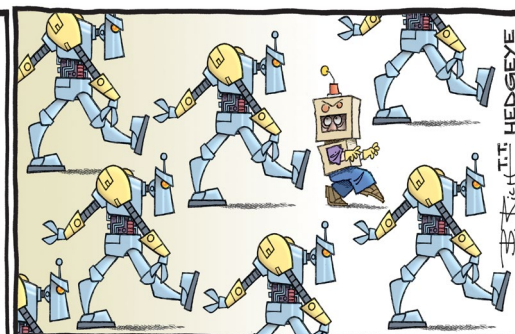
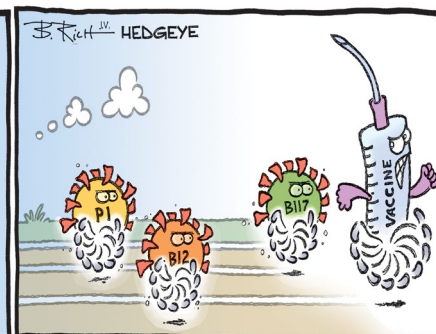
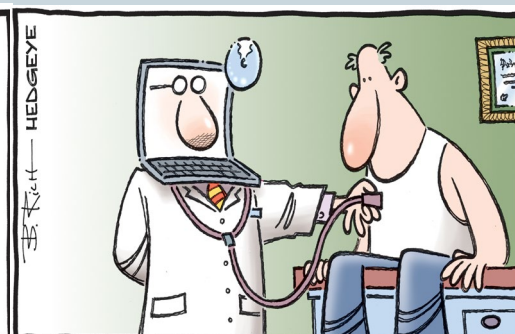
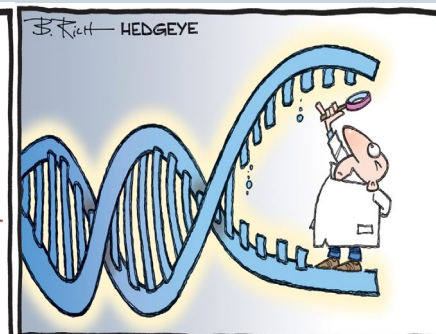
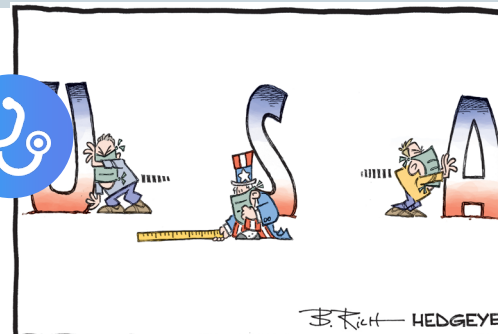


HEDGEYE

Hedgeye 3Q21 Health Care Themes

Post Pandemic Winners and Losers

July 15, 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.

Table of Contents

Section Name	#
Position Monitor	4
Key Themes Overview	5
MicroQuad Update	6
Research on Delta Variant	17
Advanced Primary Care	24
Health Care Macroeconomics	38
Hedgeye Company Updates	
ATI Physical Therapy (ATIP)	45
Natera (NTRA)	48
Butterfly Network (BFLY)	51
AMN Healthcare (AMN)	54
Guardant Health (GH)	55
DarioHealth (DRIO)	57
National Vision Holdings (EYE)	59
One Medical (ONEM)	61
NeoGenomics (NEO)	65
10x Genomics (TXG)	66
Invitae (NVTA)	67
GoodRx (GDRX)	68
Exact Sciences (EXAS)	70
Ark Genomic Revolution ETF (ARKG)	71
AmWell (AMWL)	73
Teladoc Health (TDOC)	75
Hedgeye Macro + Hedgeye HC Process	76

Health Care Position Monitor

For Week of July 12, 2021

Best Ideas - Longs						Best Ideas - Shorts					
LONG						SHORT					
Price			Mkt Cap (\$B)	Trend	Tail	Price			Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
ATIP	ATI Physical Therapy, Inc. Class A	\$ 8.38	\$1.7B	✓	✓	EXAS	Exact Sciences Corporation	\$ 112.85	\$19.4B	×	×
NTRA	Natera, Inc.	\$ 114.84	\$10.1B	✓	✓	ARKG	ARK Genomic Revolution ETF	\$ 84.37	\$8.8B	×	×
BFLY	Butterfly Network, Inc. Class A	\$ 11.08	\$1.8B	✓	✓						
AMN	AMN Healthcare Services, Inc.	\$ 97.26	\$4.6B	✓	✓						
GH	Guardant Health, Inc.	\$ 115.16	\$11.6B	✓	✓						
DRIO	DarioHealth Corp.	\$ 17.90	\$0.3B	✓	✓						
EYE	National Vision Holdings, Inc.	\$ 50.48	\$4.1B	✓	✓						
ONEM	1Life Healthcare, Inc.	\$ 27.97	\$3.9B	✓	✓						
NEO	NeoGenomics, Inc.	\$ 44.10	\$5.4B	✓	✓						
Long Bias						Short Bias					
TXG	10x Genomics Inc Class A	\$ 171.93	\$15.0B			AMWL	American Well Corporation Class A	\$ 10.99	\$2.3B		
NVTA	Invitae Corp.	\$ 29.02	\$5.8B			TDOC	Teladoc Health, Inc.	\$ 151.23	\$23.4B		
GDRX	GoodRx Holdings, Inc. Class A	\$ 30.33	\$14.8B			ME	23andMe Holding Co Class A	\$ 10.42	\$1.0B		

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

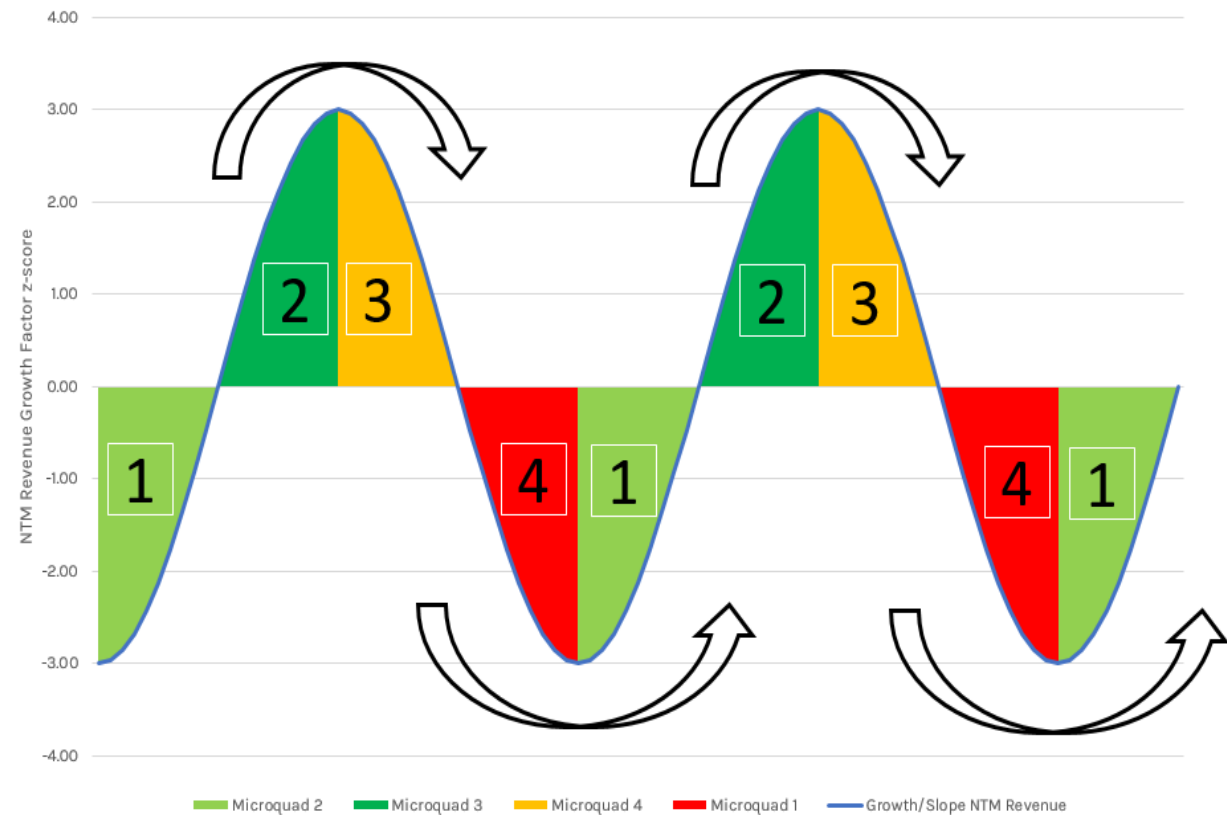
Hedgeye’s “bias” represents Hedgeye’s outlook on companies currently under Hedgeye’s review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bench and representation of a company on the bench does not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

Key Themes for 3Q21

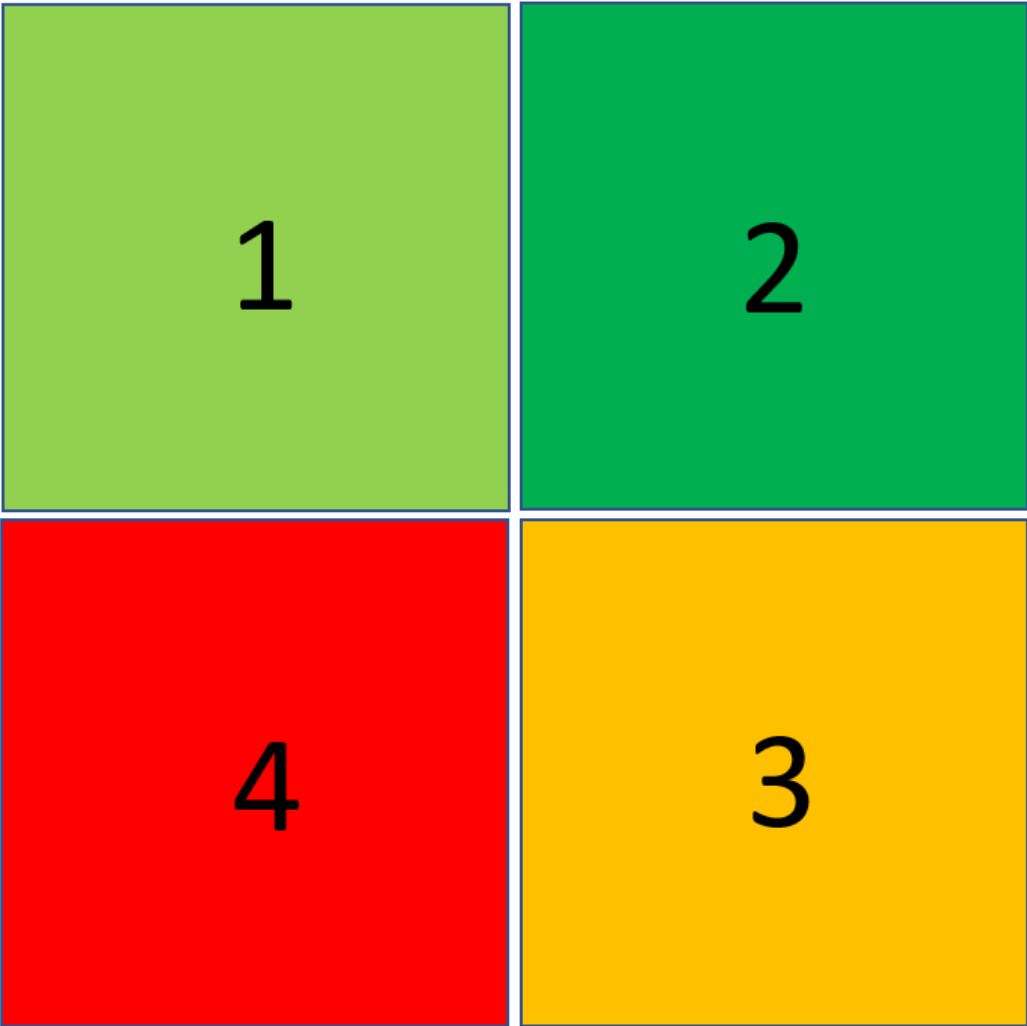
- 1 Advanced Primary Care (OSH, ONEM, CANO) |** We've continued to push into the New Health Care Economy theme, consumer-centric, in-person and virtual hybrids, data driven, risk pricing, among other attributes. It's early days but it looks like to us that legacy fee for service models will be coming under continued pressure and Advanced Primary Care is an early mover, with the necessary data and analytics to take risk, new entrants are creating a head start in a number of areas within health care. Lately, we have been coming up the curve on our ability to analyze and track key players in the market.
- 2 Digital Health 1.0 (TDOC, AMWL, DOCS) |** Just as quickly as telemedicine became a household term, new and fast growth is now on the back side of the adoption curve. The environment seems lousy with apps who want to manage your weight, write a script, deliver talk therapy. The 2020 version of digital and virtual health big TAMs and fast growth. The 2021 version is competitive and well capitalized where simply having an app and hosting a virtual visit is no longer good enough. What was new is now old and as telemedicine is absorbed into the US Medical Economy, the core players and their models need to be sorted out. We currently have TDOC and AMWL on our short bench.
- 3 Wage inflation (AMN) |** Prices within health care have been elevated following initial lockdowns and remain so. With the end of unemployment benefits approaching, will we begin to see employment rise and wages decline to pre-COVID levels? We're expecting patient demand to remain high into 2022 which makes it unlikely that we'll see much relief from wage pressure. This isn't just a positive for AMN, but also a headwind across the US Medical Economy, including some of our longs.
- 4 Cancer Testing Rebound, Liquid Biopsy (NTRA, GH, NEO, NVTX, EXAS) |** We continue to hear anecdotes about increasing volume of cancer testing. There is ample evidence that COVID delayed screenings and as vaccination rates rise and patients return to in-person care, we're now seeing a catch up in cancer diagnosis although at a later stage. More volume of patients at a later stage means more testing for our names. With underlying acceleration, we think the value of liquid biopsy, now in the earliest stages of growth, can add significantly to valuations.
- 5 Pent-up Demand/Re-Opening (ATIP, EYE, USPH) |** The data on reopening has had an uneven 1H21. It started out weak in 1Q21 with lingering COVID and weather impacts, and maybe even federal stimulus checks. Prescription demand has been flat in recent months so we pushed GDRX to the Long Bench, but Physical Therapy and Vision Care look strong and we've got both ATIP and EYE at or near the top of our Best Idea Longs. We'll show you what we've been tracking and why we're seeing some key critical differences. We'll also cover the Delta variant and the current outlook for a return of lock downs and disruption come cooler weather Fall 2021. We'll also look at the revision cycle, Macro Quads as we stare down Quad 4 in the coming months, and the performance of our MicroQuad indicator. Whatever happens, we're long our MicroQuad2 names, or companies with revenue estimates with steep and accelerating slopes, or in other words, up and to the right.

MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression

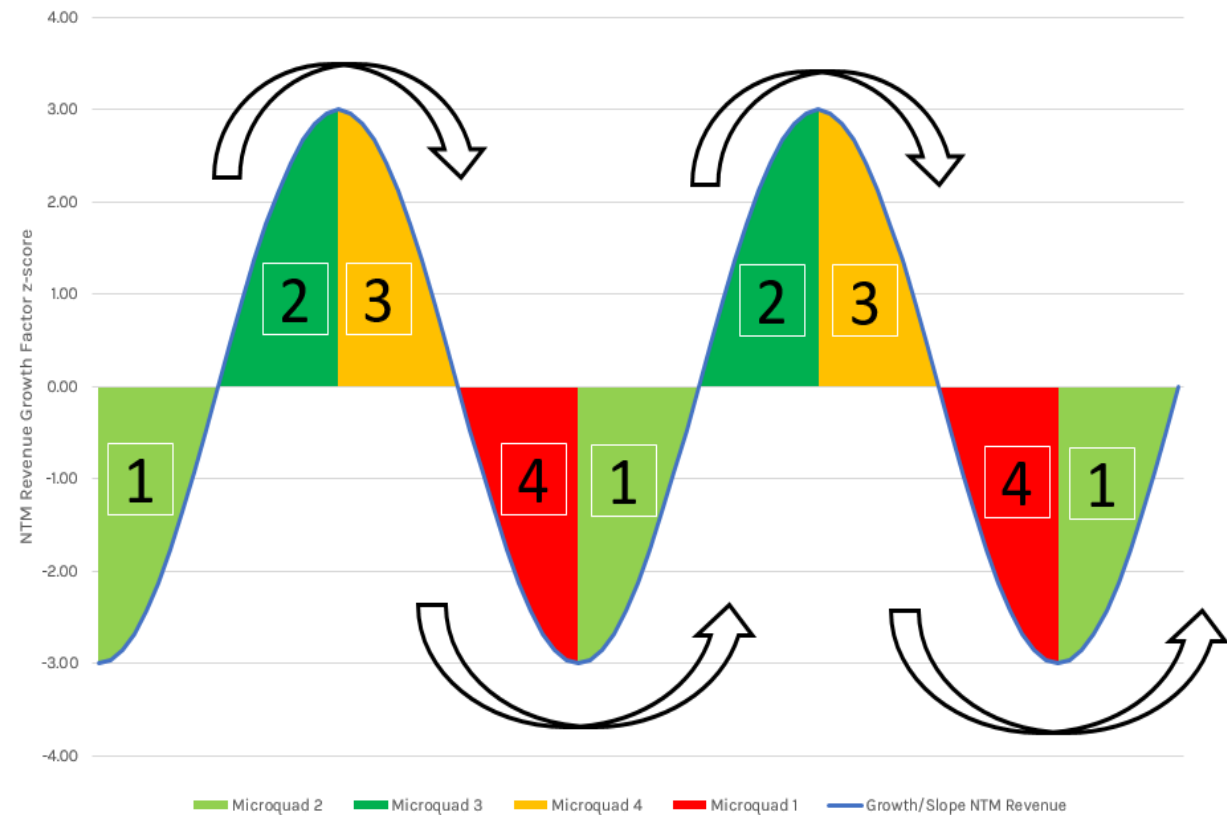


MicroQuad - The Four Quadrants

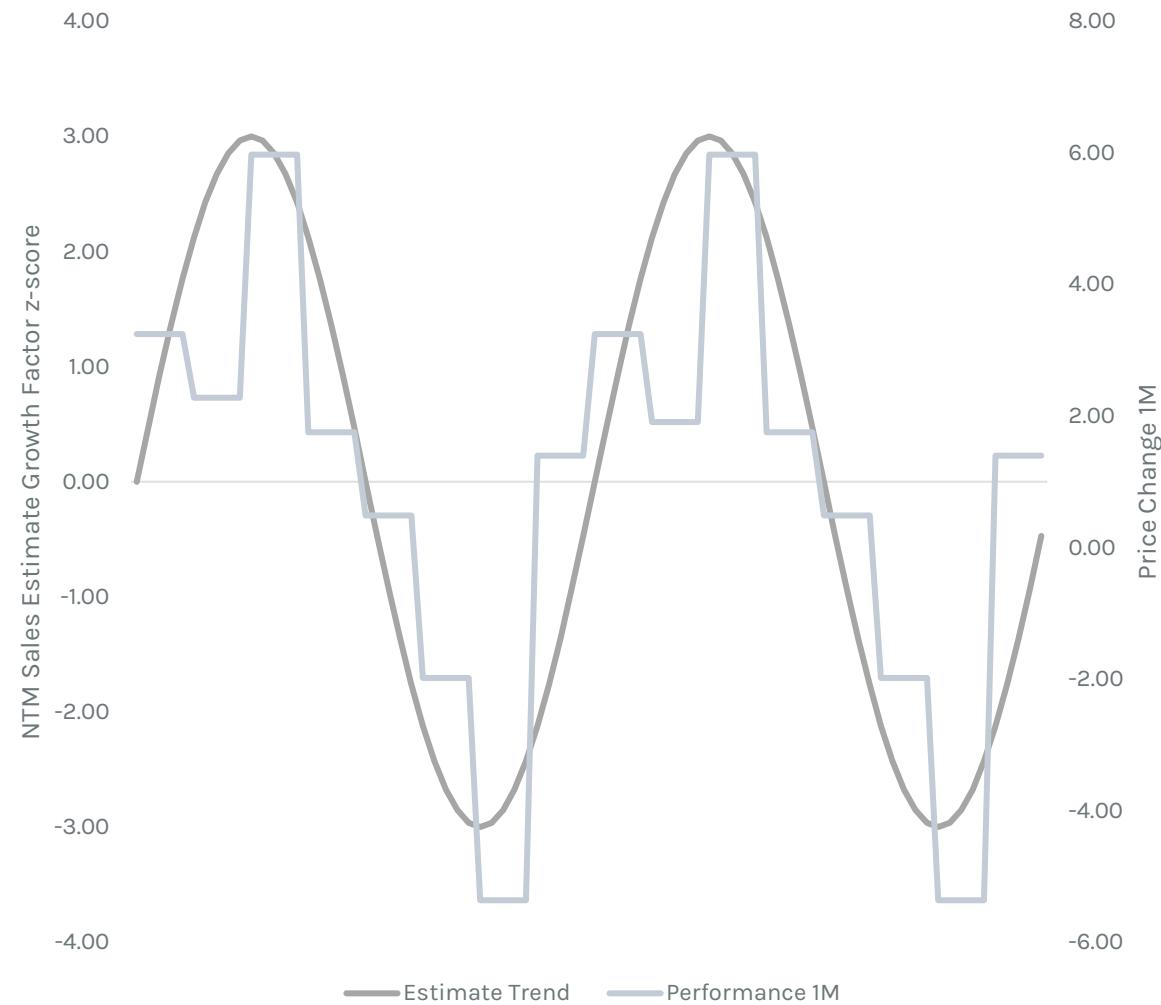


MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression

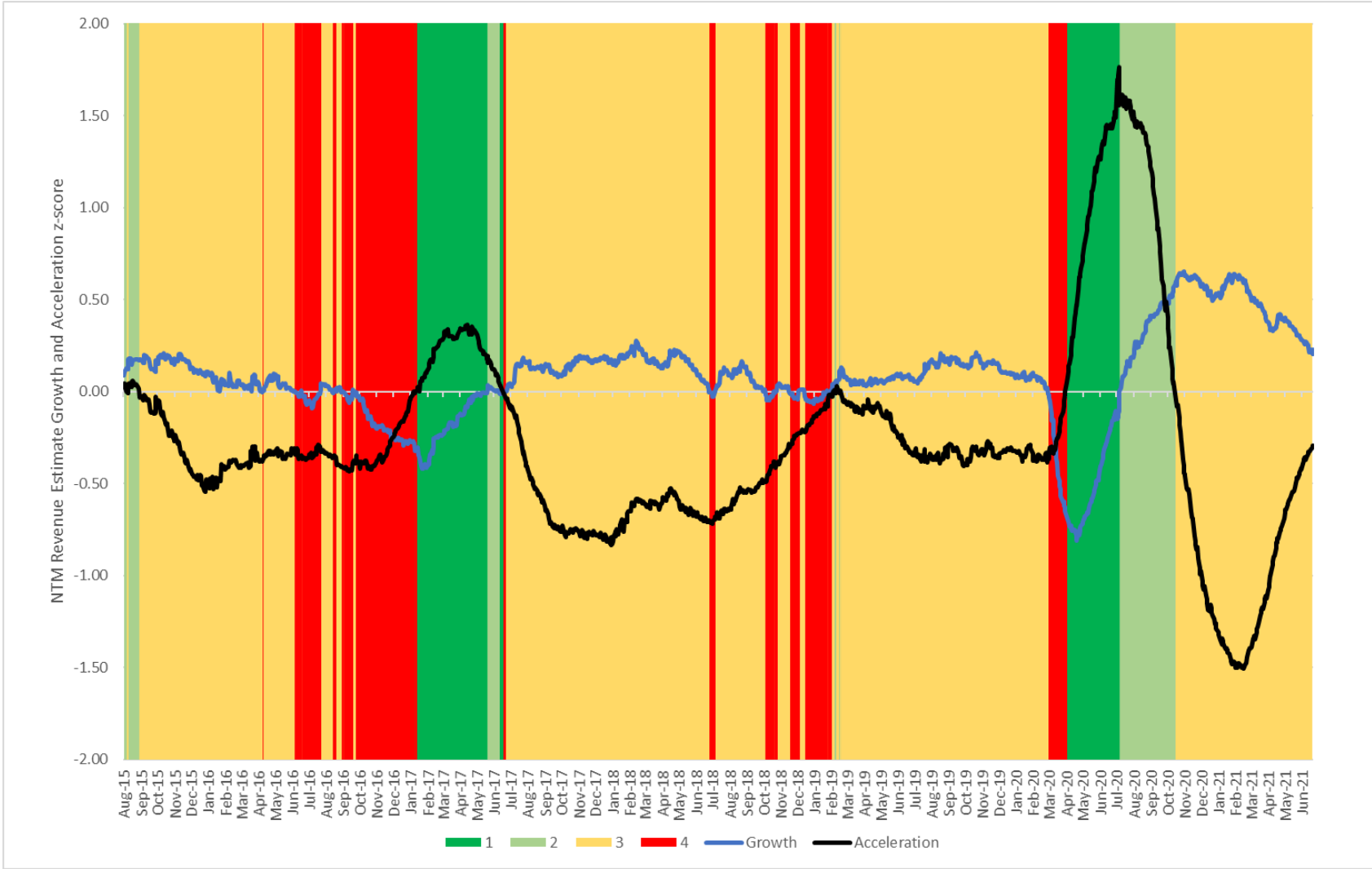


MicroQuad – Actual Price Change vs Growth Curve



Estimate Revision Trend | July 9, 2021

Revision trends reaccelerating after several months of decelerating



As of 6/18/2021 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.

Momentum is building among signs of medical utilization. We are expecting a cycle of positive estimate revisions as we head into 2Q21 earnings season.

Estimate Trend | Down and to the right

The slope of estimates has been deteriorating since February, will we bottom in 2Q21?



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.

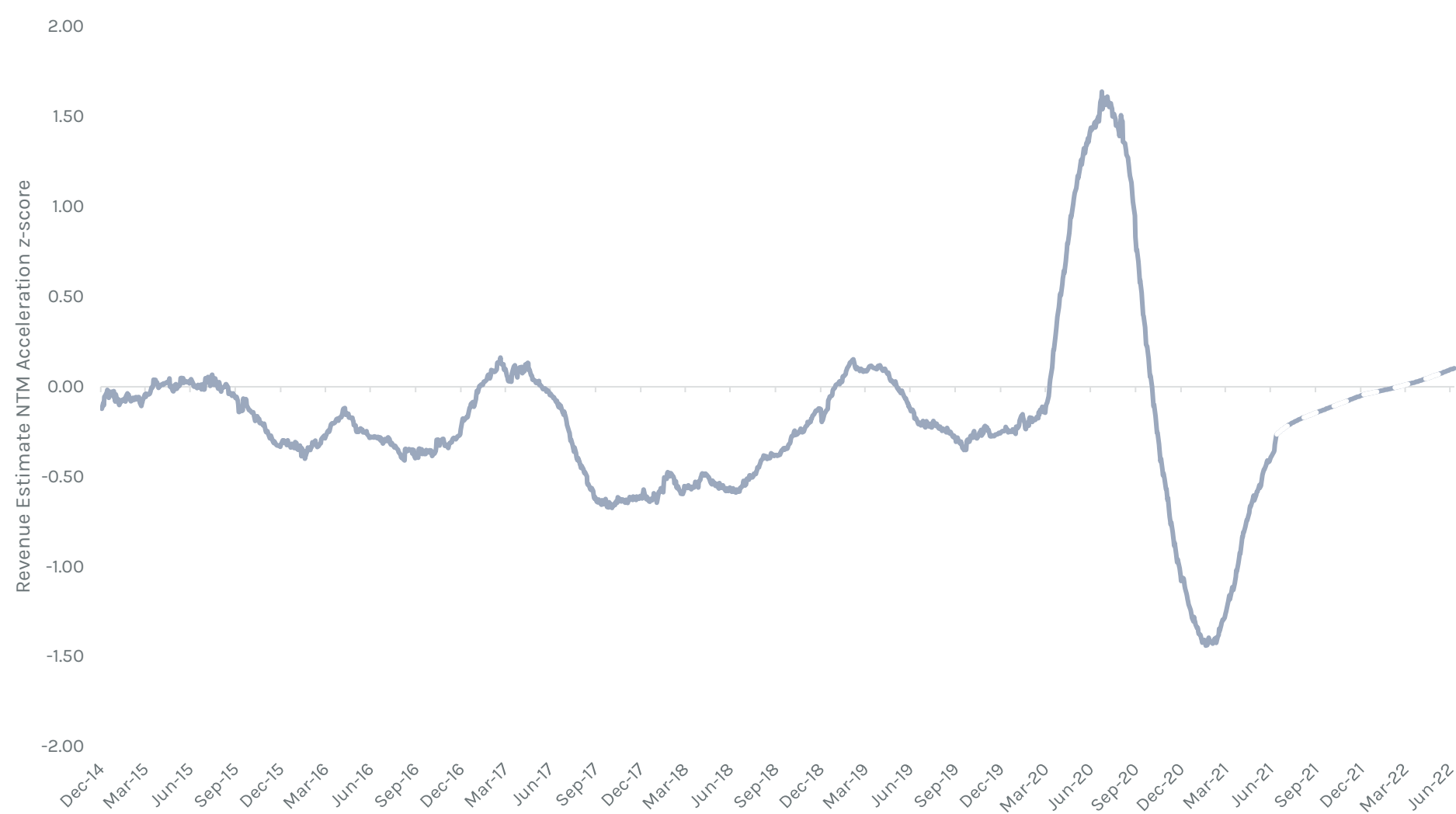
While at the high end compared to history, the trend is slowing, what we define as MicroQuad 3.

Looking ahead, the rate of change in estimates is improving, but has yet to turn positive.

2Q21 earnings season will define the next leg, a blend of reported numbers and guidance mixed in with fear about variants, wage inflation, reopening...

Estimate Trend | Accelerating

The acceleration of estimates has been positive since the end of March 2021, but still weak



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.

While at the high end compared to history, the trend is slowing, what we define as MicroQuad 3.

Looking ahead, the rate of change in estimates is improving, but has yet to turn positive.

2Q21 earnings season will define the next leg, a blend of reported numbers and guidance mixed in with fear about variants, wage inflation, reopening...

MicroQuad Price Change Report | July 9, 2021

Indexed Price Change by MicroQuad



Average Performance(%)					
MicroQuad	1WK	1M	3M	6M	12M
1	-1.00	1.35	4.63	4.20	37.12
2	-0.97	2.96	13.73	22.39	70.40
3	0.32	3.59	9.97	20.83	48.02
4	-0.65	0.68	1.47	0.73	-1.81

Batting Average					
MicroQuad	1WK	1M	3M	6M	12M
1	0.502	0.551	0.531	0.519	0.514
2	0.488	0.541	0.529	0.524	0.522
3	0.603	0.574	0.546	0.529	0.532
4	0.500	0.481	0.479	0.498	0.508

Slugging Percentage					
MicroQuad	1WK	1M	3M	6M	12M
1	-0.500	0.746	2.459	2.178	19.090
2	-0.471	1.601	7.268	11.745	36.776
3	0.193	2.060	5.443	11.016	25.559
4	-0.323	0.327	0.705	0.362	-0.918

MicroQuad Model Portfolio Back Test Result

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%

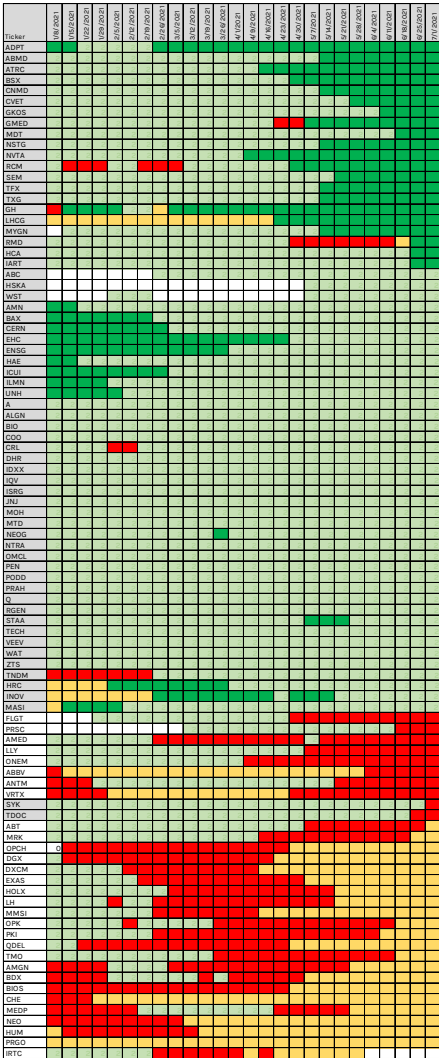
The average number of positions over the back test period are listed below.

		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.*

MicroQuad 2

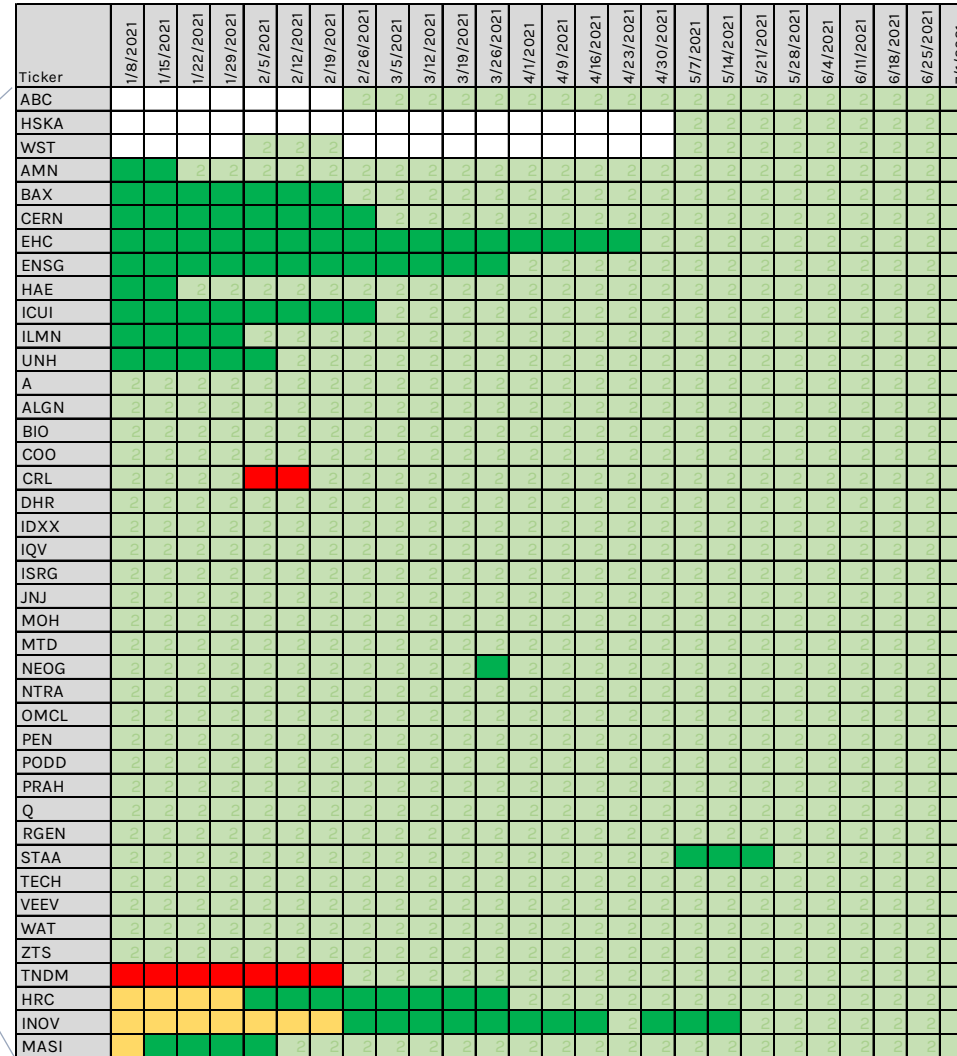
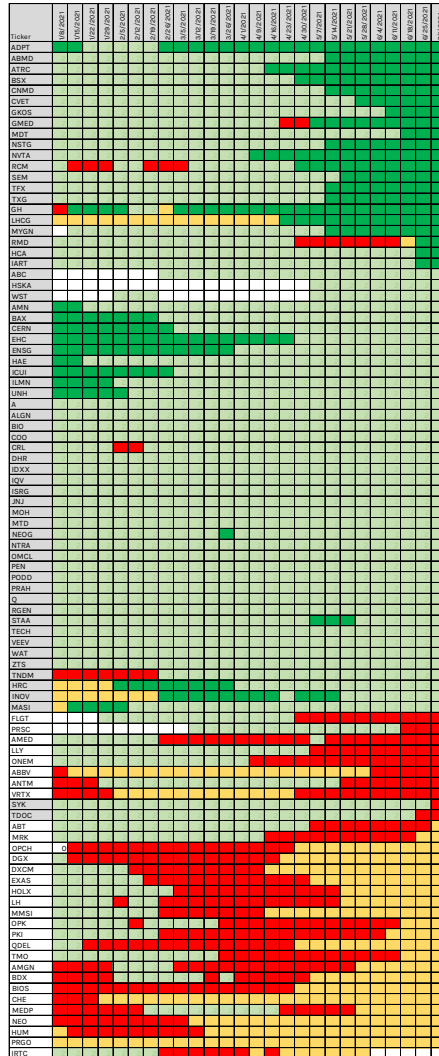
Cancer testing, Large Cap Med Tech look like re-open theme



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
ADPT	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
ABMD	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
ATRC	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
BSX	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
CNMD	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
CVET	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
GKOS	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
GMED	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
MDT	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
NSTG	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
NVTA	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
RCM	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
SEM	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
TFX	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
TXG	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
GH	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
LHCG	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
MYGN	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
RMD	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
HCA	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
IART	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

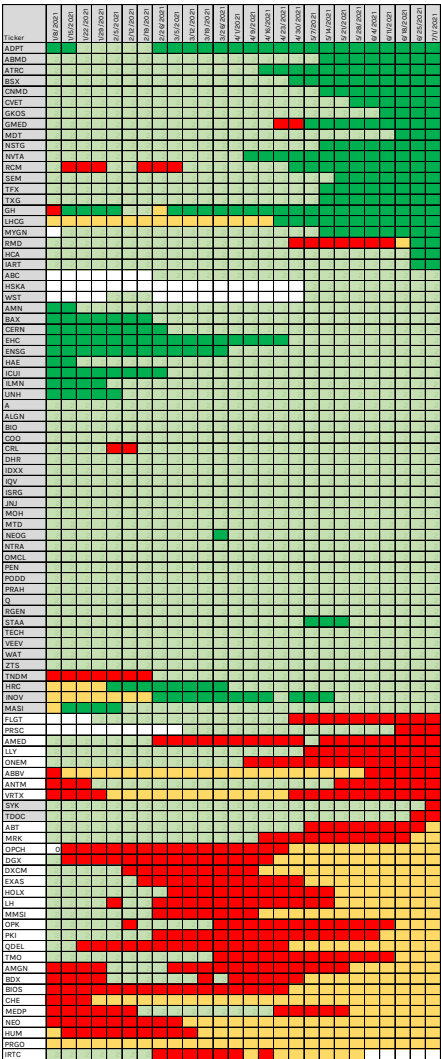
MicroQuad 3

These names screen long, but smaller allocation



MicroQuad 4 and 1

The back side of #re-open well represented among this short screen



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
FLGT																										
PRSC																										
AMED																										
LLY																										
ONEM																										
ABBV																										
ANTM																										
VRTX																										
SYK																										
TDOC																										
ABT																										
MRK																										
OPCH																										
DGX																										
DXCM																										
EXAS																										
HOLX																										
LH																										
MMSI																										
OPK																										
PKI																										
QDEL																										
TMO																										
AMGN																										
BDV																										
BIOS																										
CHE																										
MEDP																										
NEO																										
HUM																										
PRGO																										
IRTC																										

MicroQuad | Watch List

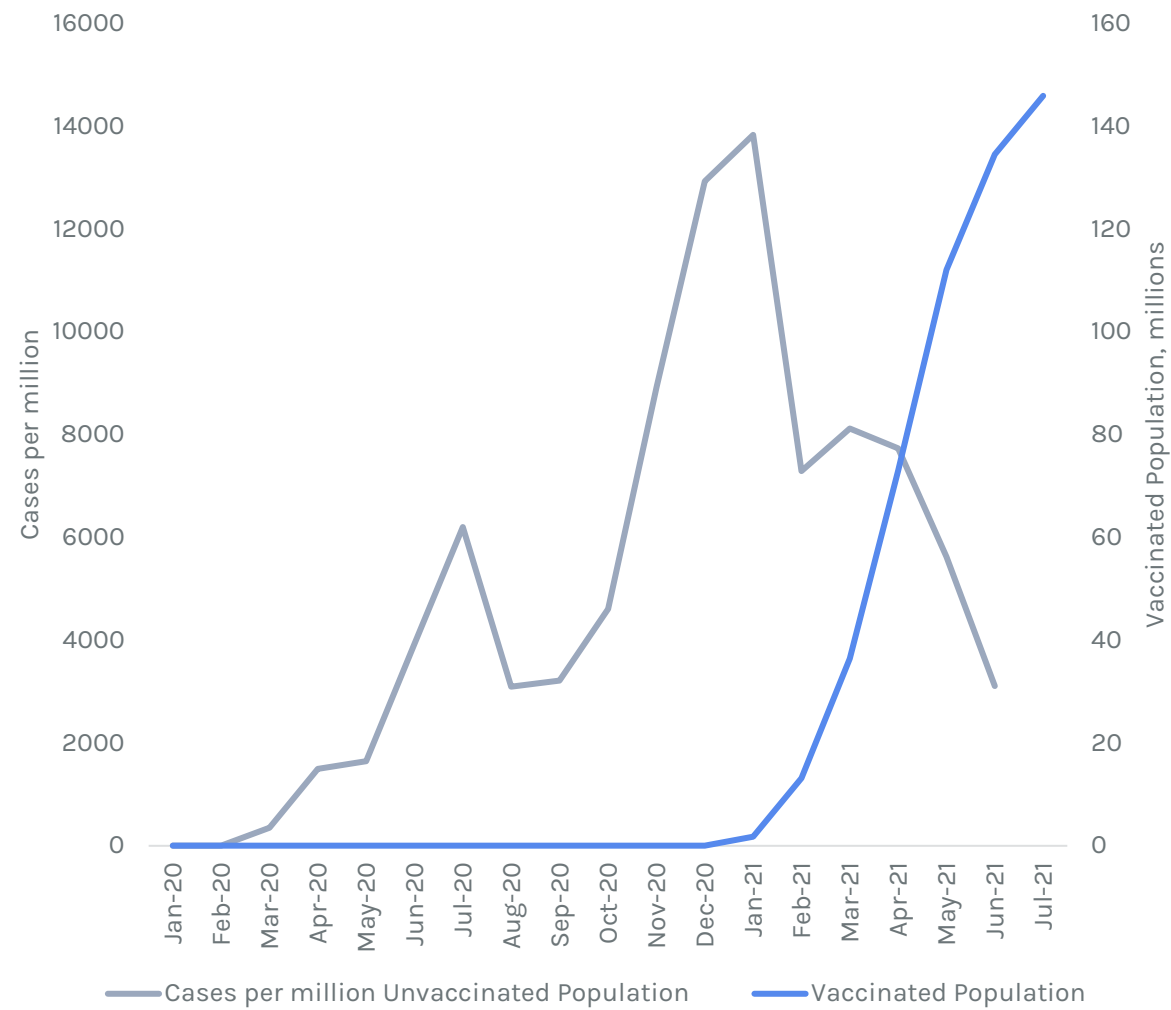
Forward Price Change based on MicroQuad coordinates and Macro Quad 3

