

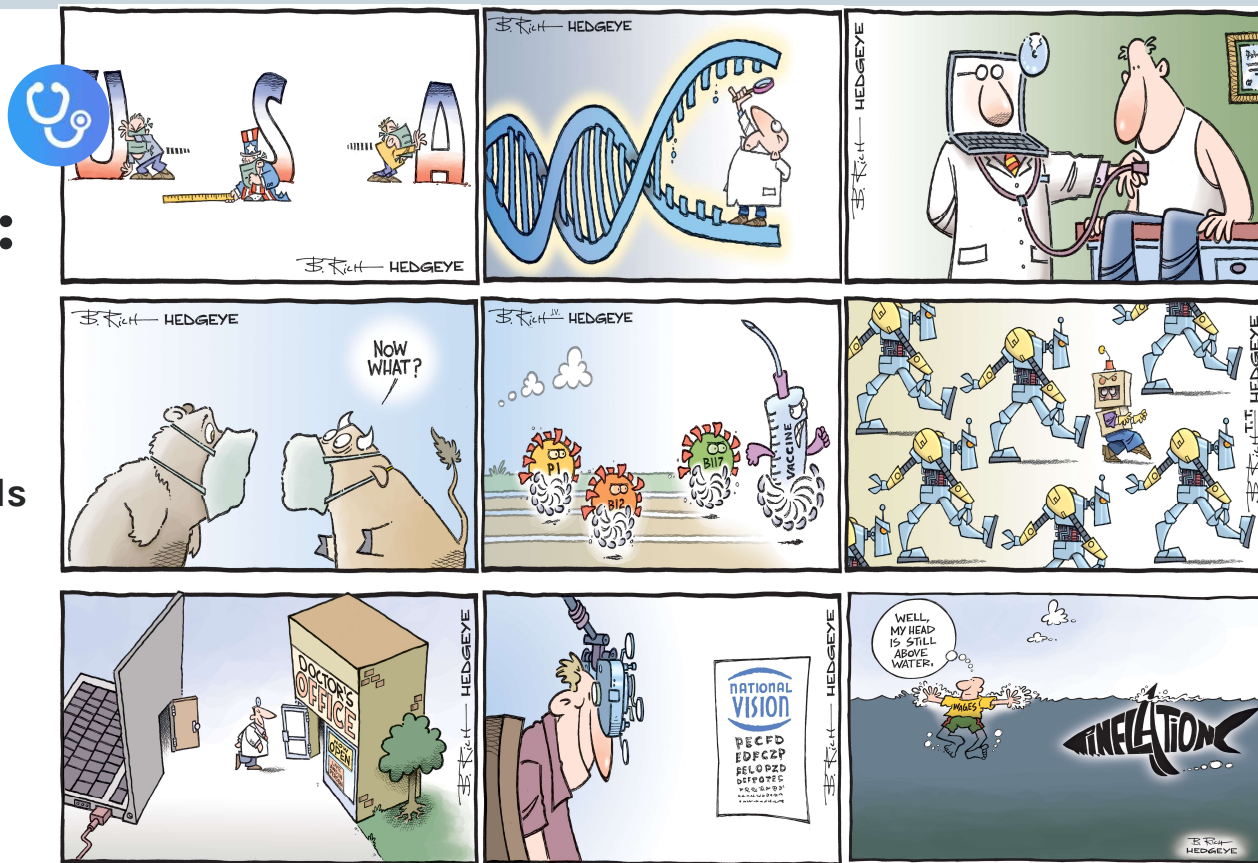
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Hedgeye Health Care: Weekly Sector Distillation

MicroQuads & Estimate Revision Trends

For the week ending Sept 24, 2021

September 27, 2021



Hedgeye Health Care

Tom Tobin, Managing
Director, Health Care
Ttobin@Hedgeye.com
@HedgeyeHC

William McMahon, Analyst,
Health Care
Wmcmahon@Hedgeye.com
@HedgeyeMed

Justin Venneri, Director,
Primary Research
Jvenneri@hedgeye.com
@HedgeyeJVenneri

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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.

