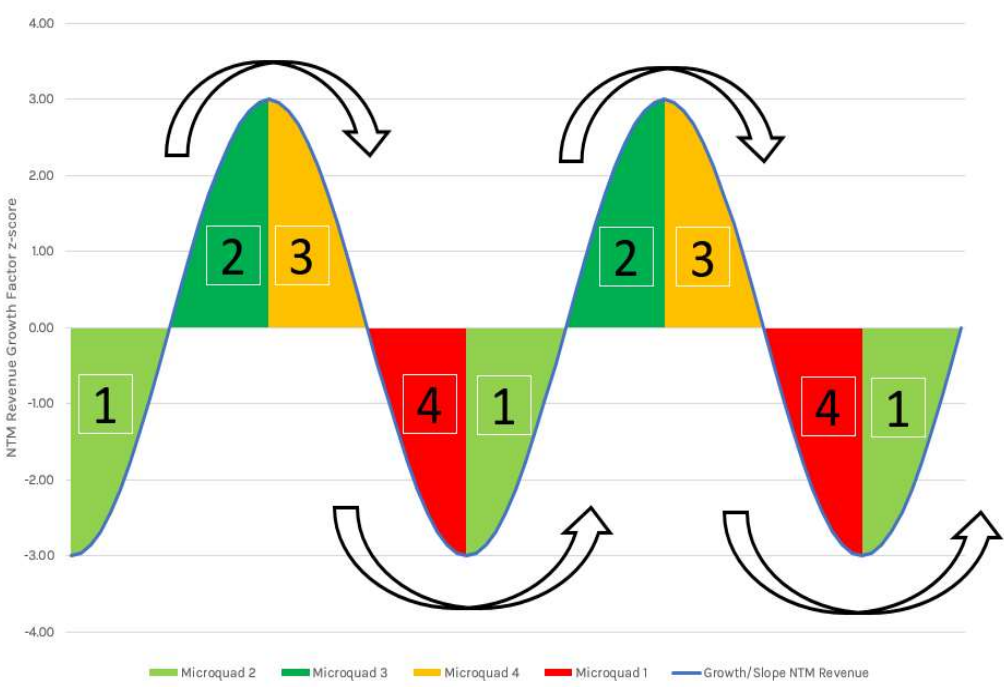


MicroQuad - The Four Quadrants

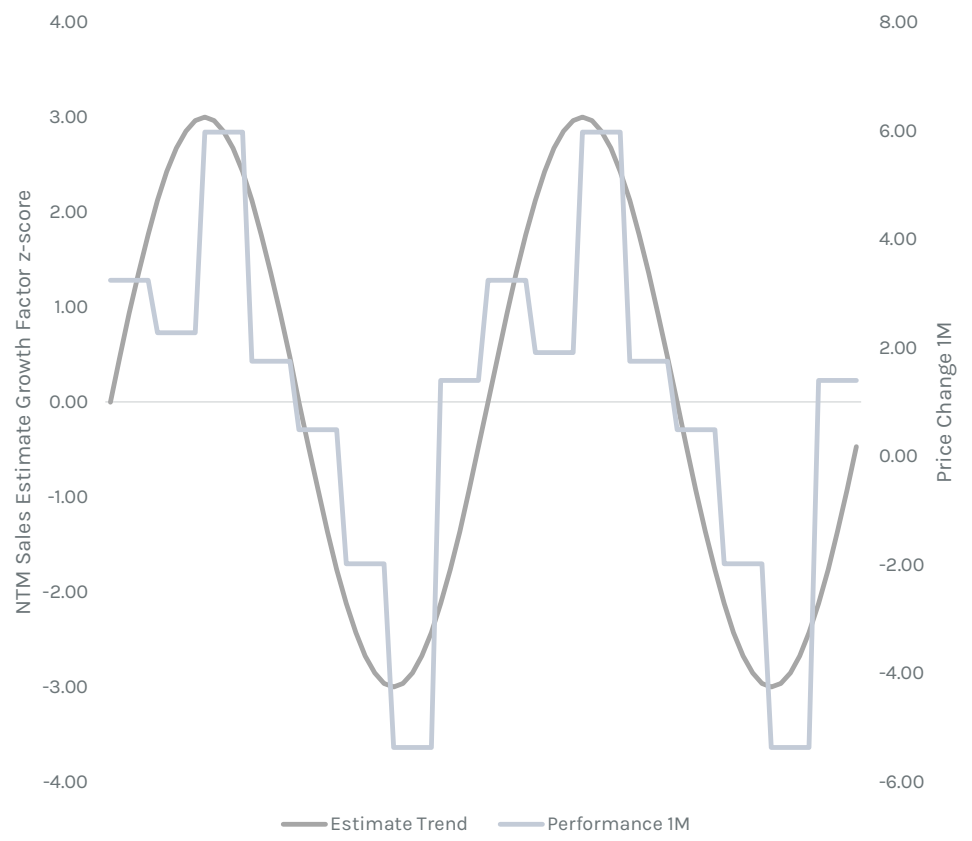


MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression



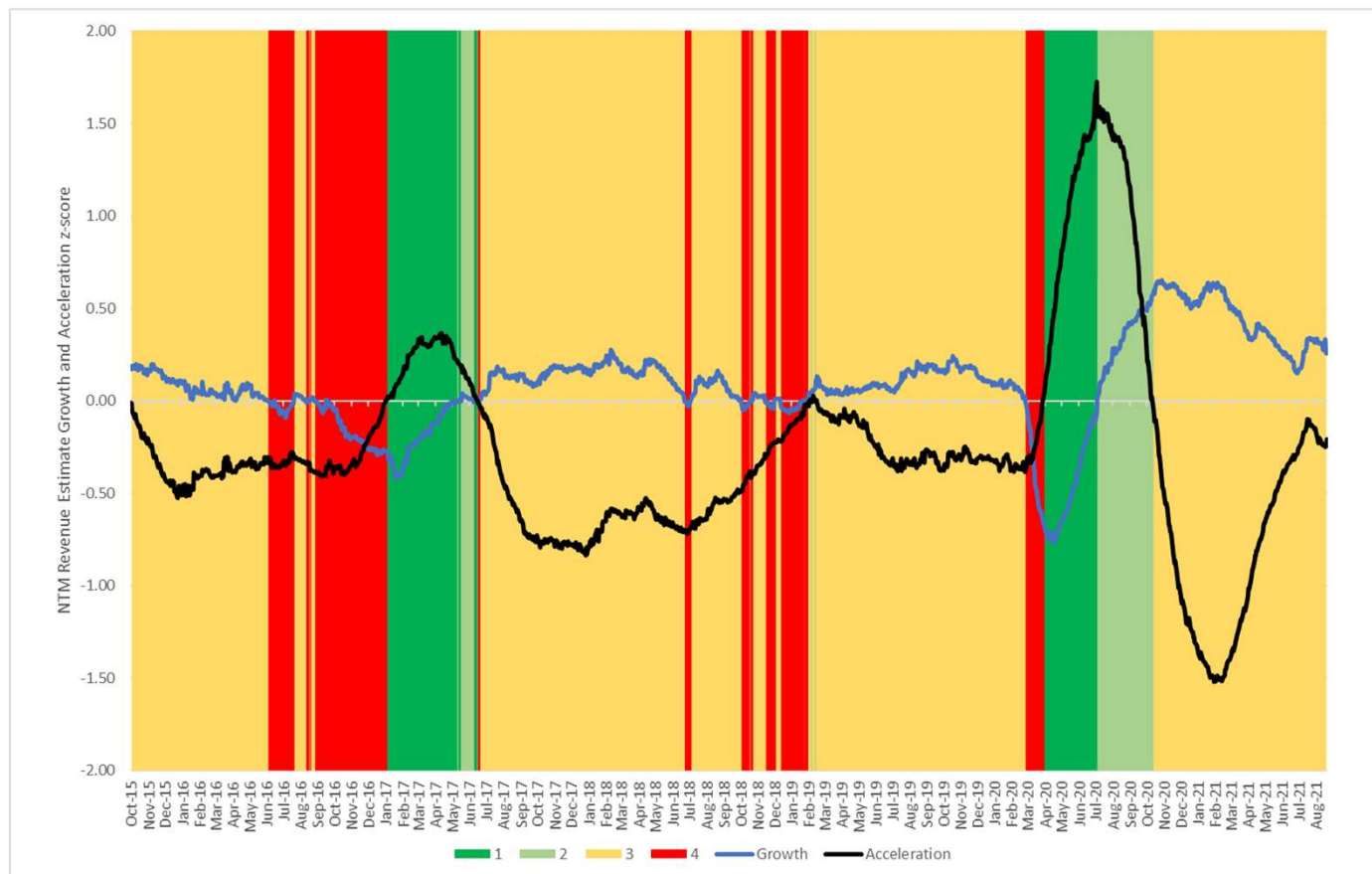
MicroQuad – Actual Price Change vs Growth Curve