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	3	0	3.20	3.40	0.50	7.28	0.55	0.89%	80.00%
UNH	3	19	0	0	1.40	-2.90	0.90	2.04	0.57	2.60%	66.03%
NEO	1	13	0	0	-0.50	2.00	0.90	0.07	0.00	2.48%	64.41%
ZBH	2	25	2	0	0.10	0.90	0.30	1.09	0.60	3.86%	64.41%
JNJ	3	17	0	0	0.30	-0.70	0.80	3.48	0.49	2.54%	62.99%
ISRG	3	16	0	0	0.70	-0.20	0.90	14.18	0.62	2.30%	61.28%
TDOC	4	27	2	0	-0.10	-0.40	0.80	0.03	0.00	1.85%	60.67%
AMWL	1	12	0	2	-0.70	1.70	-0.80	-14.38	0.43	1.41%	60.30%
TXG	2	8	0	0	0.10	0.50	0.90	0.64	0.52	1.70%	60.18%
GDRX	3	13	0	0	0.60	-1.70	-0.60	-15.18	0.47	1.67%	60.10%
EXAS	1	17	2	0	-0.40	0.90	0.80	2.46	0.47	1.38%	59.90%
EYE	2	10	0	0	0.20	0.30	0.30	1.63	0.55	1.52%	59.87%
USPH	2	5	1	0	0.20	0.30	0.90	-6.71	0.55	1.52%	59.87%
ONEM	4	10	0	1	-0.30	-0.30	0.60	-10.95	0.36	1.71%	59.54%
GH	2	13	0	1	0.50	0.30	0.80	5.47	0.73	2.75%	59.20%
NTRA	3	11	5	0	1.00	-3.50	0.90	12.15	0.55	2.16%	59.17%
ILMN	3	17	2	0	1.00	-2.00	0.90	8.99	0.62	1.05%	58.01%
HCA	2	17	1	0	0.00	0.20	0.80	2.01	0.44	1.67%	56.65%
AMN	3	9	4	0	0.60	-3.30	0.90	-0.05	0.41	1.92%	56.26%
HUM	1	16	1	1	-0.70	0.90	0.90	7.62	0.31	0.90%	56.20%
NVTA	2	10	0	0	0.60	2.10	0.90	4.24	0.89	2.27%	55.02%

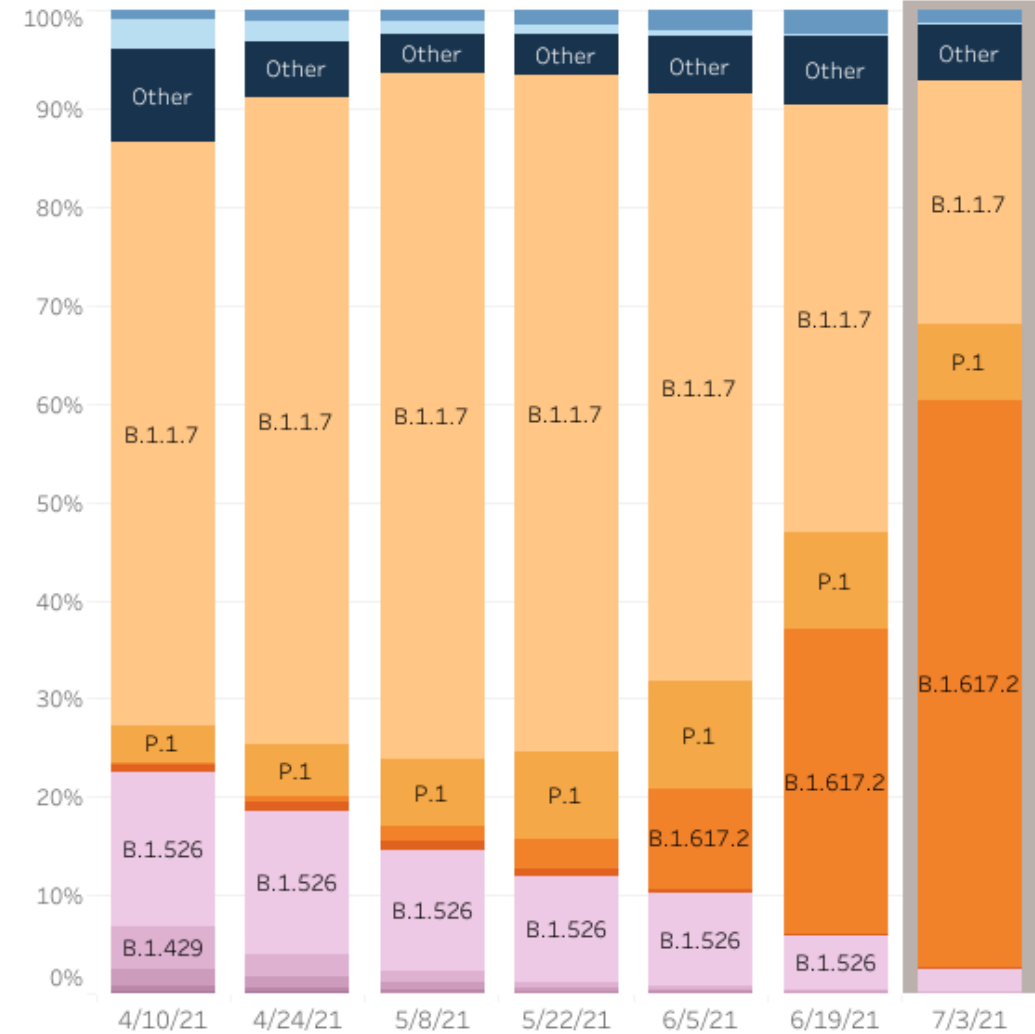
Price Change Forward 1M - Expected % is calculated by averaging the forward Price Change for the consensus estimate MicroQuad coordinates in a Macro Quad 3 and ranked high to low.

Delta Variant | Should We Worry?

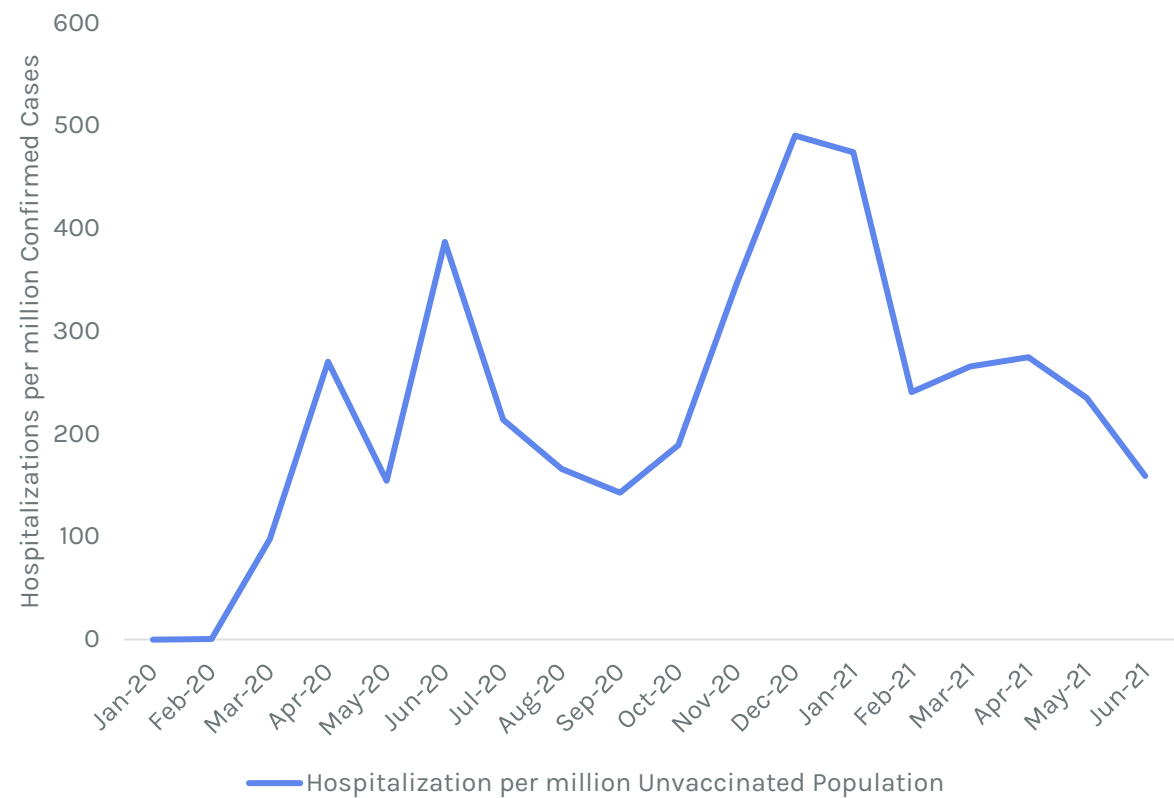
COVID-19 Cases vs Vaccinations



Delta variant >60% of total



Hospitalization and Deaths Continue to Drop



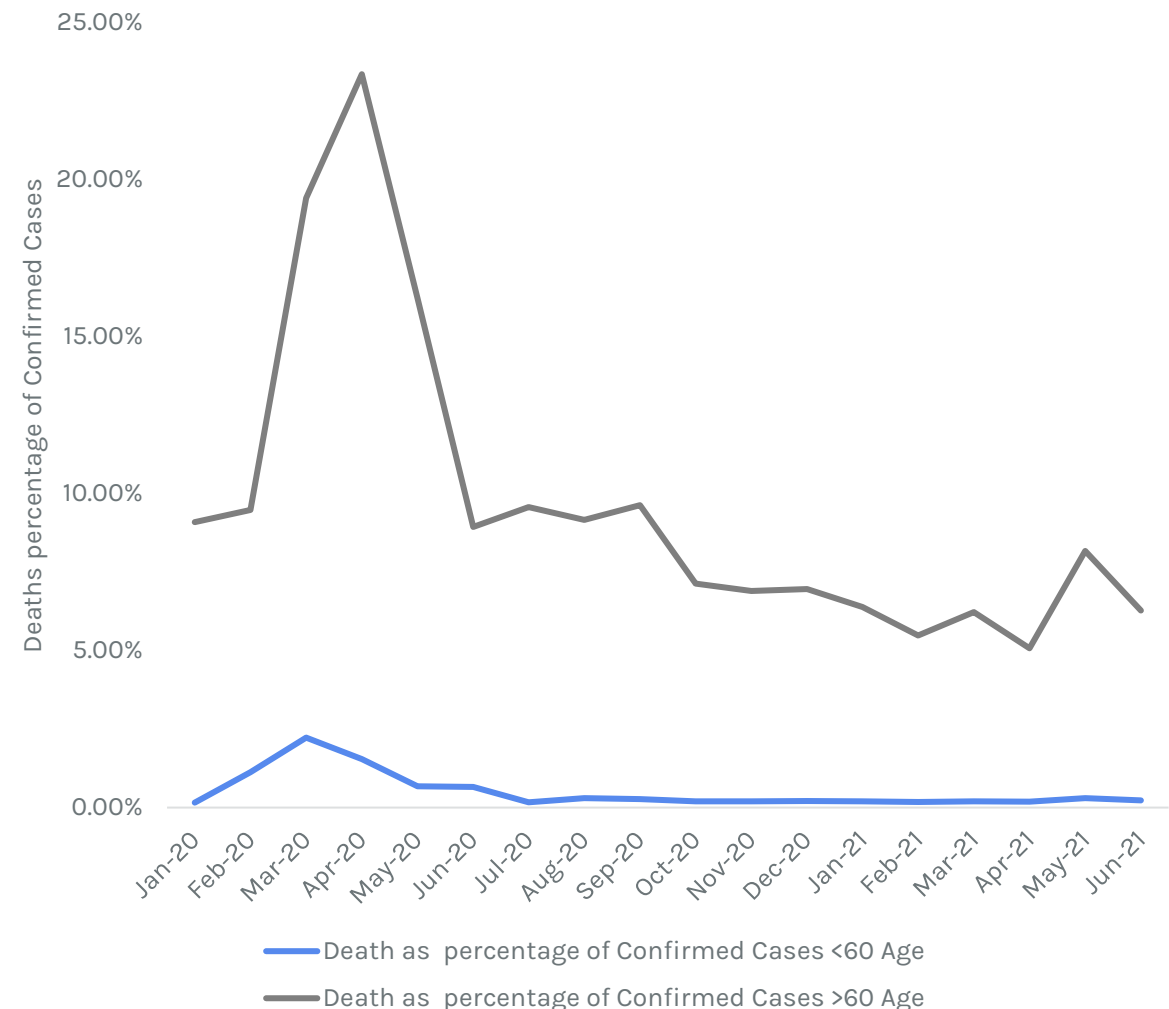
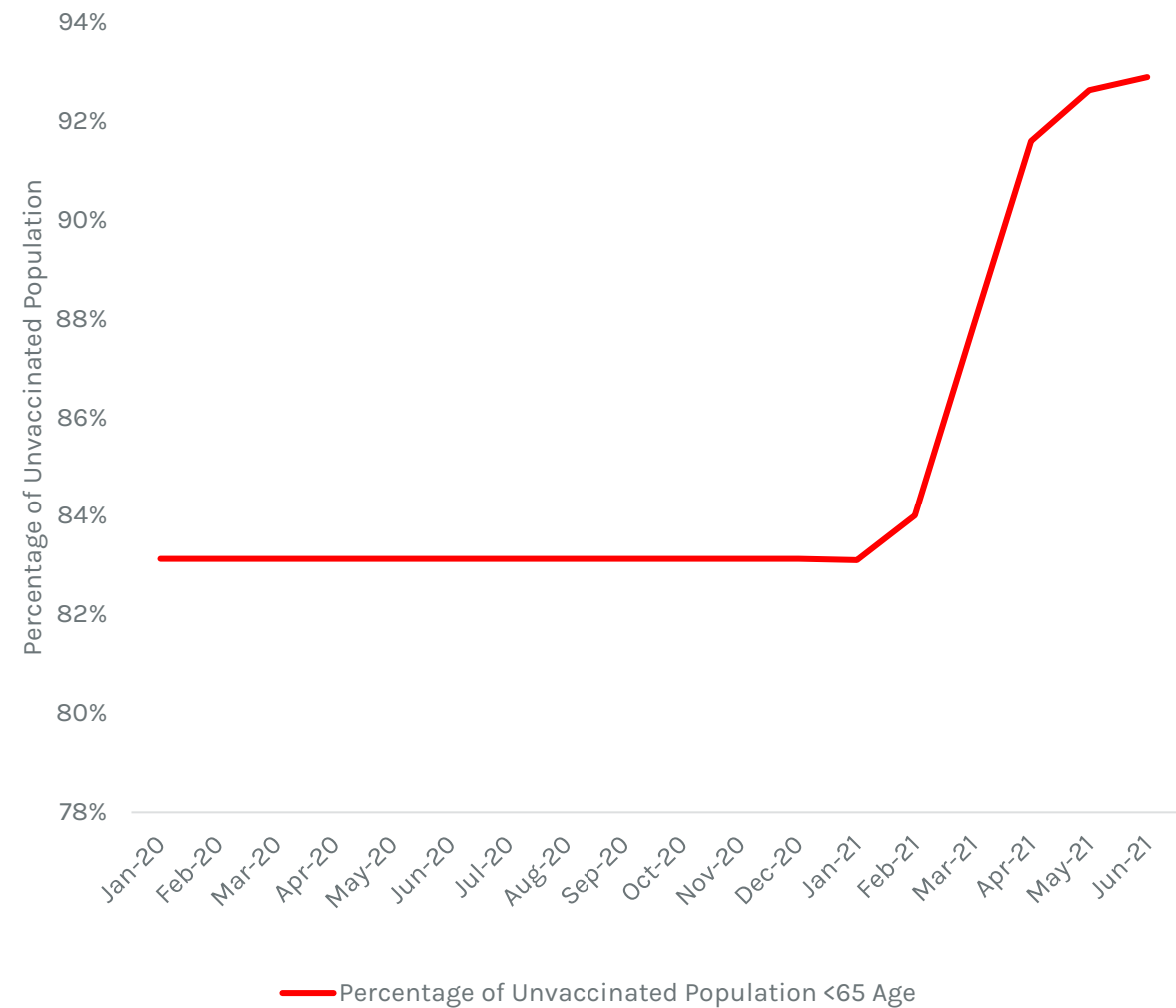
COVID-19 Hospitalizations per million Confirmed Cases.



COVID-19 Death Rate per million of Confirmed Cases have now broken below 2020 lows.

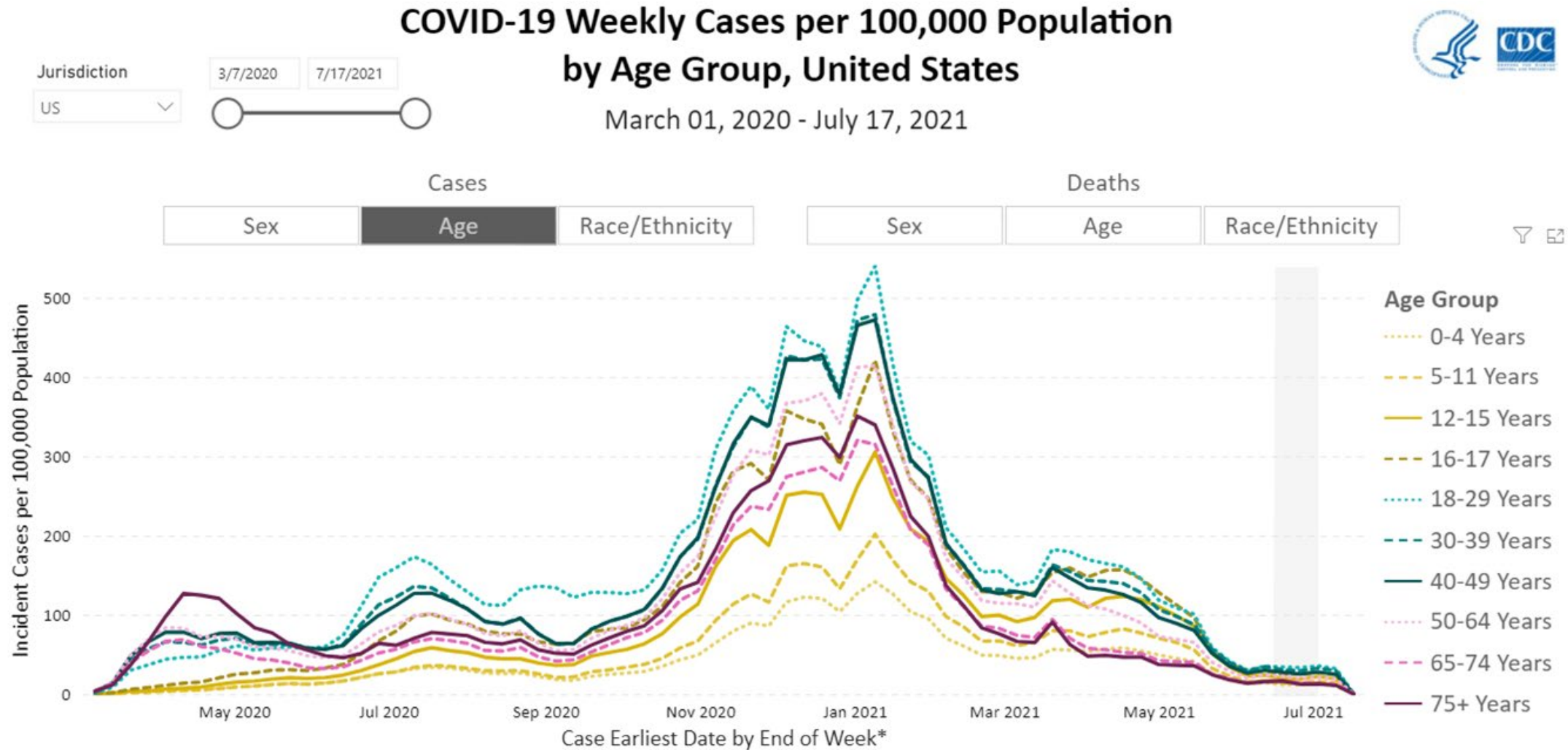
Vaccination Rates are Likely High Enough

>90% of unvaccinated people are below the age of 65 where the risk of death is significantly lower



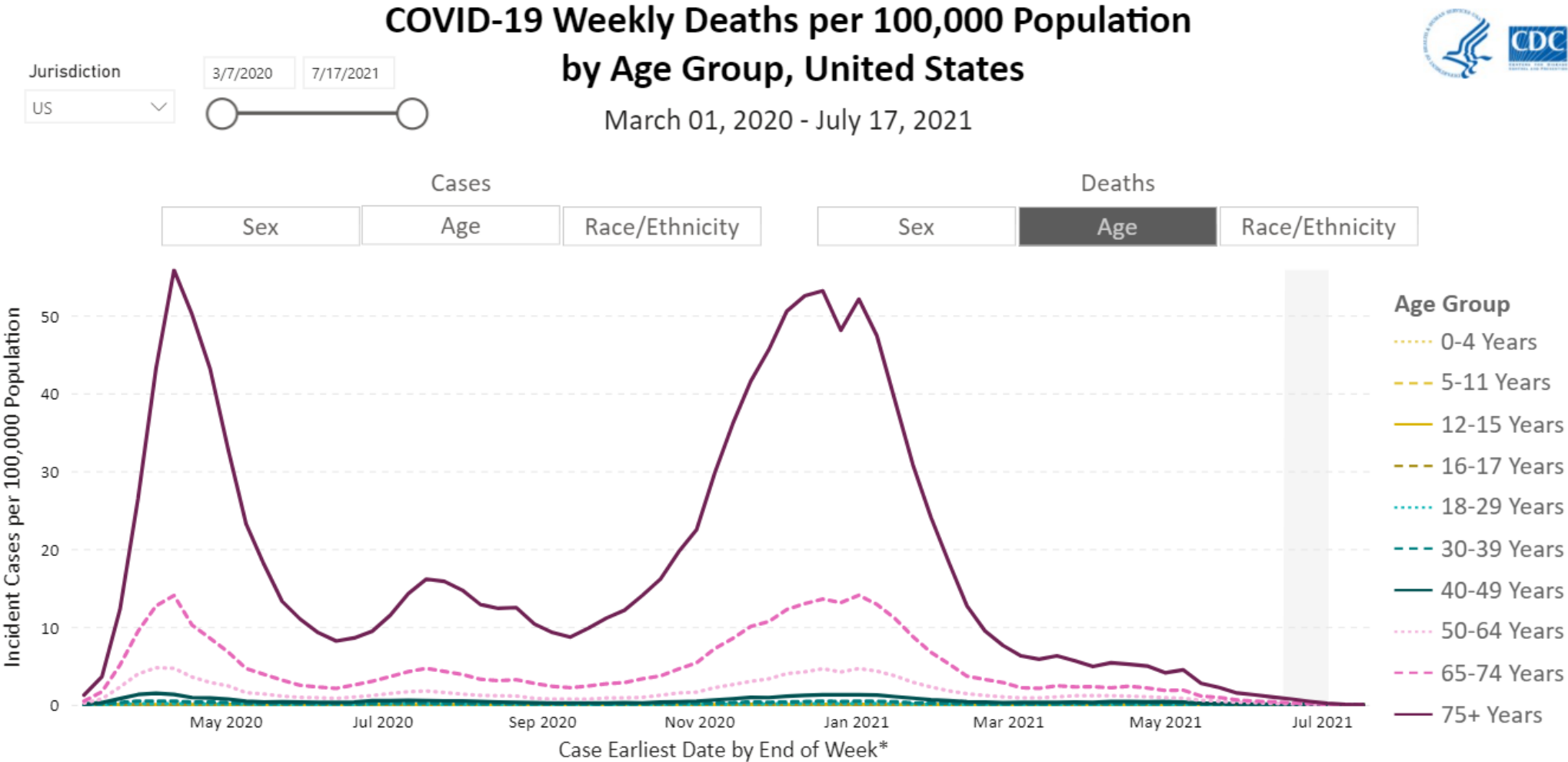
COVID-19 Weekly cases continue to decline

After a month of spread the Delta variant has not resulted in an uptick in cases within any age group.



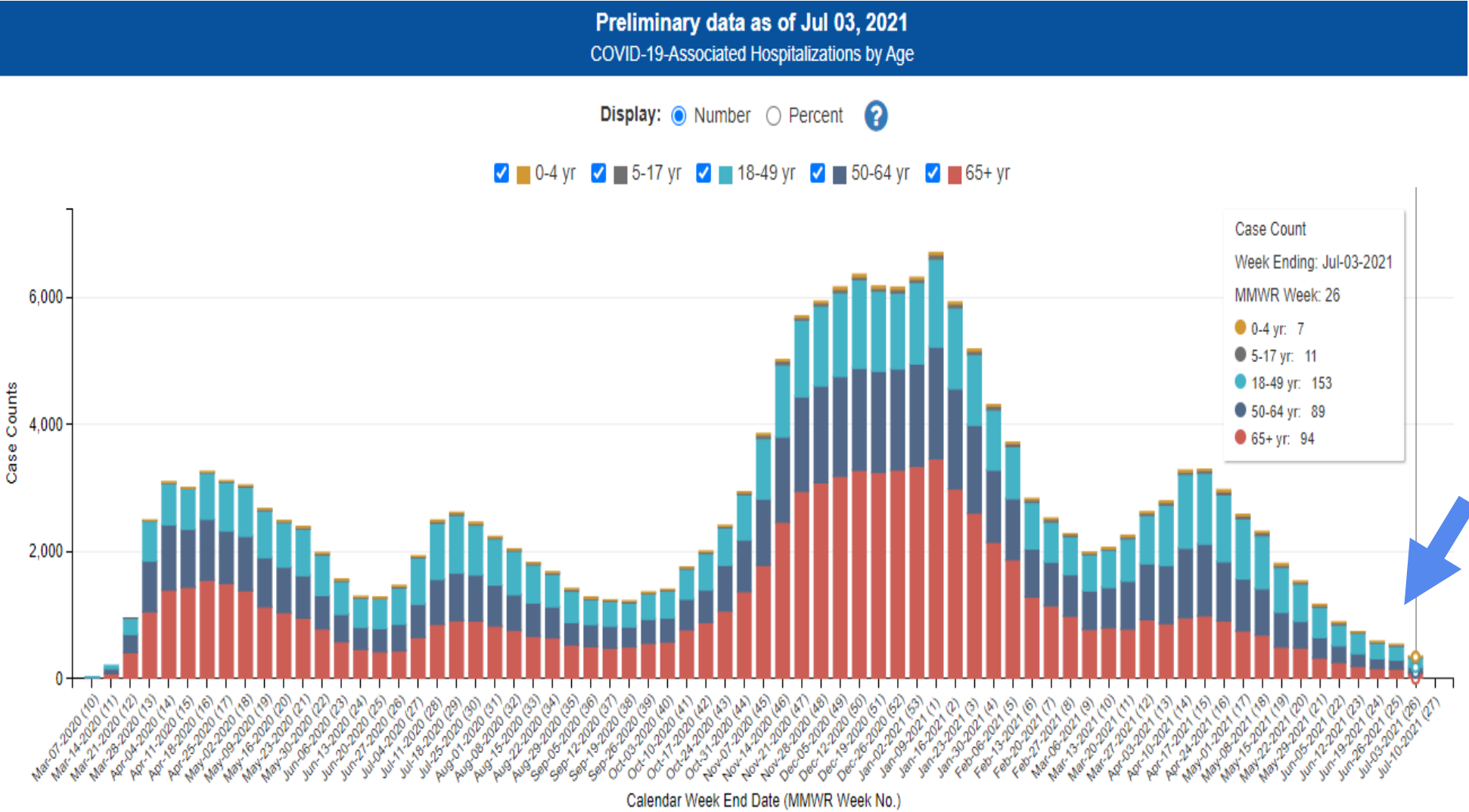
Case Volume Falling Closer to 0

Deaths attributed to COVID-19 continue to trend lower even as #reopen gathers momentum and as the pace of vaccinations has decelerated.



Hospitalizations Continue to Decline

There is little evidence that Delta variant headlines are translating into anything but clicks.



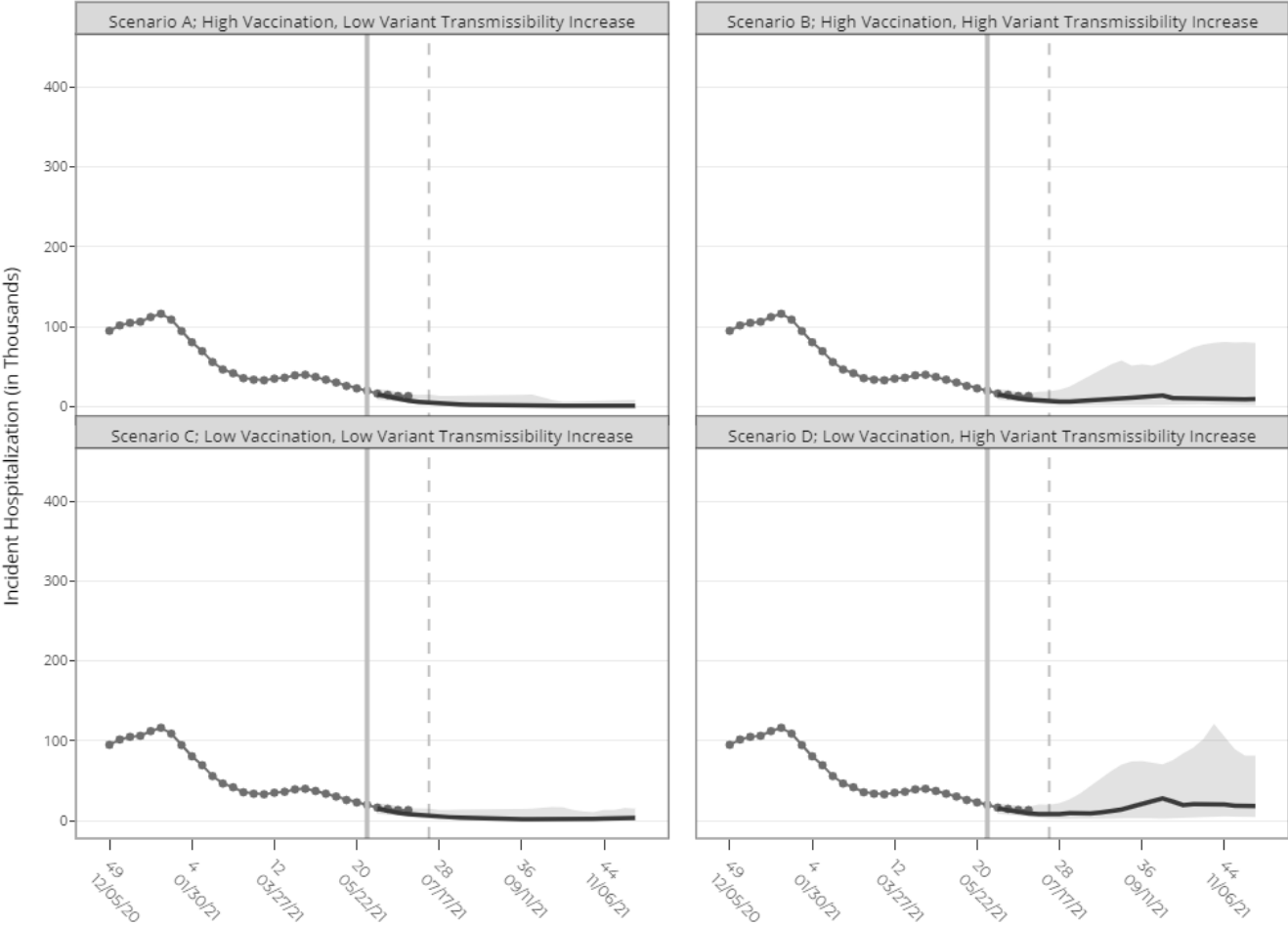
Its true that the 18-49-year-old population is now the majority of COVID-19 hospitalizations, however the absolute numbers remain low, even as the Delta Variant rises through out June and July 2021.

Cold weather is more likely to be a problem of proximity rather than transmissibility.

Hospitalizations likely remain low into the Fall 2021

Models based on high/low vaccination rates and high/low variant transmissibility forecast
COVID-19 hospitalizations will remain low through Fall 2021.

Projected Incident Hospitalization by Epidemiological Week and by Scenario for Round 6
(- Projection Epiweek; -- Current Week)



Scenario defined as of 2021-05-25
Model Projecting from Epiweek 21 to Epiweek 47

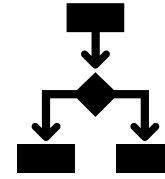
- Scenario A
High Vaccination
Low Variant
Transmissibility
Increase
(A-2021-06-08)
- Scenario B
High Vaccination
High Variant
Transmissibility
Increase
(B-2021-06-08)
- Scenario C
Low Vaccination
Low Variant
Transmissibility
Increase
(C-2021-06-08)
- Scenario D
Low Vaccination
High Variant
Transmissibility
Increase
(D-2021-06-08)

Volume Incentives: Fee-For-Service?



Fee-for-Service

- Incentivizes Maximized Volume
- Leads to Unnecessary Care
- Sick Patients = Demand
- No Incentive for Outcomes
- **Affects Care Delivery Quality and Capabilities**

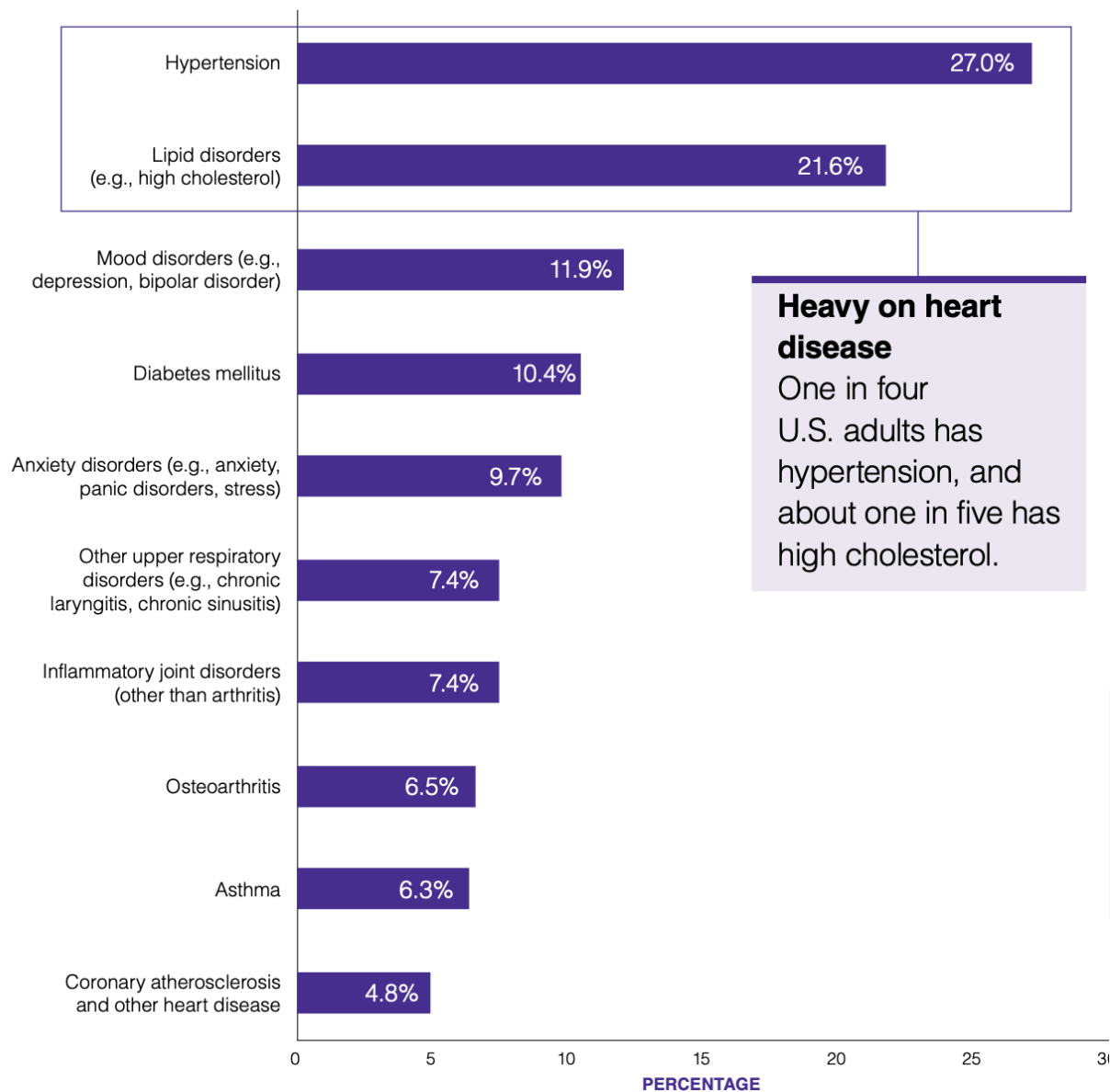


Value-Based Care

- Incentivizes outcomes and cost control
- Many different forms
- Uses payment to influence organizational behavior
- **Likely improves care delivery and quality metrics**



US Chronic Disease Burden



75% of US Healthcare Spending

- Often **preventable**
- If not preventable, then **manageable**
- Leading causes of costly health services like **hospitalization, emergency visits, and surgical procedures**

“In reality, the major causes of **chronic diseases** are known, and if these risk factors were eliminated, at least 80% of all heart **disease**, stroke and type 2 diabetes would be **prevented**; over 40% of cancer would be **prevented**.”

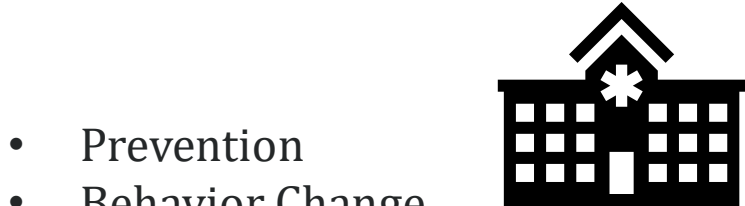
Source: WHO

What drives health outcomes?

How can we address? **HEDGEYE**

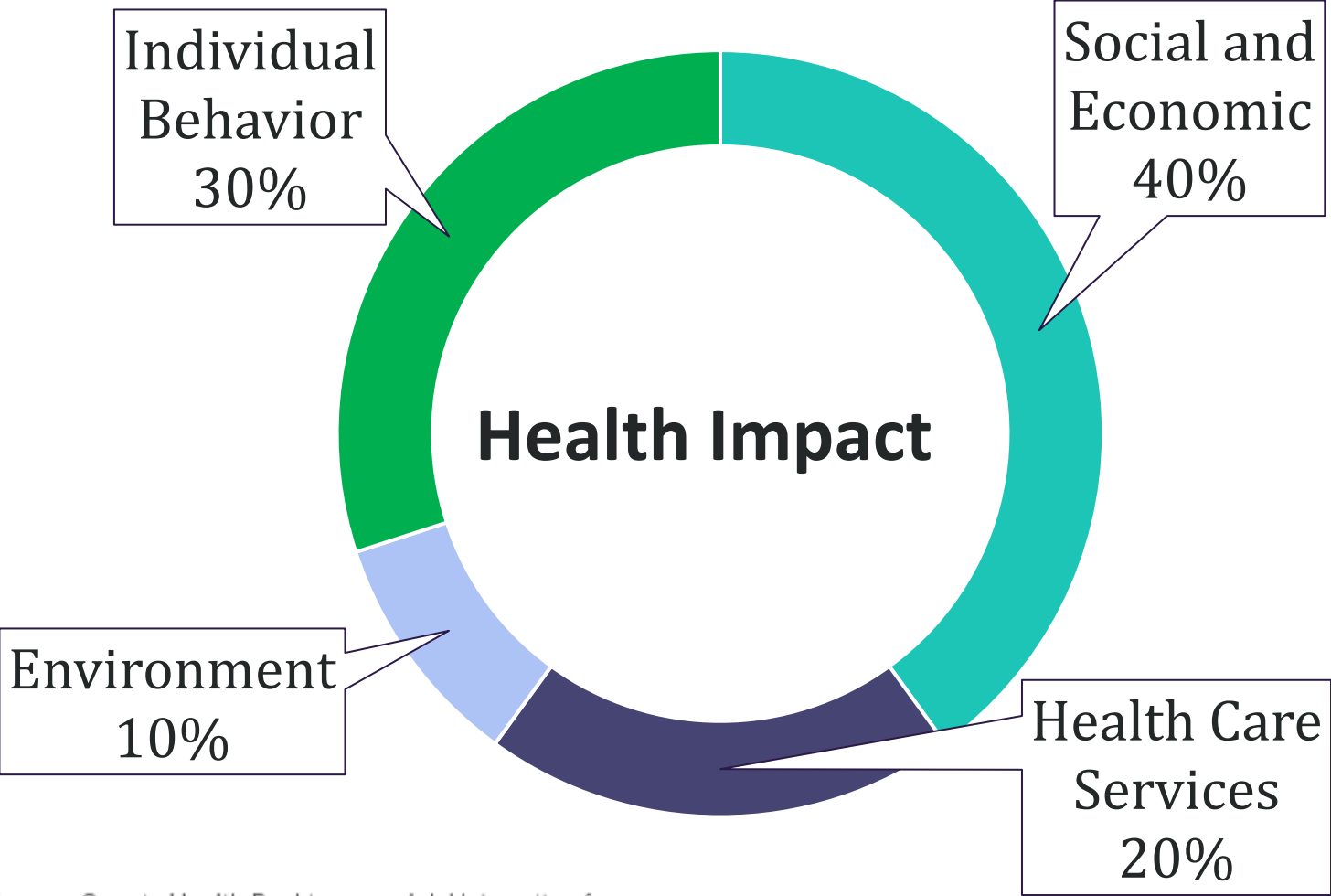


- Public Health
- Social Services
- Health Education



- Prevention
- Behavior Change
- Social Factors

“Reactive to Proactive”



Source: County Health Rankings model, University of Wisconsin Population Health Institute, 2014

Targeting Wasteful Spending Attractive But Not New

With affordability under pressure and new payment models available, targeting \$1.0 trillion in wasteful spending again in focus, although there are *this-time-is-different* differences.