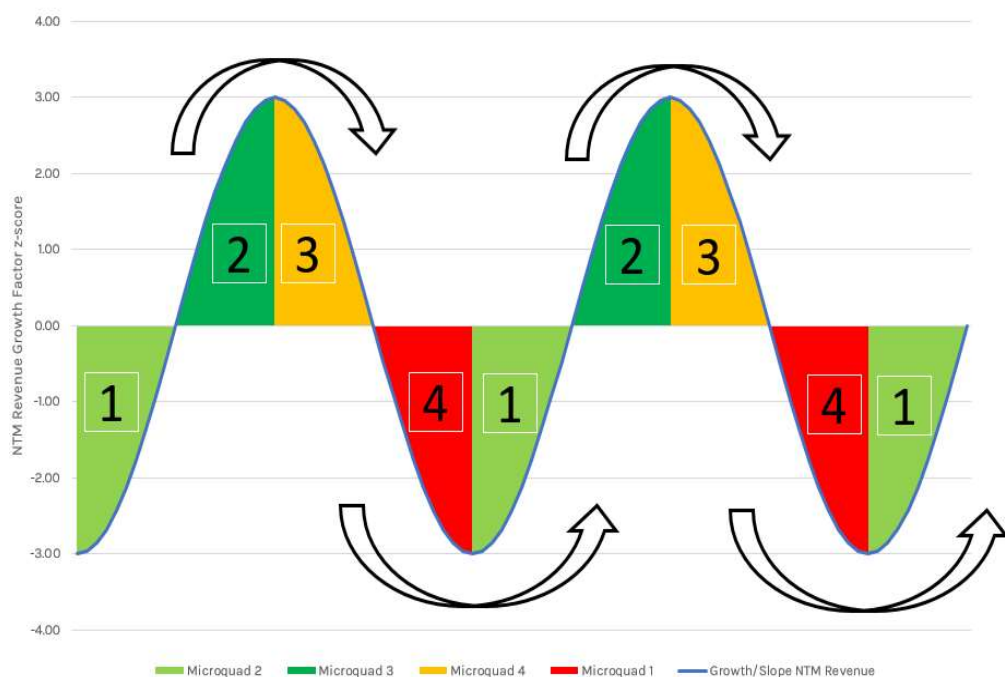
PERFORMANCE MONITOR FORWARD/PROSPECTIVE PRICE CHANGES

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.

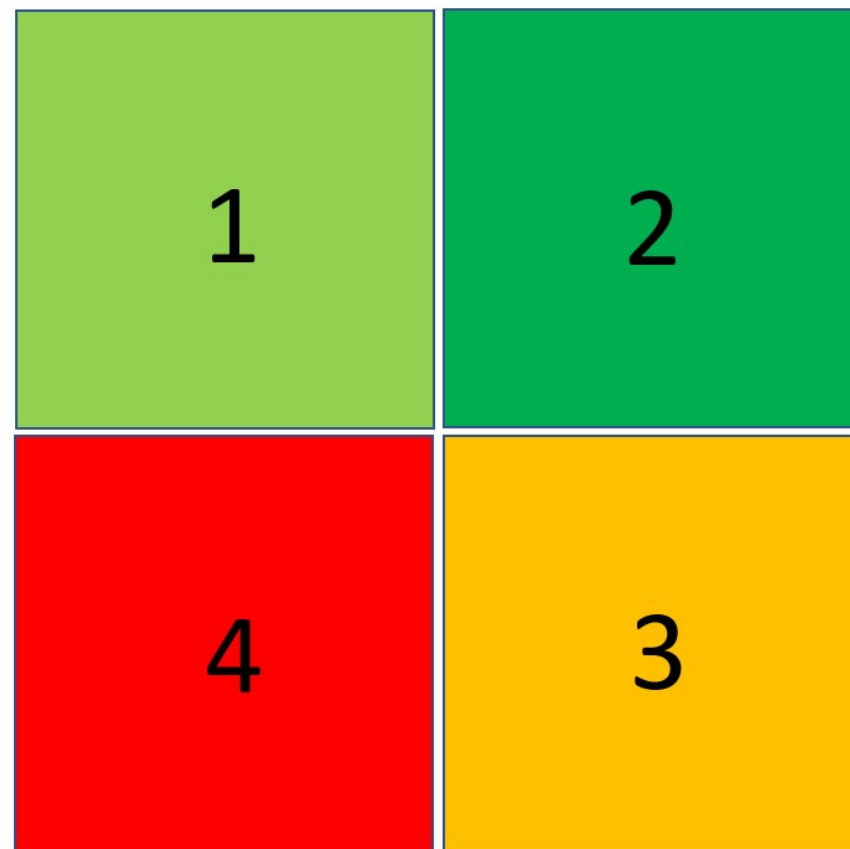
MicroQuad | Model vs Actual

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MicroQuad – Generic Growth Curve Progression