Estimate Revision Trend | September 10, 2021

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Revision trend rate of change pulling back a bit after months of improvement.



As of 8/20/2021 estimate trend slope is still negative, but acceleration has turned positive, rate of change positive. Acceleration turned positive March 3 and the XLV bottomed March 4th. At the ETF level, consensus revenue is in MicroQuad4 for XLV, but the average for the group remains in MicroQuad3.

Delta Variant has been shuttering non COVID volume out of hospitals, Intermountain the latest to push off cases. The outperformance by XHE looks vulnerable. Are cases slowing? Is the Northeast vaccinated enough?

Estimate Trend | Down and then up again?

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Will 3Q21 bring a higher low? Looks like it might.



Consensus revenue estimates began to turn negative at the end of February 2021, coincident with the beginning of a slide in performance across our Health Care universe. The recovery since then has stalled.

Looking to 3Q21 results, Delta waning now, in Sept., could lead to positive commentary on 3Q earnings calls – like what we heard from management teams on 2Q calls earlier this year.

Estimate Trend | Accelerating

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The acceleration of estimates has been moving in the right direction since end of 1Q21, yet to break 0.00 line.



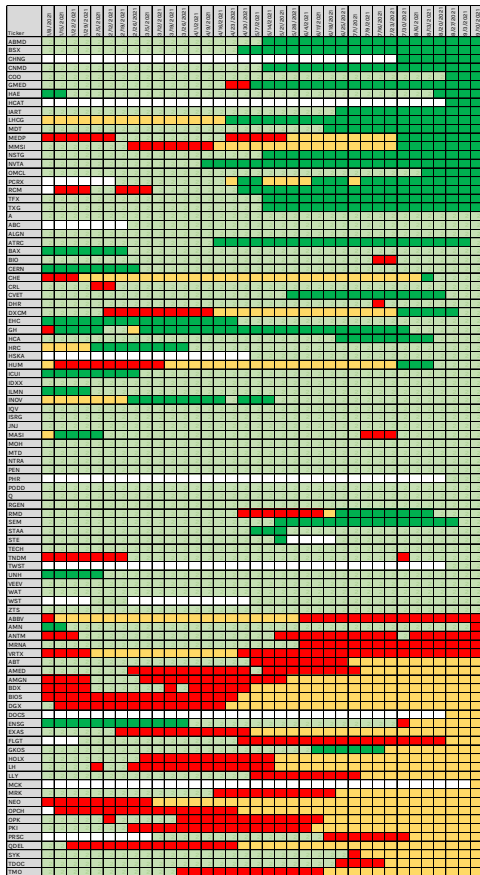
Consensus revenue estimates began to turn negative at the end of February 2021, coincident with the beginning of a slide in performance across our Health Care universe.

A resumption of + acceleration in the outlook period would be a great signal.