Exhibit 1: Causes Of Waste In The US Health Care System

Covered lives (2016 data):	120 – 125 million ³	~190 million ⁴
Total health consumption expenditures (HCE): ²	\$1.26 trillion	\$1.84 trillion

Estimated annual waste, in 2016

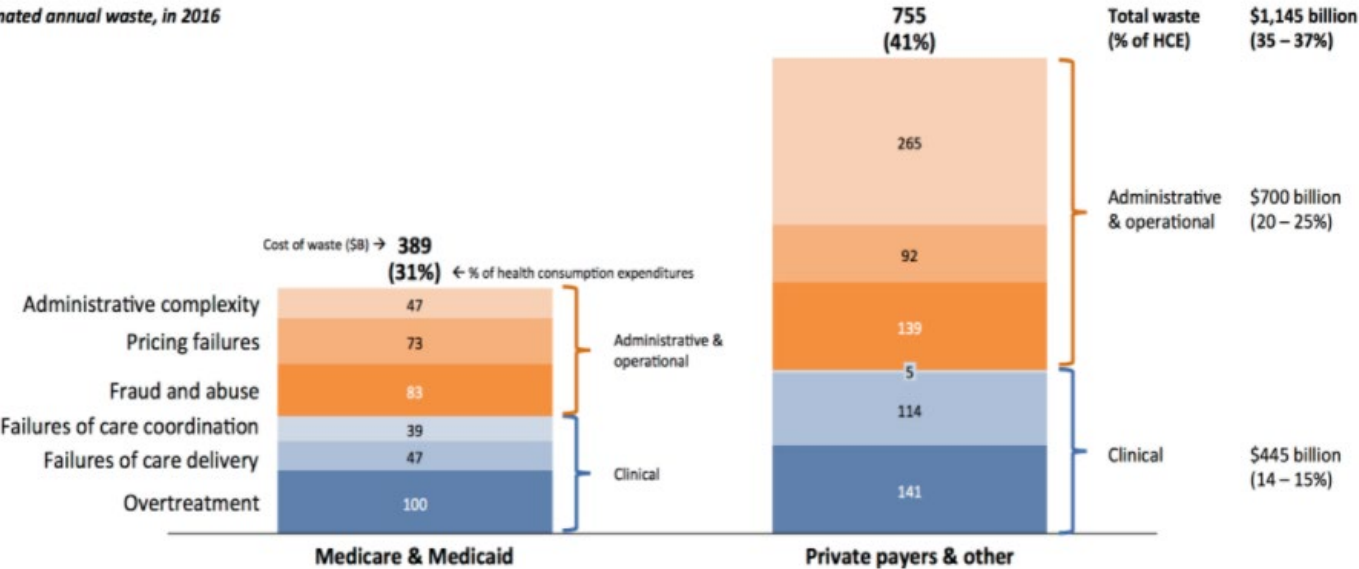


EXHIBIT 1

Estimates of Waste in US Health Care Spending in 2011, by Category

	Cost to Medicare and Medicaid ^a			Total cost to US health care ^b		
	Low	Midpoint	High	Low	Midpoint	High
Failures of care delivery	\$26	\$36	\$45	\$102	\$128	\$154
Failures of care coordination	21	30	39	25	35	45
Overtreatment	67	77	87	158	192	226
Administrative complexity	16	36	56	107	248	389
Pricing failures	36	56	77	84	131	178
Subtotal (excluding fraud and abuse)	166	235	304	476	734	992
Percentage of total health care spending	6%	9%	11%	18%	27%	37%
Fraud and abuse	30	64	98	82	177	272
Total (including fraud and abuse)	197	300	402	558	910	1,263
Percentage of total health care spending				21%	34%	47%

SOURCE Donald M. Berwick and Andrew D. Hackbarth, "Eliminating Waste in US Health Care," JAMA 307, no. 14 (April 11, 2012):1513–6. Copyright © 2012 American Medical Association. All rights reserved. NOTES Dollars in billions. Totals may not match the sum of components due to rounding. ^aIncludes state portion of Medicaid. ^bTotal US health care spending estimated at \$2.687 trillion.

Saving money by doing simple things

The list of interventions include “recommending” medications. In a recent study physicians report having “too little time” to treat patients effectively.

Table 2. Effect of Quality Improvement Strategies on BP Outcomes

Type of Quality Improvement	Source	Median Reduction in Systolic BP (IQR), ^a mm Hg	Source	Median Reduction in Diastolic BP (IQR), ^a mm Hg
Free medications	18, 39, 50	-10.80 (-14.9 to -9.10)	18, 39, 50	-6.4 (-8.70 to -3.90)
Pharmacist recommended medication to physician	8, 20-24, 26, 27, 29, 30, 35, 37, 43, 46, 48	-9.30 (-13.00 to -5.00) ^b	8, 20-24, 26, 27, 29, 30, 35, 37, 43, 46, 48	-3.60 (-7.03 to -1.00)
Education about BP medications	8, 17-23, 26-30, 32, 34, 35, 37, 39-44, 46-50	-8.75 (-11.90 to -4.25) ^c	8, 17, 18, 20-23, 26-30, 32, 34, 35, 37, 39-44, 46-50	-3.60 (-7.03 to -1.00) ^c
Pharmacist performed the intervention	8, 19-22, 24-30, 34-37, 41, 43, 46, 48, 50, 51	-8.44 (-12.25 to -4.00)	8, 19-22, 24-30, 34-37, 41, 43, 46, 48, 50, 51	-3.30 (-6.87 to -0.90)
Drug profile and/or medication history completed	8, 17, 20, 21, 23, 25-27, 29, 30, 32, 35, 40, 42-44, 46, 48	-8.19 (-11.45 to -2.93)	8, 17, 20, 21, 23, 25-27, 29, 30, 32, 35, 40, 42-44, 46, 48	-3.25 (-4.67 to -1.00)
Medication compliance assessed	8, 17, 20, 21, 23, 25-30, 34-37, 39-44, 46, 47, 50	-7.90 (-11.90 to -3.48)	8, 17, 20, 21, 23, 25-30, 34-37, 39-44, 46, 47, 50	-3.25 (-8.65 to -0.85)
Counseling about lifestyle modification	8, 16, 17, 19-23, 26-32, 34, 35, 37, 38, 40-42, 45-50	-7.59 (-11.45 to -2.40)	8, 16, 17, 20-23, 26-32, 34, 35, 37, 38, 40-42, 45-50	-3.30 (-6.70 to -1.00)
Intervention provider could order laboratory tests	16, 22, 25, 31, 33, 44, 48-50	-7.00 (-8.94 to -1.30)	16, 22, 25, 31, 33, 44, 48-50	-3.68 (-5.40 to -0.15)
Nurse performed intervention	16-19, 31-33, 38-42, 44, 45, 47, 49	-4.80 (-9.63 to -0.43) ^b	16-18, 31-33, 38-42, 44, 45, 47, 49	-3.10 (-6.00 to -0.10)
Treatment algorithm used	16, 23, 25, 32, 33, 35, 37, 44, 49	-4.00 (-8.15 to -0.90) ^b	16, 23, 25, 32, 33, 35, 37, 44, 49	-1.00 (-4.20 to -0.15) ^b
Made a home visit	17, 18, 38, 41, 44	-4.00 (-9.95 to 0.15)	17, 18, 38, 41, 44	-1.00 (-4.95 to 0.60)
Intervention provider could prescribe medication	16, 25, 28, 32	-2.40 (-11.28 to 4.75)	16, 25, 28, 32	-0.65 (-11.35 to -0.08)
Physical examination conducted	16, 25	2.10 (-2.80 to 7.00) ^{a,b}	16, 25	-0.15 (-0.30 to 0.00) ^{a,b}

Abbreviations: BP, blood pressure; IQR, interquartile range.

^aWhen the sample size is 2 studies, the numbers in parentheses show the actual results of each study rather than the interpolated interquartile range.

^b $P < .10$ for Mann-Whitney analysis of reduction in systolic and diastolic BP comparing studies with the quality improvement strategy with those without.

^c $P < .05$ for Mann-Whitney analysis of reduction in systolic and diastolic BP comparing studies with the quality improvement strategy with those without.

Table 2 shows the result in a blood pressure study, that used simple interventions such as “pharmacists recommendation.”. Unfortunately, fee-for-service shows physicians don’t have enough time with patients to do these simple effective things.

How did each of the following factors contribute to you choosing to operate a DPC practice?

Response	Not at all	A little/some	A lot
Too much FFS paperwork to complete	4%	17%	78%
Potential to earn more under DPC	55%	34%	10%
Too large of a FFS panel size	16%	33%	49%
Too little time for FFS visits	4%	11%	85%
Contracting complexities with insurance companies	9%	21%	70%
Potential to provide better primary care under a DPC model	1%	3%	96%
DPC entrepreneurial spirit	9%	38%	52%
Total Respondents	100%		

Direct Primary Care Generates Significant Savings

This study shows savings are available from obvious sources such as ER visits, but also less obvious such as preventative services, regardless freeing money for non-medical services.



Health Care Cost Trends

Direct Primary Care: Evaluating a New Model of Delivery and Financing

Figure 8
DPC OPTION VS. TRADITIONAL OPTION: RELATIVE CLAIM COST DIFFERENCES

Metric	DPC vs. Traditional Health Care Cost Differences		
	Unadjusted Actual	Risk-Adjusted Actual	Risk-Adjusted Actual 90% Confidence Interval
Allowed Claims Cost PMPM	-19.90%*	-12.64%*	-6.41% to -18.87%

* The p-value < .01 (statistically significant result with 99% confidence).

Figure 9
DPC OPTION VS. TRADITIONAL OPTION RELATIVE CLAIM COST DIFFERENCES

Type of Service	DPC vs. Traditional Health care Cost Differences		
	% of Allowed Costs	Unadjusted DPC vs. Traditional	Risk-Adjusted DPC vs. Traditional
Inpatient Total	9.1%	-12.78%	-8.19%
Outpatient: Emergency Department	10.9%	-49.81%***	-52.50%***
Outpatient: Surgery	15.6%	-11.37%	-5.36%
Outpatient: Other	6.4%	-28.05%	-23.18%*
Physician: Inpatient (non-Maternity)	1.4%	-29.50%	-24.33%
Physician: Maternity	0.5%	+0.62%	+8.00%
Physician: Emergency Department	1.1%	-32.23%	-35.86%
Physician: Outpatient Surgery	6.4%	-12.55%	-6.13%
Physician: Preventive Services	5.3%	-39.92%***	-35.51%***
Physician: Primary Care Visits†	2.3%	-20.65%	-14.83%
Physician: Specialist Office Visits†			
Physician: Urgent Care Visits	0.5%	-24.41%	-18.86%
Physician: Other	8.0%	-5.72%	+1.20%
Other: Ambulance	0.4%	-33.16%	-23.57%
Other: DME/Medical Supplies	1.6%	-11.64%	+1.05%
Other: Home Health	0.0%	-81.7%	-79.07%
Prescription Drugs	28.1%	-14.95%	+1.02%
Total	100.0%	-19.90%**	-12.64%**

† The administrative medical claim data were not well populated with CMS provider specialty codes, so we were unable to consistently distinguish between primary care and specialist physician office visits. The results provided here are for all physician office visits (primary care and specialist combined).

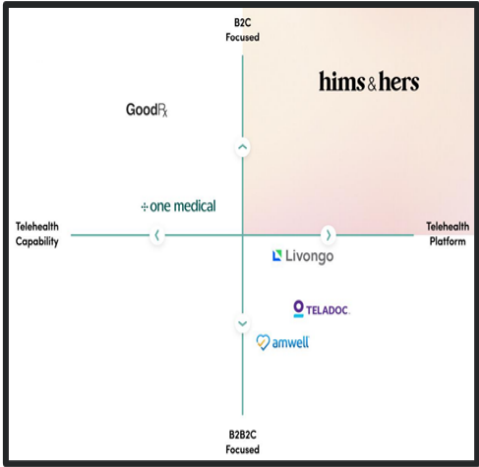
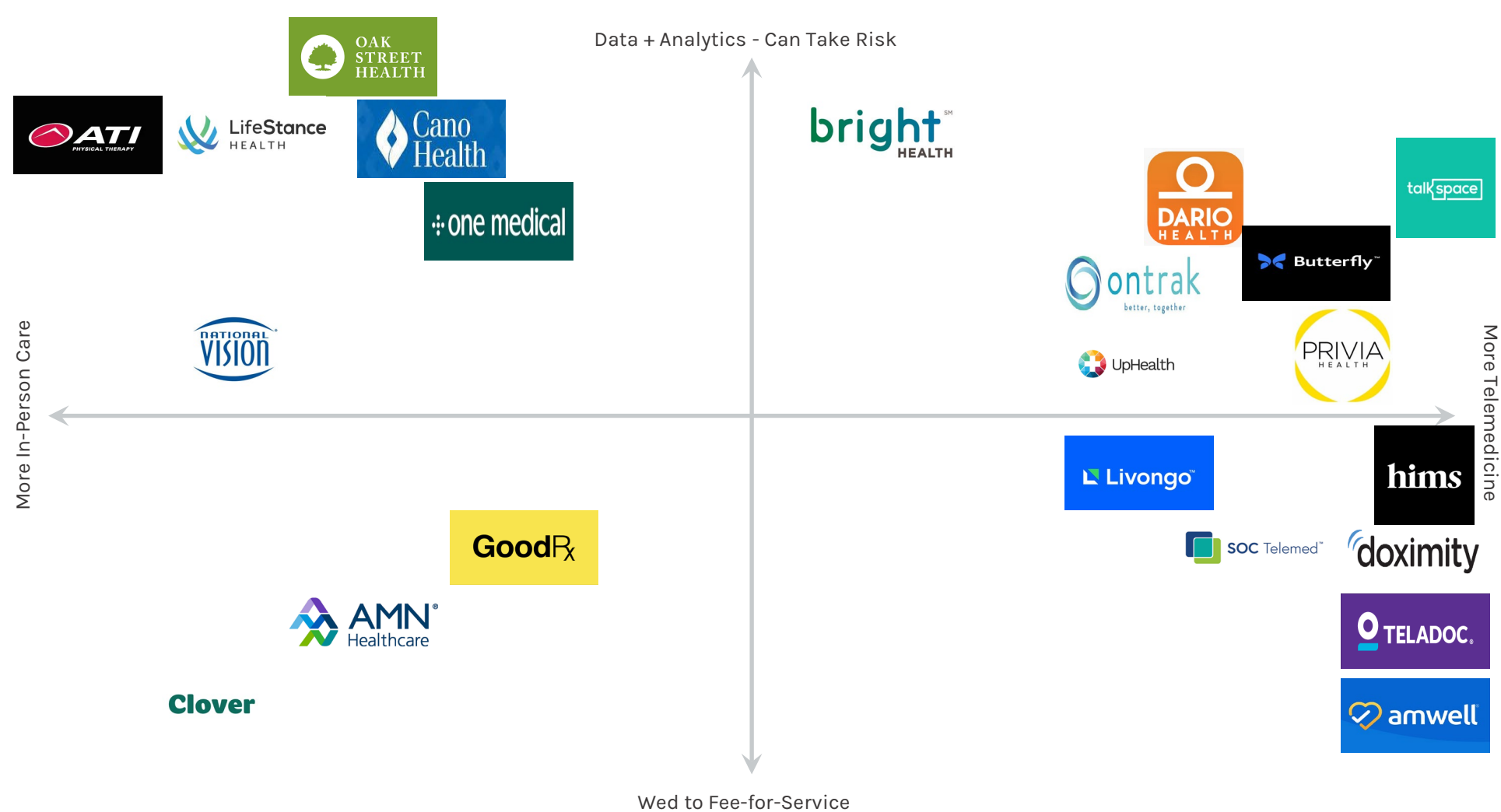
* The p-value < .05 (statistically significant result with 95% confidence).
** The p-value < .01 (statistically significant result with 99% confidence).
*** The p-value < .001 (statistically significant result with 99.9% confidence).

“Many DPC physicians state that traditional primary care visits, which average just 13 to 16 minutes, provide physicians with inadequate time to comprehensively diagnose and provide care to their patients, and this lack of time leads to higher-than-necessary diagnostic referrals.”

We hypothesize that the difference in annual physical exams may be due to the increased and no-cost access to primary care provided to the DPC cohort

Digital Health 1.0 | Company Matrix

“In 2021, simply having an app that hosts a virtual visit is no longer enough.”

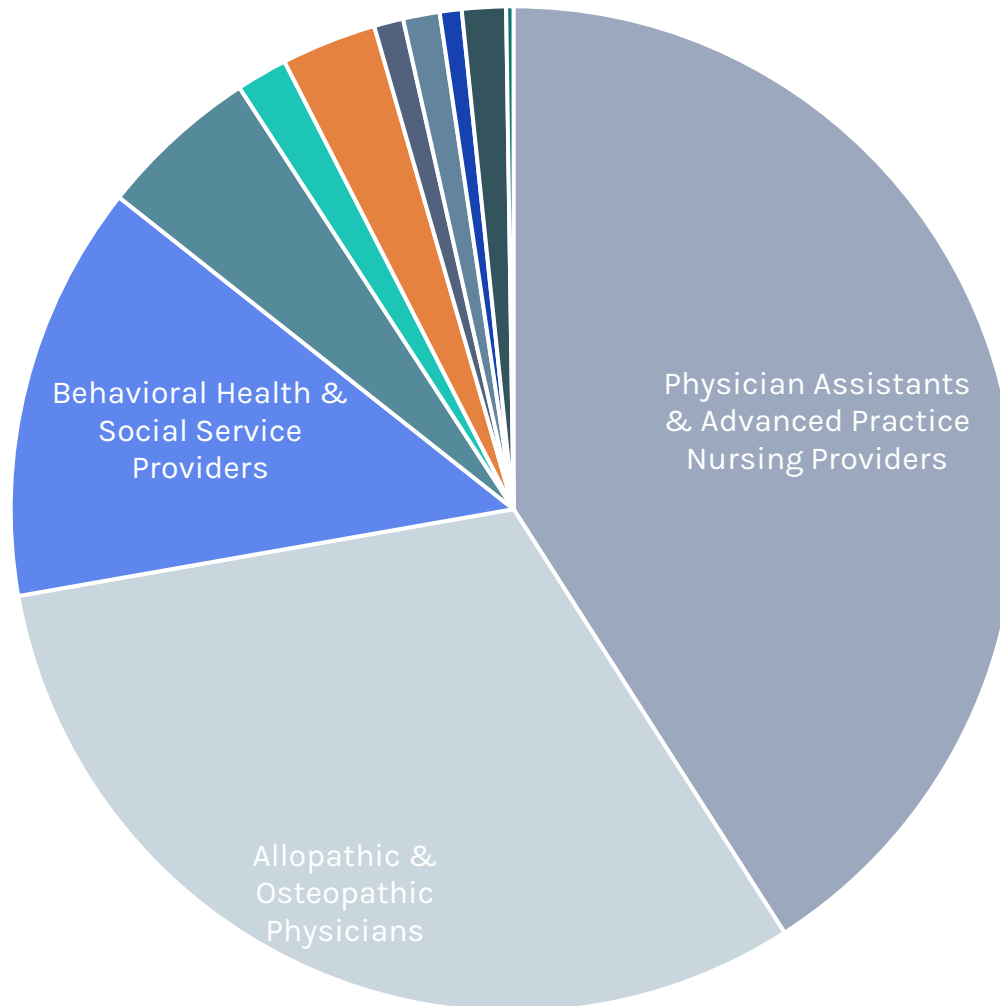


When Hims & Hers Health Inc. was preparing to DeSPAC in 4Q20, they shared the scatter plot above showing their positioning relative to their competitors based on customer focus and platform capability.

Given our involvement in the cutting edge of digital health, we chose to create our own matrix based on In-Person-to-Telehealth Mix and Ability to Take Risk.

OSH | Mix of Providers

Behavioral Health and Social Services + Physician Assistants = 54% of total providers



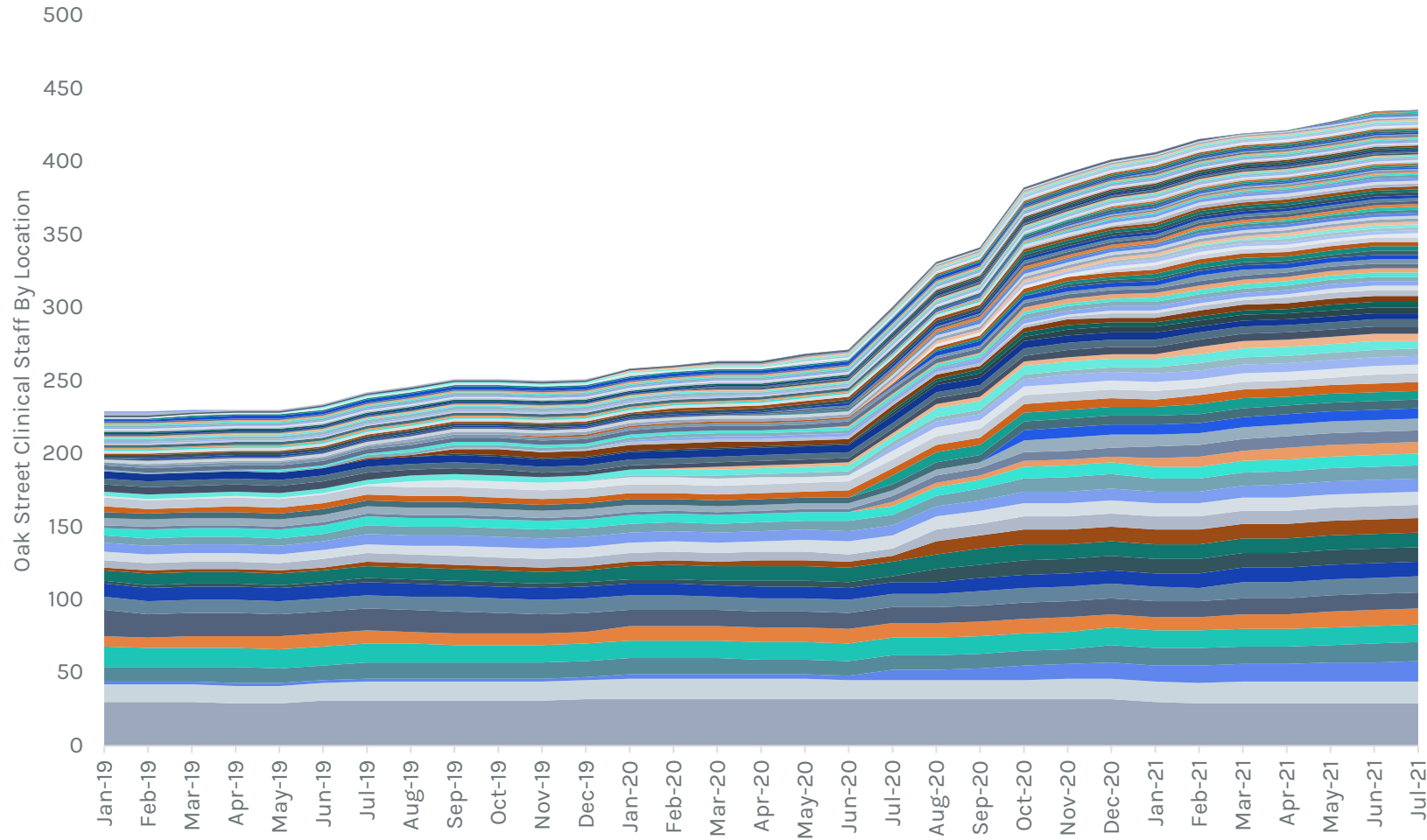
Physician Assistants and Nursing staff make up the majority of licensed staff. As we saw in earlier in studies on advanced primary care models, access can limit costs by diverting to lower cost professionals or eliminating altogether.

As we have seen from other data sets and in anecdotes from providers, the social and non-medical interventions are the key to lowering aggregate costs and improving care.

According to our contacts, the mix of non-licensed clinical support staff is similar to other advanced primary care models.

OSH | Expanding sites of care

2020 was a huge year for Oak Street expansion



Tracking sites of care and the staffing advanced primary care companies are using will become an important piece for analyzing these models.

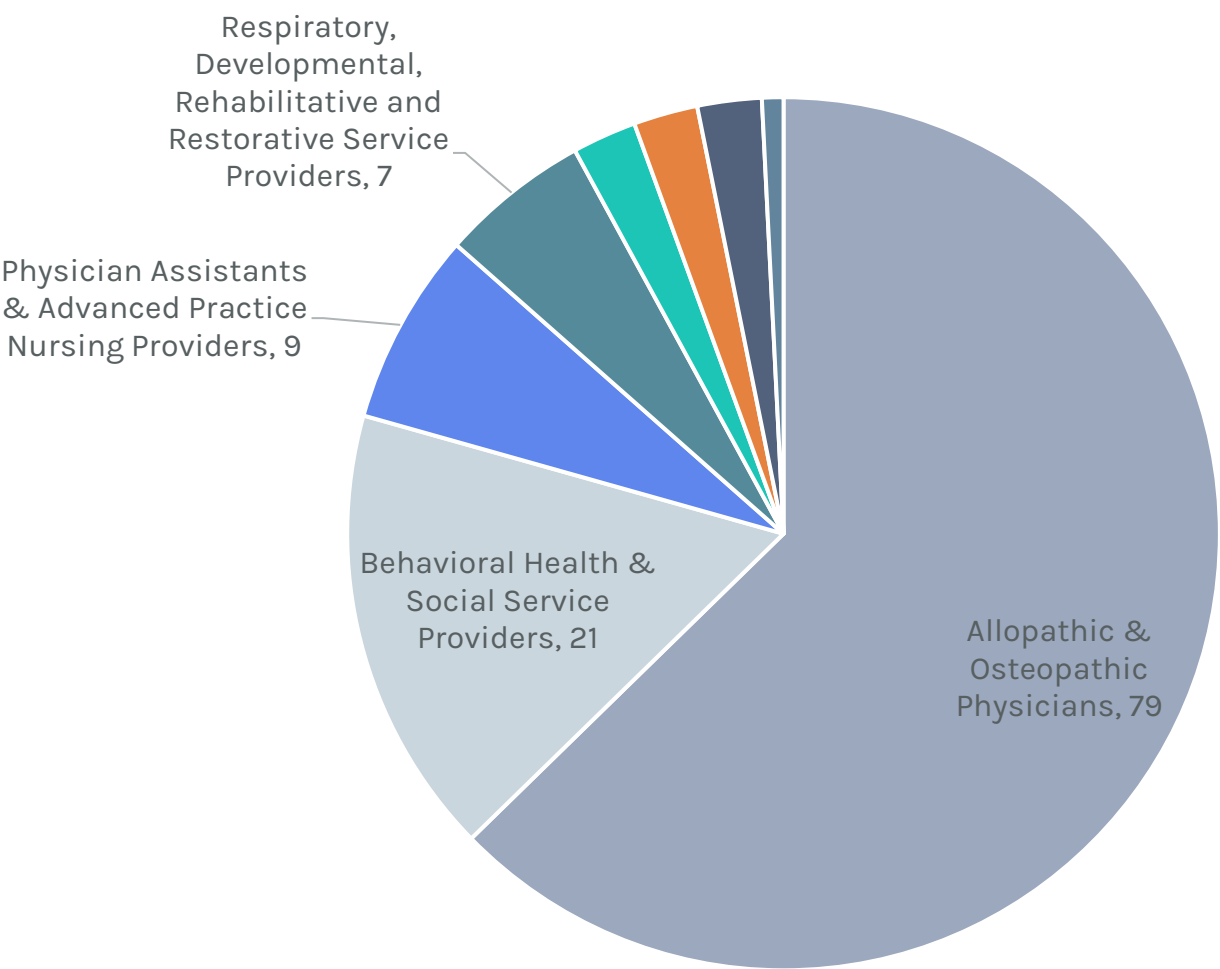
Are they taking share? What are labor rates among their specialties? What are the demographics of patients in the service area?

Here we're showing OSH total staff by individual location. Below is their job board data.



Iora | Mix of Providers

Behavioral Health and Social Services + Physician Assistants = 54% of total providers

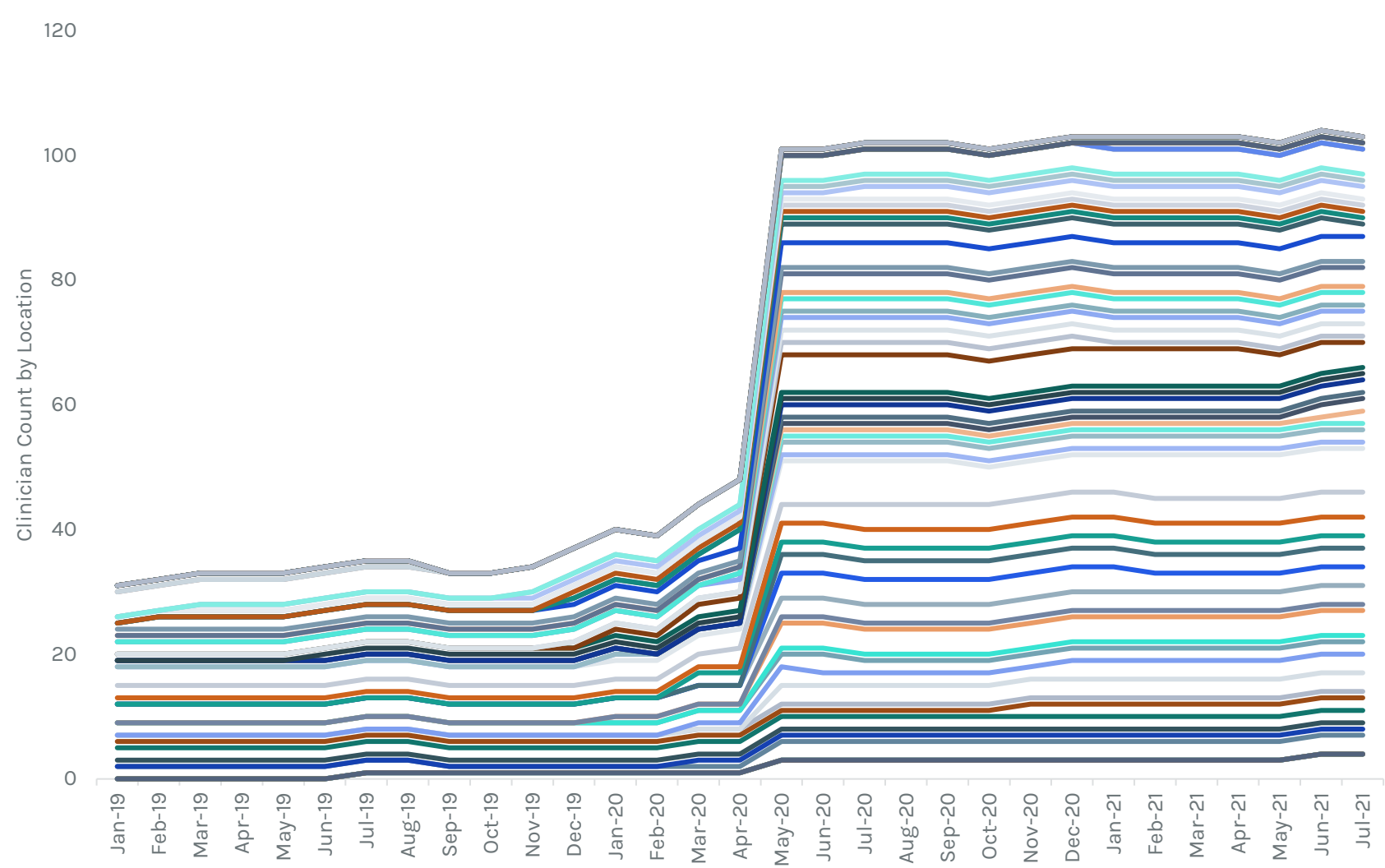


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According to our contacts, the mix of non-licensed clinical support staff is similar to other advanced primary care models.

After a capital raise and the end of Humana exclusivity, lora location count rapidly expanded

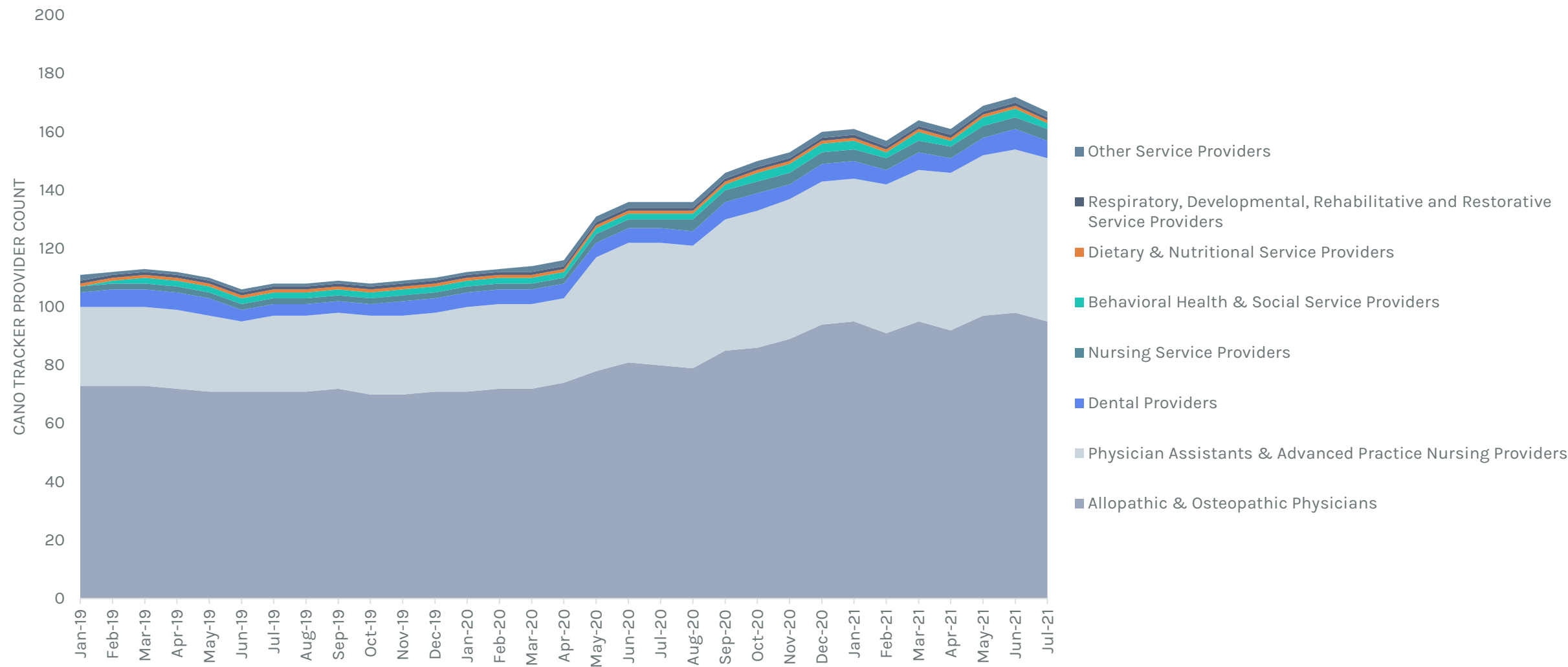


There may be issues with the data we have not uncovered yet that cause the sharp increase in 2020. The timing coincides with a round of capita and the end of an exclusive relationship with Humana.

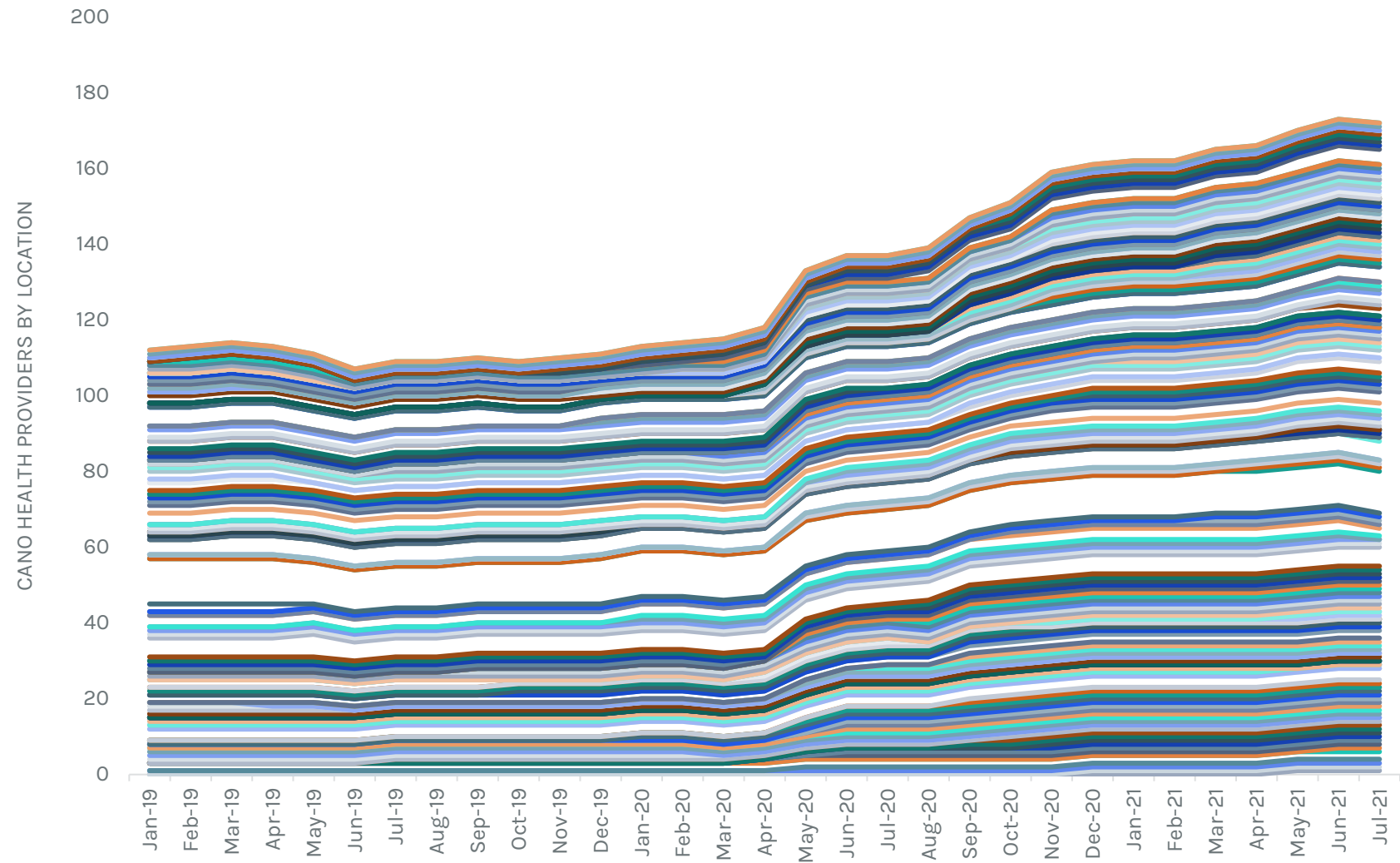
In 2021, the acquisition by One Medical

Cano Health | Mid 2020 Expanding Provider

Cano Health has expanded less dramatically than others, also worth noting the higher MD mix.



After a capital raise and the end of Humana exclusivity, lora location count rapidly expanded



Tracking sites of care and the staffing advanced primary care companies are using will become an important piece for analyzing these models.

Are they taking share? What are labor rates among their specialties? What are the demographics of patients in the service area?

Here we're showing OSH total staff by individual location. Below is their job board data.

Field Notes | 2 Oak Street Medical Directors (+ Check)

“It's a question of scale and risk, and having well-defined protocols makes it work,” and “Simple, low-acuity things to keep people healthy yield wins in an at-risk model.”

Highlights

Our contacts explained that high ER utilization, hospital stays, and readmissions are the primary drivers of cost in the US Medical Economy, and with advanced/integrated care models, **care teams including doctors, RNs/NPs, scribes, social workers, and many others (paramedics and community health professionals) can address the issue(s).**

- There are “so many conflicting incentives in the US health system, which is why Oak Street, Cano, and One Medical/Iora, among others, have an opportunity” - **it could be a decade before the rest of health care comes this way** (true value-based, at-risk care)
- **Data and the ability to leverage data will drive success** - the data, processes and buy-in from providers create a barrier to entry, and as Oak Street, Iora, Cano, et al. gain scale, moats increase
- **Properly assessing a 65+ year-old patient allows a provider to make the model work and avoid risk** - “CMS pays a lot for sick Medicare/Medicare Advantage members”

So, what are the main costs of care where new models can achieve savings (legacy vs. APC) - the bin of savings that helps provider afford the “extra” spending?

- On average, an ER visit can cost \$1,600 and a hospitalization \$16k in this population (65+).
- The RAF - risk-adjustment factor - tells CMS how much PMPM, and cataloging RAF scores brings more money to cover costs, put services in place, etc. for whatever is needed to keep the patient out of the hospital. Money comes from the very sick and shifts around, there's no exact answer.
- **Providers must be skilled at uncovering hidden sources of cost and addressing diagnoses gaps.** Learning how to document skin changes (purpura) can draw more money from CMS. Certain quality scores have more weight - e.g., HBA1C in diabetes 3x weight.
- **Hospitalization and diabetes are at the top of the list**, COPD and lung issues are 2nd (too many people still smoke), cardiac and vascular issues are 3rd, end of life and cancers are 4 and 5.