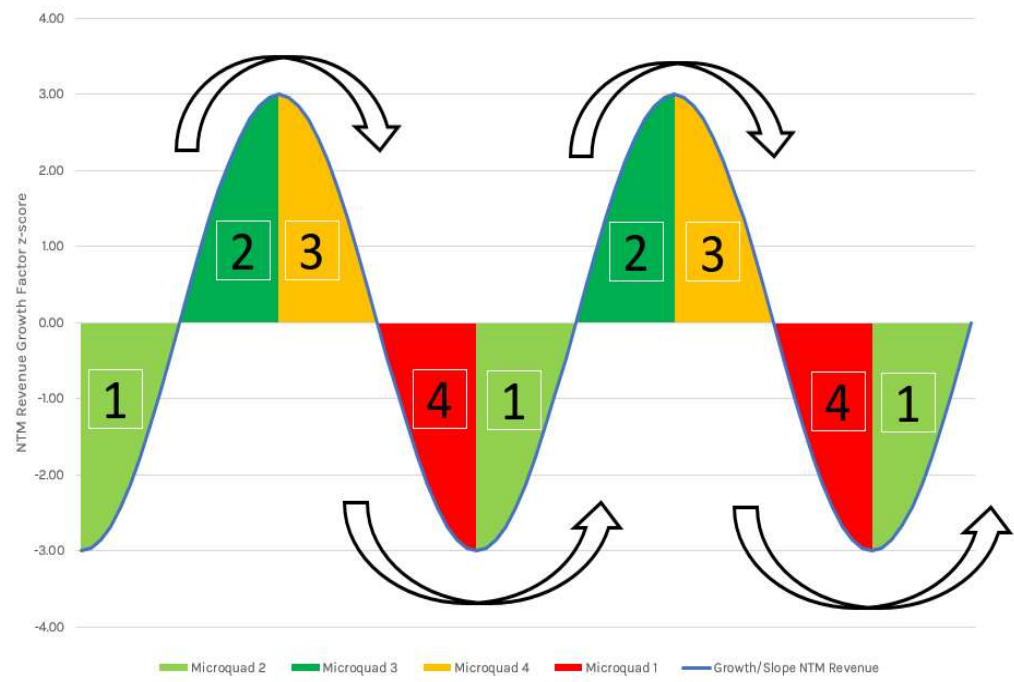


MicroQuad - The Four Quadrants

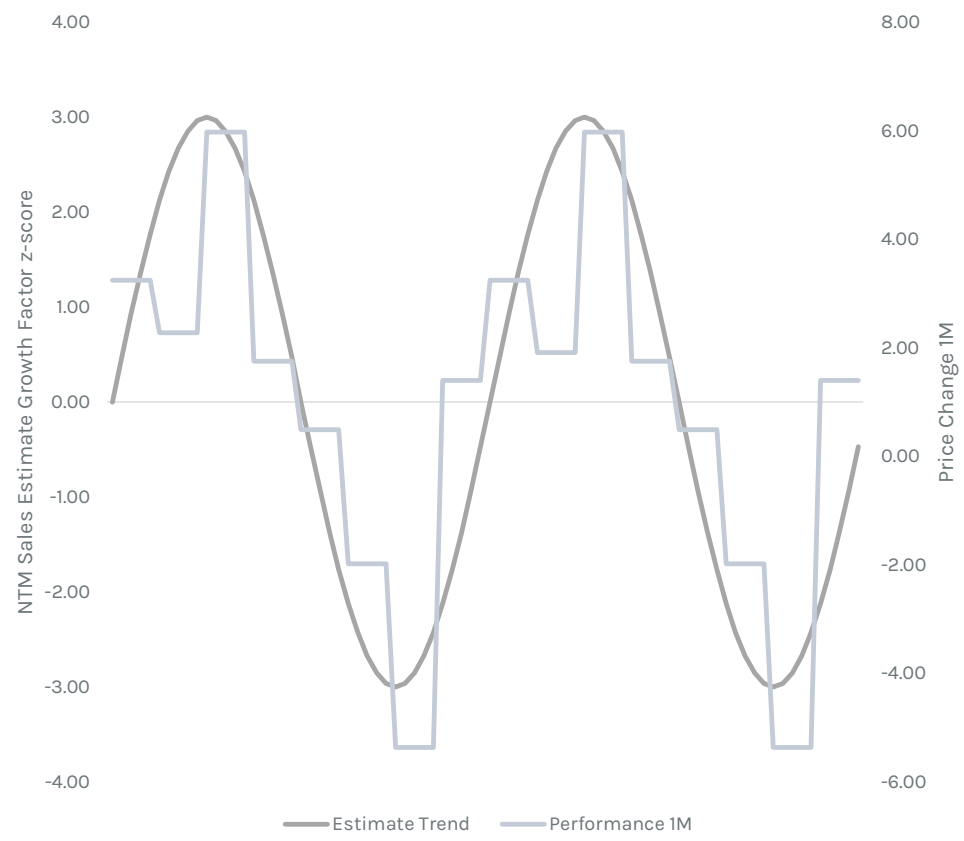


MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression



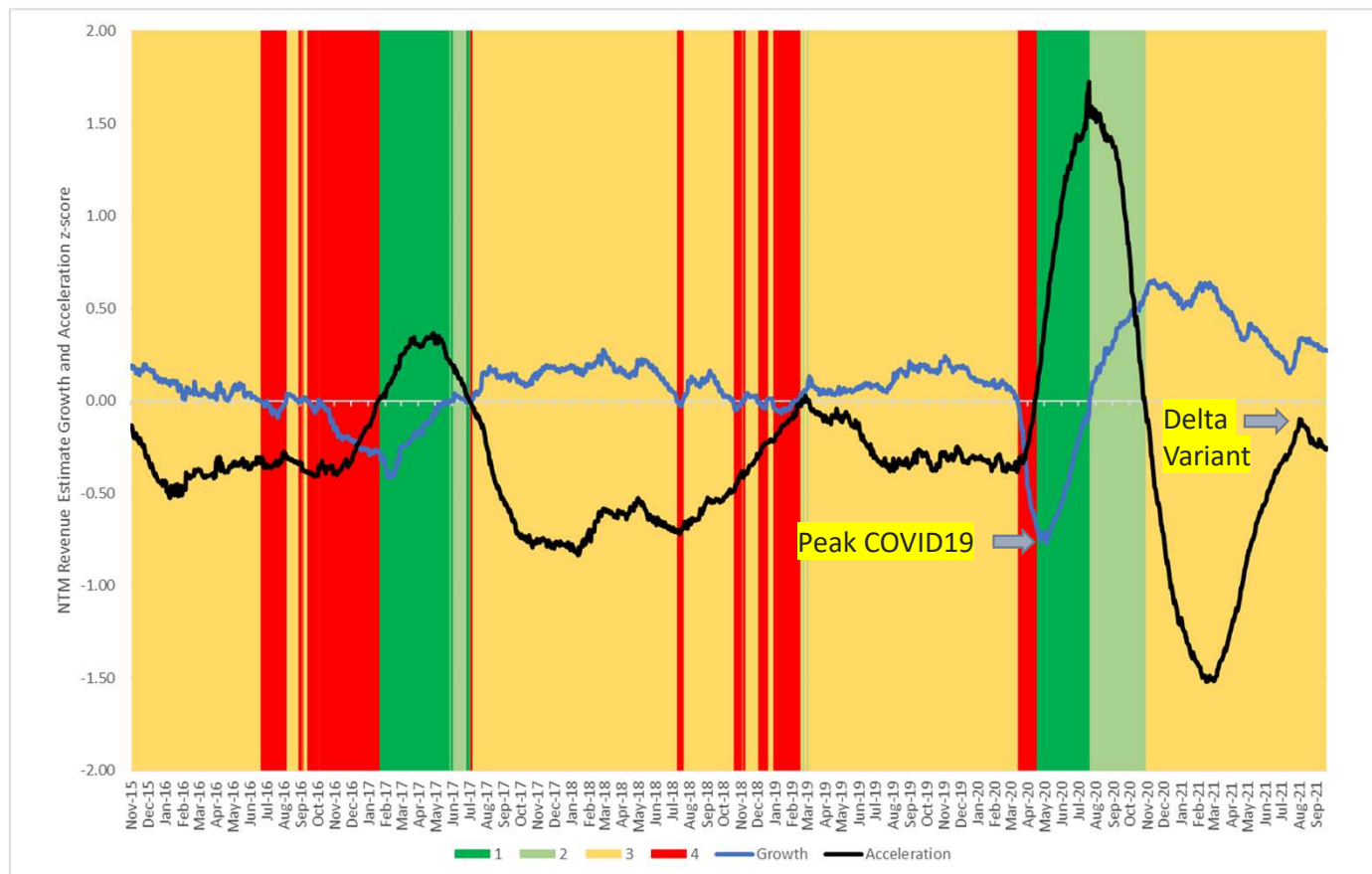
MicroQuad – Actual Price Change vs Growth Curve