MicroQuad 2 | Positive Estimate Momentum

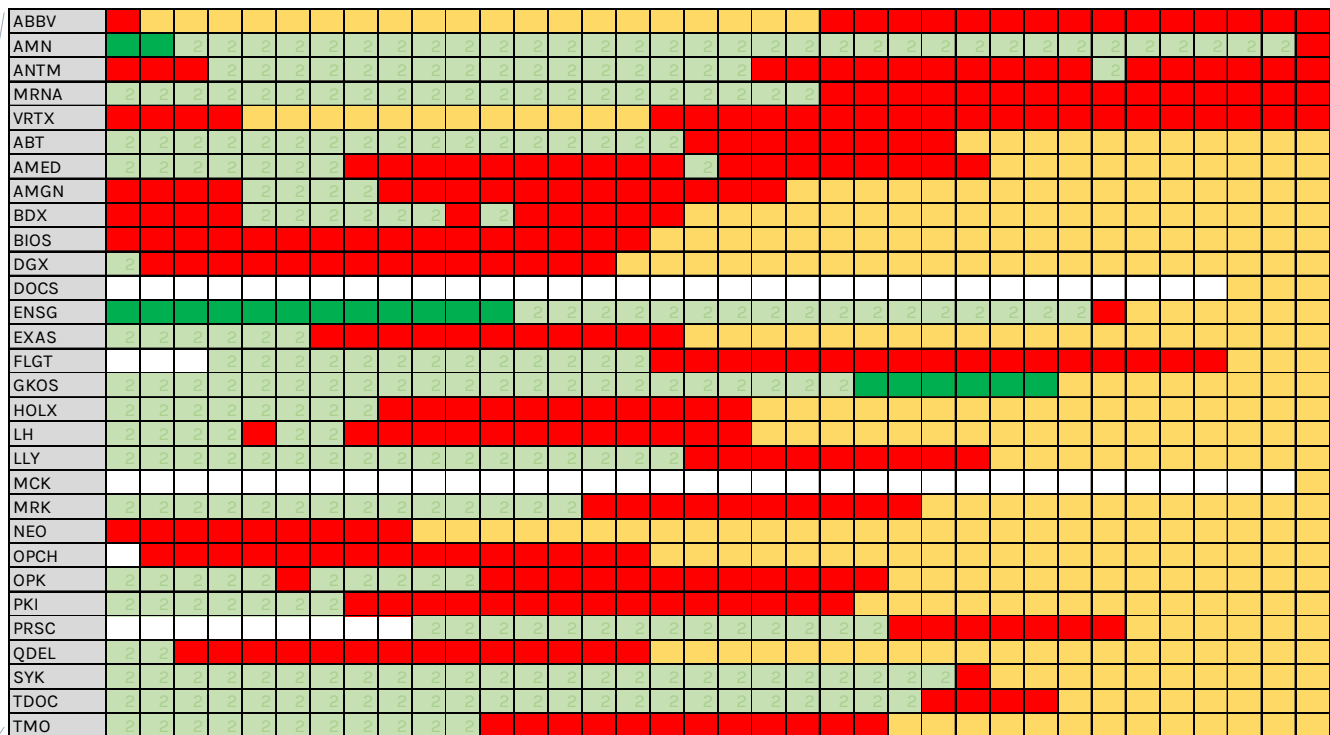
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Sequencing – single cell and spatial (TXG & NSTG) – and Large Cap Med Tech look good here.



Ticker	1/8/2021	1/15/2021	1/22/2021	1/29/2021	2/5/2021	2/12/2021	2/19/2021	2/26/2021	3/5/2021	3/12/2021	3/19/2021	3/26/2021	4/1/2021	4/9/2021	4/16/2021	4/23/2021	4/30/2021	5/7/2021	5/14/2021	5/21/2021	5/28/2021	6/4/2021	6/11/2021	6/18/2021	6/25/2021	7/1/2021	7/9/2021	7/16/2021	7/23/2021	7/30/2021	8/6/2021	8/13/2021	8/20/2021	8/27/2021	9/3/2021	9/10/2021	
ABMD	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
BSX	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
CHNG	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
CNMD	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
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MDT	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
MEDP	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
MMSI	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
NSTG	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
NVTA	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
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TXG	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2

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MicroQuad Screen | Sept 10 2021

Active Long	Active Short
Bench Long	Bench Short

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MicroQuad1

ABT LH TMO
 AMED LLY
 AMGNMCK
 BDX MRK
 BIOS **NEO**
DGX OPCH
 DOCS OPK
 ENSG PKI
EXAS PRSC
 FLGT QDEL
 GKOS SYK
 HOLX **TDOC**

MicroQuad2

ABMD MMSI
 BSX NSTG
 CHNG **NVTA**
 CNMD OMCL
 COO PCRX
 GMED RCM
 HAE TFX
 HCAT **TXG**
 IART
 LHCG
 MDT
 MEDP

MicroQuad3

A EHC JNJ STAA
 ABC **GH** MASI STE
 ALGN HCA MOH TECH
 ATRC HRC MTD TNDM
 BAX HSKA **NTRA** TWST
 BIO HUM PEN UNH
 CERN ICUI PHR VEEV
 CHE IDXX PODD WAT
 CRL ILMN Q WST
 CVET INOV RGEN ZTS
 DHR IQV RMD
 DXCM ISRG SEM

MicroQuad4

ABBV
AMN
 ANTM
 MRNA
 VRTX

MicroQuad Model Portfolio Back Test Result

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MicroQuad in practice and integrated with Macro Quads



In this back test we refreshed the MicroQuad calculations weekly and allocated longs and shorts based on the combined readings of the MicroQuad and prevailing Hedgeye Macro Quad

We allocated the tickers in each MicroQuad according to the percentages in the table below.