- **In primary care, I think it's ludicrous to stay FFS from a financial standpoint.**
- **Typically, for every dollar, managed Medicare spends 75-85 cents on patient care.** So, apples-to-apples comparisons are hard. There's no brick-and-mortar (it's rent/leases) and it's not like health systems that run primary care as a loss leader to pull care into other service lines.
- **Providers that can't scale are likely in inefficient environments like an academic setting** - a couple of local health systems (IL) tried to build advanced primary care practices w/ in the past two years but both failed).
- **85% of a panel might be high-risk** - in an average FFS practice it might be 30%. A clinic might reach maturity or full capacity at 5-6 years.

Post-COVID syndrome/long haulers are an issue, and there are still patients that haven't been seen live in 15 months (3% - 5%). Even specialists (neurologists and rheumatologists) don't know what to do with these patients - “they just need to be kept out of the ER.”

- Catching up post-COVID, but colonoscopies (gold standard) are still lagging, and while FIT tests helped (Cologuard too expensive), there's concern about missed diagnoses and lack of proper screening (diabetic retinopathy, mammograms, etc.).

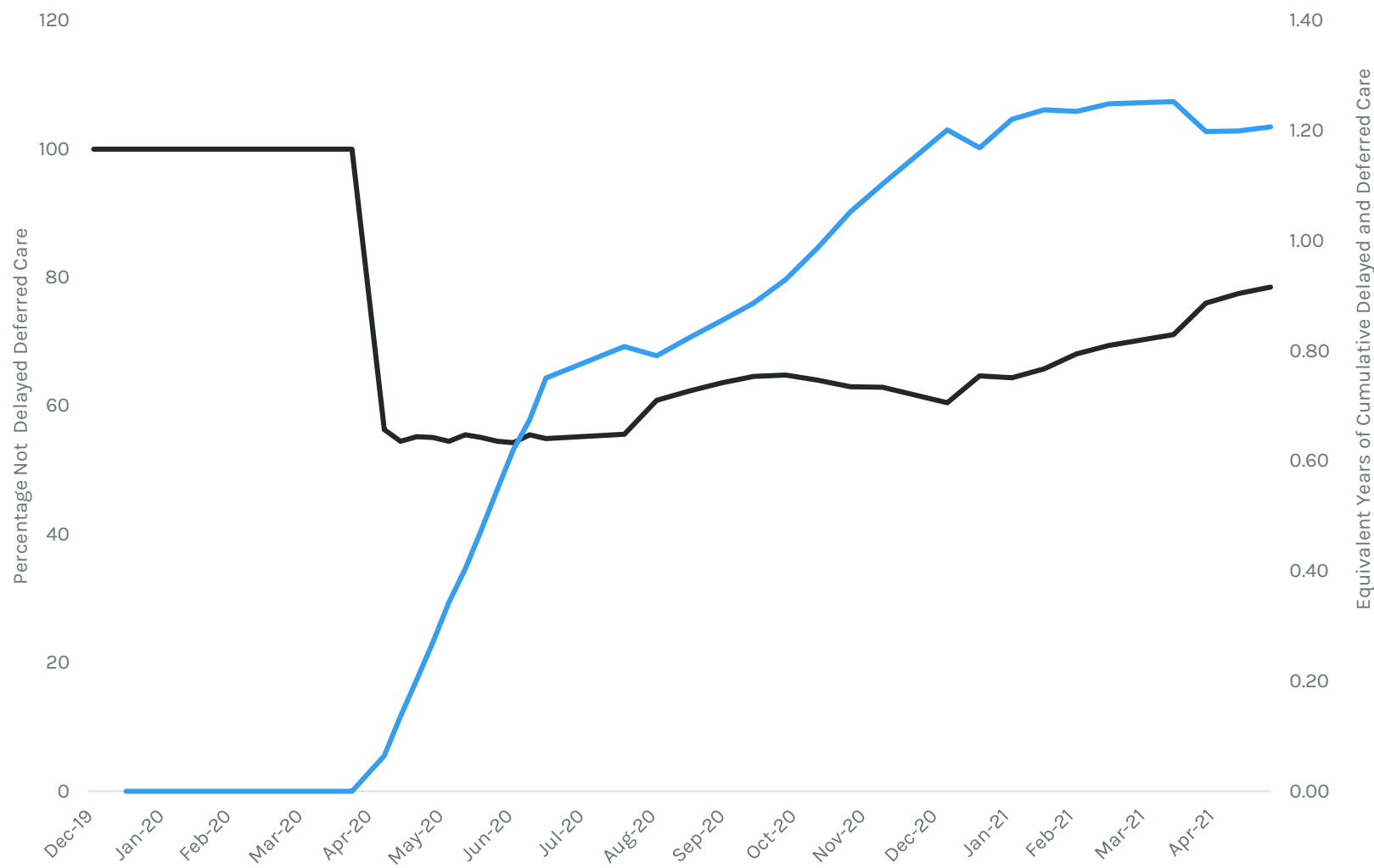
How important are digital infrastructure and team collaboration?

- **Very** - Greenway (EMR) isn't great, but Canopy is and fills in the gaps. There is a real risk of burnout due to EMRs. **Team collaboration is the key to success** - “communication is everything.”
- The biggest problem can be providers (full buy-in, communication, etc.), and it can cost up to \$1MM to replace a provider (training, patients, etc.).

ChenMed, VillageMD, Iora, CareMore, and Landmark Health are all on our contacts' radar. ChenMed is doing well, but VillageMD pays providers like FFS models - it's “not as attractive.”

Reduced Access to Care – Household Pulse Survey

At peak 40% of people delayed and deferred medical care because of COVID-19



Survey Questions:

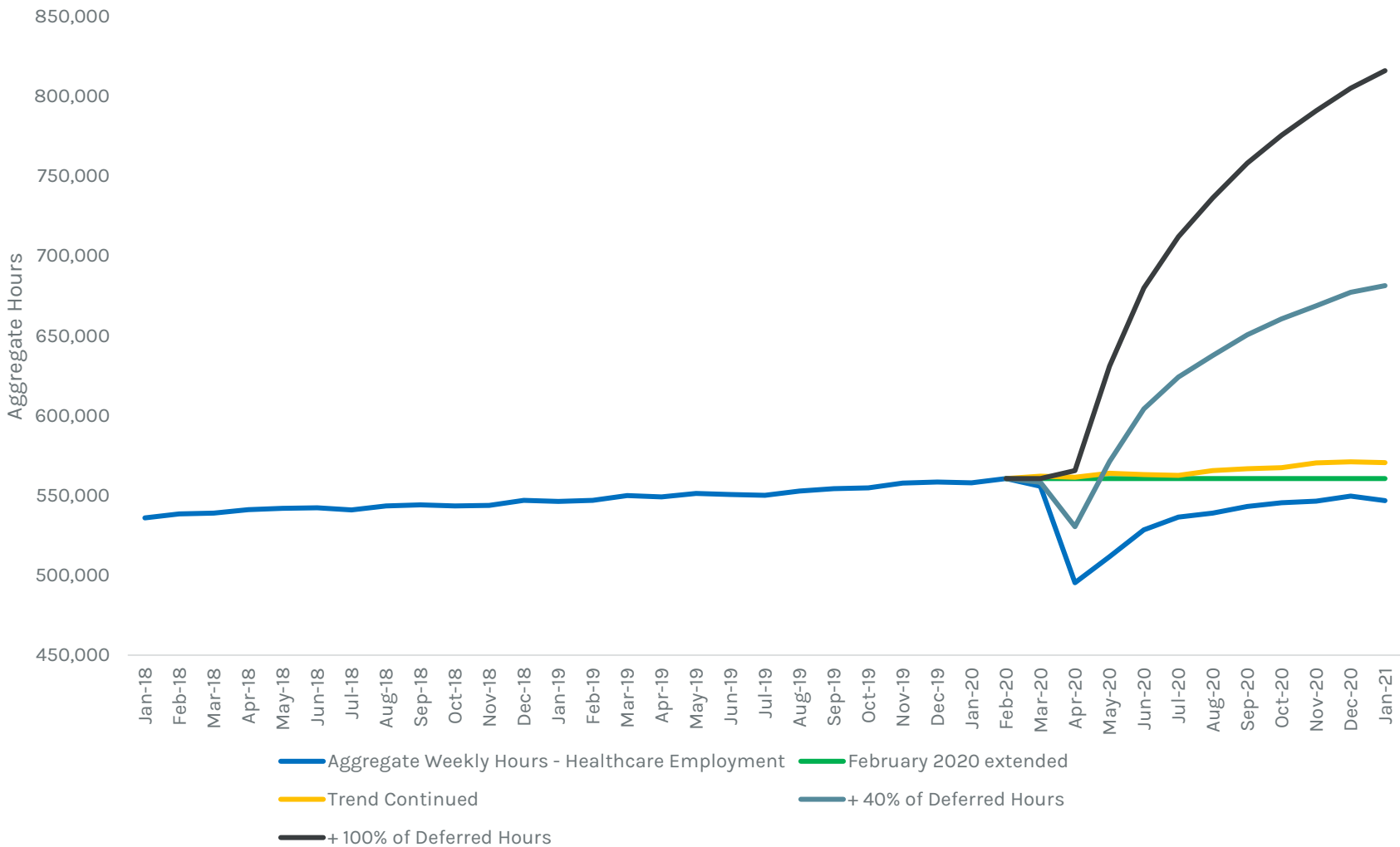
At any time in the **last 4 weeks**, did you **DELAY** getting medical care because of the coronavirus pandemic?

At any time in the **last 4 weeks**, did you need medical care for something other than coronavirus, but **DID NOT GET IT** because of the coronavirus pandemic?

The sum of all the delayed care since the beginning of the pandemic is equivalent to an additional 1.2 years of care. **AND** the backlog continues to build! There remains 20% of the population who is delaying or not getting care because of COVID fears.

Healthcare Aggregate Weekly Hours

Even a small drawdown of the deferral pool is a trend+ multiplier



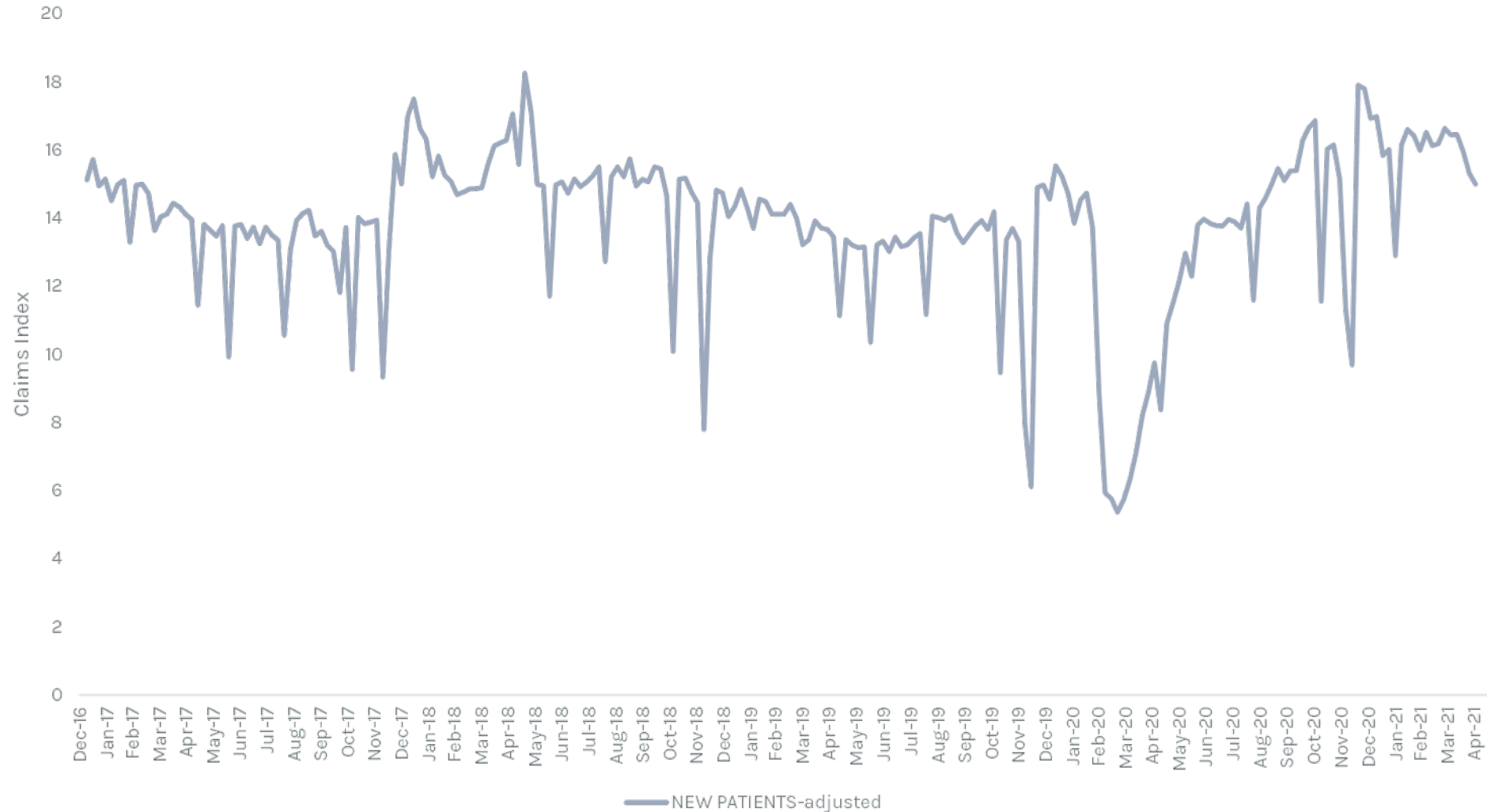
We summed the differences between the extended pre-pandemic trend and actual Aggregate Hours Worked. The deficit as of the latest reading is 13.9M hours below trend. The cumulative deficit is 269M hours or 50% above the current Aggregate Weekly Hours for Health Care Employees.

For comparison purposes we added both 100% and 40% of the cumulative deferred hours to the actual result. We chose 40% based on survey readings from the CDC and our own work.

This chart suggests that while the delivery system may be 'back to trend' and capacity constrained, we see +4% to a full return to trend, +3% for utilization, and a multiplier from deferred care that could drive medical consumption well into the double digits as the US Medical Economy re-opens.

Claims Index: New Patient Claims

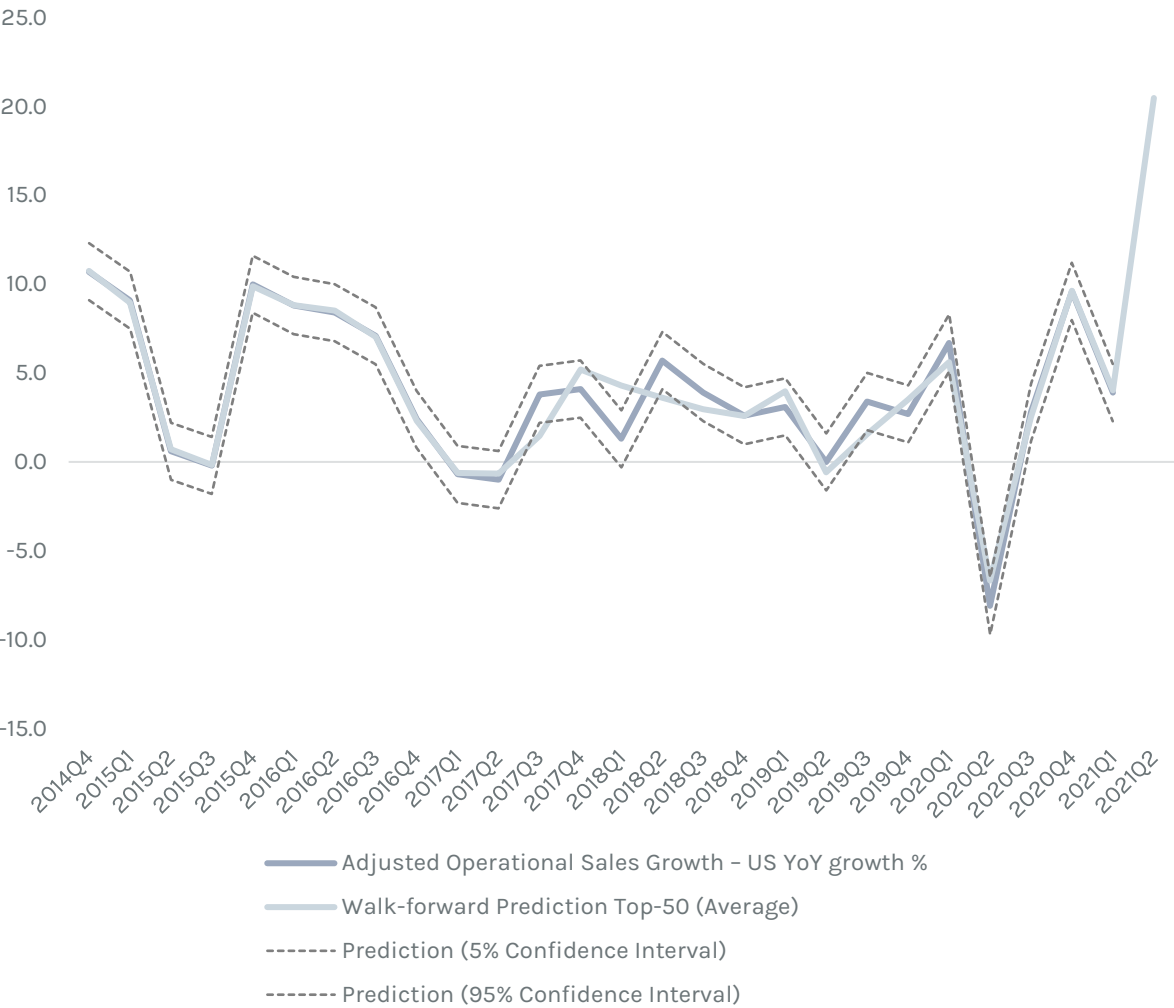
New patients are running above pre-pandemic levels



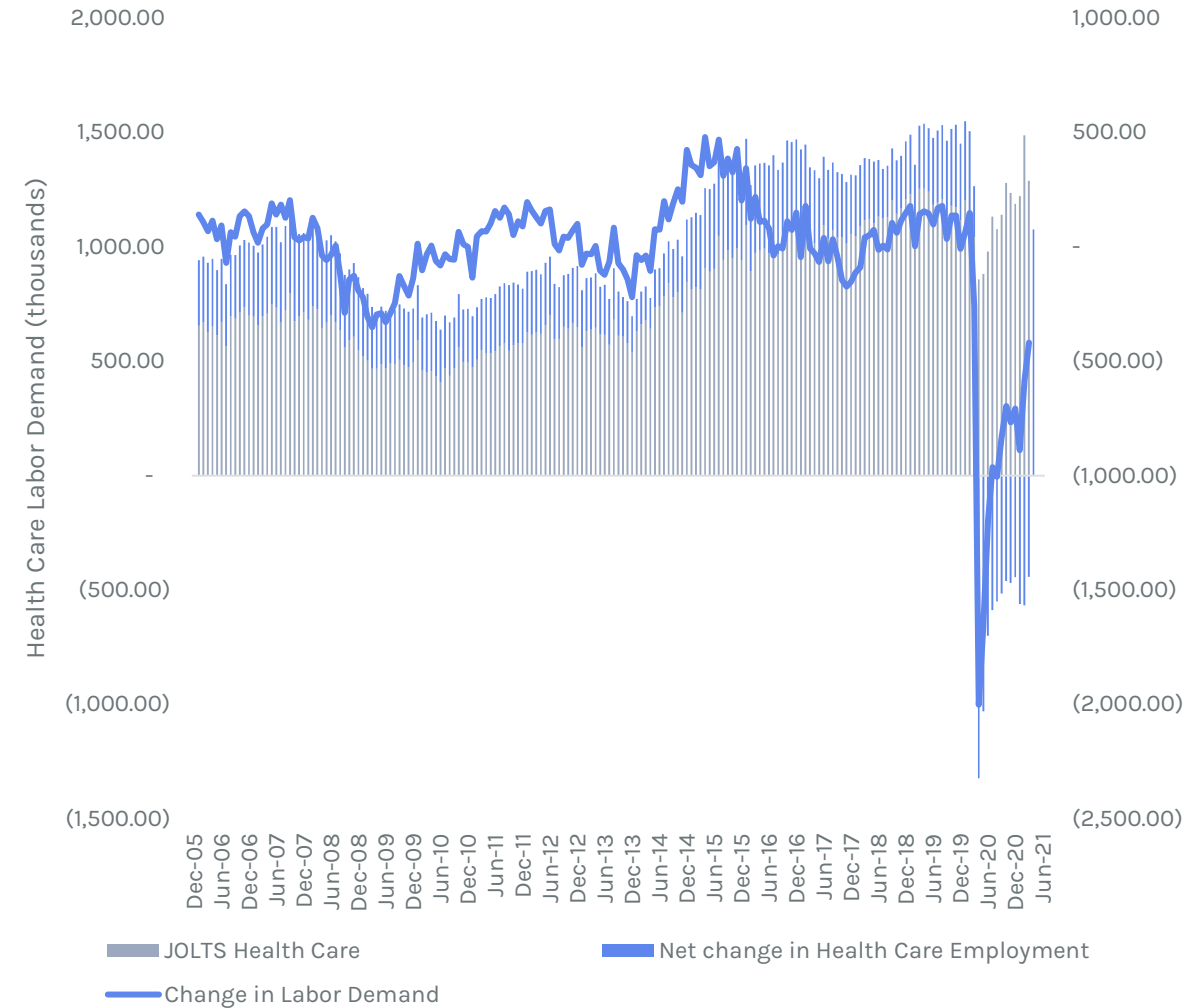
New patient volume has surpassed pre-pandemic levels. This may be due in part to shifting sites of care like telemedicine, but still appears robust.

Sector Strong in 2Q21, but Earnings Will Determine 2H21

JNJ | Adjusted Operational Sales Growth

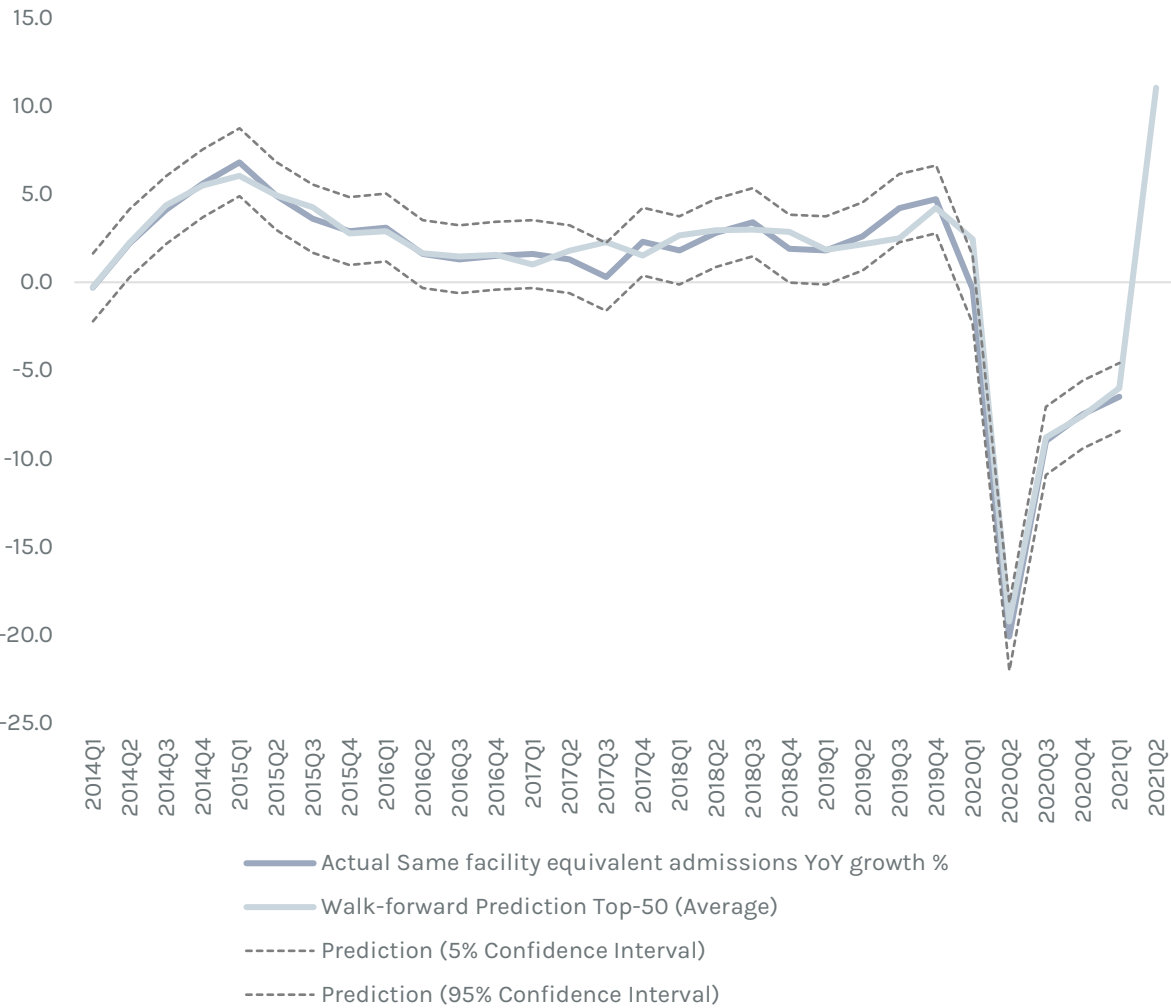


US Medical Economy – Labor Demand (+)

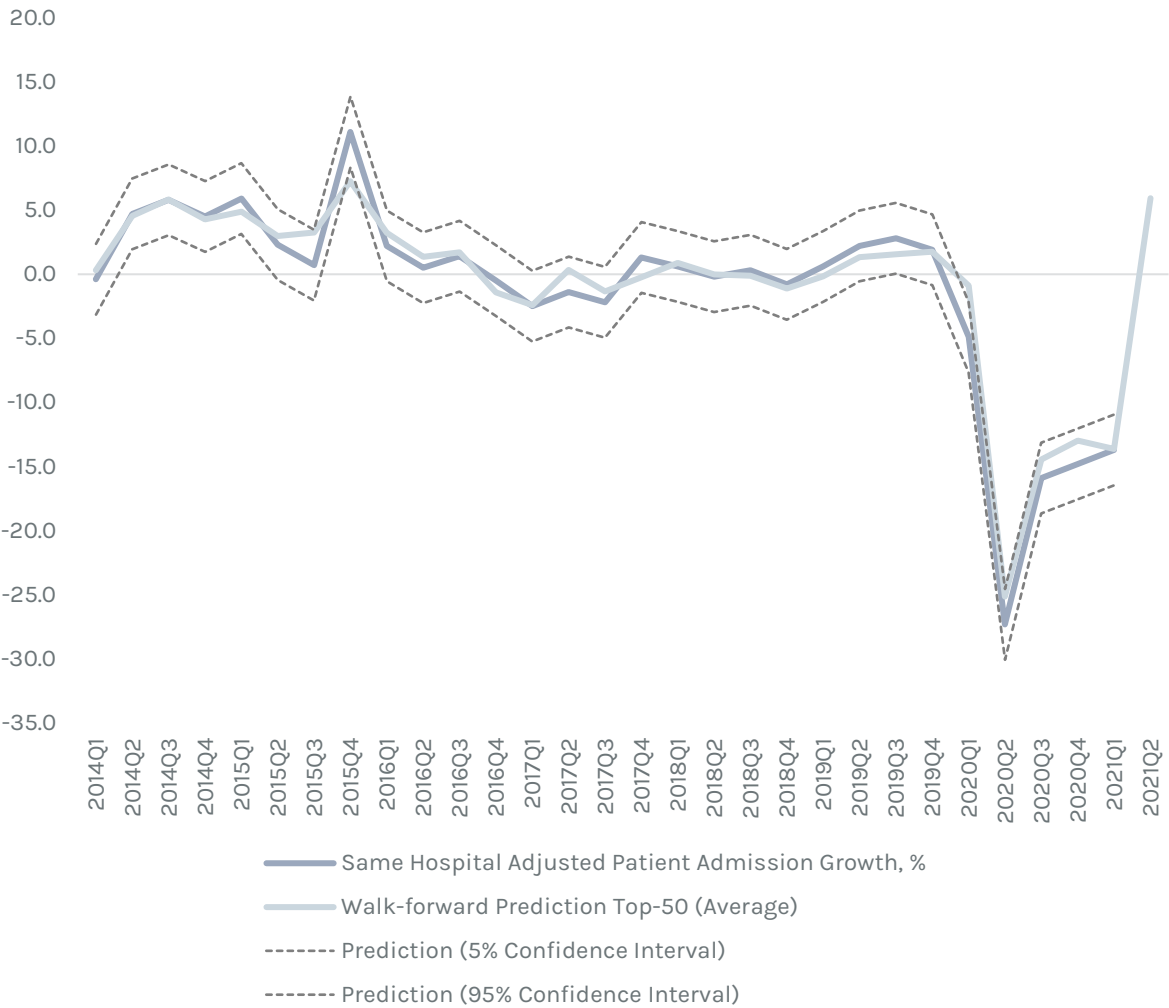


Hospital Volume to Improve in 2H21...

HCA Same Facility Equivalent Admissions

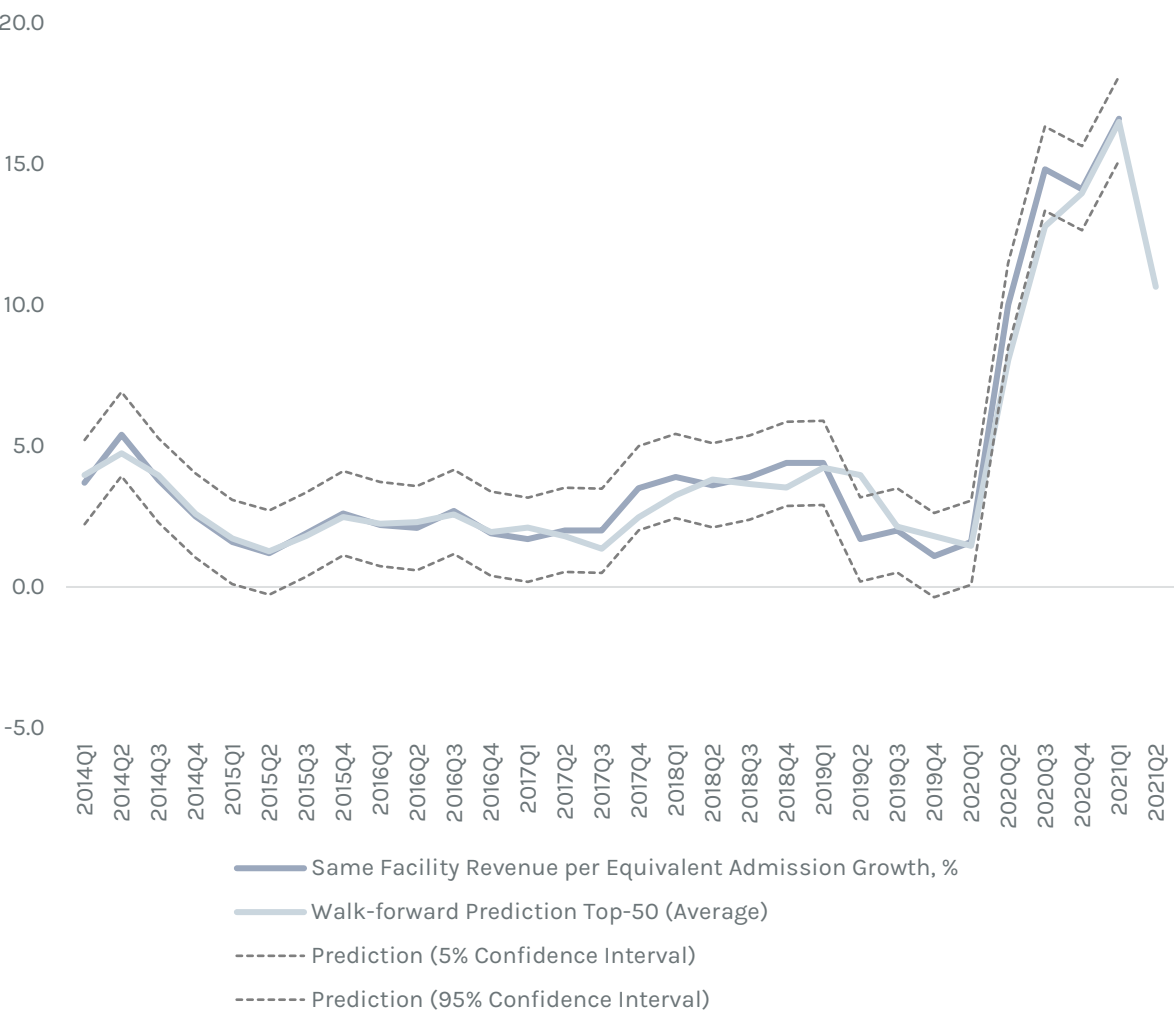


THC Same Hospital Adjusted Patient Admissions

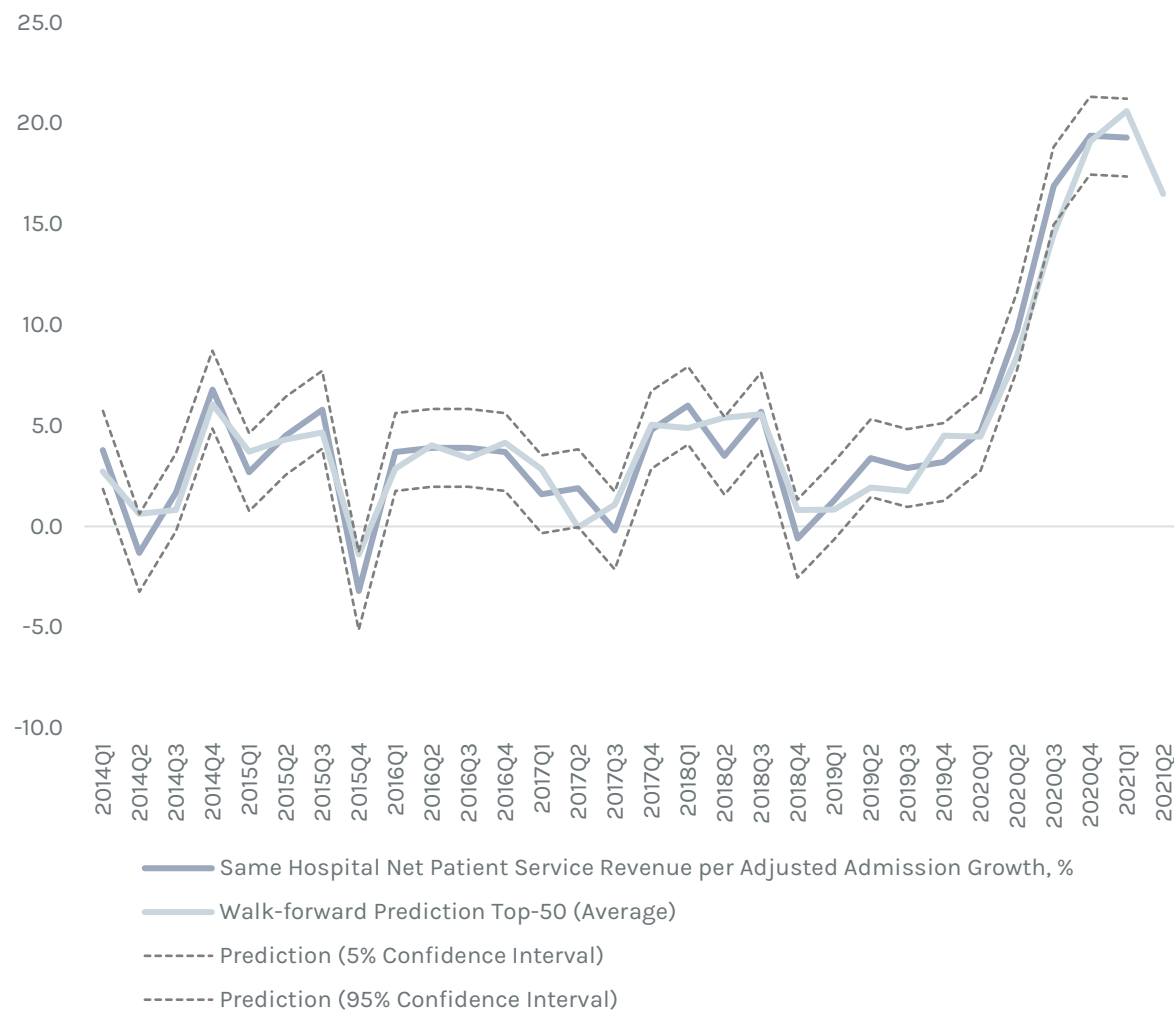


But Loss of COVID Reimbursement Means Rev Per will Decline

HCA Same Facility Revenue/Equivalent Admission

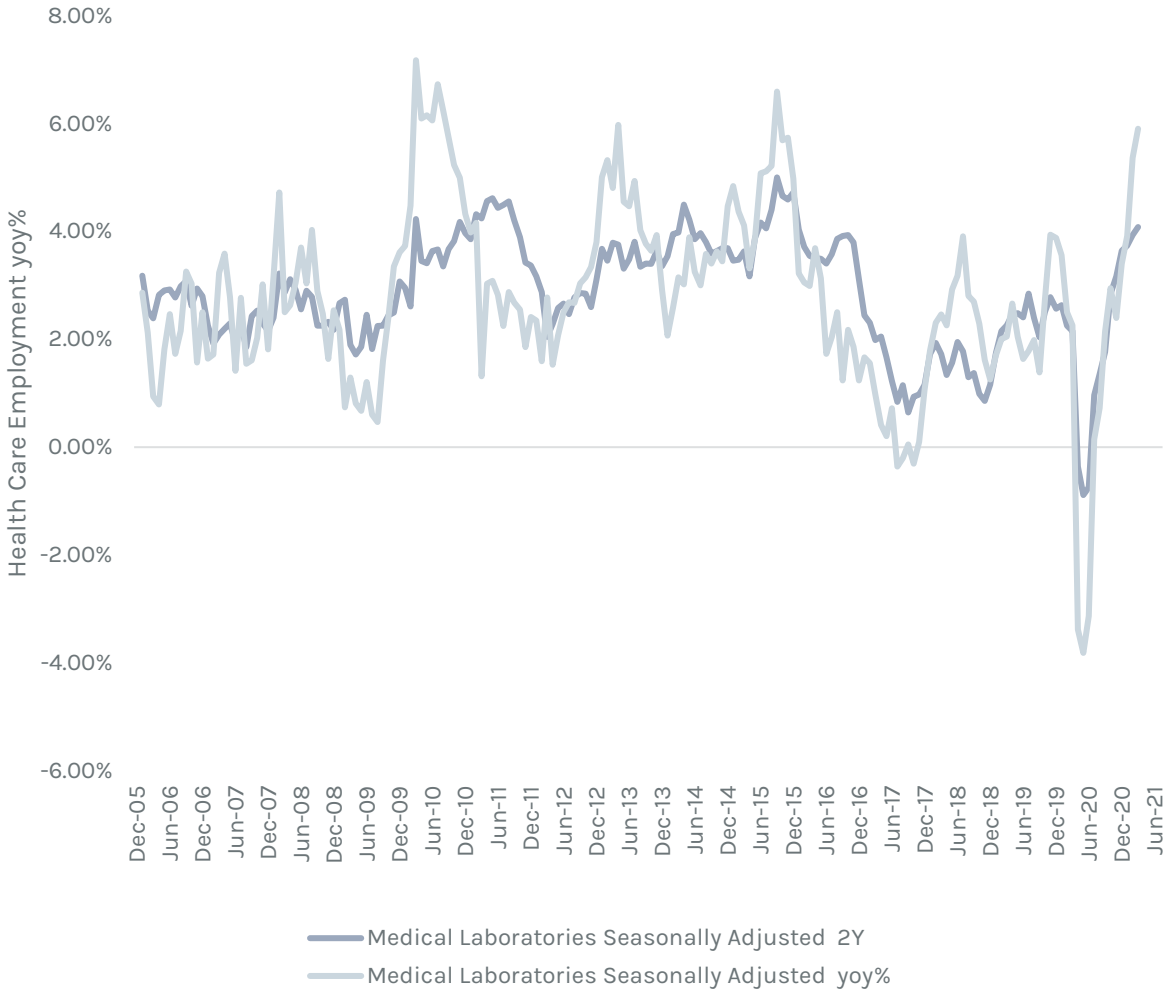
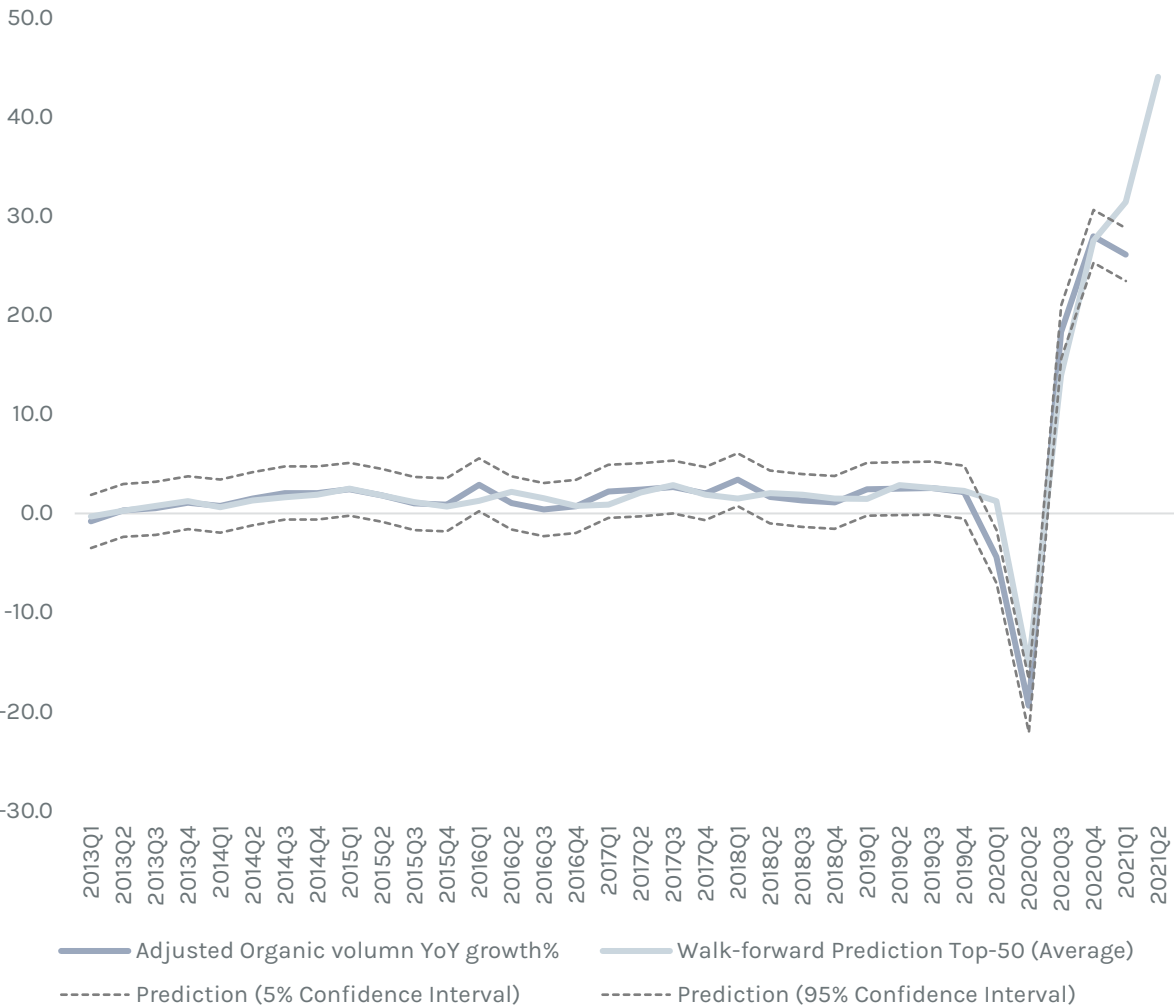


