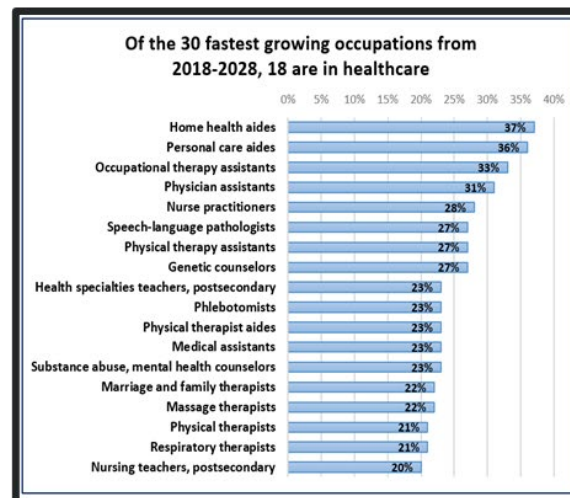
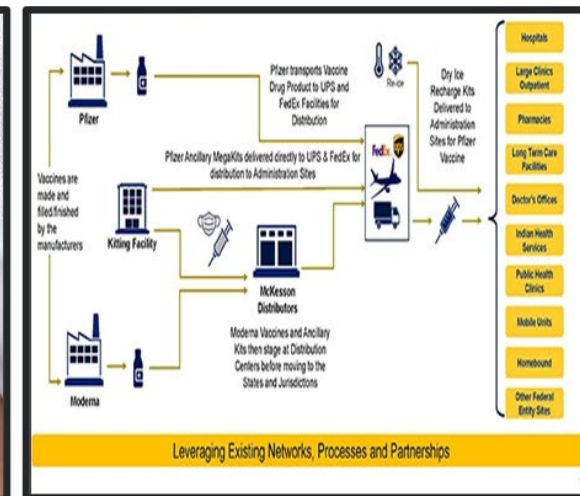




Health Care Position Monitor Update

Vaccine Development, HC Labor Demand Preview, What's Priced In?

January 4, 2021



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Health Care Position Monitor

For Week of January 4, 2021

Best Ideas - Longs					Best Ideas - Shorts						
LONG		Price	Mkt Cap (\$B)	Trend	Tail	SHORT		Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
AMN	AMN Healthcare Services, Inc.	\$ 67.68	\$3.2B	✓	✓	EXAS	Exact Sciences Corporation	\$ 127.31	\$20.2B	×	×
GDRX	GoodRx Holdings, Inc. Class A	\$ 39.90	\$18.6B	✓	✓						
NTRA	Natera, Inc.	\$ 95.99	\$8.2B	✓	✓						
ONEM	1Life Healthcare, Inc.	\$ 41.46	\$5.5B	✓	✓						
TXG	10x Genomics Inc Class A	\$ 139.56	\$11.2B	✓	✓						
GH	Guardant Health, Inc.	\$ 123.79	\$12.4B	✓	✓						
TDOC	Teladoc Health, Inc.	\$ 196.03	\$28.4B	✓	✓						
Long Bias						Short Bias					
ILMN	Illumina, Inc.	\$ 363.55	\$53.1B			HRC	Hill-Rom Holdings, Inc.	\$ 95.83	\$6.4B		
NEO	NeoGenomics, Inc.	\$ 54.24	\$6.0B			MASI	Masimo Corporation	\$ 264.53	\$14.6B		
						AMWL	American Well Corporation Class A	\$ 24.52	\$4.9B		
						NVTA	Invitae Corp.	\$ 43.20	\$7.6B		

Note

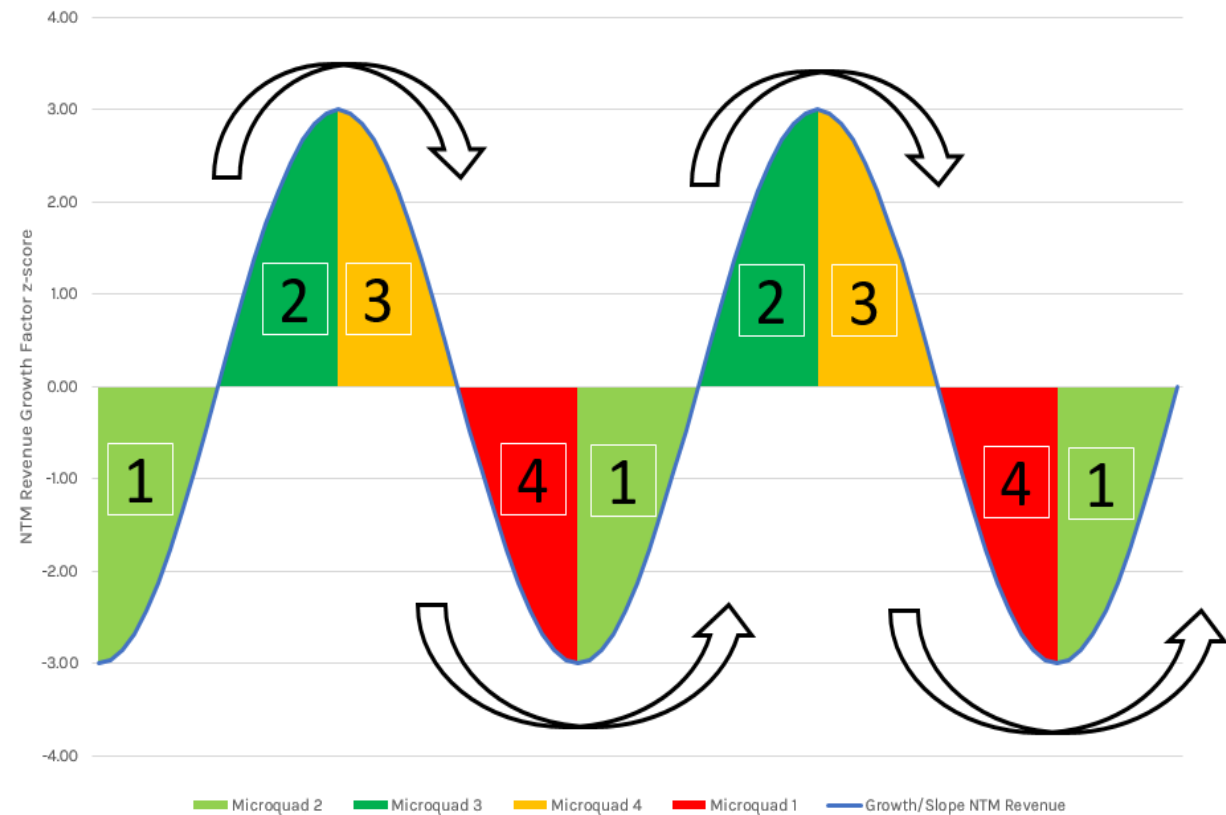
Active Longs/Shorts are high conviction ideas that we’ve either presented a Black Book for already or have one in the works (similar to other Hedgeye teams). Bench or Bias ideas are ones in which we’ve done the bulk of the work, but there may be another question we need to answer to move it over the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