		Micro Quad			
		1	2	3	4
Macro Quad	1	-30%	80%	30%	-10%
	2	-40%	80%	30%	-10%
	3	-50%	70%	20%	-10%
	4	-60%	70%	20%	-10%

The average number of positions over the back test period are listed below.

		Micro Quad			
		1	2	3	4
Macro Quad	1	30	11	18	12
	2	23	9	30	13
	3	22	11	26	13
	4	24	5	27	19

**please see the disclaimer page at the beginning of this presentation for more information and limitations.*

Position Monitor Prospective Price Change

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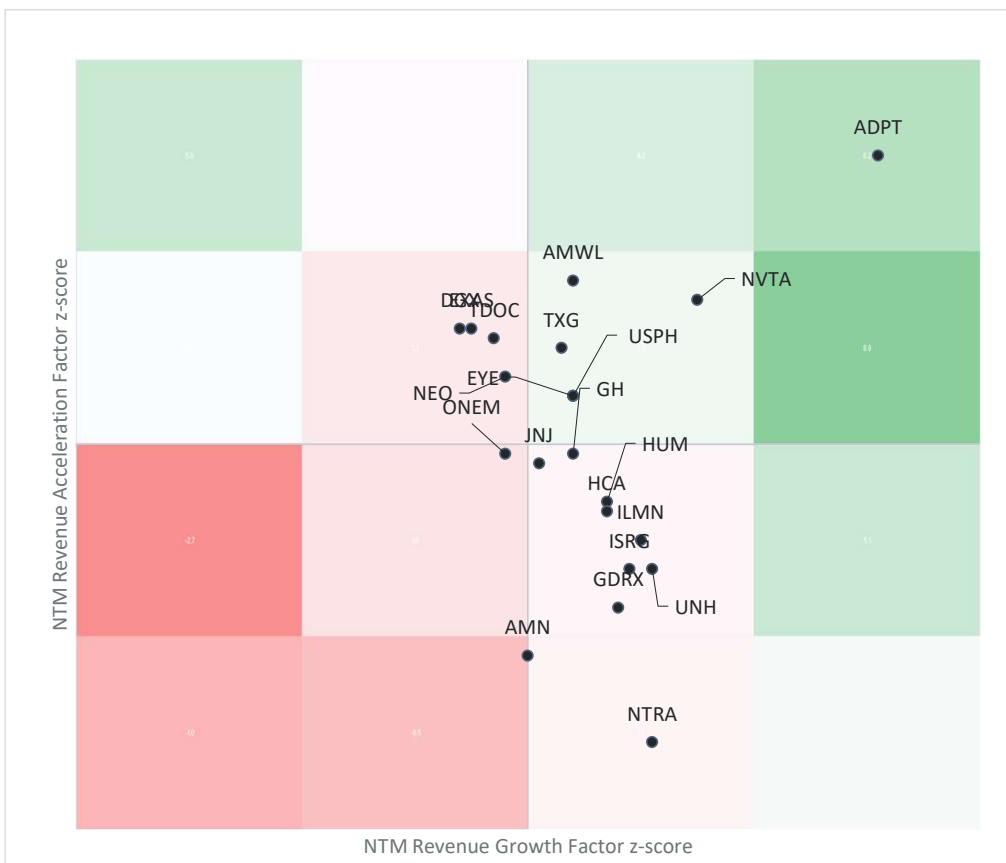
MicroQuad average forward 1M price change in all Macro Quad environments