THC Same Hospital Net Patient Service Revenue



Labs Continue Strong Trend Despite Rev Per Losses

LH + DGX | Organic Volume Growth

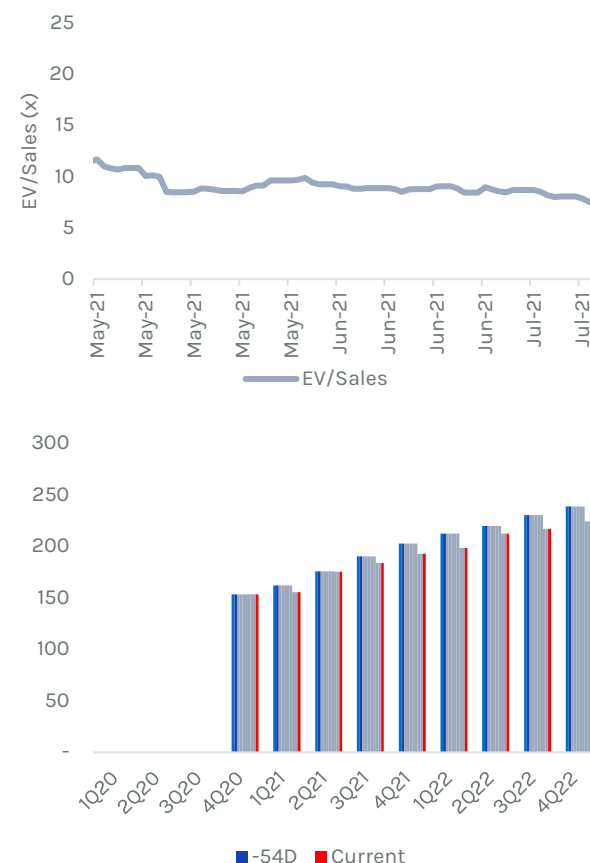


ATIP | ATI Physical Therapy

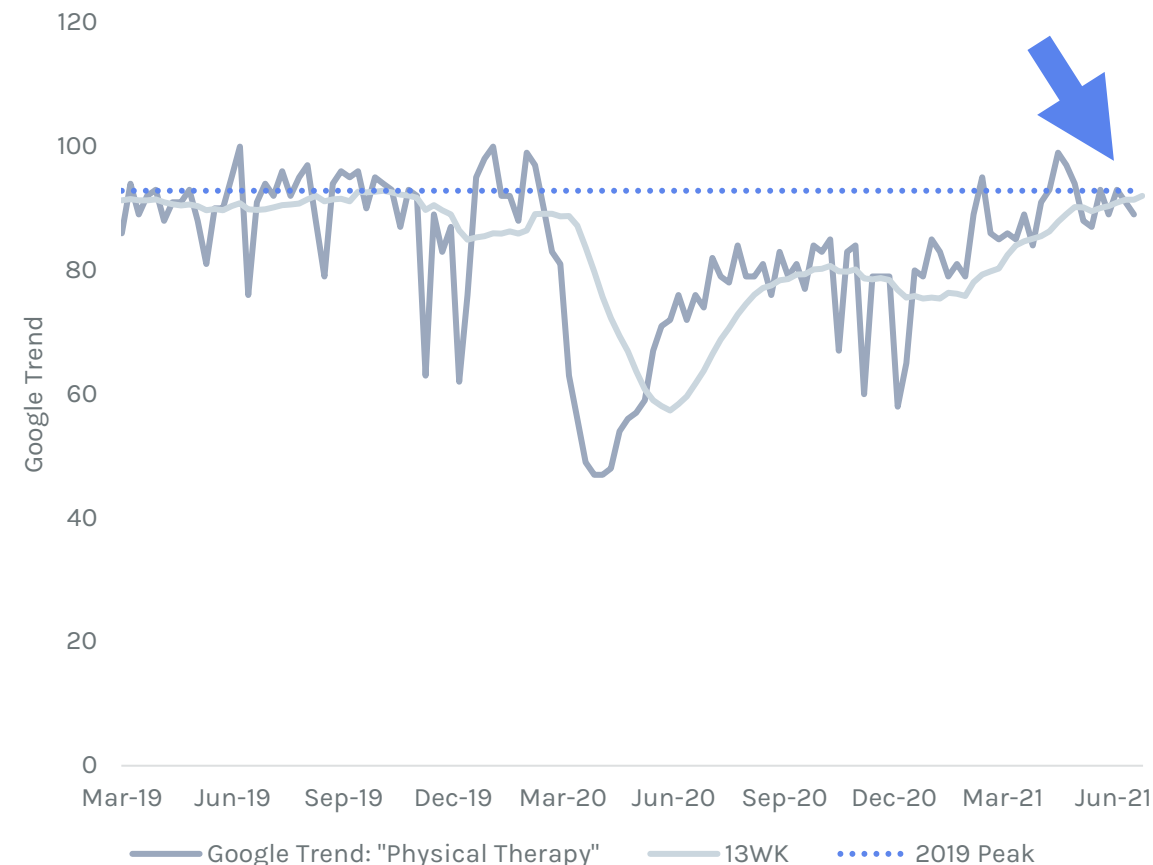
The factor exposure has been a headwind, but ATIP remains a top pick given the leverage to #reopen, value based contracting exposure, and the long-term opportunity for PT consolidation.

- ❑ **Founded in 1996** as a single operating clinic in Illinois. In 2000, the brand evolved into the Athletic Therapeutic Institute and began their expansion.
 - In 2016, they were acquired by Advent International,
- ❑ ATI Physical Therapy provides physical therapy treatments for spine, shoulder, knee, neck, and various other injuries or pains.
 - The company also provides services for work injury rehabilitation, as well as for sports rehabilitation and home rehabilitation, among others varying by location.
- ❑ **Headquartered in Bolingbrook, Illinois**, ATI operates 875 stores across 25 states in the country and holds over 200 sports medicine contracts with various professional sport teams, higher education universities, and lower education schools.
- ❑ For more information, their website can be found here: <https://www.atipt.com/>

Multiples & Revisions

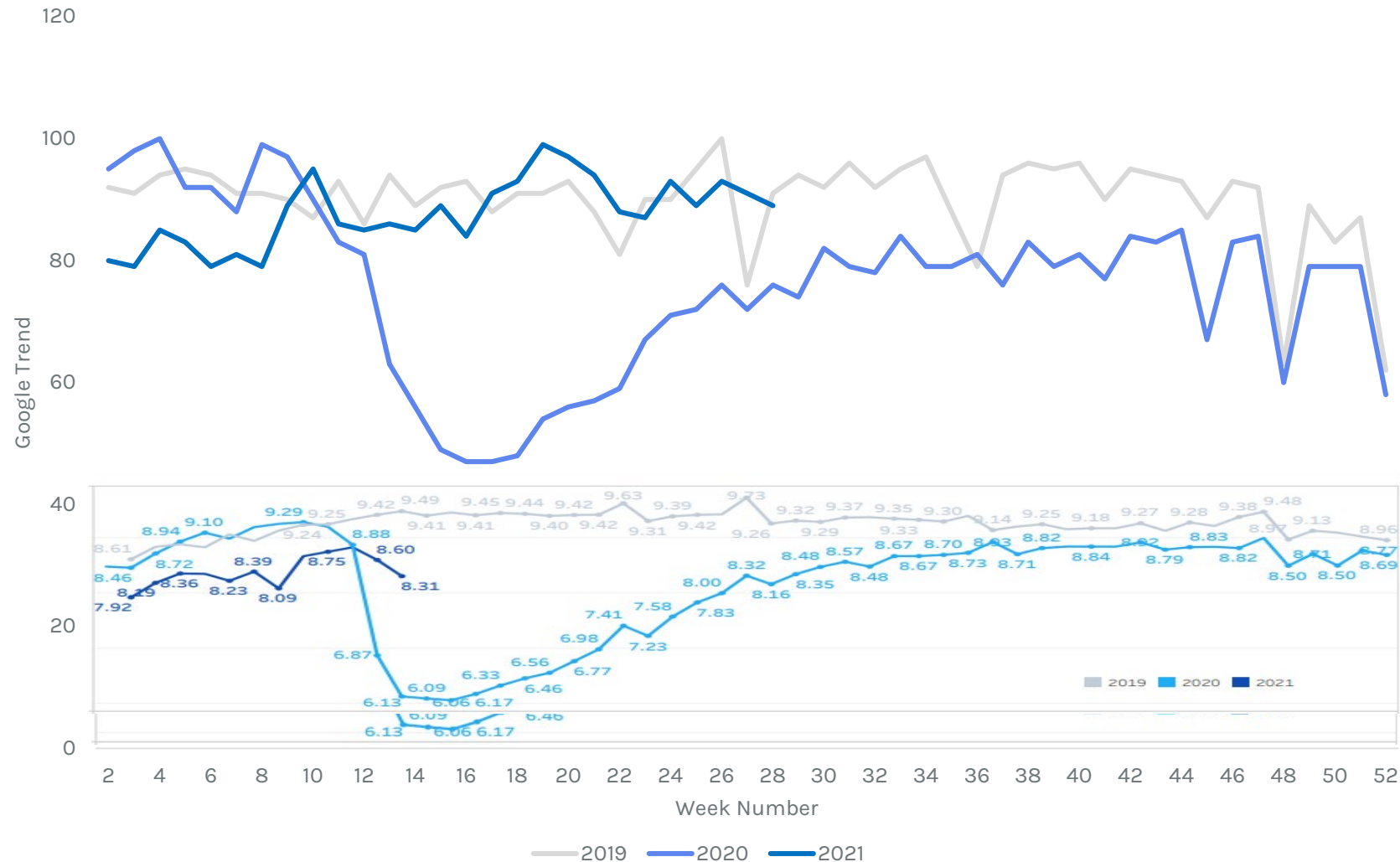


Key Call- Out: Google Trend Data



Google Trend | “Physical Therapy”

Stacked Google Trend results by year appear highly correlated to WebPT

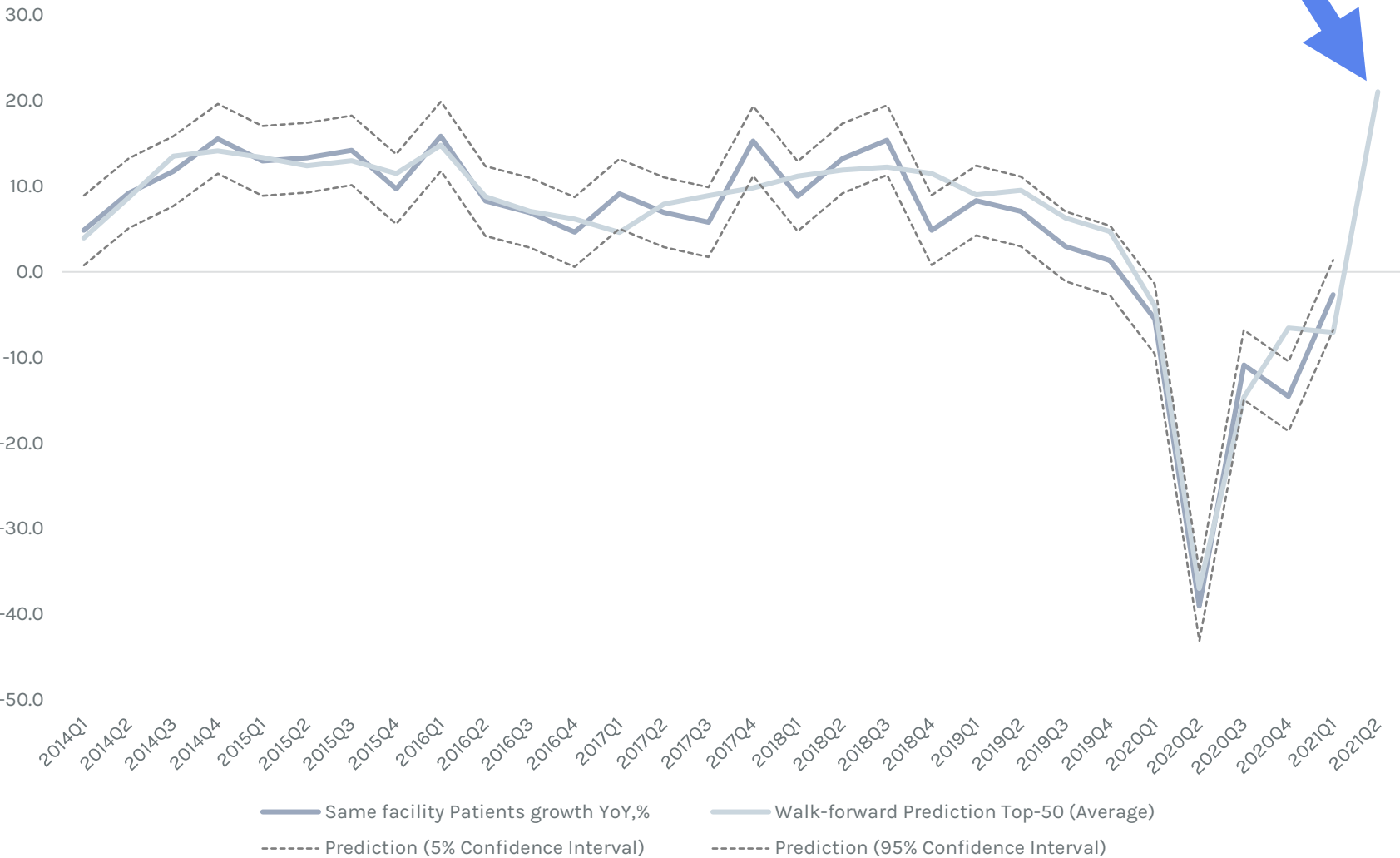


Google Trend results line up well with both the WebPT data and reported metrics from ATI and USPH.

- Much of the early vaccinations in 1Q21 went to older and less mobile patients.
- Weather and stimulus were a drag through February.
- CDC survey data suggests patients were increasingly willing to seek in person care during the last two weeks of March compared with any time since the pandemic began.

USPH | Patient Growth Algo Forecast

Data science machine learning methodology for near term trend forecasting



We like the physical therapy subgroup for a re-open theme. A recovery in in-person care should help, but also the recovery of surgical procedures such as orthopedic total joints, etc. These procedures make up a significant percentage of physical therapy cases overall.

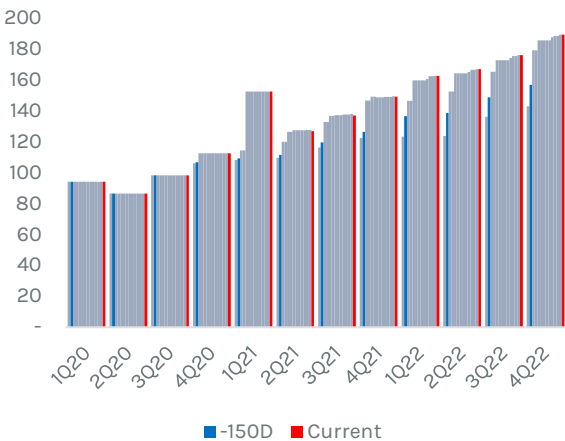
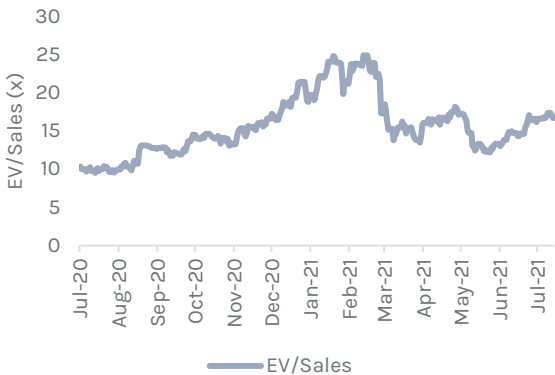
Given the high correlation of the WebPT and Google Trend data, we will be refreshing this study with the additional data.

It's likely premature to expect year over year growth in 1Q21, but directionally, we think the forecast is correct.

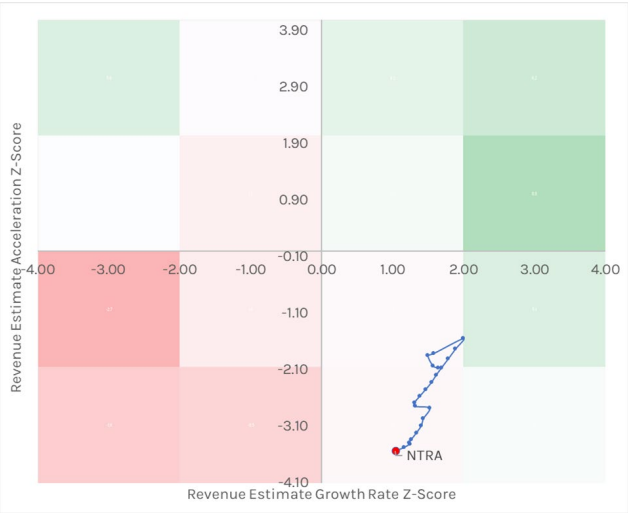
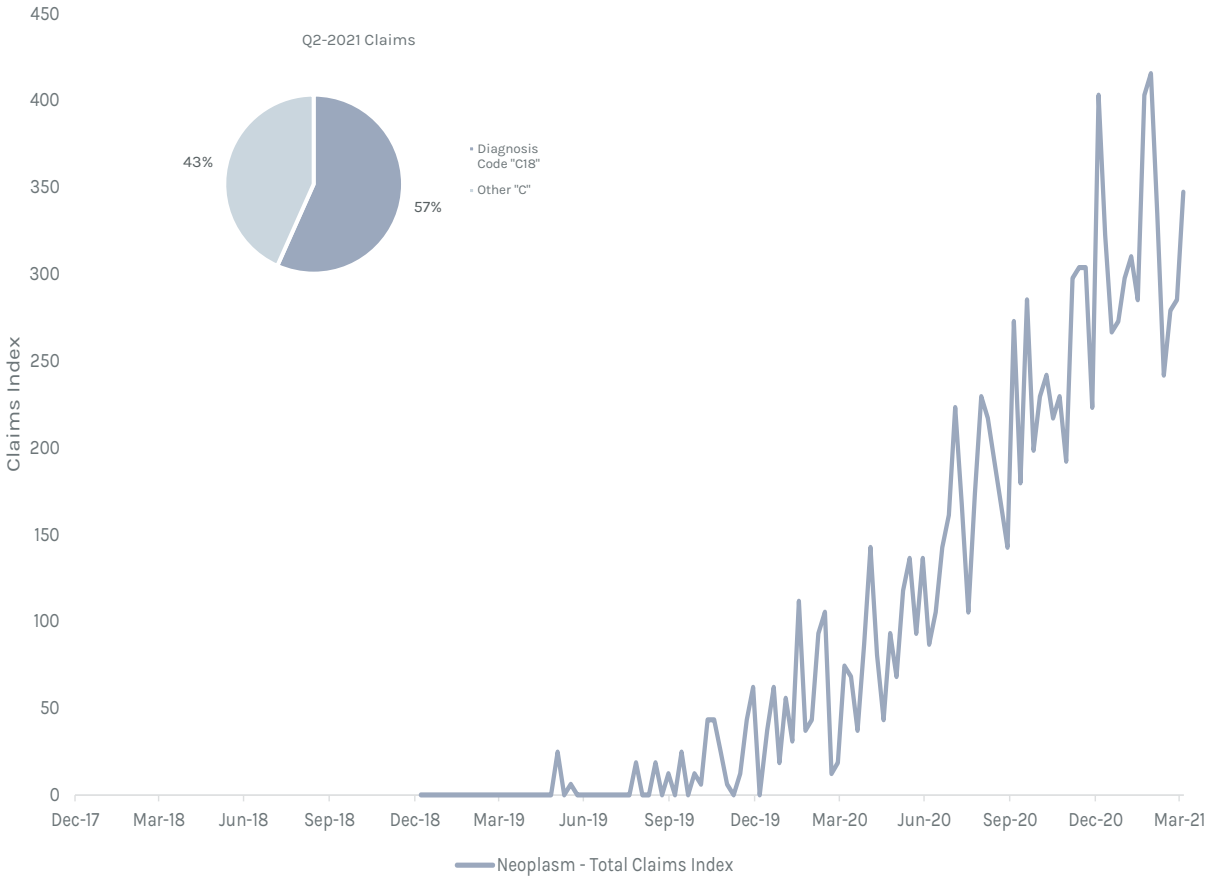
Natera has two big drivers, NIPT for average risk pregnancies and Signatera roll out. These are competitive spaces and Natera seems to be holding its own.

- ❑ **Founded** by Matthew Rabinowitz and Jonathan Sheena in **November 2003** as Gene Security Network, Natera is a diagnostics company with proprietary molecular and bioinformatics technology and runs a CLIA-certified laboratory.
- ❑ **Headquartered in San Carlos, California**, Natera employees more than 975 personnel and is ranked first among it's top 10 competitors.

Multiples & Revisions

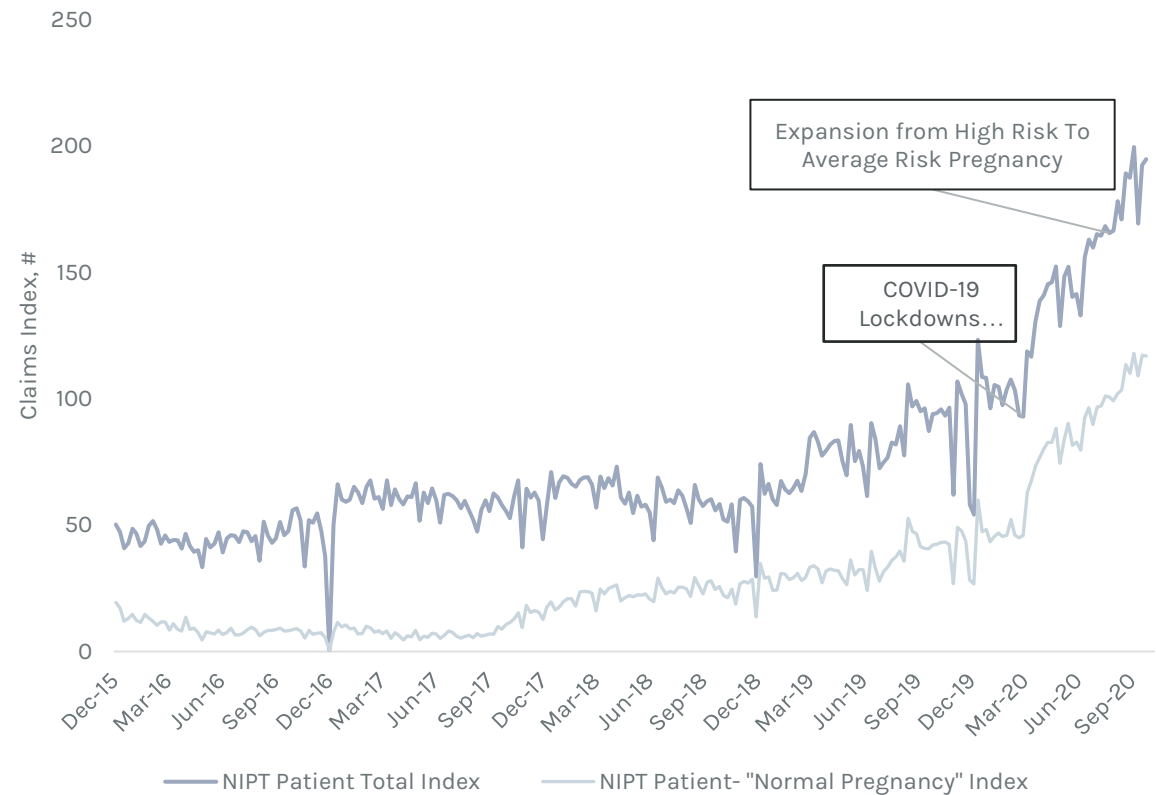


Key Call- Out: Signatera Volume



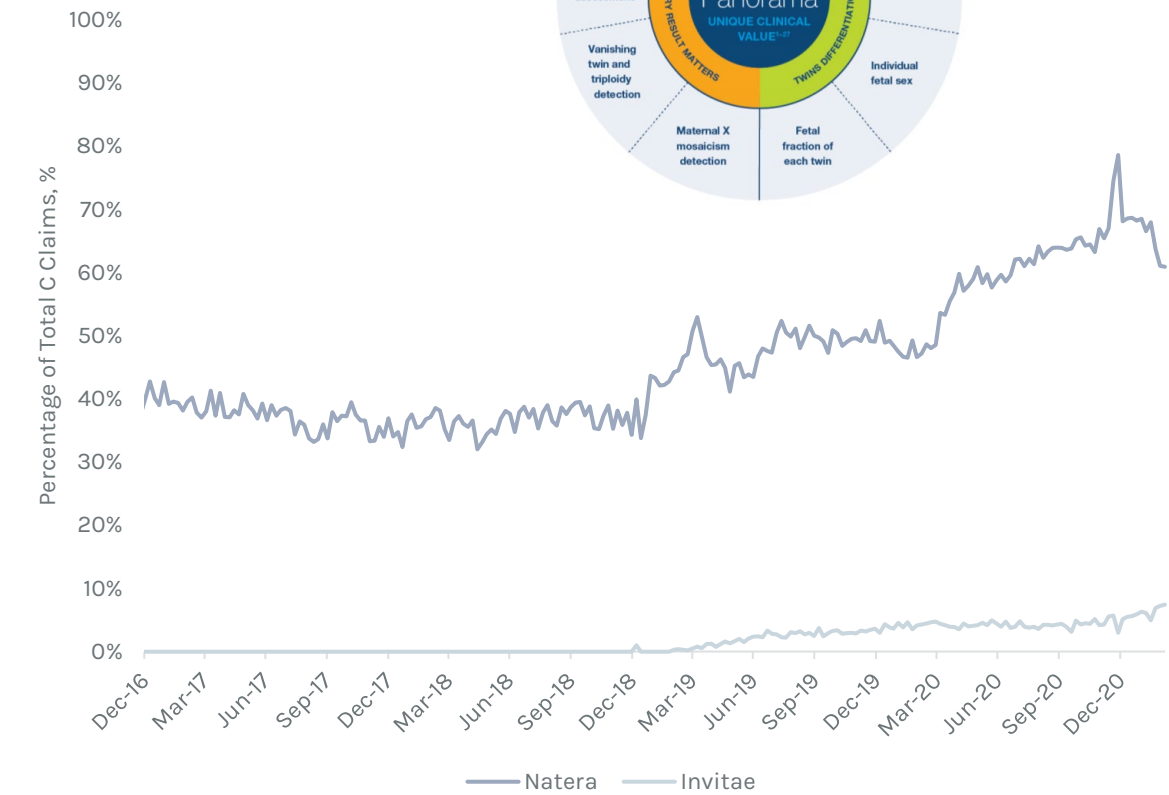
NIPT Claims Index | Panorama

CPT Code: 81420, 81422; Diagnosis Code: Z34

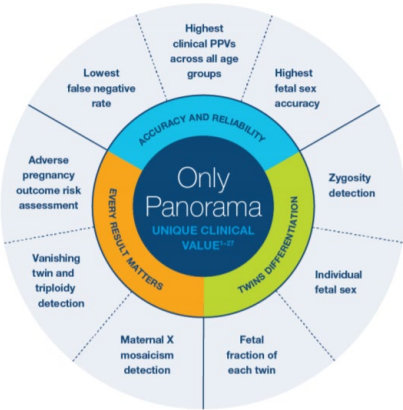


COVID-19 boosted growth, and NIPT test has sustained the new trajectory. Natera's Panorama could be #covidcomp(-) if physician and patient testing reverts to amniocentesis or ultrasound methodologies, but this seems unlikely. We will monitor these new indices for signs of weakness, though.

Market Share of NIPT

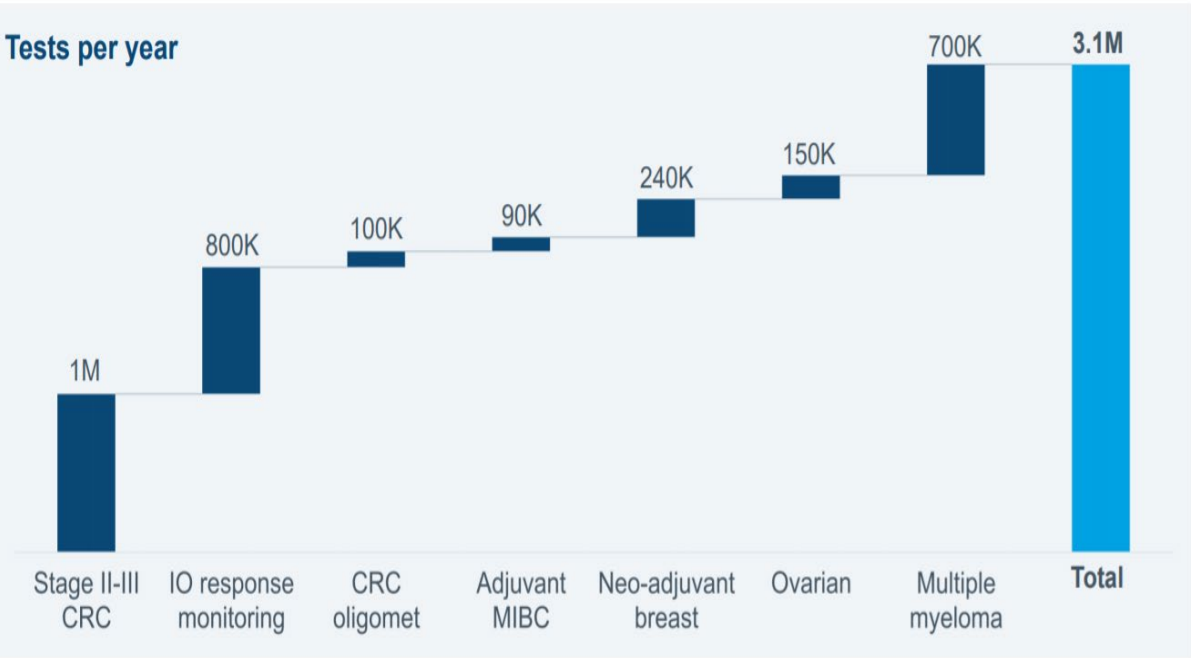


We have heard concerns of the potential for NVTa to underprice NTRA and take share in NIPT. From our data, we can reasonably confirm NTRA's stated share of NIPT. Given that NVTa holds approximately 5% of the share, we don't foresee their involvement as a threat in the near-term.



MRD Penetration and Signatera Pricing

15.5B Total Addressable Market = 3.1M people per year * \$5k per test



Having previously estimated the TAM to be 1M tests per year for colorectal cancer (stages II & III), management expanded the TAM to 3.1M on their most recent earnings call. At this point, consensus does not assume meaningful penetration, for which upside could be massive.

1 Million Tests*

MRD Penetration (%)	Price of Signatera Test				
	\$2,000	\$2,250	\$2,500	\$2,750	\$3,000
0.10%	\$2,000,000	\$2,250,000	\$2,500,000	\$2,750,000	\$3,000,000
0.20%	\$4,000,000	\$4,500,000	\$5,000,000	\$5,500,000	\$6,000,000
0.30%	\$6,000,000	\$6,750,000	\$7,500,000	\$8,250,000	\$9,000,000
0.40%	\$8,000,000	\$9,000,000	\$10,000,000	\$11,000,000	\$12,000,000
0.50%	\$10,000,000	\$11,250,000	\$12,500,000	\$13,750,000	\$15,000,000

MRD Penetration (%)	Price of Signatera Test				
	\$2,000	\$2,250	\$2,500	\$2,750	\$3,000
1.00%	\$20,000,000	\$22,500,000	\$25,000,000	\$27,500,000	\$30,000,000
1.25%	\$25,000,000	\$28,125,000	\$31,250,000	\$34,375,000	\$37,500,000
1.50%	\$30,000,000	\$33,750,000	\$37,500,000	\$41,250,000	\$45,000,000
1.75%	\$35,000,000	\$39,375,000	\$43,750,000	\$48,125,000	\$52,500,000
2.00%	\$40,000,000	\$45,000,000	\$50,000,000	\$55,000,000	\$60,000,000

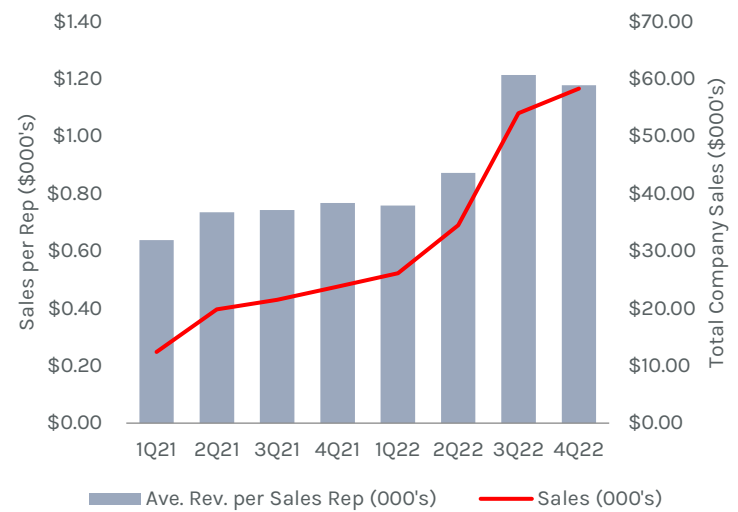
**The sensitivity tables above use the following formula to forecast potential annual revenue for the Signatera test given a percentage of penetration of the Minimal Residual Disease (MRD) market.

***Formula: (1 Million Tests * % Penetration of MRD) * Price of Test = Annual Revenue Opportunity

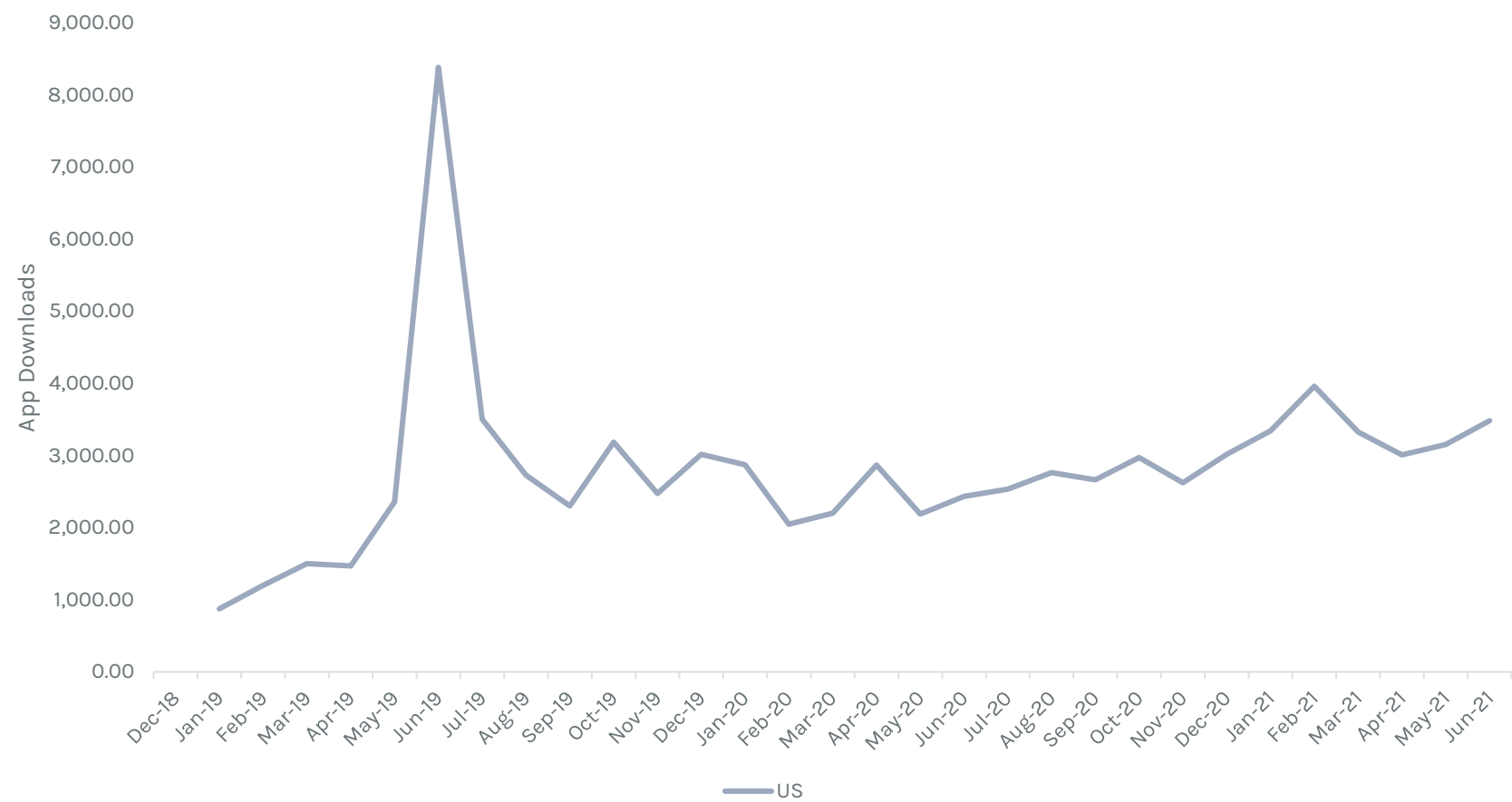
From our checks, we can estimate that the cost of the test on the front end is \$2500, followed by \$250-300 for each incremental run. Therefore, \$2,300 should be the average cost including the follow-up in the first year. Based on these numbers, we can reach the Street’s \$5 - \$10 million figure with less than 1% penetration of the MRD market.

The opportunity for handheld ultrasound is in growing the user base of physicians. By expanding an already extremely productive salesforce, we think they get there sooner than later.

- ❑ **Founded in 2011 by Dr. Jonathan M. Rothberg,** Butterfly Network is a digital health company that develops, manufactures, and commercializes handheld ultrasound imaging solutions.
 - ❑ **IQ+** is a single probe, whole body ultrasound solution which is revolutionizing the ultrasound imaging space with a potential to replace the age-old cart-based imaging devices.
- ❑ **Headquartered in Guilford, CT,** Butterfly Network employs over 260 full-time employees.











Key Call- Out: Butterfly App Downloads



Handheld Ultrasound Options

Crystal based ultrasound vs Butterfly is higher cost and less flexible

	Name	Probes	Wireless	Display	Storage	Cost
	Clarius	Linear, curvilinear, microconvex, & endocavitary	Yes	Personal iOS or Android smart device	Cloud-based; DICOM capable	\$4,900–\$6,900; no subscription
	SonoQue	Linear & curvilinear; also dual-head probes	Yes	Personal iOS smart device	On smart device	\$999–\$4,400; no subscription
	Philips Lumify	Linear, curvilinear, & phased array	No	Personal Android smart device; iOS device with adapter	On device; DICOM capable	\$6,000; no subscription
	EchoNous Kosmos	Phased array	No	Proprietary tablet or select Samsung devices	On device; DICOM capable	\$5,000–\$8,500; no subscription
	Vave	Phased array	Yes	Personal iOS or Android smart device	On device or cloud; DICOM capable	\$99/month (billed annually)
	GE Vscan	Sector, dual-head linear/sector, dual-head linear/curvilinear	No (Vscan Extend) Yes (Vscan Air)	Extend: Proprietary tablet Air: Personal iOS or Android smart device	On device or cloud; DICOM capable	\$2,995–\$4,995; no subscription
	Butterfly iQ+	CMUT probe	No	Personal iOS or Android smart device	Cloud-based; DICOM capable	\$1,999 with \$420 annual subscription; \$2,999 with lifetime subscription
	SonoSite iViz	Linear, curvilinear, & phased array	No	Proprietary tablet	DICOM & cloud capable	>\$10,000; no subscription

There are several competitors already in the handheld ultrasound market. We've spent considerable time speaking with physicians about the benefits and drawbacks of Butterfly IQ+ compared to other offerings.

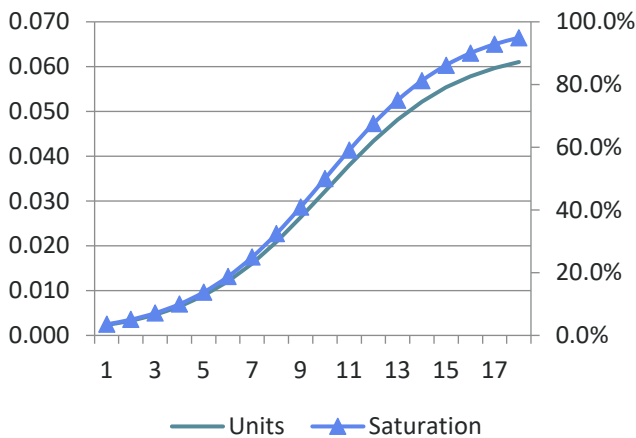
We consistently heard Butterfly benefits from lower cost, flexibility of use, small size, and software updates that are expected to drive continuous improvement.