Estimate Revision Trend | September 24, 2021

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Revision trend rate of change pulling back a bit after 2Q21 inflection point



As of 9/24/2021 estimate trend slope has been fighting against the **Delta Variant** since late July 2021, and after finally turning positive against the COVID-comp during 2Q21 earnings season.

COVID cases are falling nationally and leaving a fewer number of hot spots across the United States. We've seen only a modest impact to broad measures of medical utilization as Delta Variant ramped and fell over the third quarter. We are expecting a solid 3Q21 earnings season.

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 with delta waning could lead to positive commentary on 3Q earnings calls.

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.



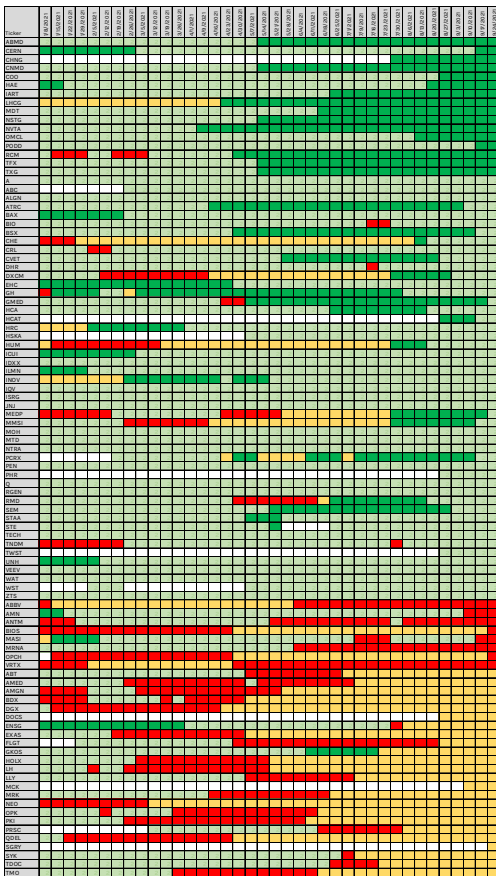
Consensus revenue estimates began to turn negative at the end of February 2021, coincident with the beginning of a slide in performance across our Health Care universe.

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) remain +, some Large Cap Med Tech look good here, and CERN is back in MQ2.