POSITION MONITOR		9/10/2021			Sales			Sales MicroQuad				
Ticker	Name	Price	EV	MCAP	Performance Trailing 1M Actual	Performance Trailing 1M Expected	Performance Forward 1M Expected	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
NVTA	Invitae	\$31.17	2.64	6,774	18.19%	9.92%	18.78%	2	2	2	2	2
NTRA	Natera	\$120.15	1.51	11,268	13.62%	2.21%	3.08%	3	3	3	3	3
AMWL	Amwell	\$10.77	1.90	2,616	1.12%	4.32%	0.87%	1	1	2	2	2
DGX	Quest Diagnostics	\$154.94	0.57	18,931	5.91%	1.17%	0.85%	1	1	1	1	1
EXAS	Exact Sciences	\$103.65	1.93	17,823	9.52%	1.43%	0.15%	1	1	1	1	2
NEO	Neogenomics	\$52.52	0.69	6,450	21.27%	1.15%	0.12%	1	1	1	2	2
ONEM	One Medical	\$24.21	1.54	4,676	-1.25%	1.77%	0.03%	4	4	4	4	4
GH	Guardant	\$129.09	2.20	13,077	24.58%	2.15%	-0.07%	2	2	3	3	3
TXG	10X Genomics	\$184.50	2.22	20,458	11.75%	1.53%	-0.23%	2	2	2	2	2
GDRX	GoodRx	\$42.39	0.84	16,771	35.38%	2.26%	-0.31%	3	3	3	3	3
TDOC	Teladoc	\$142.07	1.22	22,624	-2.98%	1.16%	-0.46%	4	1	1	2	2
EYE	National Vision	\$58.62	1.24	4,800	9.99%	1.42%	-1.14%	2	2	2	2	3
AMN	AMN Healthcare	\$113.73	1.60	5,375	7.97%	1.31%	-2.96%	3	3	3	4	4

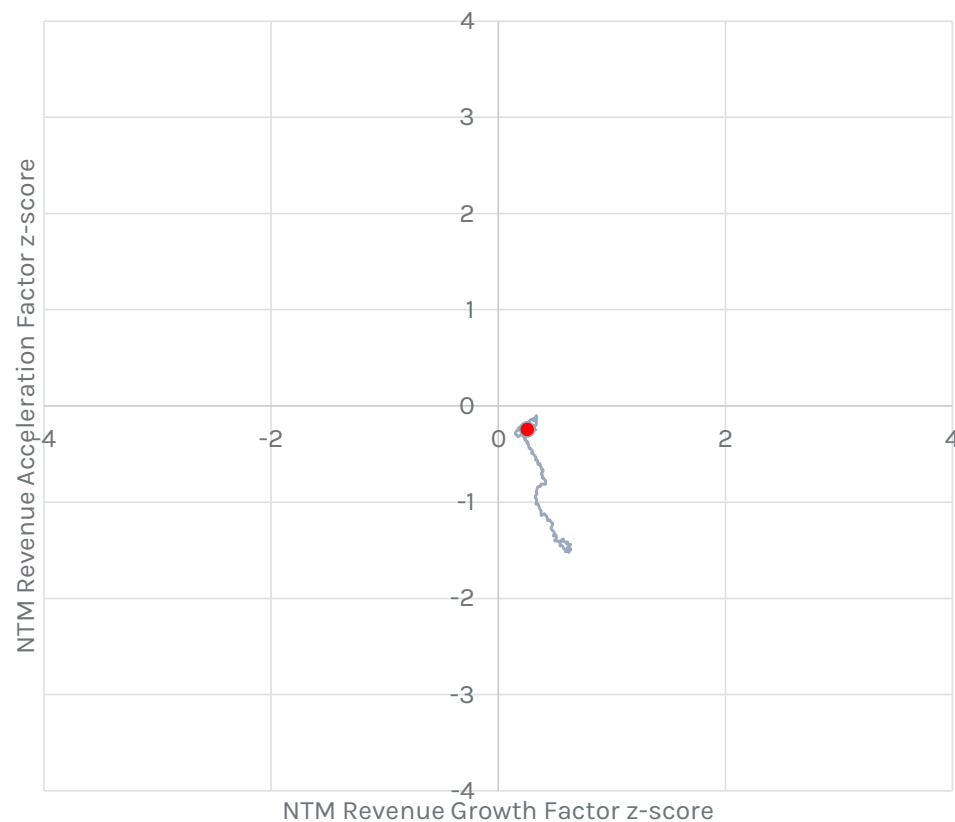
The sigma chart coordinates for growth/acceleration (1st and 2nd Derivative of the estimate trend) is associated with a forward price return over the following 1M and 3M. For each of our Position Monitor stocks, we've calculated the average forward return within 0.5 STDEV of the stocks most recent estimate growth(x) and acceleration(y) coordinates. We also compare the actual and expected stock price change over the trailing 1 month to look for instances of over or undershooting the probable outcome.