The Butterfly iQ image quality is “good enough” for most studies according to these clinicians who specialties range from imaging, cardiology, pulmonology, orthopedics, and others.

Salesforce Model and Assumptions

Given physician feedback, we expect penetration is limited primarily by the sales effort

Key Assumptions		
base month		1.0
saturation		100%
start of fast growth		4.0
take over time - months		12.0
peak quarterly units (000)		0.39
unit price		\$1.999

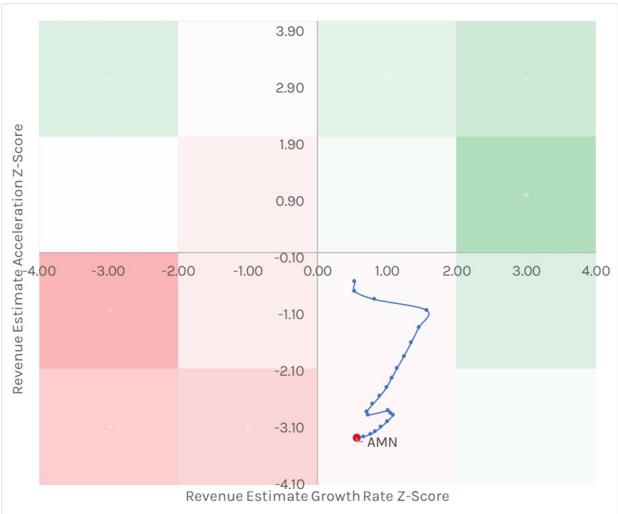


Month	Unit Price	Units	Total Sales Per Rep	Saturation	Peak Monthly Sales Per Rep	Qtr Sales (Model)	Annualized Sales Per Rep	Sequential Delta
1	1.999	0.002	\$ 0.005	0.036	0.129		\$ 0.055	
2	1.999	0.003	\$ 0.007	0.051	0.129		\$ 0.078	
3	1.999	0.005	\$ 0.009	0.072	0.129	\$ 0.020	\$ 0.110	
4	1.999	0.006	\$ 0.013	0.100	0.129		\$ 0.154	
5	1.999	0.009	\$ 0.018	0.138	0.129		\$ 0.213	
6	1.999	0.012	\$ 0.024	0.188	0.129	\$ 0.055	\$ 0.290	\$ 0.034
7	1.999	0.016	\$ 0.032	0.250	0.129		\$ 0.386	
8	1.999	0.021	\$ 0.042	0.325	0.129		\$ 0.501	
9	1.999	0.026	\$ 0.053	0.409	0.129	\$ 0.126	\$ 0.632	\$ 0.072
10	1.999	0.032	\$ 0.064	0.500	0.129		\$ 0.771	
11	1.999	0.038	\$ 0.076	0.591	0.129		\$ 0.911	
12	1.999	0.043	\$ 0.087	0.675	0.129	\$ 0.227	\$ 1.042	\$ 0.100
13	1.999	0.048	\$ 0.096	0.750	0.129		\$ 1.157	
14	1.999	0.052	\$ 0.104	0.812	0.129		\$ 1.253	
15	1.999	0.055	\$ 0.111	0.862	0.129	\$ 0.312	\$ 1.329	\$ 0.085
16	1.999	0.058	\$ 0.116	0.900	0.129		\$ 1.388	
17	1.999	0.060	\$ 0.119	0.928	0.129		\$ 1.432	
18	1.999	0.061	\$ 0.122	0.949	0.129	\$ 0.357	\$ 1.464	\$ 0.045

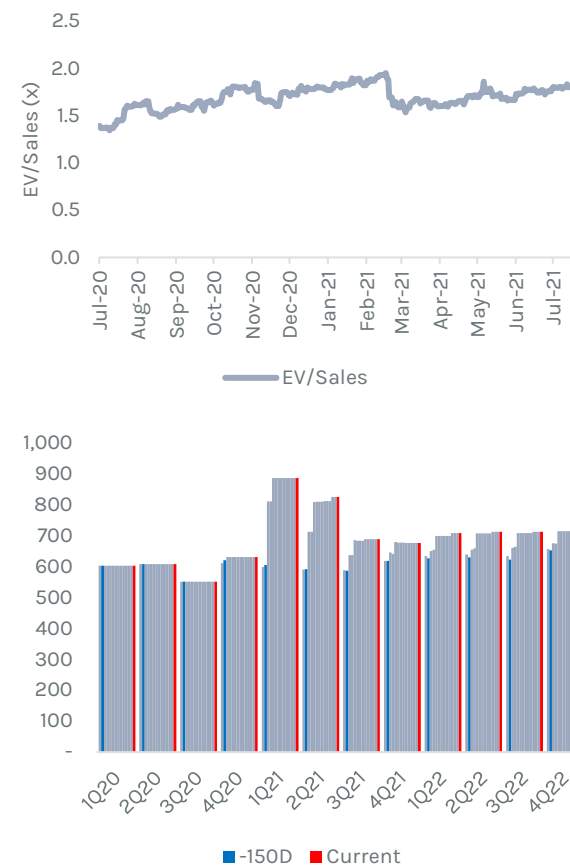
A significant portion of sales have been inbound physician orders alongside those generated by 12 reps. This model will improve as we train it with subsequent quarters and as BFLY adds more reps. We’re assuming there will continue to be a significant self-directed level of sales as reps drive awareness, training, and penetration. Our current expectation for peak units per rep per quarter is taken from the most recent quarter.

The pandemic is over and demand for ICU nurses has waned, but staffing shortages are likely to persist with recoveries in in-person care, surgeries, and Healthcare JOLTS Openings near all time highs.

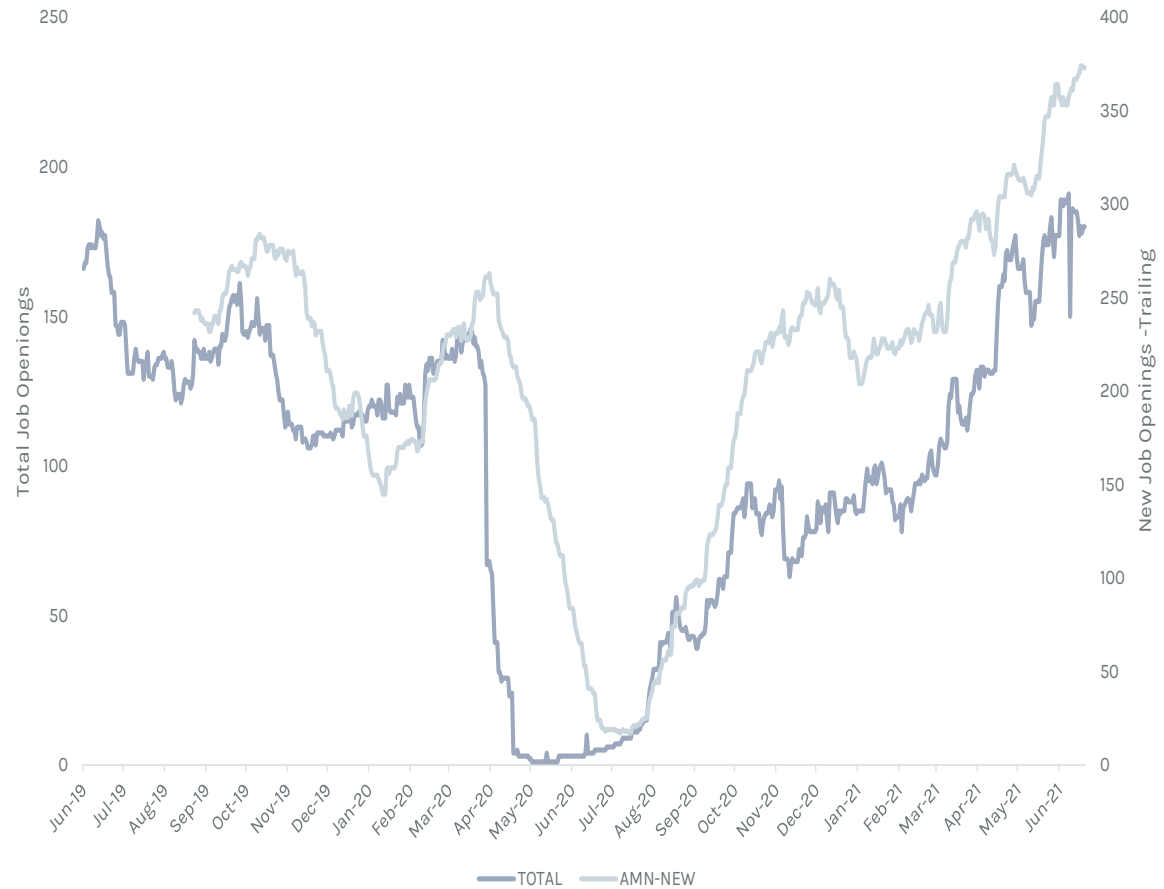
- ❑ **Founded in 1985** by Steve Francis as American Mobile Nurses, AMN Healthcare is a workforce solutions and staffing services provider to hospitals and healthcare facilities across United States.
- ❑ **Headquartered in Dallas, Texas**, AMN healthcare employees close to 3000 personnel in their corporate team. Nurses, allied and other healthcare professionals and interpreters of close to 11,500 in the last quarter of 2020 work for them



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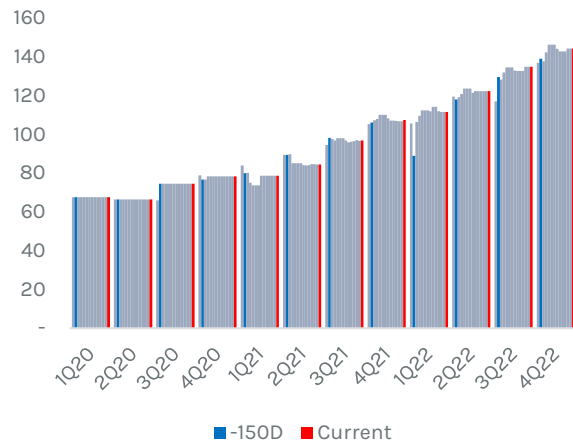
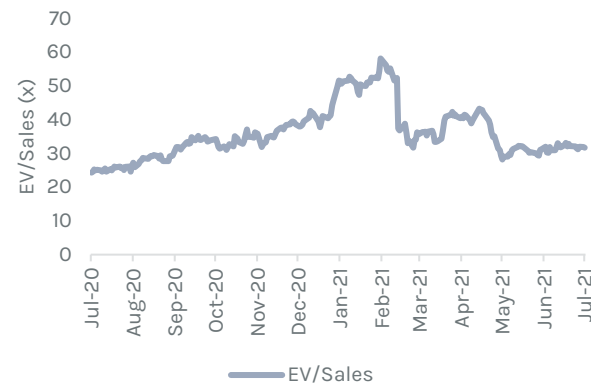
Key Call- Out: Job Board Data



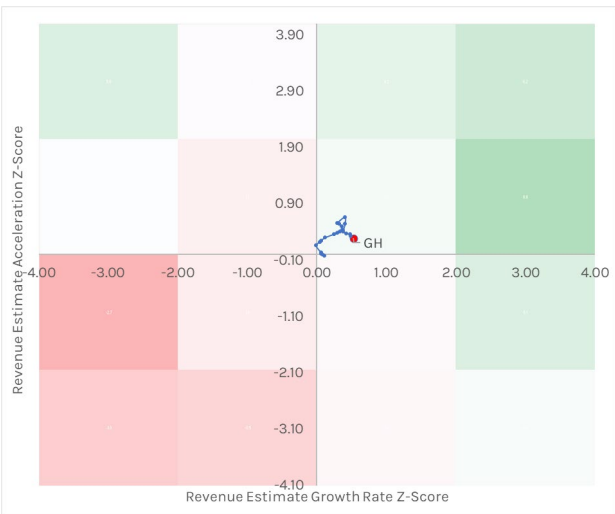
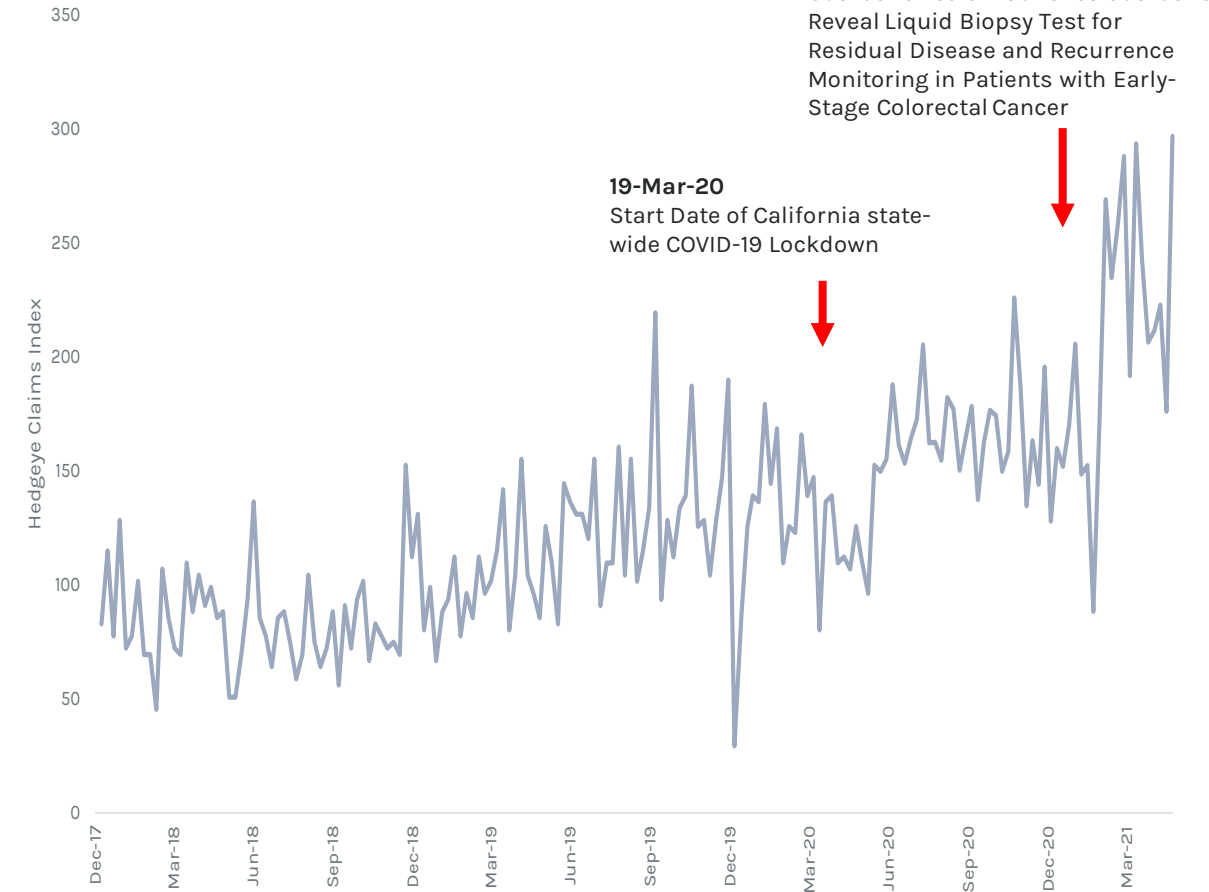
Post-pandemic cancer diagnosis appears to be accelerating, with more patients at later stages. Colon cancer screening and MRD still ahead, but more valuable in the context of near-term upside.

- ❑ **Founded in 2012** by Helmy Eltoukhy, AmirAli H. Talasaz, and Michael Joseph Wiley
- ❑ Guardant Health, Inc. is a **precision oncology company**, which engages in treatment of cancer through use of proprietary blood-based tests, vast data sets, and advanced analytics.
- ❑ **Headquartered in Redwood City, CA**, Guardant Health employs 620+ employees

Multiples & Revisions

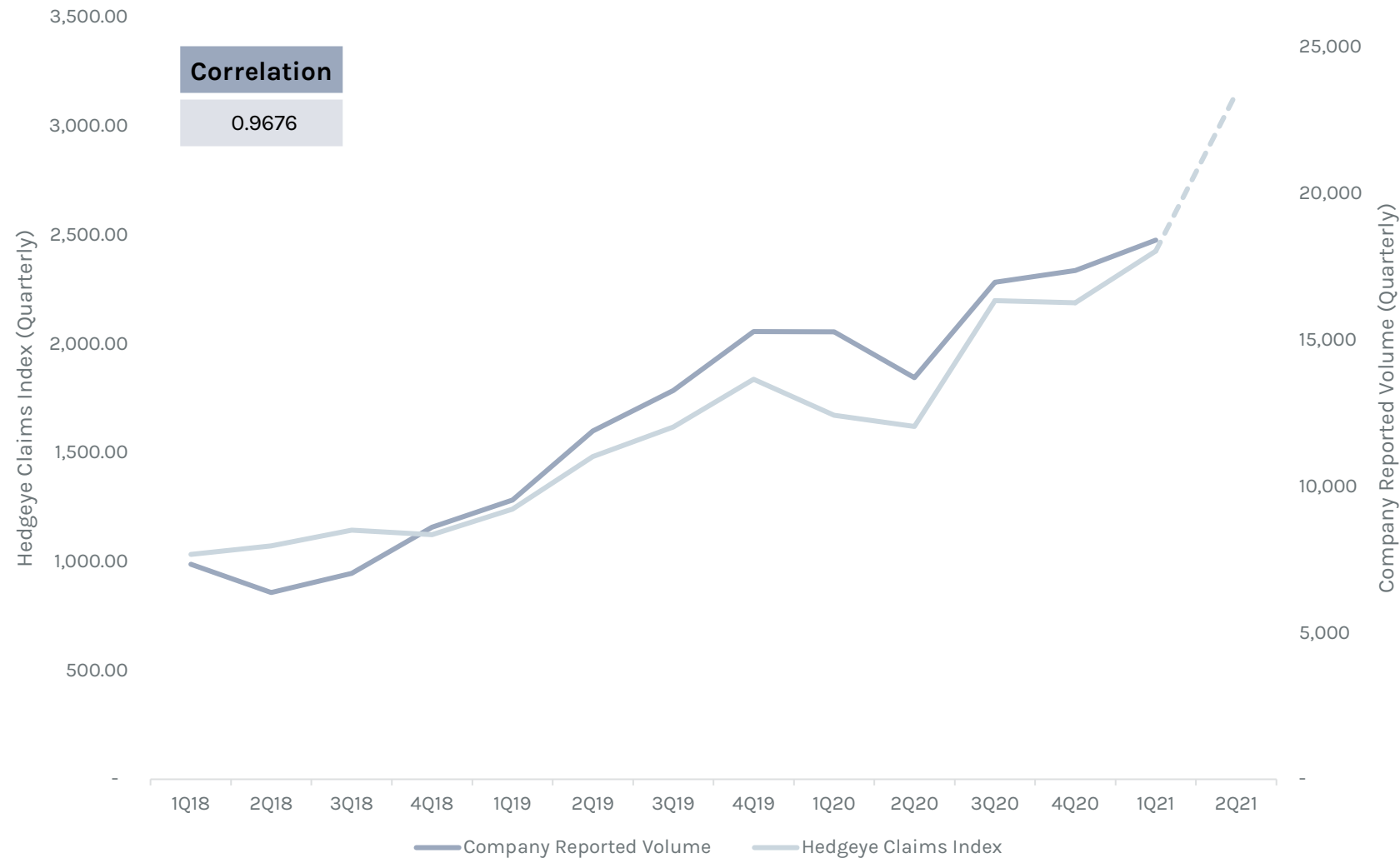


Key Call- Out



Claims Index versus Company Reported

Hedgeye: 23,876 tests versus 2Q21 Consensus: 21,226 tests



Area	Q1-17	Q2-17	Q3-17	Q4-17	P1-17	Q1-18	Q2-18	Q3-18	Q4-18	P1-18	Q1-19	Q2-19	Q3-19	Q4-19	P1-19	Q1-20	Q2-20	Q3-20	Q4-20	P1-20	Q1-21	Q2-21	Q3-21	Q4-21	P1-21
1	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
2	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
3	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
4	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
5	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
6	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
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8	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
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11	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
12	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
13	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Total	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22

Source: Hedgeye Risk Management
Data: 1Q18 - 1Q21

Source: Hedgeye Risk Management
Data: 1Q18 - 1Q21

Source: Hedgeye Risk Management
Data: 1Q18 - 1Q21

Source: Hedgeye Risk Management
Data: 1Q18 - 1Q21

Source: Hedgeye Risk Management
Data: 1Q18 - 1Q21

Utilizing our five forecasting methods (minimized table shown above*) for unreported data, we estimate an average of 23,876 clinical tests for 2Q21. Utilizing the consensus estimate for clinical testing revenue of \$56MM and a clinical ASP of \$2,625, consensus implies 2Q21 clinical volume of 21,226 tests.

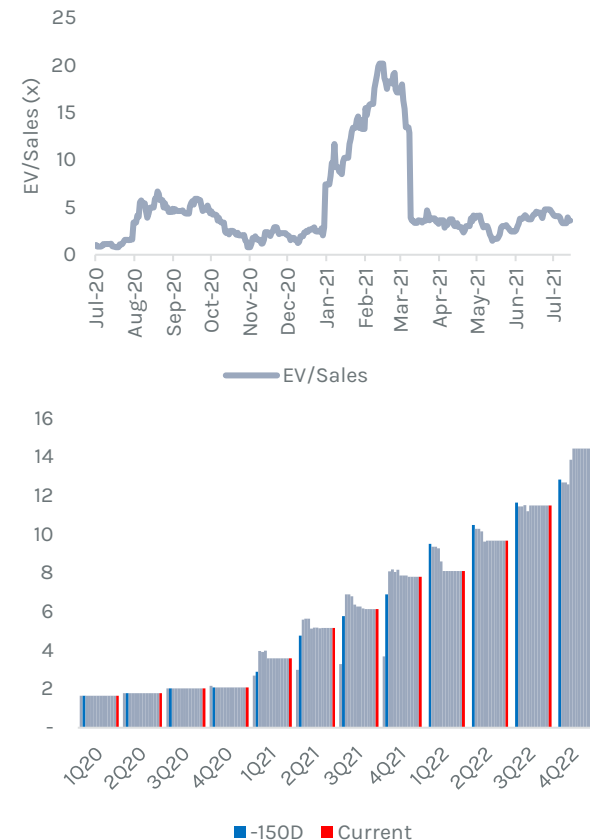
Although 2,650 tests do not seem considerable, at \$2,625, that equates to **nearly \$7MM above consensus revenue**.

Complete GH Claims Workbook available upon request.

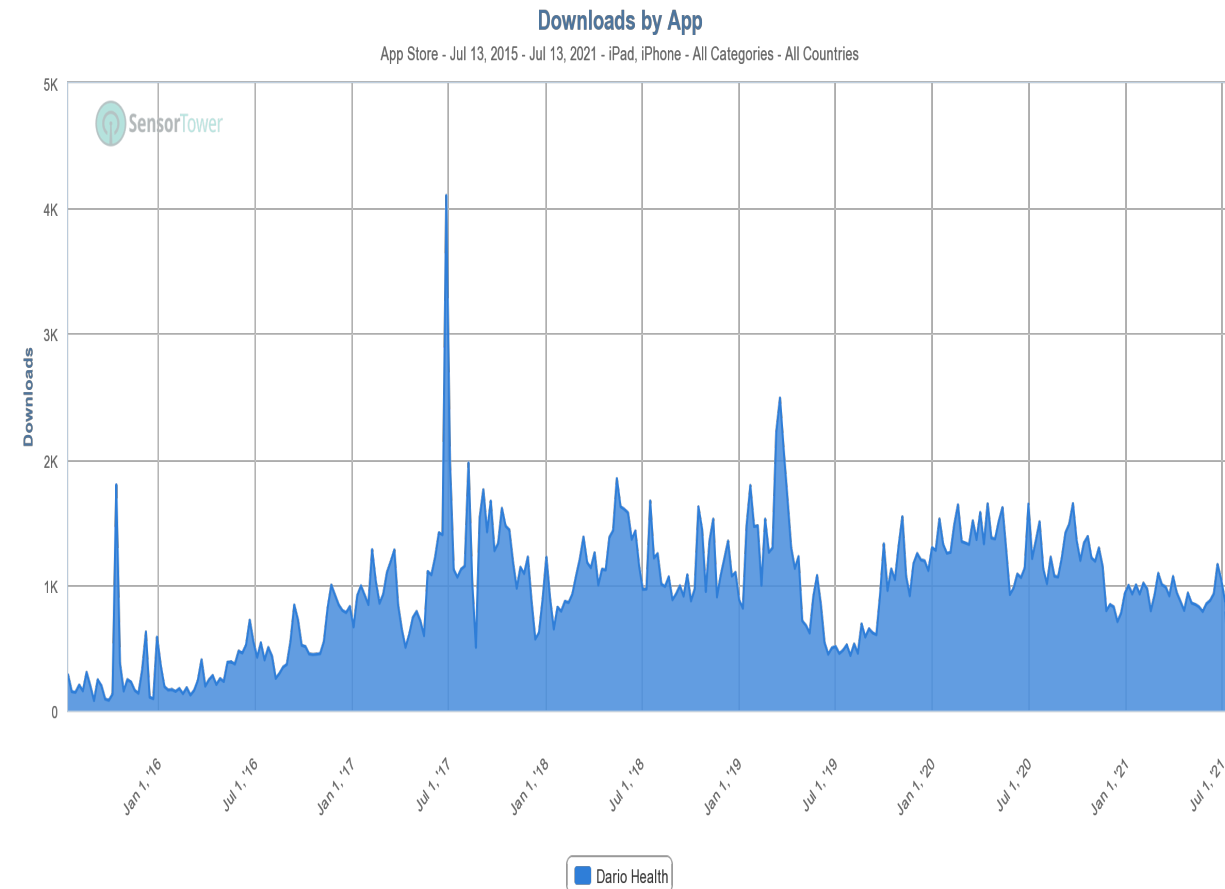
Small caps have been under pressure and their catalysts have always resided in 2H21 and the announcements of employer contracts, which we are still confident we'll see.

- ❑ **DarioHealth (DRIO)** - formerly known as LabStyle Innovations – was founded in 2011 and is headquartered in New York City & Israel.
- ❑ **DRIO is a global digital therapeutics company** focused on the remote/virtual management of diabetes, hypertension, and musculoskeletal (MSK) conditions. It offers personalized solutions that combine digital technologies, analytics, hardware, and coaching to encourage users to proactively manage their health.
- ❑ **DRIO is transitioning from a consumer company (B2C) to a digital health platform for providers, health plans and benefits administrators (B2B2C).** It is pushing a SaaS model.
- ❑ The recent acquisition of Upright Technologies (1/27) added MSK to the suite, and at the same time shored-up the balance sheet (~\$90MM in cash).
- ❑ For more information, visit - **Links:**
 - ❑ [IR website](#)

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Key Call- Out: Core Dario App Downloads












Digital Health Often Carries a High Multiple

Recent deals point to a significant EV/Sales and EV/User

Digital Health Competitive Market	Full integrated solution	Scalable / Cost Structure	User Satisfaction	Published research / Clinical Performance	Customer Base Size	Global
 DARIO HEALTH ^{*MSK}						
 Livongo						
 omada ^{*MSK}						

Livongo
EV/Sales: ~48x

	Active Users	B2B	B2C	User Satisfaction	Clinical Data	HW Sensor	Behavioral health	Global
 UPRIGHT®	90K							
 Hinge Health	60K							
 PHYSERA	10K							

Hinge
EV/Sales: 37.5x – 42.85x

Physera
EV/Sales: 10x

- Hinge Health has a slightly different model and savvy backers (+ a great story, as you'd expect) - they have somewhere between 40k users (as of a year ago) and maybe over 100k (they claim 4/5 employers choose them). Their stated goal was to get to >100k.
- DRIO now has 185k users, including Tobin, who bought the Upright device. While it may be a stretch to draw direct comparisons, DRIO is valued at ~\$1400/reported user at a \$260MM market cap. If Hinge is worth \$3bn, and if they crossed 100k last year, well, that's a lot more (they are entrenched with many Fortune 500s, but still).

EYE | National Vision Holdings

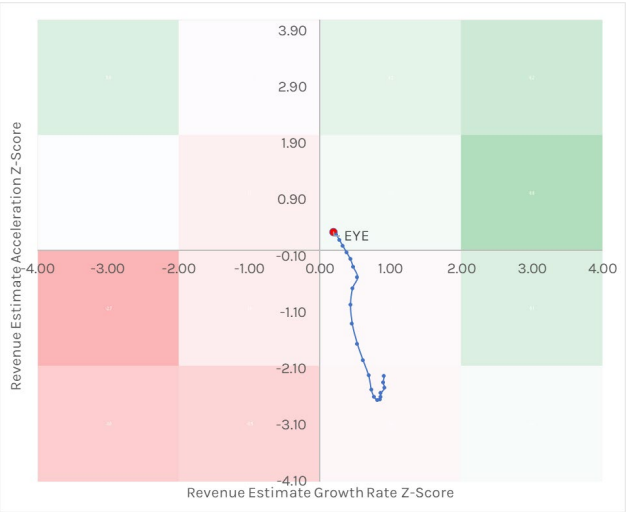
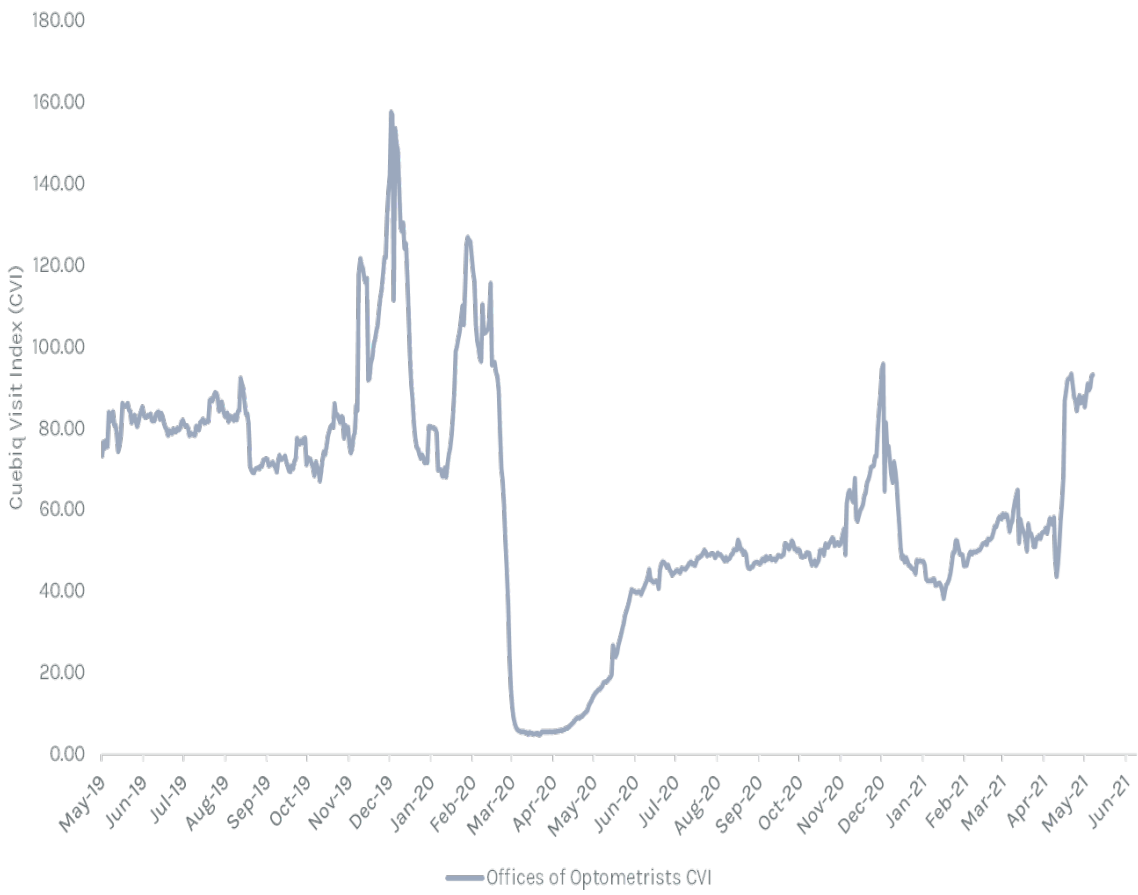
The pace of tracking metrics for vision care have been one of the most consistently positive among the data we track. EYE’s 2H21 guidance looks too low to us given the pent-up demand and consolidation.

- ❑ **Founded in 1990** to operate Vision Centers for Walmart, In 2005 they were acquired by Berkshire Partners and was subsequently merged with America's Best Contacts & Eyeglasses to form the current company National Vision Holdings, Inc.
- ❑ **Headquartered in Duluth, Georgia**, they employ more than 13,000 personnel, with over 2,000 optometrists and operate over 1,100 stores in 44 states plus the District of Columbia and Puerto Rico.

Multiples & Revisions

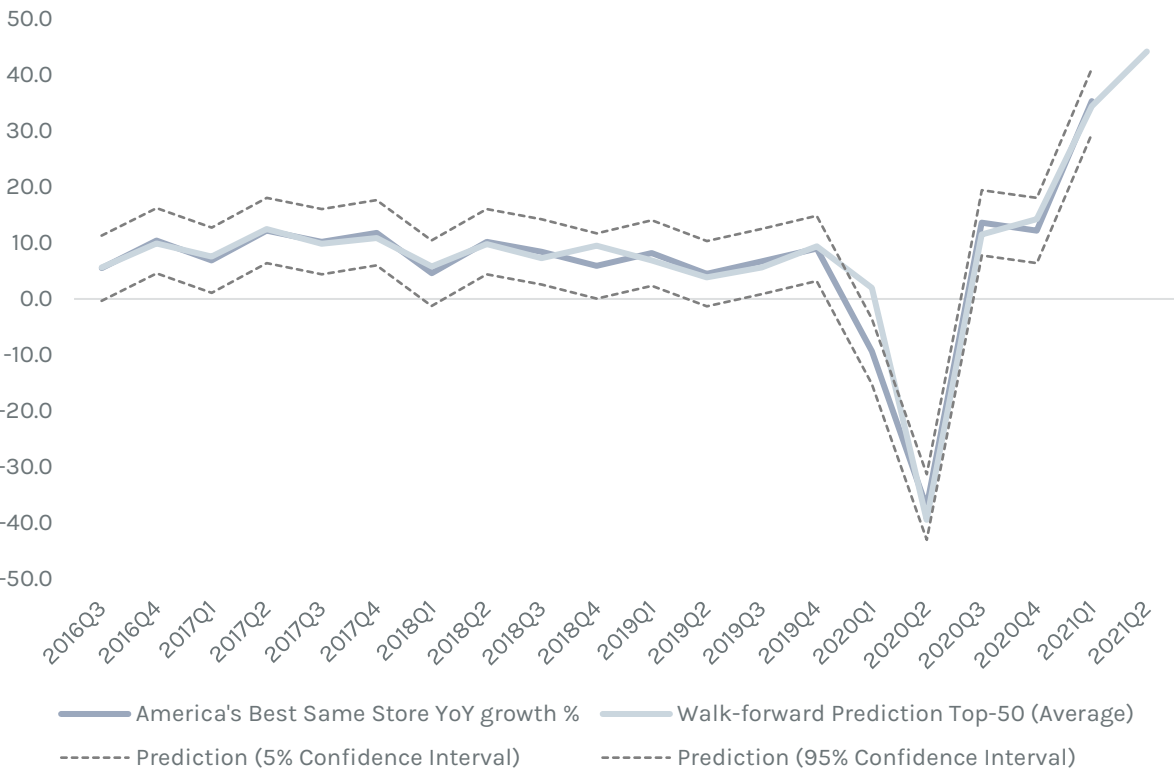


Key Call- Out: Office of Optometrists’ Volume

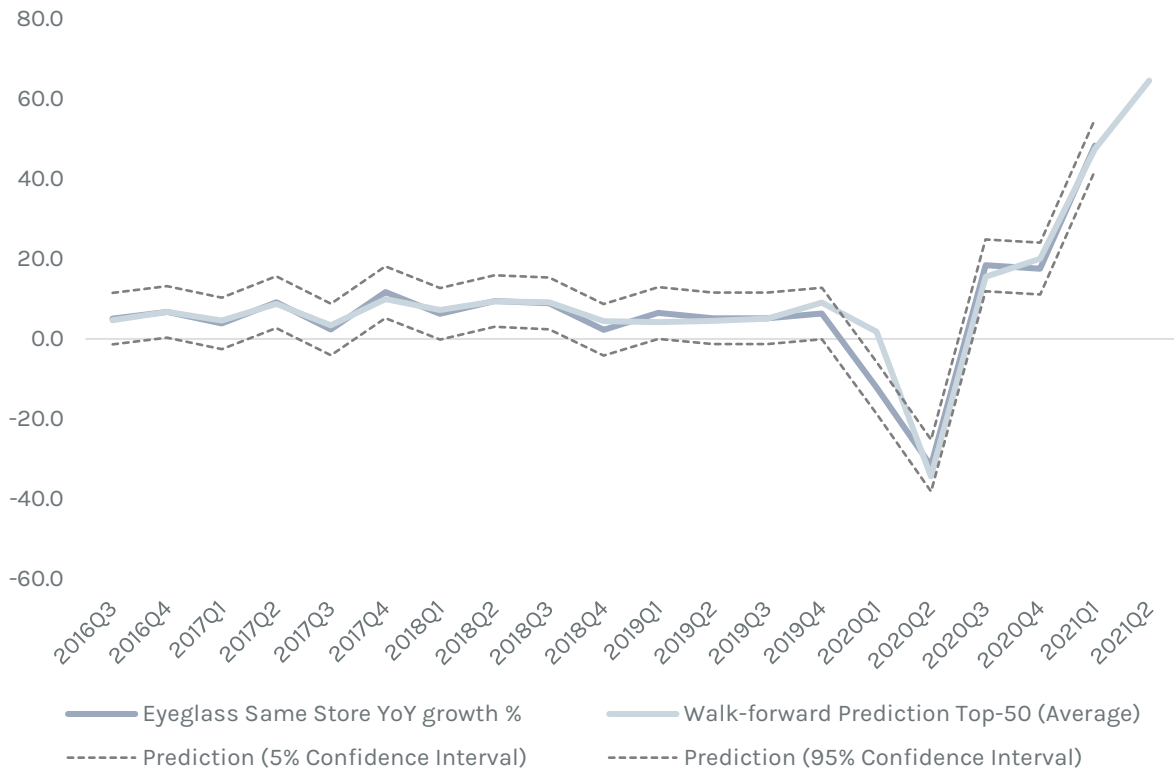


Forecast Algorithms for Core Brands

America's Best Same Store Growth



Eyeglass World Same Store Growth

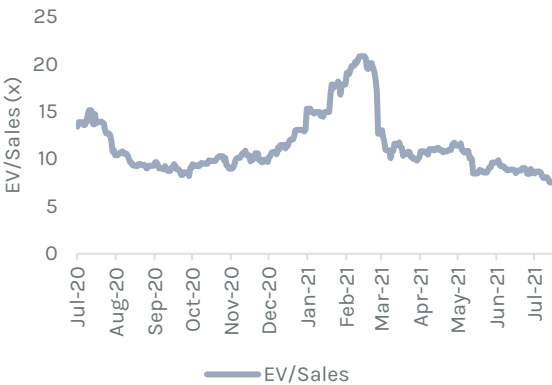


As part of our pent-up demand/re-open thesis, EYE’s core brands looks to have considerable room for further improvement in terms of volume.

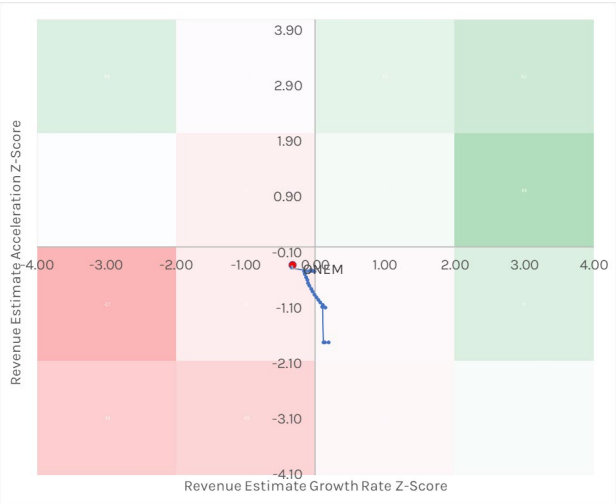
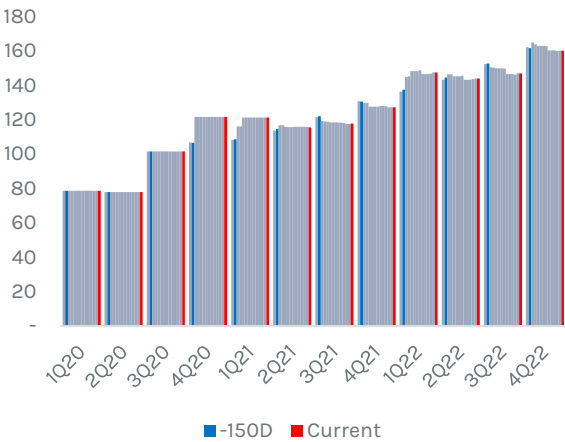
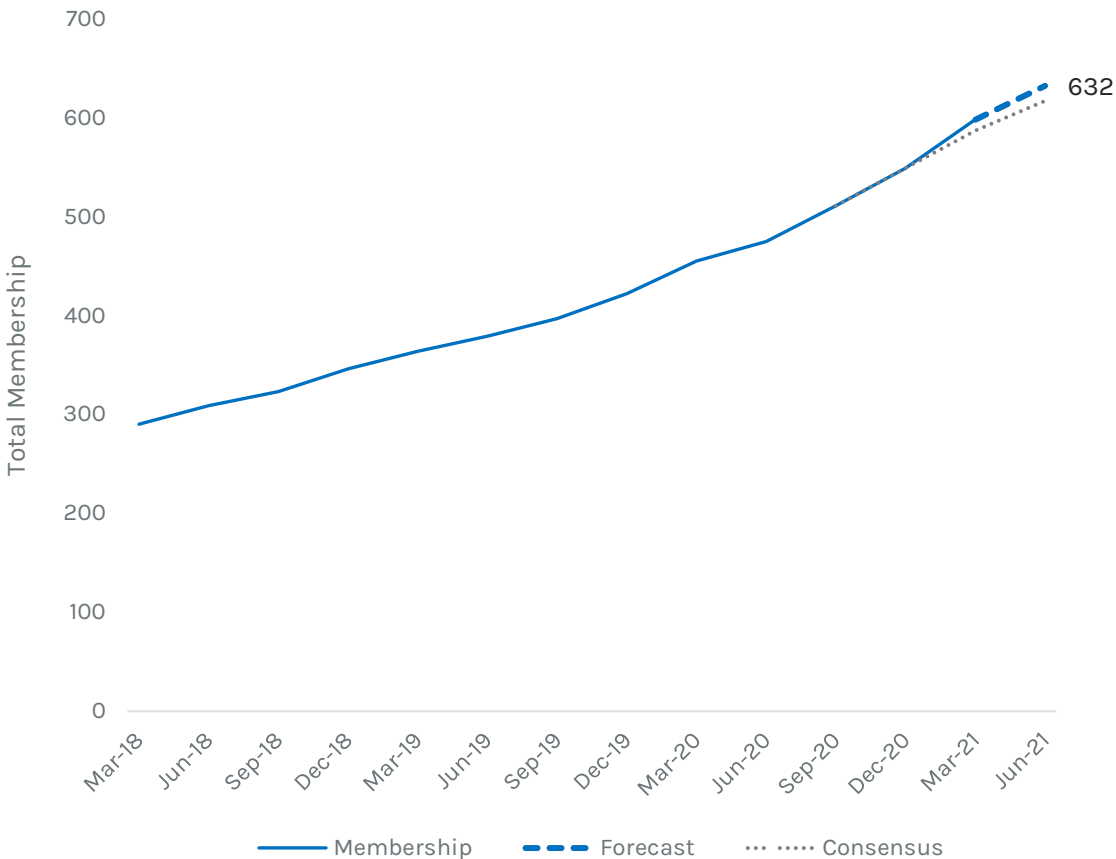
We’ve drifted on the thesis here, but the lora acquisition looks like a massive positive to us. The MicroQuad 4 set up is shallow and could be easily remedied with a solid 2Q21 member number.