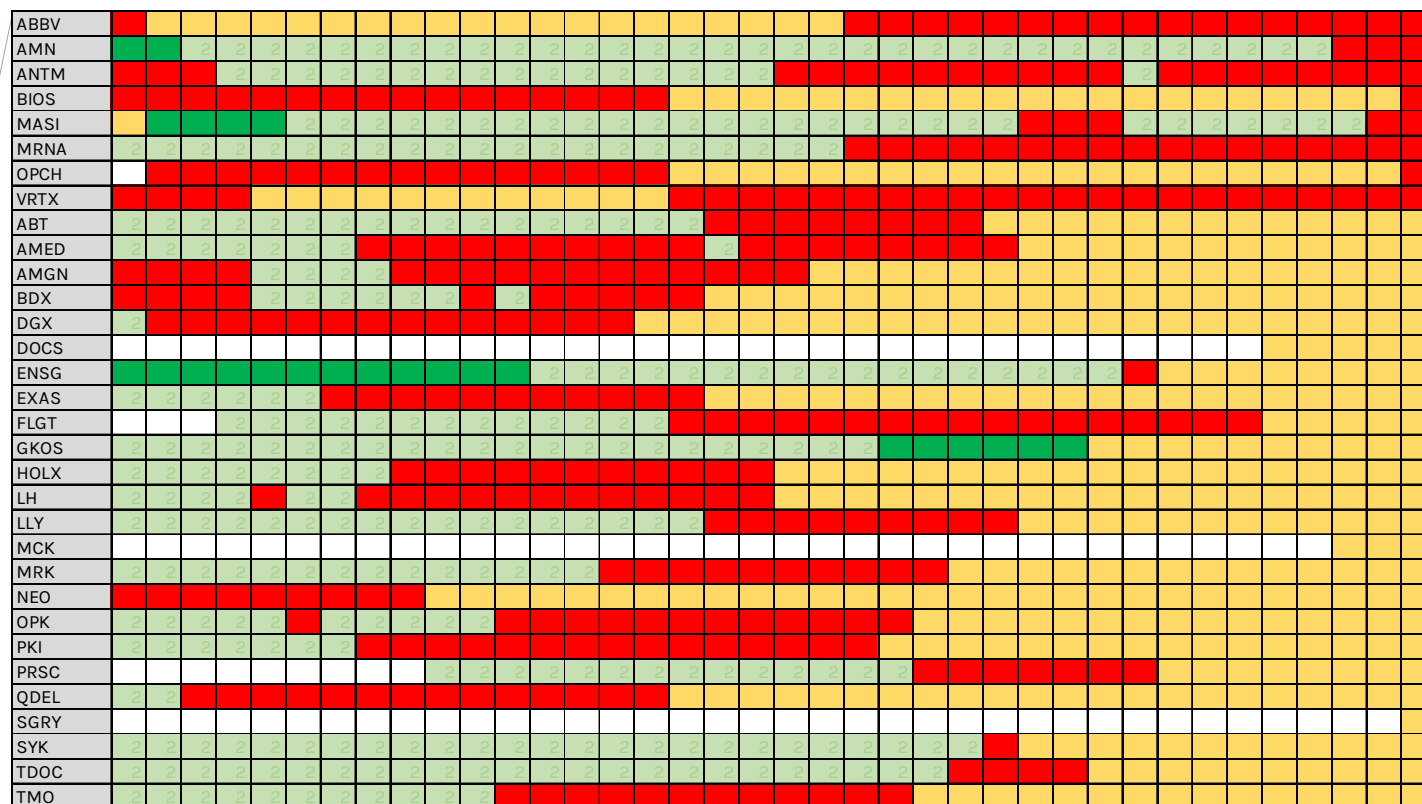
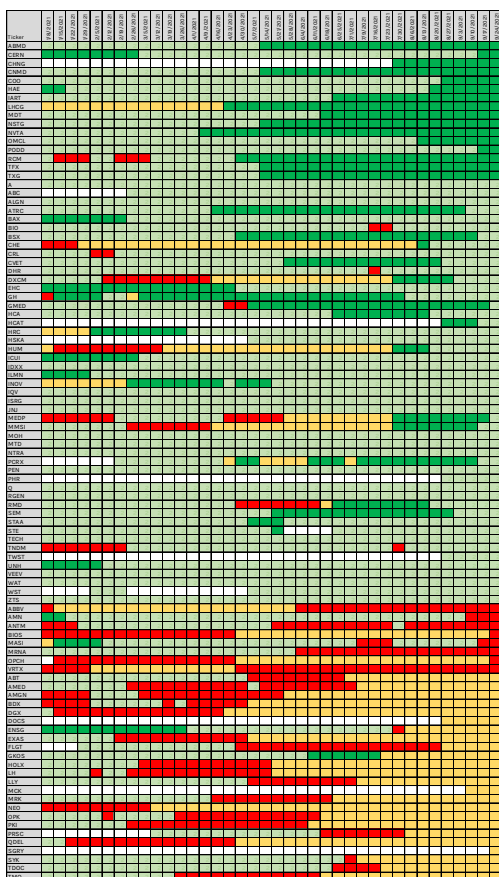


Ticker	1/8/2021	1/15/2021	1/22/2021	1/29/2021	2/5/2021	2/12/2021	2/19/2021	2/26/2021	3/5/2021	3/12/2021	3/19/2021	3/26/2021	4/1/2021	4/9/2021	4/16/2021	4/23/2021	4/30/2021	5/7/2021	5/14/2021	5/21/2021	5/28/2021	6/4/2021	6/11/2021	6/18/2021	6/25/2021	7/1/2021	7/9/2021	7/16/2021	7/23/2021	7/30/2021	8/6/2021	8/13/2021	8/20/2021	8/27/2021	9/3/2021	9/10/2021	9/17/2021	9/24/2021	
ABMD																																							
CERN																																							
CHNG																																							
CNMD																																							
COO																																							
HAE																																							
IART																																							
LHCG																																							
MDT																																							
NSTG																																							
NVTA																																							
OMCL																																							
PODD																																							
RCM																																							
TFX																																							
TXG																																							

MicroQuad 4 & 1 | Negative Estimate Momentum

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COVID-19 Comp clears out MQ4; most of the testing beneficiaries in MQ1 now, AMN is new.