Position Monitor | September 10, 2021

Sigma Positioning – Current Position Monitor



Sigma Positioning – Universe Average



MicroQuad Price Change Report | September 10, 2021

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Indexed Price Change by MicroQuad



Average Performance (%)					
MicroQuad	1WK	1M	3M	6M	12M
1	-3.83	4.61	1.96	2.01	43.85
2	-7.43	2.56	-8.33	12.60	75.93
3	-5.01	5.67	11.02	23.21	76.71
4	-2.64	-1.30	-1.22	-3.12	18.35

Batting Average					
MicroQuad	1WK	1M	3M	6M	12M
1	0.330	0.500	0.497	0.505	0.517
2	0.339	0.518	0.491	0.504	0.524
3	0.337	0.529	0.523	0.534	0.532
4	0.291	0.447	0.469	0.479	0.504

Slugging Percentage					
MicroQuad	1WK	1M	3M	6M	12M
1	-1.265	2.305	0.972	1.015	22.672
2	-2.521	1.327	-4.096	6.347	39.776
3	-1.686	2.999	5.759	12.382	40.802
4	-0.769	-0.583	-0.575	-1.495	9.239

MicroQuad | Watch List

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Forward Price Change based on MicroQuad coordinates and **Macro Quad 3**

Ticker	MicroQuad	Number of Estimates Total	Number Revision Positive 30D	Number Revision Negative 30D	MicroQuad Growth	MicroQuad Acceleration	Correl to Estimate	Performance Trailing 1M - Actual %	Performance Trailing 1M - Expected %	Performance Forward 1M - Expected %	Probability Positive Performance - Current Macro Quad - 3
ADPT	2	8	4	1	3.10	3.00	0.40	11.58	-0.25	7.40%	77.27%
NTRA	3	11	7	0	1.10	-3.10	0.90	13.62	0.60	1.88%	60.36%
TXG	2	9	0	0	0.30	1.00	0.90	11.75	0.70	0.26%	58.43%
DGX	1	14	8	0	-0.60	1.20	0.80	5.91	0.39	0.37%	56.14%
USPH	2	5	2	0	0.40	0.50	0.80	1.82	0.63	-0.41%	55.92%
EYE	2	10	0	0	0.40	0.50	0.50	9.99	0.63	-0.41%	55.92%
NVTA	2	10	9	0	1.50	1.50	0.90	18.19	1.49	4.53%	55.38%
EXAS	1	18	4	1	-0.50	1.20	0.80	9.52	0.40	0.20%	55.31%
ONEM	4	11	1	0	-0.20	-0.10	0.40	-1.25	0.40	-0.84%	54.88%
GH	3	15	2	1	0.40	-0.10	0.80	24.58	0.51	-0.56%	54.52%
JNJ	3	16	12	2	0.10	-0.20	0.90	-3.28	0.43	-1.03%	54.25%
GDRX	3	12	0	0	0.80	-1.70	-0.70	35.38	0.64	0.76%	53.82%
ILMN	3	18	12	0	1.00	-1.00	0.90	-9.31	0.64	0.90%	53.73%
AMWL	2	11	0	0	0.40	1.70	-0.90	1.12	0.85	0.01%	53.00%
ISRG	3	16	15	0	0.90	-1.30	0.90	7.47	0.63	0.38%	52.82%
UNH	3	20	7	0	1.10	-1.30	0.90	0.67	0.70	0.52%	51.43%
NEO	1	12	2	0	-0.20	0.70	0.90	0.21	0.00	0.87%	50.24%
HUM	3	20	11	1	0.70	-0.60	0.90	0.56	0.64	-0.56%	47.08%
TDOC	1	26	4	2	-0.30	1.10	0.80	-0.03	0.00	-1.10%	46.80%
HCA	3	20	17	0	0.70	-0.70	0.90	7.31	0.65	-0.87%	46.73%
AMN	3	9	6	0	0.00	-2.20	0.90	7.97	0.33	-1.88%	43.17%

Price Change Forward 1M - Expected % is calculated by averaging the forward Price Change for the consensus estimate MicroQuad coordinates in a Macro Quad 2 and ranked high to low.