- ❑ **Founded in 2007** by Tom Lee, 1life Healthcare is a membership based primary care platform, which enables seamless access to digital health services paired with inviting in-office care routinely. They also offer administrative and managerial services to physician-owned professional corporations.
- ❑ **Headquartered in San Francisco, California**, 1life Healthcare employees over 1,900 personnel. They currently operate across 14 different states with members of approximately 549,000 served.

Multiples & Revisions



Key Call- Out: One Medical App Downloads



Provider Tracker

In the absence of a COVID wave, One Medical continues to add providers at a steady rate...



Legend: Red dots indicate a new provider has been added in May 2021 (may be more than one/location). Blue dots show existing ONEM providers. ONEM currently operates in 50 locations across 14 different states.

1life Healthcare Inc. (ONEM) Provider Tracker								
	Oct-28	Nov-30	Jan-8	Jan-20	Feb-8	Apr-12	May-15	Jun-30
Existing	646	630	635	646	662	650	663	670
New	21	10	14	18	6	26	18	29
Turnover	37	5	3	2	18	13	11	0
Total	630	635	646	662	650	663	670	699

Tracker Note: In the month of May and June ONEM has opened a new office in Chevy Chase, Maryland.

Provider Tracker by Specialty

As of June 30, 2021, One Medical has added 29 new providers, totaling 699 providers

	5/19/2020	6/1/2020	6/8/2020	6/16/2020	6/24/2020	6/29/2020	7/15/2020	8/5/2020	8/31/2020	9/29/2020	10/28/2020	11/30/2020	1/8/2021	1/20/2021	2/8/2021	4/12/2021	5/17/2021	6/30/2021
Active	577	577	583	580	592	603	600	612	618	635	646	630	635	646	662	650	663	670
Active - New	0	6	0	16	11	0	13	7	20	18	21	10	14	18	6	26	18	29
Inactive	0	0	3	4	0	3	1	1	3	7	37	5	3	2	18	13	11	0
Total - End	577	583	580	592	603	600	612	618	635	646	630	635	646	662	650	663	670	699
Family Medicine		136	136	140	140	140	144	146	150	155	161	164	165	167	166	166	163	167
Internal Medicine		72	72	72	71	71	71	72	77	78	79	76	76	78	78	80	79	83
General Practice		1	1	1	1	1	1	1	1	1	1	2	2	2	3	3	3	3
Pediatrics		14	14	16	12	12	13	14	14	14	14	14	14	14	14	13	12	12
Obstetrics & Pediatrics		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sports Medicine		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Osteopathic Medicine		2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Obstetrics/Gynecology		2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
Pediatric Medicine		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Legal Medicine		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total		229	229	235	230	230	235	239	248	254	261	262	263	267	267	268	263	271
Specialty/Taxonomy	5/19/2020	6/1/2020	6/8/2020	6/16/2020	6/24/2020	6/29/2020	7/15/2020	8/5/2020	8/31/2020	9/29/2020	10/28/2020	11/30/2020	1/8/2021	1/20/2021	2/8/2021	4/12/2021	5/17/2021	6/30/2021
Family Medicine	136	136	136	140	140	140	144	146	150	155	161	164	165	167	166	166	163	167
Internal Medicine	71	72	72	72	71	71	71	72	77	78	79	76	76	78	78	80	79	83
Physician Assistant	112	113	113	115	118	118	126	129	133	135	136	129	131	136	140	140	144	147
Registered Nurse	7	7	7	7	7	7	7	7	8	8	10	10	12	14	14	18	19	19
Nurse Practitioner	116	118	118	118	120	120	130	129	131	137	144	136	140	141	141	141	144	148
Others	135	137	134	140	147	144	134	135	136	133	100	120	122	126	111	118	121	135
Total	577	583	580	592	603	600	612	618	635	646	630	635	646	662	650	663	670	699

We're going to leverage our provider tracker into a medical claims index keying off provider specific and location specific data. From here, we're looking for evidence of reopen in these and other metrics.

Field Notes | MD: Former One Medical (+ Check)

On ONEM: "It's an attractive, competitive place to work, [I] could see myself working there a long time."

Highlights

The physician is family practice and obesity management trained and certified. He spent ~5 years with ONEM, and had he not always wanted to start his own practice w/ a focus on obesity management, he'd have stayed. **Positive Check on ONEM and tech-enabled primary care/the membership model.**

- One good encounter will make someone a lifelong ONEM member, according to our contact (retention is extremely high – 90%+ at his old practice)
- ONEM's home-grown EMR and tech stack are among the best out there and provide an advantage over other providers, in our contact's opinion
- Patients are trapped in the legacy model (FFS) and telehealth or app-based platforms don't provide long-term results for chronic care or value-based models (they aren't personal enough)
- ONEM is an attractive and competitive place to work, but patients might not wait to see a provider in a membership model (if the panels grow too large for the care team(s))
- From the top-down, our contact thinks ONEM is run by good people (CEO, CMO, all "very high quality" overall)

Why did you choose ONEM vs. a traditional family practice?

- **ONEM was an attractive option that didn't fit either of the traditional models** - the mix of traditional FFS with some elements of concierge and direct primary care. **Overall, it was a really good experience.** (Note, he would not choose a Medicare/Medicare Advantage model because of the stress of dealing with chronic 65+ year old members, even with smaller panels.)

The average margin on the visit side, ONEM or \$19.99 monthly, is it profitable w/ FFS?

- Not necessarily, but it would still be profitable w/ insurance payments alone. **The "lean" model works - I don't have huge/expensive office space, for example - it's heavy virtual. Most of the workflows are embedded in the EHR...** no accessory staff, yet (a scheduler or Medical Assistant). I use athenahealth because it allows me to stay lean.

The big network partner in the region - is there any tension w/ referral partners? Any pressure on the providers to do more?

- **No. Nothing overly intrusive.** I maintained active referrals in the region too (outside of the partnership(s)).

We hear that 55% of people don't have a primary care relationship - is there a lot of room for growth? Is delivery of primary care broken (FFS) and leaving everyone unhappy, and how easy is it for you to recruit to the practice or ONEM to grow (i.e., how differentiated is it from FFS)?

- I appreciate that statistic - there are so many anecdotes to support it (many urgent care practices around, Teladoc, MDLive, etc.) capitalizing on people waiting until they are sick to seek care or thinking they don't need a PCP. **The average person that stumbles upon ONEM, whether they have/had a PCP or not, quickly sees value in getting 30 quality minutes with a provider in a non-rushed setting.**
- All the tech that comes w/ it - messages back and forth, 24/7 on-demand - telehealth is a huge selling point. **There's no relationship w/ Teladoc - people like and see the difference w/ ONEM.**

Livongo, Dario, Omada - app-based approach w/ health coaches... thoughts?

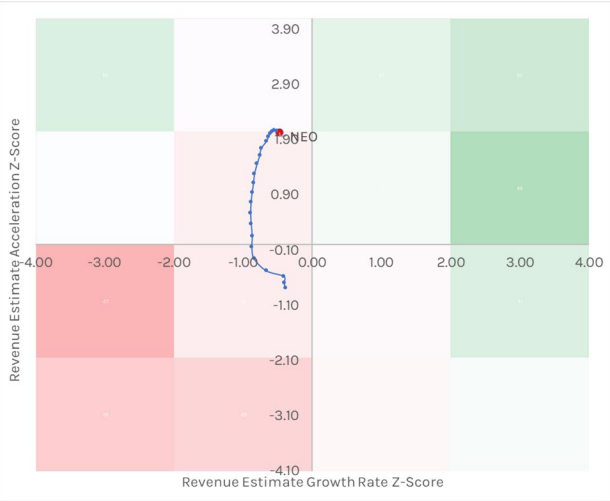
- They are "OK" - if you want to do a little of that, it's fine. **An app alone will not yield long-term results.** Most of them are fad programs (people participate for 3 - 6 months, lose some weight, burn out, and the weight comes back).

How about competition for ONEM?

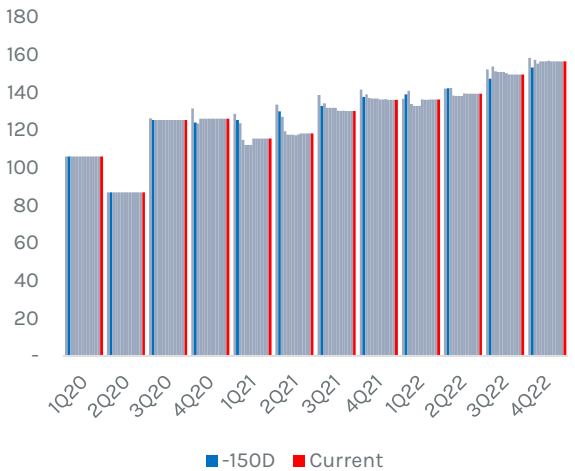
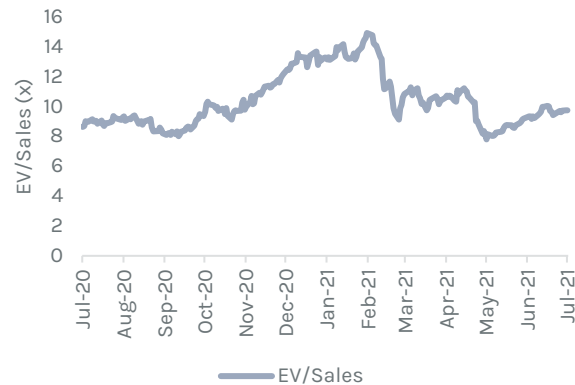
- **Forward** is a similar model... another tech-based primary care practice. It's a little "gimmicky" w/ body scans when you come in, on-demand finger-prick blood test w/ results in 15 minutes, and 23andMe involved too. **It feels like they are selling tech more than health care, and I think the market for that is smaller.**

We expect cancer testing trends translate to Neo, although claims trends have been weakening since we put on the long. 60% of volume is direct and field checks suggest strong volumes.

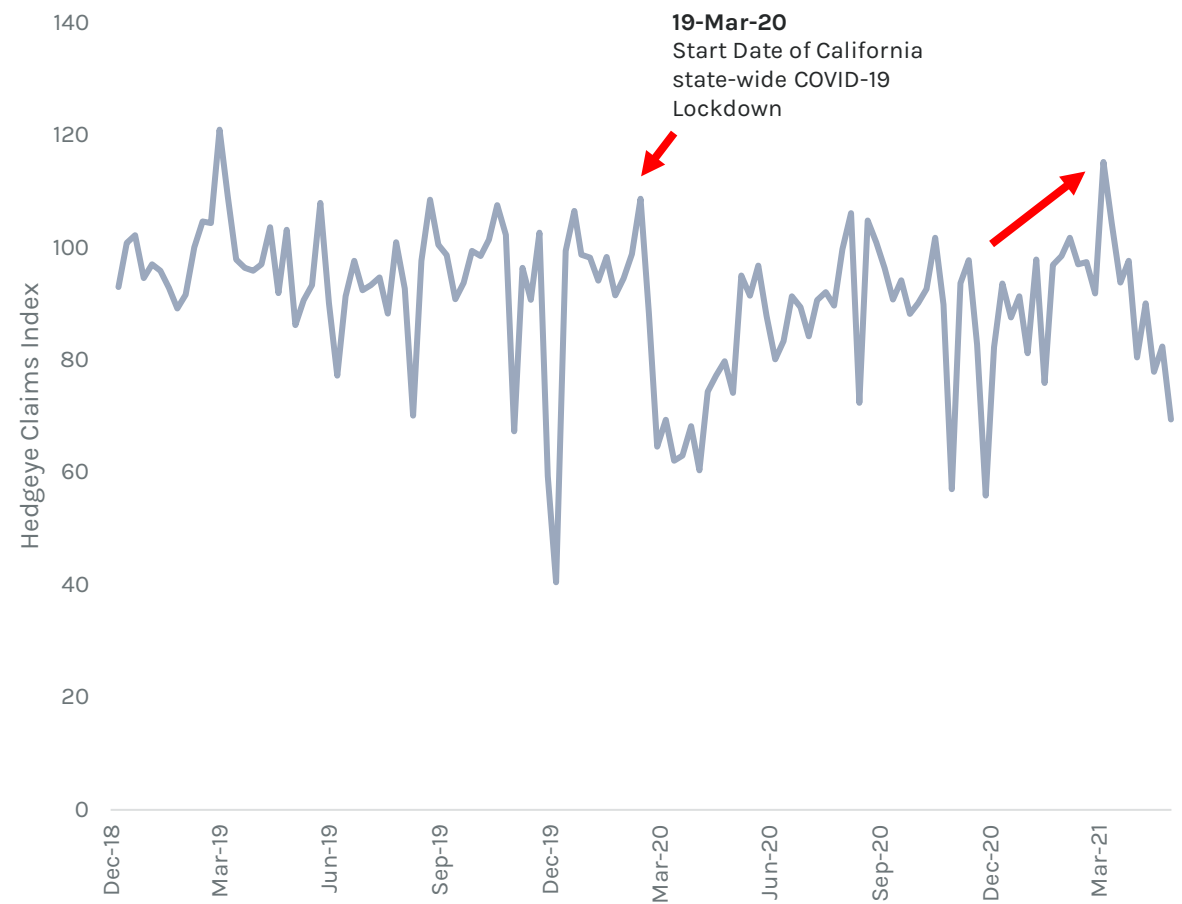
- ❑ **Founded in 2001**, NeoGenomics operates a network of cancer-focused testing labs primarily across United states with a presence in Europe and Asia.
- ❑ **Headquartered in Fort Myers, FL**, NeoGenomics employs over 1,700 full-time employees and 120 M.D's and Ph.D's on contractual basis.
 - ❑ They currently operate 8 different locations across 5 states domestically and 2 labs located internationally.



Multiples & Revisions



Key Call- Out: Weekly Claims Data

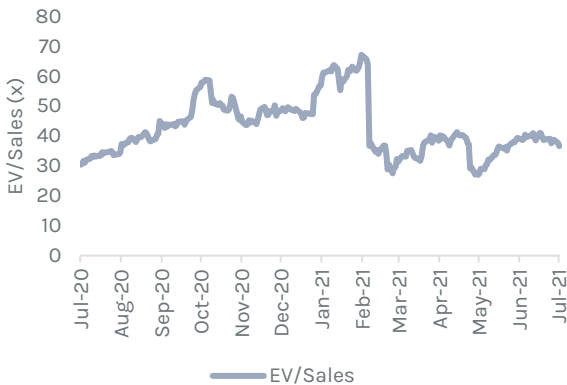


TXG | 10x Genomics

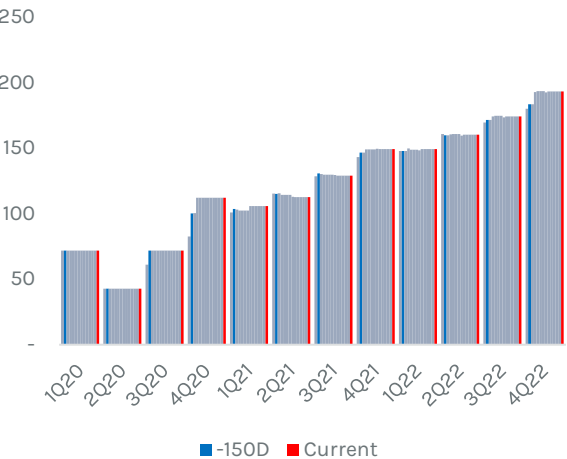
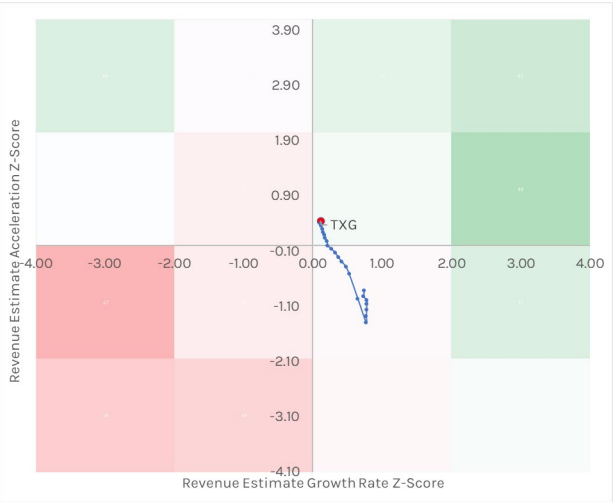
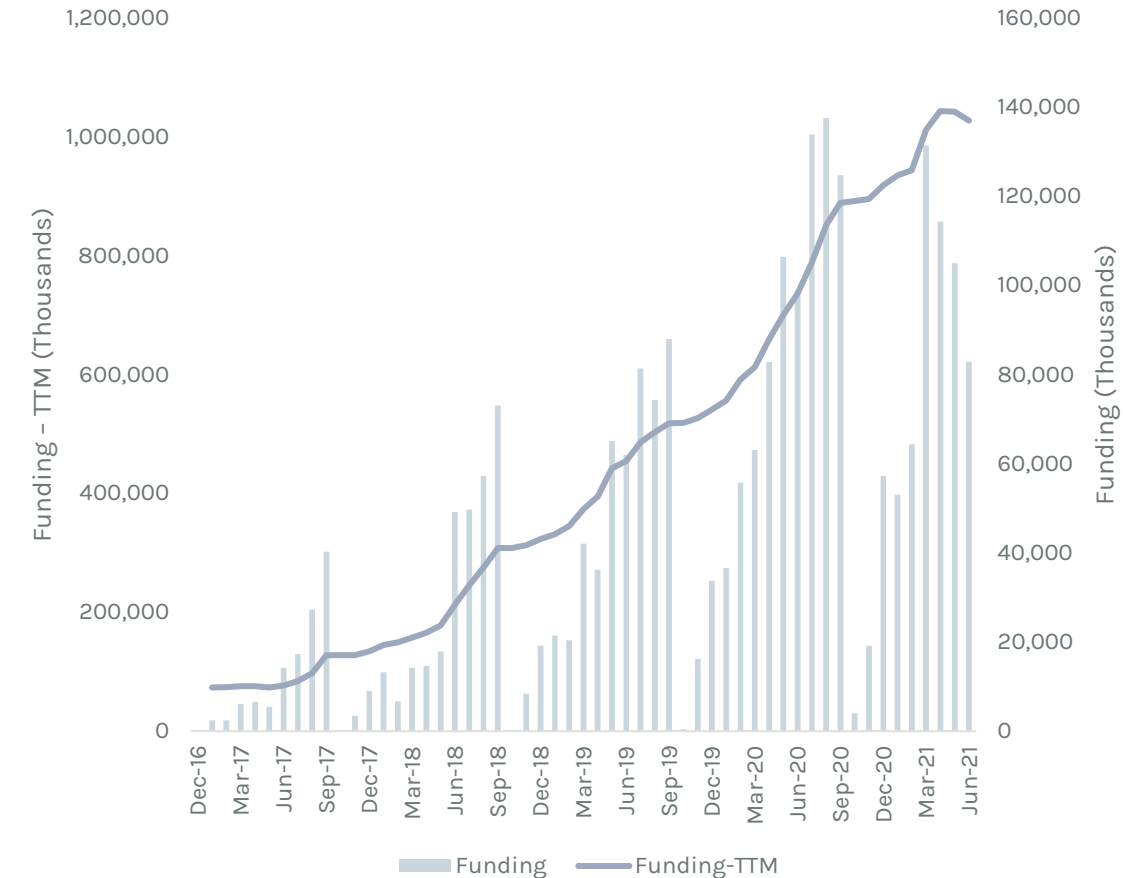
The standard for single cell sequencing, but grant trends have decelerated, which is why we pushed to Long Bench.

- ❑ **Founded on July 2, 2012**, by Serge Saxonov, Ben Hindson, Kevin D. Ness and Eduard Diviu Terradas, 10X Genomics, Inc. is a life science technology company, which engages in building products to interrogate, understand and master biology.
 - ❑ **Headquartered in Pleasanton, CA**, 10x Genomics employs more than 670 employees.
- ❑ 10x Genomics had sold 1,666 instruments to researchers in over 40 countries since launching their first product in mid-2015 through December 31, 2019.

Multiples & Revisions



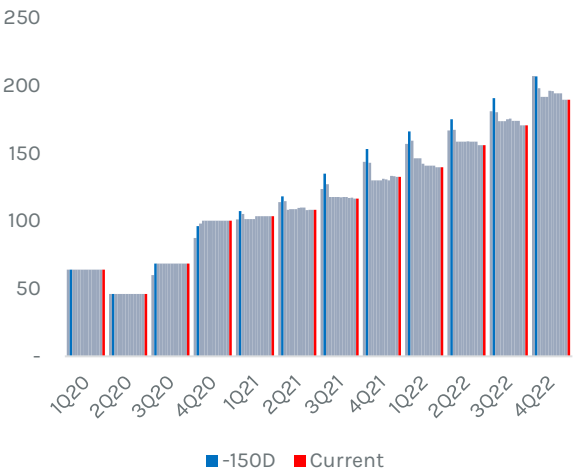
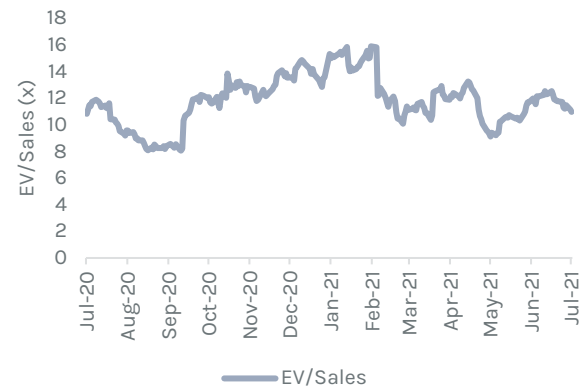
Key Call- Out: Single Cell Sequencing Funding



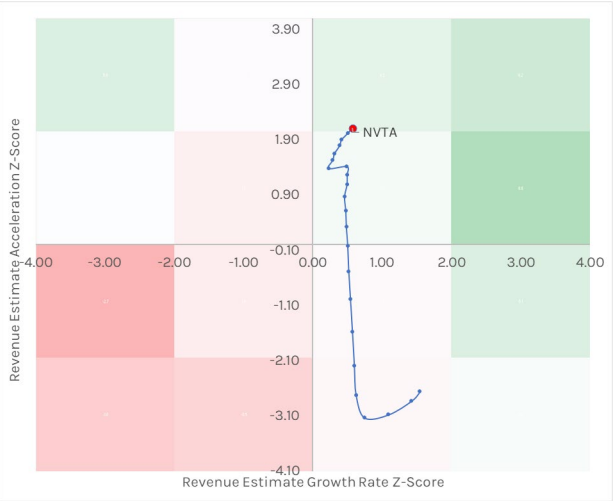
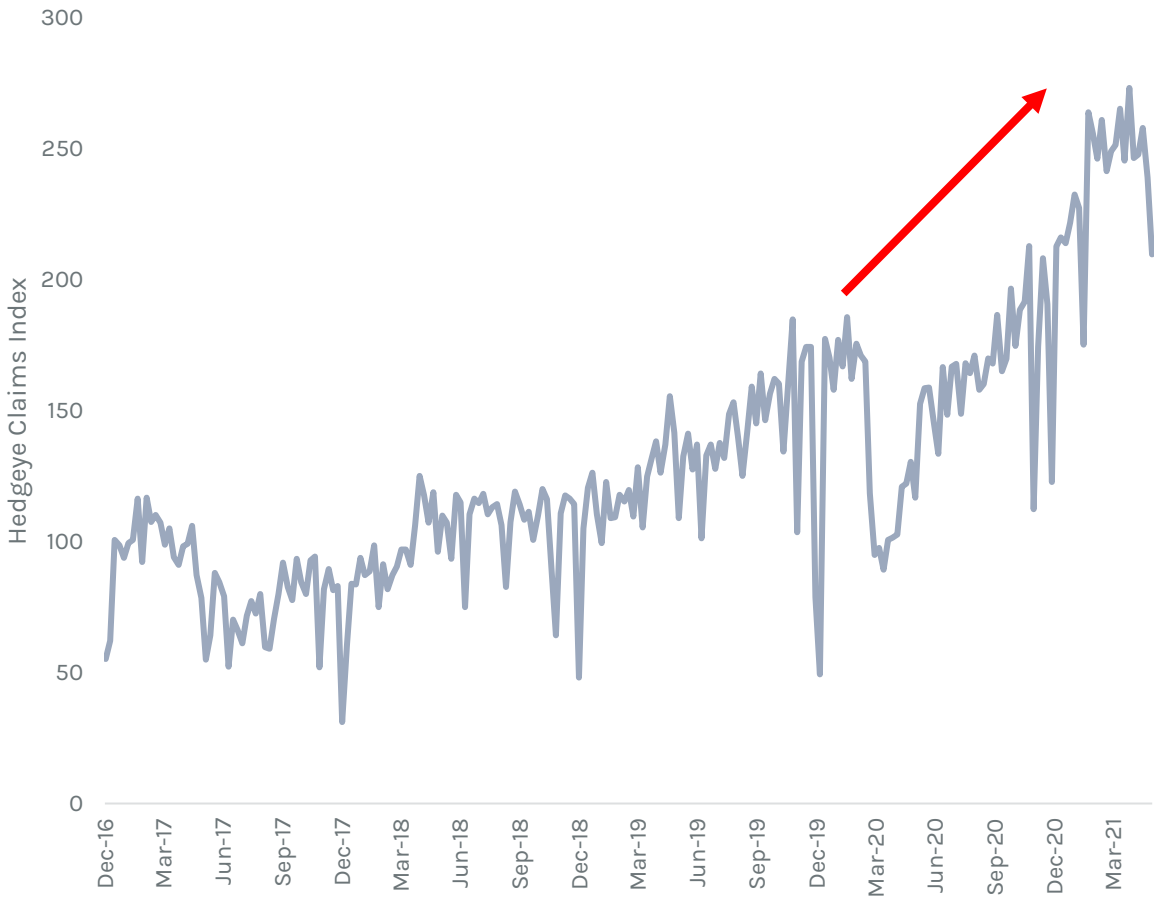
We don't have a super positive view on ArcherDx acquisition, but maybe we just don't get it. Bottom line, though, the claims are trending very positive into 2Q21, and the estimate trend is accelerating...

- ❑ **Founded by Sean George on January 13, 2010**, Invitae Corp (earlier known as Locus Development) engages in the provision of genetic information into mainstream medical practice. It includes comprehensive panels for hereditary conditions in cancer, cardiology, neurology, pediatric, and rare diseases.
- ❑ **Headquartered in San Francisco, CA**, Invitae has **1,100 current employees** and a **sales force of 190 personnel** worldwide.
- ❑ **Operates a CLIA certified facility in San Francisco (CA)**, a secondary facility in Santiago (Chile) and offices in Palo Alto (CA).

Multiples & Revisions



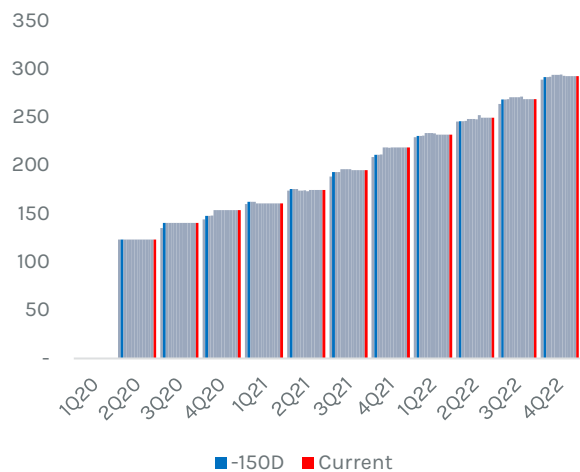
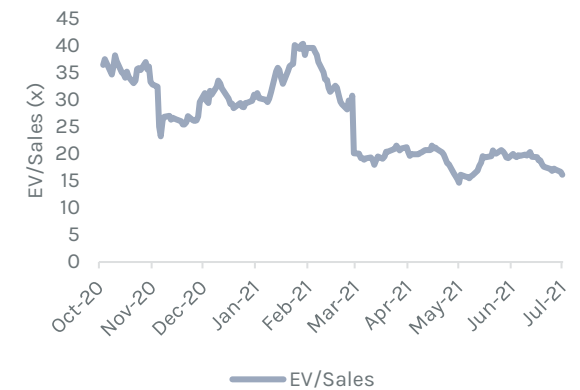
Key Call- Out: Weekly Claims Data



Prescription volumes and MAU growth isn't hitting our expectations. On the Long Bench until we see improvement. We still believe it's a BIG TAM.

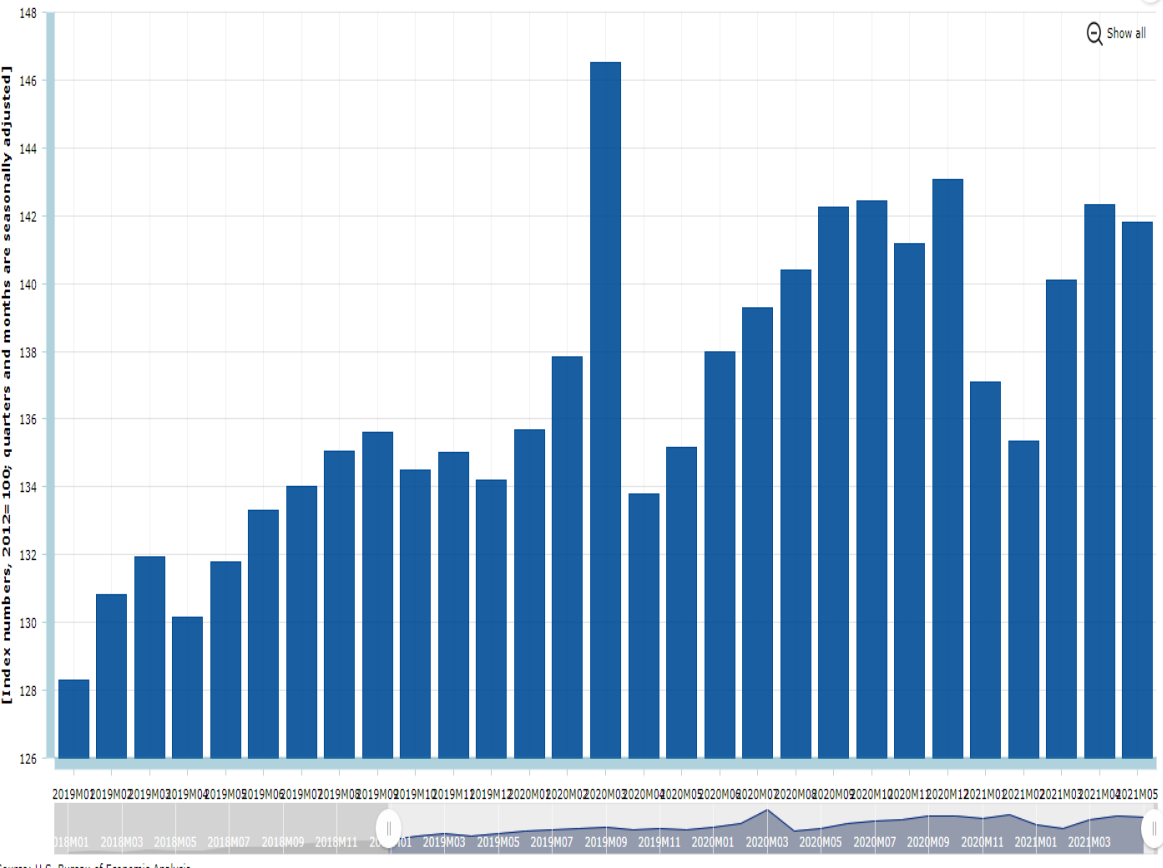
- ❑ Founded in 2011 by Doug Hirsch, Trevor Bezdek and Scott Marlette, GoodRx owns and operates a prescription drug price comparison platform and provides pharmacy coupons to the customers. It has entered the space of telemedicine in Sep- 2019.
- ❑ Headquartered in Santa Monica, California, GoodRx employs more than 413 employees, with ~14 million people visiting their website per month.

Multiples & Revisions



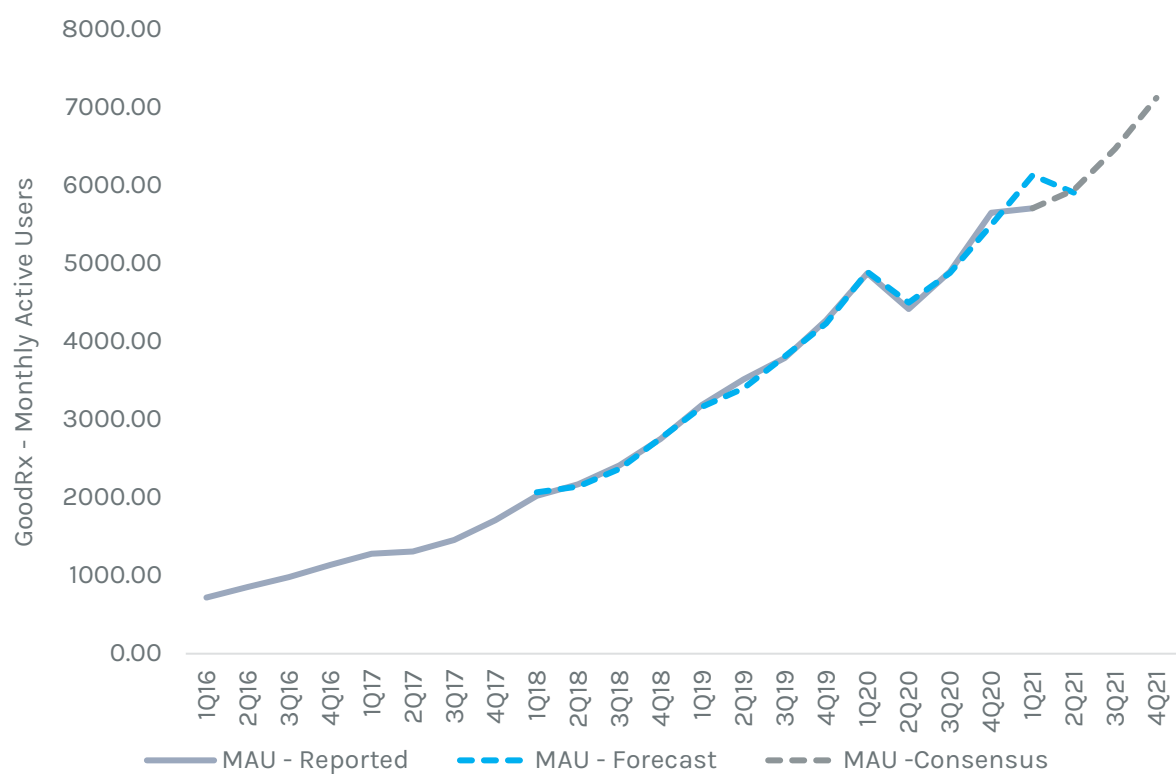
Key Call- Out: Real PCE by Type

Table 2.4.3U. Real Personal Consumption Expenditures by Type of Product, Quantity Indexes

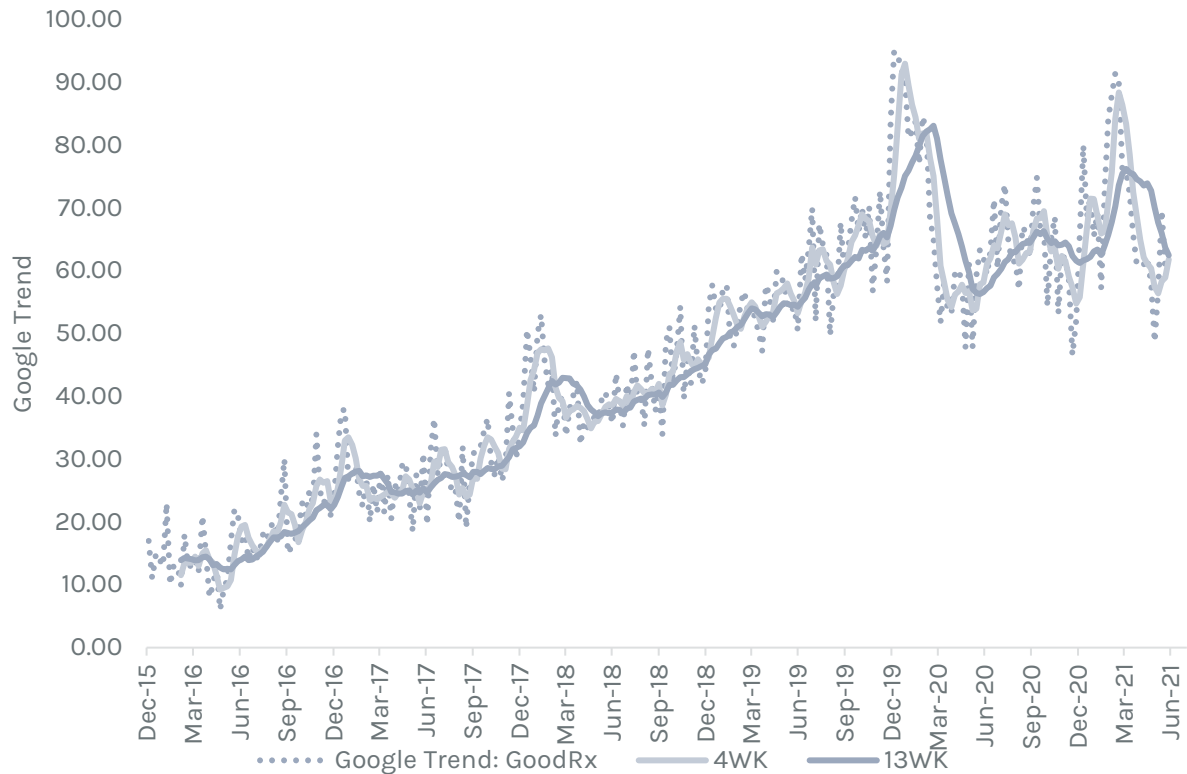


MAU Forecast and Search Trends for “GoodRx”

5,909,840 versus 5,940,000 Consensus



Consumer interest weakened sequentially in 2Q21



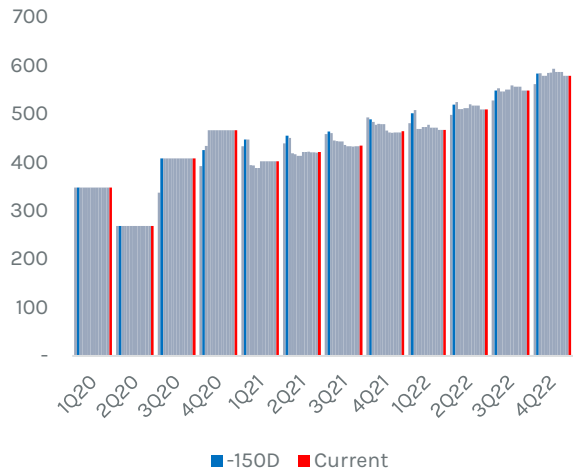
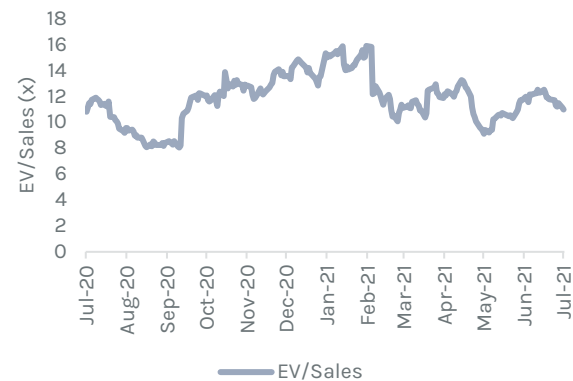
Our forecast is driven by the relationship between repeat users, search activity, and Monthly Active Users (MAU). Inclusive of Scriptcycle our MAU estimate is now 5,909,840 versus consensus of 5,940,000. Management had said they exited the quarter at 6,100,000 during their 1Q21 earnings call.

Competition is coming on multiple fronts. Meanwhile colonoscopy should recovering and pushing back on inroads Cologuard made during the pandemic.