MicroQuad Screen | Sept 24, 2021

Active Long	Active Short
Bench Long	Bench Short

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MicroQuad1

ABT LLY
 AMED MCK
 AMGNMRK
 BD~~X~~ **NEO**
DGX OPK
 DOCS PKI
 ENSG PRSC
~~EXAS~~ QDEL
 FLGT SGRY
 GKOS SYK
 HOL~~X~~ **TDOC**
 LH TMO

MicroQuad2

ABMD PODD
 CERN RCM
 CHNG TFX
 CNMD ~~TXG~~
 COO
 HAE
 IART
 LHCG
 MDT
 NSTG
~~NVTA~~
 OMCL

MicroQuad3

A	EHC	IQV	RGEN	ZTS
ABC	GH	ISRG	RMD	
ALGN	GMED	JNJ	SEM	
ATRC	HCA	MEDP	STAA	
BAX	HCAT	MMSI	STE	
BIO	HRC	MOH	TECH	
BSX	HSKA	MTD	TNDM	
CHE	HUM	NTRA	TWST	
CRL	ICUI	PCR X	UNH	
CVET	IDXX	PEN	VEEV	
DHR	ILMN	PHR	WAT	
DXCM	INOV	Q	WST	

MicroQuad4

ABBV
AMN
 ANTM
 BIOS
 MASI
 MRNA
 OPCH
 VRTX

MicroQuad Model Portfolio

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Wrap up for the week of 9/24/2021



For the week ending 9/24/2021, the model portfolio was up 0.31% (for the week). Longs contributed -1.28% and the shorts +1.59%.

The Long side had a batting average of 43% with the average percentage change at -0.02%. Of the 65 longs, the highest percentage change was the CRO MEDP and the worst long was NSTG.

Of the 31 shorts, the batting average was 67%, the average contribution was 0.05%; the largest gain was from EXAS, and the biggest detractor was MASI.

Position Monitor Prospective Price Change

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

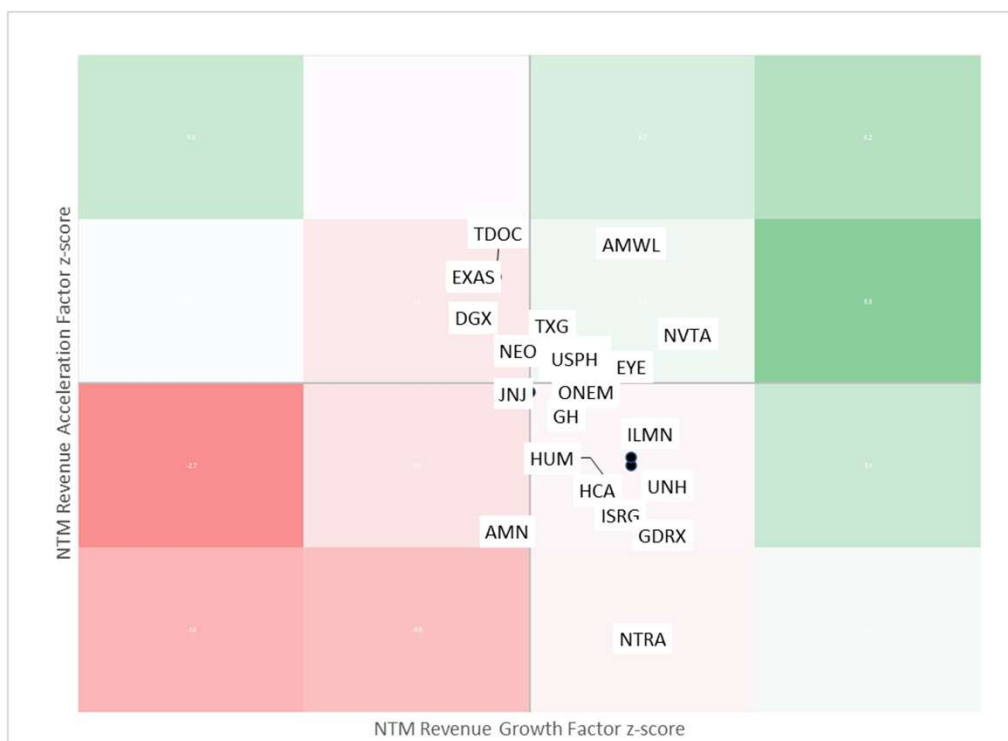
POSITION MONITOR		9/24/2021			Sales			Sales MicroQuad				
Ticker	Name	Price	EV	MCAP	Performance Trailing 1M Actual	Performance Trailing 1M Expected	Performance Forward 1M Expected	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
NTRA	Natera	\$118.12	0.82	11,078	7.65%	2.84%	2.99%	3	3	3	3	3
NVTA	Invitae	\$30.06	0.34	6,533	16.63%	1.96%	2.18%	2	2	2	2	2
AMWL	Amwell	\$9.75	1.19	2,368	-1.45%	1.48%	1.71%	1	1	2	2	2
AMN	AMN Healthcare	\$115.25	1.07	5,447	7.83%	0.40%	1.33%	3	3	4	4	4
NEO	Neogenomics	\$46.86	0.62	5,755	9.33%	1.41%	1.21%	1	1	1	1	2
TDOC	Teladoc	\$134.90	0.82	21,483	-4.33%	0.91%	0.68%	4	1	1	1	2
DGX	Quest Diagnostics	\$153.09	0.21	18,705	2.67%	0.80%	0.58%	1	1	1	1	1
TXG	10X Genomics	\$154.16	0.76	17,094	-6.26%	1.32%	0.31%	2	2	2	2	2
EXAS	Exact Sciences	\$96.02	0.48	16,511	-0.87%	1.37%	-0.17%	1	1	1	1	2
GH	Guardant	\$128.40	0.48	13,007	13.77%	2.41%	-0.20%	2	2	3	3	3
ONEM	One Medical	\$21.45	-0.90	4,142	-5.87%	2.29%	-0.35%	4	4	3	3	3
GDRX	GoodRx	\$44.13	0.55	17,460	28.59%	3.06%	-1.13%	3	3	3	3	3
EYE	National Vision	\$60.70	1.70	4,970	9.40%	2.69%	-1.21%	2	2	2	2	3

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.