Annual 2022 Consensus Revenue Trend

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Average for 2022 expectations grinding higher...



3Q22 Consensus Revenue Trend

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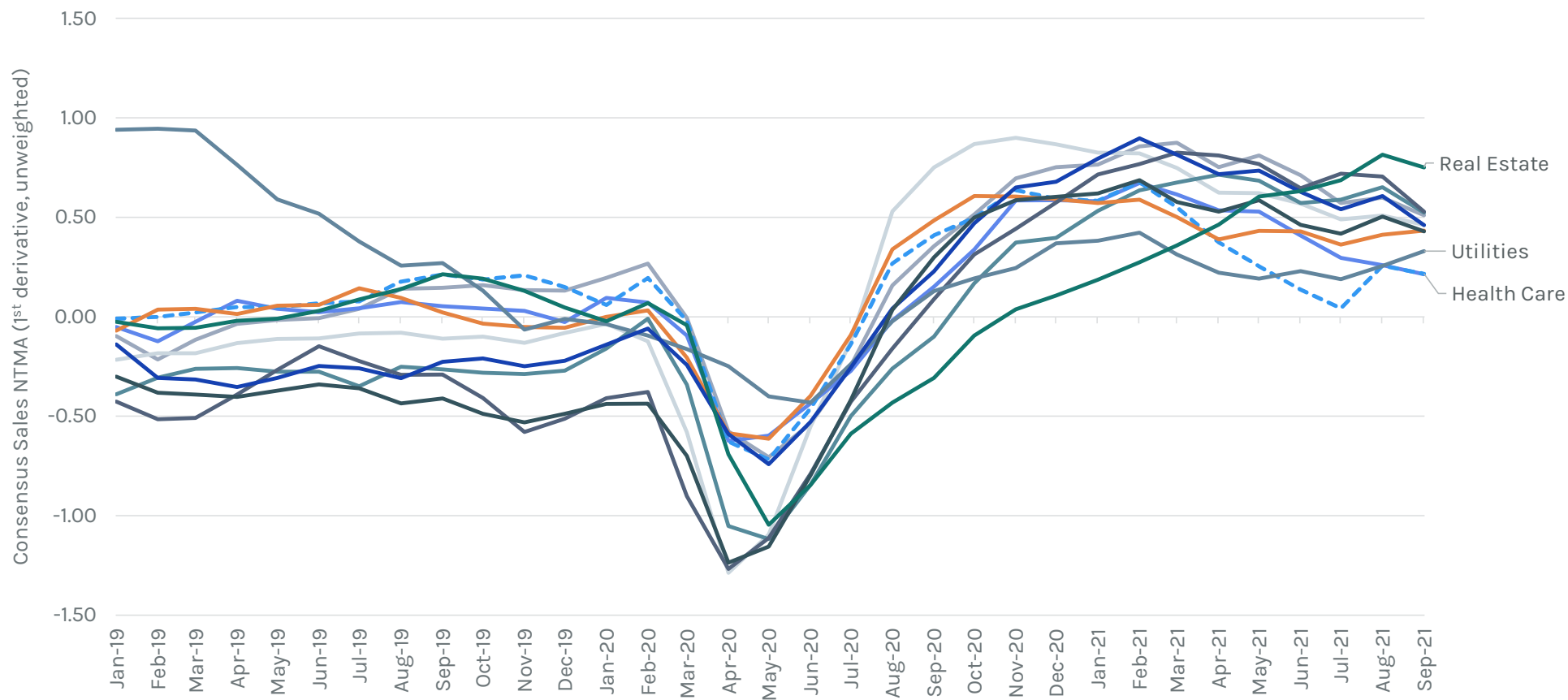
3Q21 will rise and fall with the Delta Variant outbreak and will drive 2022 expectations.



MicroQuad | S&P 500 Sector Trends

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Slope of the consensus NTM estimate trend, Real Estate leading



For more information, contact us at:

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