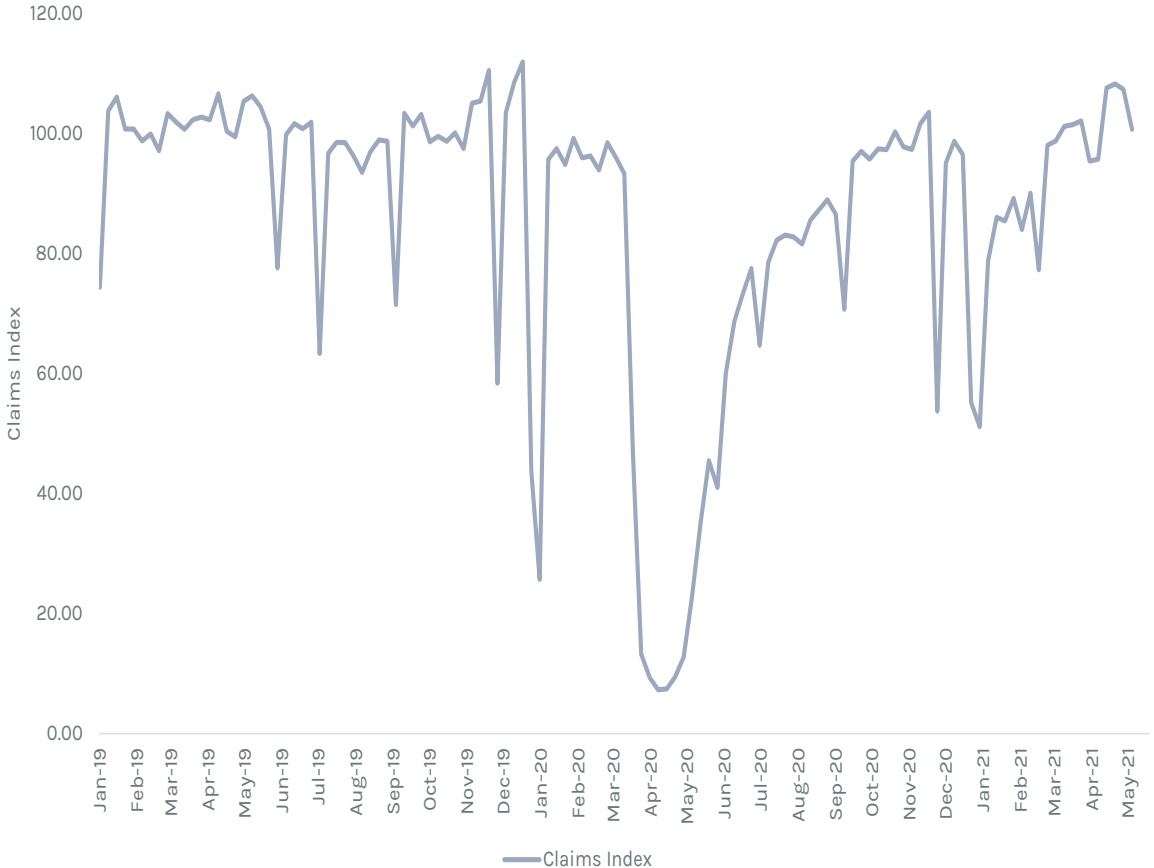
- ❑ **Founded in 1995**, Exact Sciences is a molecular diagnostics company focused on the early detection and prevention of some of the deadliest forms of cancer, with primary focus on colorectal cancer.
- ❑ **Headquartered in Madison, Wisconsin**, Exact Sciences employs more than 4,000 personnel, including:
 - ❑ Operates **2 commercial labs** in Madison, Wisconsin, capable of producing seven million Cologuard tests per year.



Multiples & Revisions



Key Call- Out: Screening Colonoscopy Claims Data



ARKG | Ark Genomic Revolution ETF

Estimate trends are still slowing for their constituent holdings. Factor exposure is wrong for Macro Quad 3 as well.

- ❑ **Founded in 2014** ARK Genomic Revolution is an Exchange traded fund focusing of investing in equity of the companies which are expected to substantially benefit from by incorporating technological and scientific developments and advancements in genomics into their business.

- ❑ The fund is managed by Catherine Wood

- ❑ The Top 5 holdings are as follows :

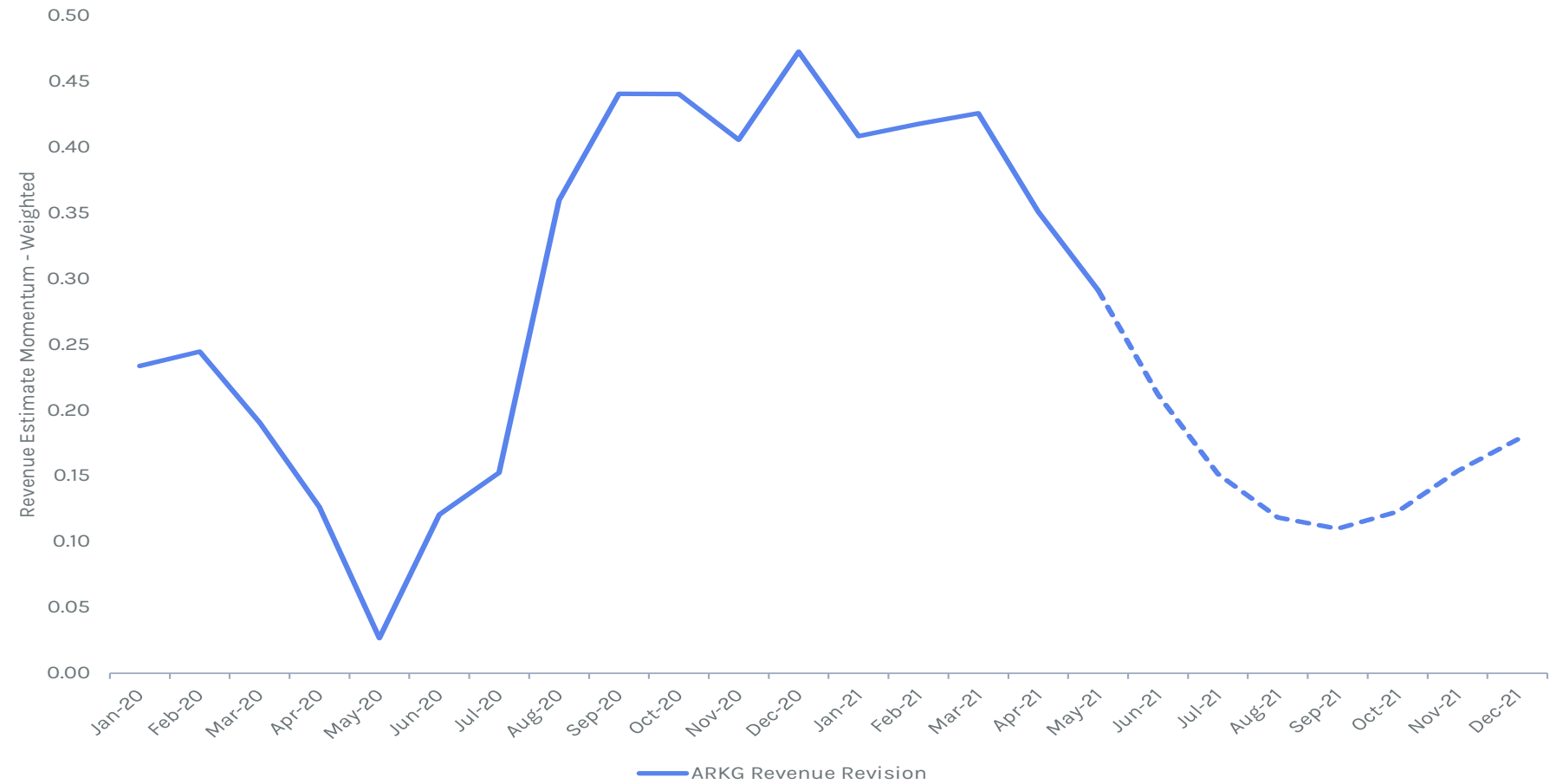
Weight	Company
6.82%	TELADOC HEALTH INC
4.94%	EXACT SCIENCES CORP
4.49%	REGENERON PHARMACEUTICALS
4.37%	PACIFIC BIOSCIENCES OF CALIF
4.09%	CAREDX INC

- ❑ The Performance of ARKG is as follows:

Period	Return
3 Months	-5.1%
YTD	-5.1%
1 Year*	184.4%
3 Years*	54.0%
5 Years*	40.3%
Since Inception*	27.5%

* Annualized

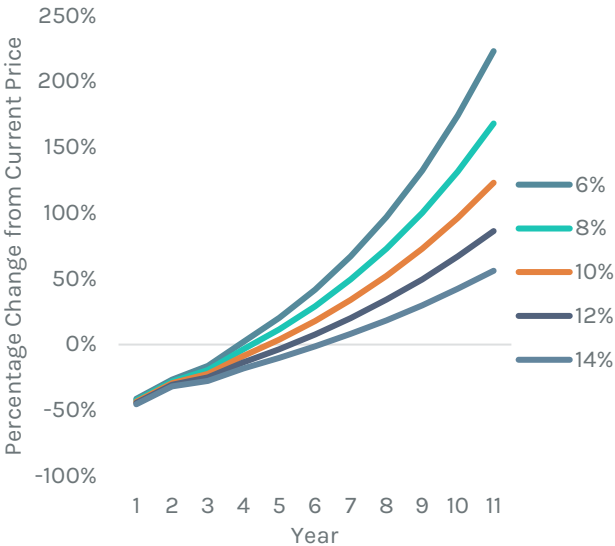
Key Call- Out: MicroQuad Screen Results



Growth vs Inflation

These assumptions treat the stock like a zero-coupon bond, growth can overcome a lot, but inflation raises the bar significantly.

Assumptions	Value
Growth Rate	25.00%
Inflation	2.00%
Real growth	23.00%
Current Price	\$175.00
Current Estimate	\$5.00
Current Multiple	35.00
Risk Free Rate	1.60%
Inflation	3.00%
Forward Multiple 1/(RFR+Inflation)	21.74
Multiple Compression	(13.26)



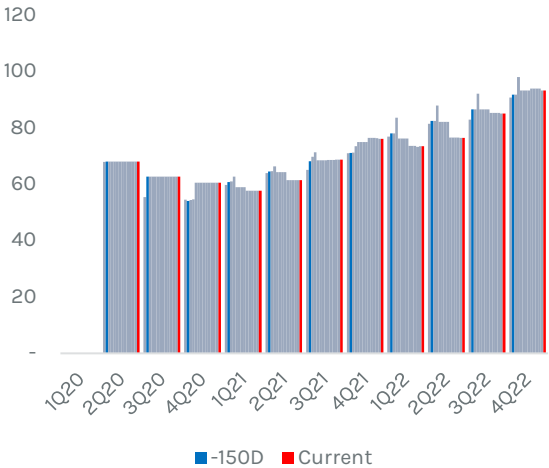
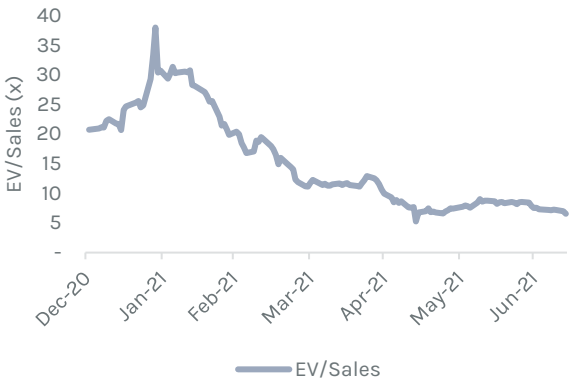
Expected Price		Year										
		0	1	2	3	4	5	6	7	8	9	10
Discount Rate	0%	\$108.70	\$135.87	\$164.45	\$212.30	\$265.37	\$331.71	\$414.64	\$518.30	\$647.88	\$809.85	\$1,012.31
	2%	\$106.56	\$133.21	\$158.06	\$200.05	\$245.16	\$300.44	\$368.19	\$451.21	\$552.96	\$677.64	\$830.44
	4%	\$104.52	\$130.64	\$152.04	\$188.73	\$226.84	\$272.64	\$327.70	\$393.87	\$473.40	\$568.99	\$683.88
	6%	\$102.54	\$128.18	\$146.36	\$178.25	\$210.20	\$247.88	\$292.31	\$344.70	\$406.49	\$479.35	\$565.27
	8%	\$100.64	\$125.81	\$140.99	\$168.53	\$195.06	\$225.76	\$261.29	\$302.42	\$350.03	\$405.12	\$468.89
	10%	\$98.81	\$123.52	\$135.91	\$159.50	\$181.25	\$205.97	\$234.05	\$265.97	\$302.24	\$343.45	\$390.29
	12%	\$97.05	\$121.31	\$131.10	\$151.11	\$168.65	\$188.22	\$210.07	\$234.45	\$261.67	\$292.04	\$325.94
	14%	\$95.35	\$119.18	\$126.54	\$143.29	\$157.12	\$172.28	\$188.90	\$207.13	\$227.12	\$249.03	\$273.06
	16%	\$93.70	\$117.13	\$122.21	\$136.01	\$146.56	\$157.93	\$170.19	\$183.39	\$197.62	\$212.95	\$229.47
	18%	\$92.11	\$115.14	\$118.10	\$129.21	\$136.88	\$144.99	\$153.60	\$162.71	\$172.36	\$182.58	\$193.42
	20%	\$90.58	\$113.22	\$114.20	\$122.86	\$127.98	\$133.31	\$138.86	\$144.65	\$150.68	\$156.95	\$163.49

Total Percentage Change		Year										
		0	1	2	3	4	5	6	7	8	9	10
Discount Rate	0%	-38%	-22%	-6%	21%	52%	90%	137%	196%	270%	363%	478%
	2%	-39%	-24%	-10%	14%	40%	72%	110%	158%	216%	287%	375%
	4%	-40%	-25%	-13%	8%	30%	56%	87%	125%	171%	225%	291%
	6%	-41%	-27%	-16%	2%	20%	42%	67%	97%	132%	174%	223%
	8%	-42%	-28%	-19%	-4%	11%	29%	49%	73%	100%	131%	168%
	10%	-44%	-29%	-22%	-9%	4%	18%	34%	52%	73%	96%	123%
	12%	-45%	-31%	-25%	-14%	-4%	8%	20%	34%	50%	67%	86%
	14%	-46%	-32%	-28%	-18%	-10%	-2%	8%	18%	30%	42%	56%
	16%	-46%	-33%	-30%	-22%	-16%	-10%	-3%	5%	13%	22%	31%
	18%	-47%	-34%	-33%	-26%	-22%	-17%	-12%	-7%	-2%	4%	11%
	20%	-48%	-35%	-35%	-30%	-27%	-24%	-21%	-17%	-14%	-10%	-7%

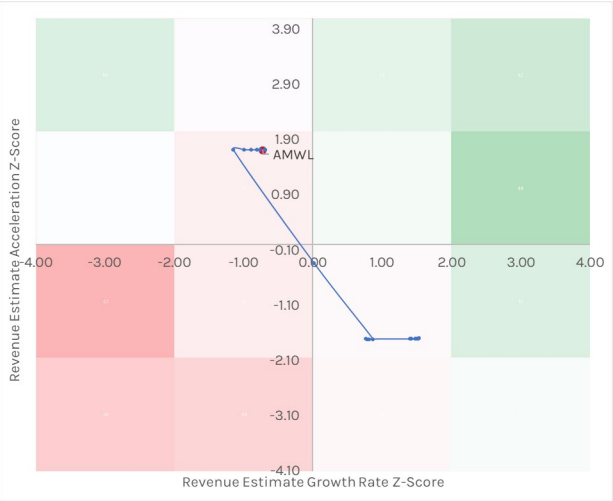
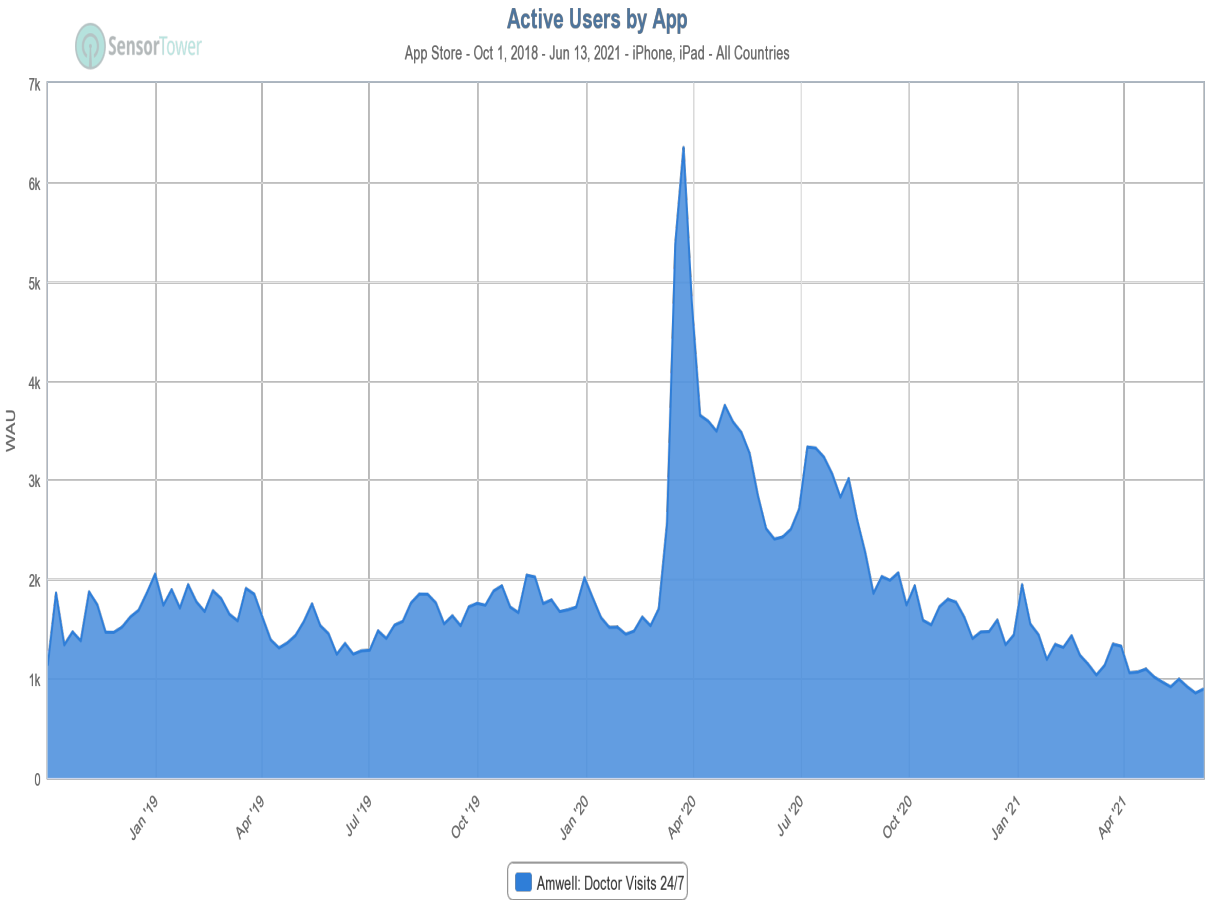
We continue to see deteriorating trends here across our trackers.

- ❑ **Founded in 2006** by Ido Schoenberg and Roy Schoenberg, American Well corporation is a telehealth company enabling digital delivery of care for healthcare’s key stakeholders
- ❑ **Headquartered in Boston, Massachusetts**, American Well employs more than 686 employees. Providing care 24/7 all round the year.

Multiples & Revisions



Key Call- Out: AmWell App Downloads



AMWL | Provider Tracker – 2Q21 Update

Despite wins in Maine, Losses elsewhere could indicate continued churn

	4/30/2021	7/1/2021	7/1/2021	7/1/2021
Client Type	Count	Departures	Additions	Count
Health Plans (HPs)	23	1	0	22
Health Systems/Providers	113	3	3	113
Other	8	0	0	8
Total	144	3	4	143

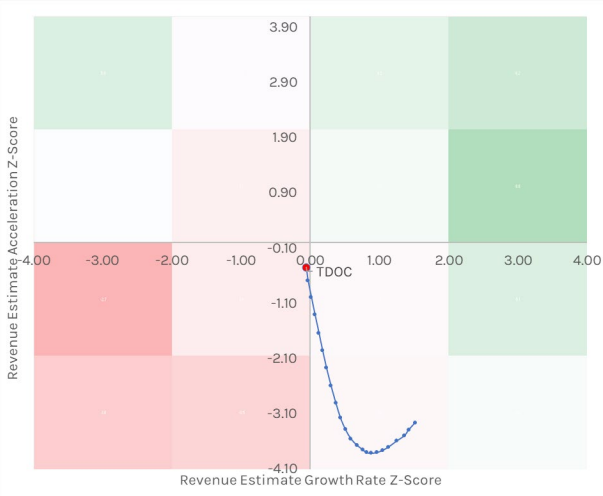
Domain	Landing Page	System; State	Status
mainehealth.live	https://mainehealth.live/landing.htm	Maine Health Services; ME	Addition
mymrhsvisit.org	https://mymrhsvisit.org/landing.htm	Madison Regional Health System, SD	Addition
northernlighttelehealth.org	https://northernlighttelehealth.org/landing.htm	Northern light Health , ME	Addition
citymdnow.com	https://citymdnow.com/landing.htm	CITYMD; NY, NJ	Departure
wellconnection.com	https://wellconnection.com/landing.htm	BCBS; MA	Departure
houstonmethodistvirtualcare.org	https://www.houstonmethodistvirtualcare.org/landing.htm	Houston Methodist; TX	Departure
premiervirtualcare.org	https://premiervirtualcare.org/landing.htm	Premier Health; OH	Departure

While the Health System additions of Northern Light Health (\$2.88B) and Maine Health Services (\$1.75B) nearly offsets the potential losses of Houston Methodist (\$5.3B) and Premier Health (\$1B), the loss of any Blue Cross Blue Shield (BCBS) plan or a likely higher module adoption client like CityMD, would be concerning.

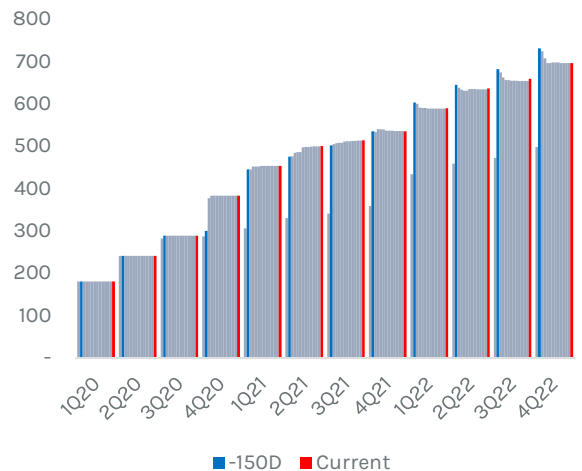
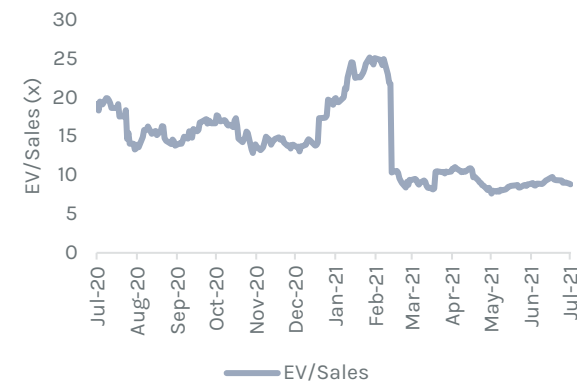
TDOC | Teladoc Health

Advanced Primary Care and value based contracting look like big threat at some point. Livongo sell through is the key from here, though.

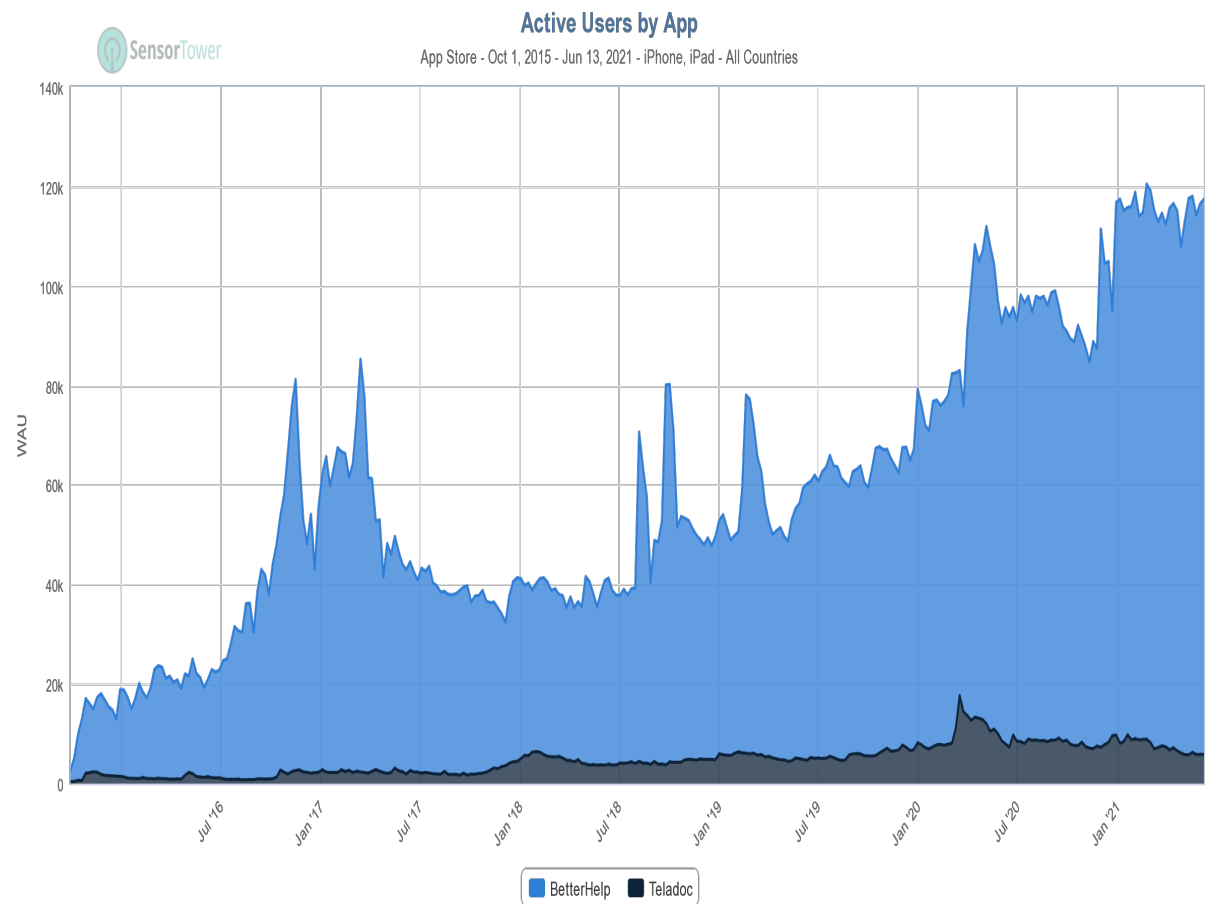
- ❑ **Founded on June 13, 2002**, by George Byron, Teladoc Health, Inc. provides Telehealth Care Services through a technology platform utilizing mobile devices, the Internet, video, and phone.
- ❑ **Headquartered in Purchase, New York**, Teladoc employs more than 2,000 employees, delivering care 24 hours a day, 7 days a week, and 365 days a year in:



Multiples & Revisions



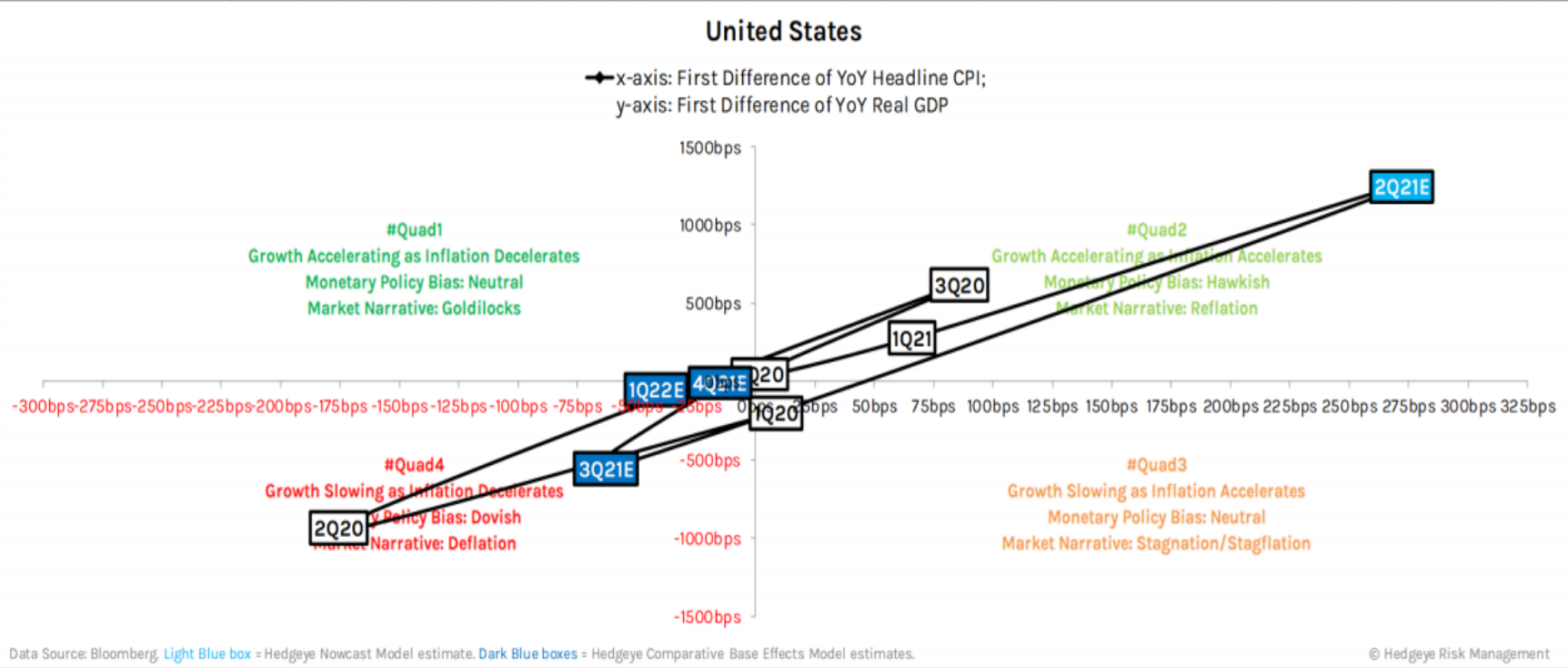
Key Call- Out: Teladoc + BetterHelp App Downloads



Hedgeye Macro Quad Outlook

Hedgeye Quad Model

United States	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	← Actuals Estimates →	2Q21E	3Q21E	4Q21E	1Q22E
Real GDP QoQ SAAR	2.70%	2.10%	1.30%	2.90%	1.50%	2.60%	2.40%	-5.00%	-31.40%	33.40%	4.30%	6.40%	Real GDP QoQ SAAR	9.16%	8.58%	3.87%	4.16%
Real GDP YoY	3.33%	3.12%	2.48%	2.27%	1.96%	2.08%	2.34%	0.32%	-9.03%	-2.85%	-2.39%	0.40%	Real GDP YoY	12.84%	7.24%	7.14%	6.59%
2yr Comparative Base Effects	1.80%	1.98%	2.39%	2.57%	2.75%	2.74%	2.59%	2.67%	2.64%	2.60%	2.41%	1.29%	2yr Comparative Base Effects	-3.53%	-0.39%	-0.02%	0.36%
Headline CPI YoY	2.71%	2.64%	2.20%	1.64%	1.81%	1.76%	2.03%	2.12%	0.36%	1.22%	1.24%	1.90%	Headline CPI YoY	4.62%	3.99%	3.84%	3.42%
2yr Comparative Base Effects	1.48%	1.54%	1.96%	2.38%	2.31%	2.30%	2.16%	1.93%	2.26%	2.20%	2.12%	1.88%	2yr Comparative Base Effects	1.09%	1.49%	1.64%	2.01%



Has Since Been Updated to #Quad3 in 3Q21

Macro Quads are useful in guiding long and short and factor exposures including Sector weighting. However, at the stock level, the Macro Quads do not differentiate between tickers.

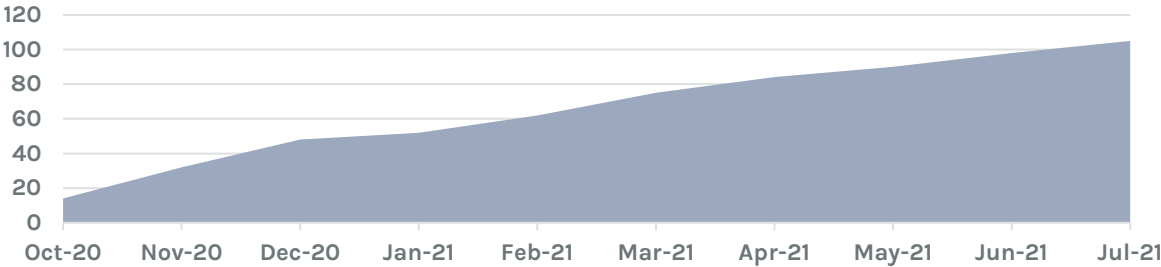
Understanding the Quads

- ❑ **Quad 1 = Real Growth Accelerates, and Inflation Decelerates**
 - ❑ Equity Sector Overweight(s): Technology, Consumer Discretionary, Industrials, Materials
 - ❑ Health Care Industry Overweight(s): Biotechnology, Tools & Services, Pharmaceuticals
- ❑ **Quad 2 = Real Growth and Inflation Accelerate**
 - ❑ Equity Sector Overweight(s): Tech, Consumer Discretionary, Industrials, Energy
 - ❑ Health Care Industry Overweight(s): Equipment & Supplies, Biotechnology, Providers & Services
- ❑ **Quad 3 = Real Growth Decelerates, and Inflation Accelerates**
 - ❑ Equity Sector Overweight(s): Health Care, Utilities, Technology, Energy, REIT's
 - ❑ Health Care Industry Overweight(s): Biotechnology, Tools & Services, Technology
- ❑ **Quad 4 = Real Growth and Inflation Decelerate**
 - ❑ Equity Sector Overweight(s): Health Care, Consumer Staples, Utilities, REIT's
 - ❑ Health Care Industry Overweight(s): Technology, Providers & Services, Biotechnology

Hedgeye Primary Research | A Unique Approach

Leveraging 12+ years of expert network experience and a content-based feedback loop...

Network Participants



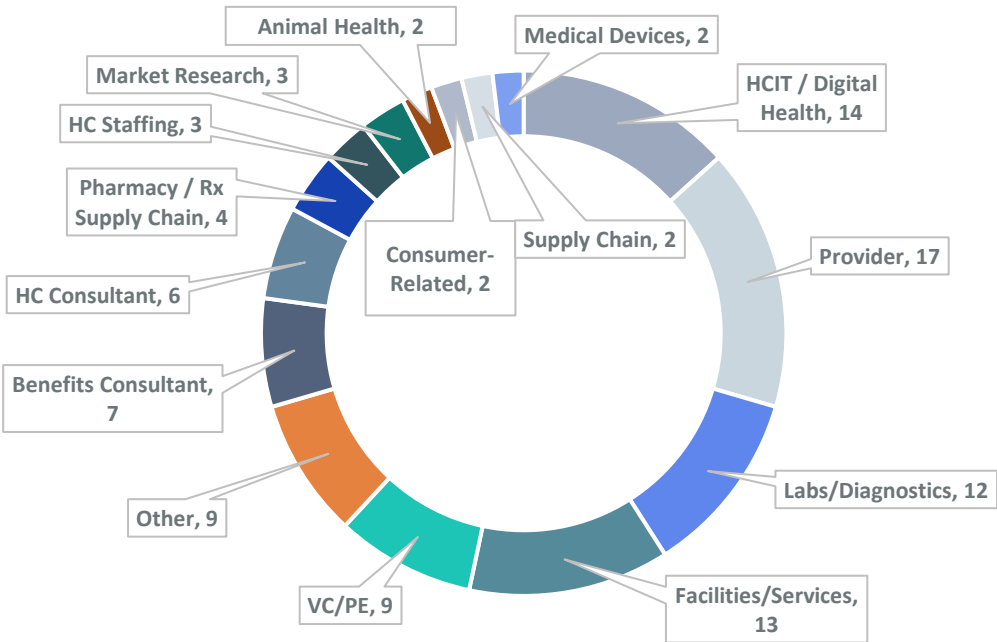
105 & Growing
(+2-3 per week,
on average)

We've been selectively adding contacts to our "network" since early October 2020. Contacts opt-in during our regular primary research and are often willing to hop on the phone to chat with us about or provide a quick reaction to news, client questions, and new data series.

We ask questions and know our contacts' strengths beyond their current title and role, which affords us a speed and accuracy advantage. For example, when ONEM announced the acquisition of Iora, we were initially concerned. However, within an hour, we had several responses to outreach and a conversation that not only eased our concern(s) but provided an impetus to dig deeper.

We are proving out a "knowledge capital exchange" model based on solid relationships and a content-based flywheel involving data, written research, reactions to news, consultations, and HedgeyeTV interviews. Concurrently, we're building relationships with the management teams of Position Monitor and Watchlist companies.

Network Makeup (as of July 15)



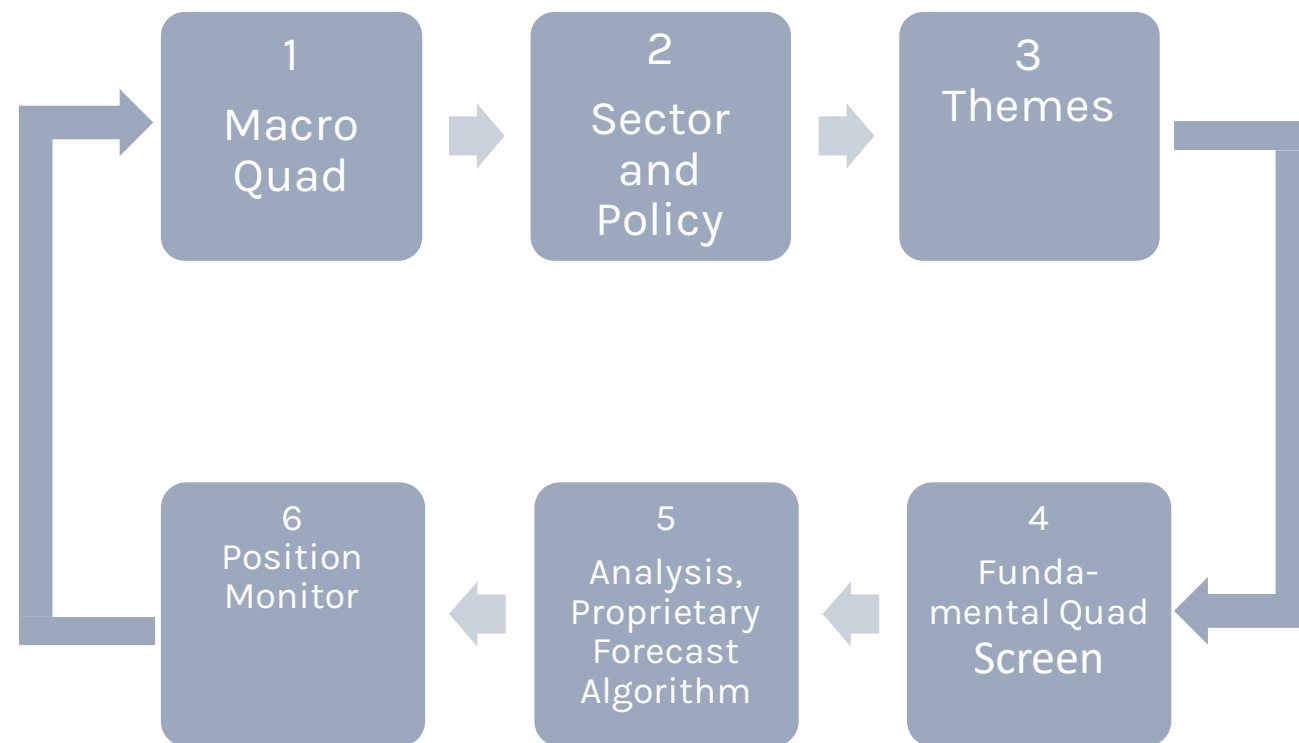
Provider specialties include primary care, orthopedics, endocrinology, pulmonology, and emergency/critical care, as well as a number of physician executives, among others; **Facilities/Services** includes hospital, PT, and Vision Care executives; and **HCIT/Digital Health** includes telehealth, RPM, analytics and other virtual care executives.

Combining Quants, Fundamentals, Data, and Policy

Process Breakdown

- ❑ Macro Quads
 - ❑ The macro economic backdrop drives the vast majority of stock activity.
 - ❑ With these preferred areas in mind, monitoring industry specific ETF's, such as the SPDR® S&P® Health Care Services ETF (XHS) and SPDR® S&P® Health Care Equipment ETF (XHE) help to create a list of names our clients are interested in.
 - ❑ Along with building new models for new ideas, the team maintains a substantial list of models internally which are updated routinely with new information, such as earnings calls and conference appearances.
 - ❑ Any information that would shift the fundamentals of the company is discussed and positions are updated through the following steps.
- ❑ Sector and Policy
 - ❑ Insured Medical Consumer Model – Health Care consumption begins with an insured consumer. Our model captures monthly changes in enrollment across Medicare, Medicaid, and Employer sponsored programs and changes to consumption patterns to the impact of policy and regulatory regime changes.
 - ❑ US Medical Economy – We map and measure changes in provider focused data drawn from government and proprietary sources that reflects trends in medical consumption, unit costs, and labor inputs such as wages.
- ❑ Themes
 - ❑ The combination of Macro, Sector, and Policy can often be organized into Themes which provide a framework for stock selection and additional information gathering.
- ❑ Fundamental Quads and Factor Screening
 - ❑ Macro Quads provide helpful differentiation at the Sector and factor level, but correlations across Health Care Sub Industries remain tight across all regimes.
 - ❑ Company estimate trends fall into 4 quadrants of growth and acceleration that flags high probability longs and shorts. Combined with Macro, Sub Industry, and Themes, we further improve our batting average.
- ❑ Analysis, Data Tools and Process, Forecast Algorithm
 - ❑ We deploy a number of data tools and expert interviews and alternative sources to analyze and model our companies. Where possible we develop forecast algorithms built using underlying data sets, proprietary data, and a machine learning methodology.
- ❑ Position Monitor
 - ❑ We review our longs and shorts weekly, re-rank based on changes in conviction, new data, or performance.

Macro -> Sector -> Company



For more information, contact us at:

healthcareteam@hedgeye.com