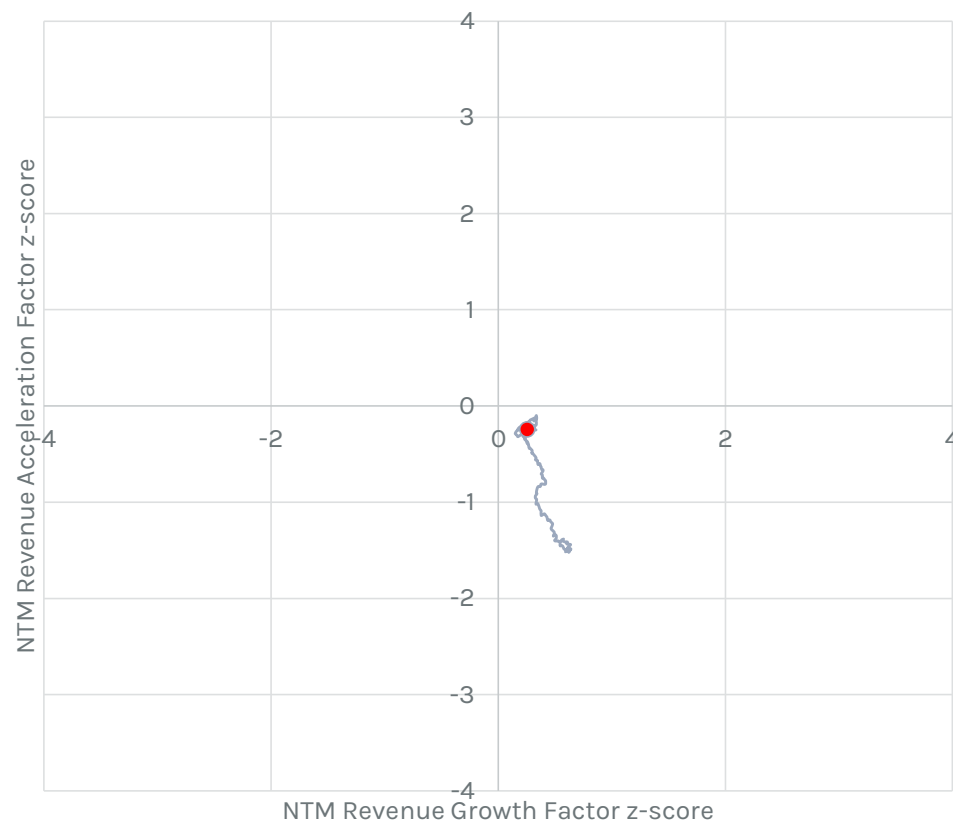
Position Monitor | September 24, 2021

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Sigma Positioning – Current Position Monitor



Sigma Positioning – Universe Average



MicroQuad Price Change Report | September 24, 2021

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Indexed Price Change by MicroQuad



Average Performance (%)					
MicroQuad	1WK	1M	3M	6M	12M
1	-1.90	-3.62	-7.21	-1.74	26.36
2	0.36	0.08	-12.61	7.12	59.37
3	1.75	1.21	4.82	17.42	57.04
4	1.95	-0.87	-7.47	-5.13	8.05

Batting Average					
MicroQuad	1WK	1M	3M	6M	12M
1	0.402	0.460	0.478	0.497	0.503
2	0.442	0.480	0.482	0.499	0.510
3	0.469	0.479	0.509	0.528	0.527
4	0.451	0.429	0.461	0.470	0.497

Slugging Percentage					
MicroQuad	1WK	1M	3M	6M	12M
1	-0.763	-1.665	-3.444	-0.865	13.252
2	0.157	0.036	-6.081	3.551	30.261
3	0.818	0.578	2.451	9.191	30.077
4	0.879	-0.374	-3.442	-2.412	3.997

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
NTRA	3	11	7	0	1.00	-3.10	0.90	7.65	0.54	0.02	61.75%
AMN	4	9	6	0	-0.20	-1.80	0.90	7.83	0.31	0.02	60.78%
TXG	2	9	0	0	0.20	0.70	0.90	-6.26	0.59	0.00	56.66%
DGX	1	14	8	0	-0.50	0.80	0.80	2.67	0.43	0.01	56.11%
EYE	2	10	0	0	0.40	0.20	0.50	9.40	0.55	-0.01	54.75%
HCA	3	20	17	0	0.60	-1.30	0.90	2.43	0.43	0.00	54.63%
GH	3	15	2	1	0.40	-0.10	0.80	13.77	0.49	-0.01	54.52%
USPH	2	5	2	0	0.40	0.30	0.80	1.26	0.57	-0.01	54.22%
NVTA	2	10	9	0	1.40	0.60	0.80	16.63	1.13	0.00	54.14%
EXAS	1	18	4	1	-0.50	1.30	0.80	-0.87	0.40	0.00	53.81%
JNJ	3	16	12	2	0.00	-0.10	0.90	-6.00	0.38	-0.01	53.75%
UNH	3	20	7	0	0.90	-1.00	0.90	-3.63	0.62	0.00	53.56%
HUM	3	20	11	1	0.70	-1.20	0.90	-2.64	0.51	0.00	52.93%
ONEM	3	11	1	0	0.50	-0.10	0.30	-5.87	0.58	0.00	52.82%
ISRG	3	16	15	0	0.80	-1.60	0.90	-0.18	0.62	0.01	52.69%
TDOC	1	26	4	2	-0.30	1.30	0.80	-4.33	0.51	0.00	52.68%
GDRX	3	12	0	0	0.90	-1.70	-0.60	28.59	0.62	0.00	52.18%
NEO	1	12	2	0	-0.10	0.40	0.90	9.33	0.41	0.01	52.06%
ILMN	3	18	12	0	0.90	-0.90	0.90	-9.69	0.64	0.00	51.54%
AMWL	2	11	0	0	0.90	1.70	-0.90	-1.45	0.43	-0.01	45.08%

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 appears to have accelerated...



3Q22 Consensus Revenue Trend

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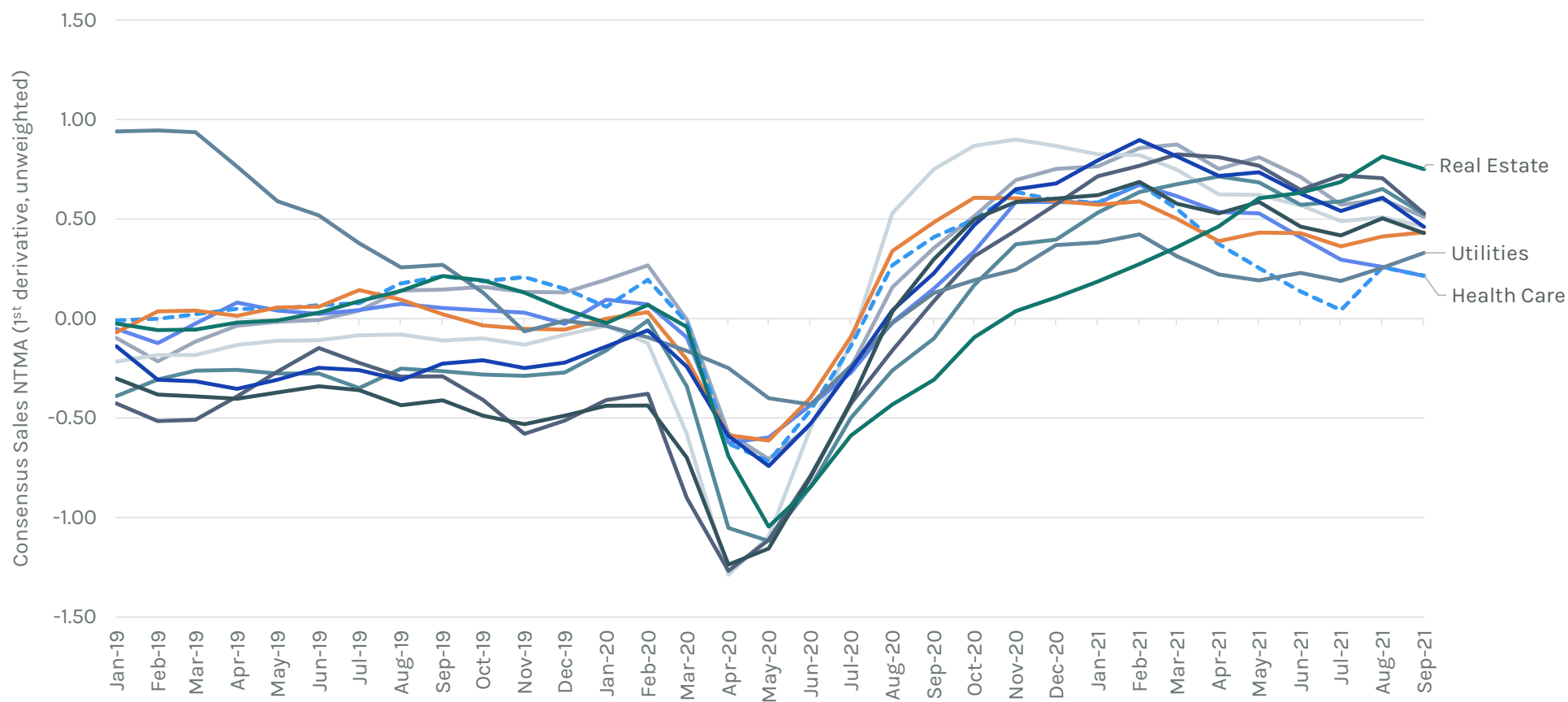
3Q21 will rise and fall with the Delta Variant outbreak and will drive 2022 expectations.



MicroQuad | S&P 500 Sector Trends

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Slope of the consensus NTM estimate trend: Real Estate leading, Health Care lagging.



For more information, contact us at:

HealthCareTeam@hedgeye.com