Disclaimer

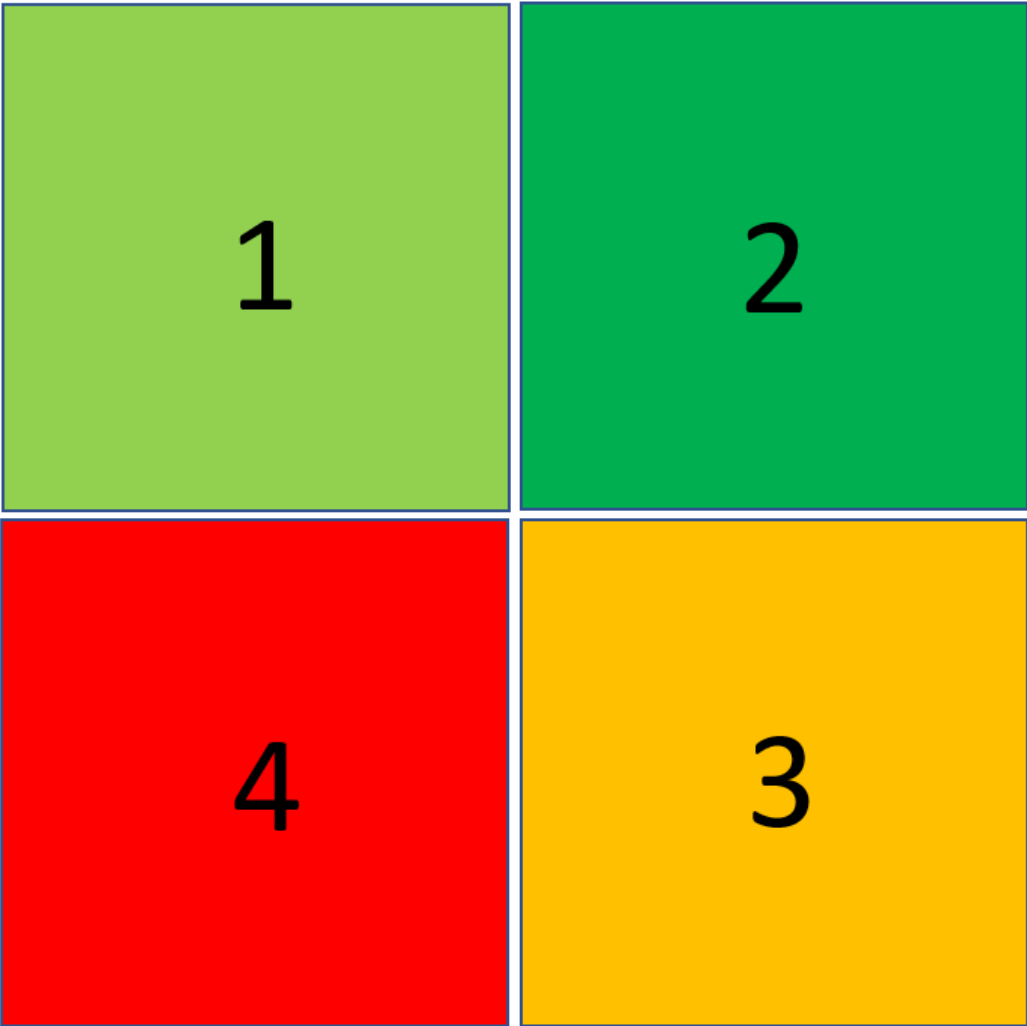
Hedgeye’s “bias” represents Hedgeye’s outlook on companies currently under Hedgeye’s review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bench and representation of a company on the bench does not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

MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression

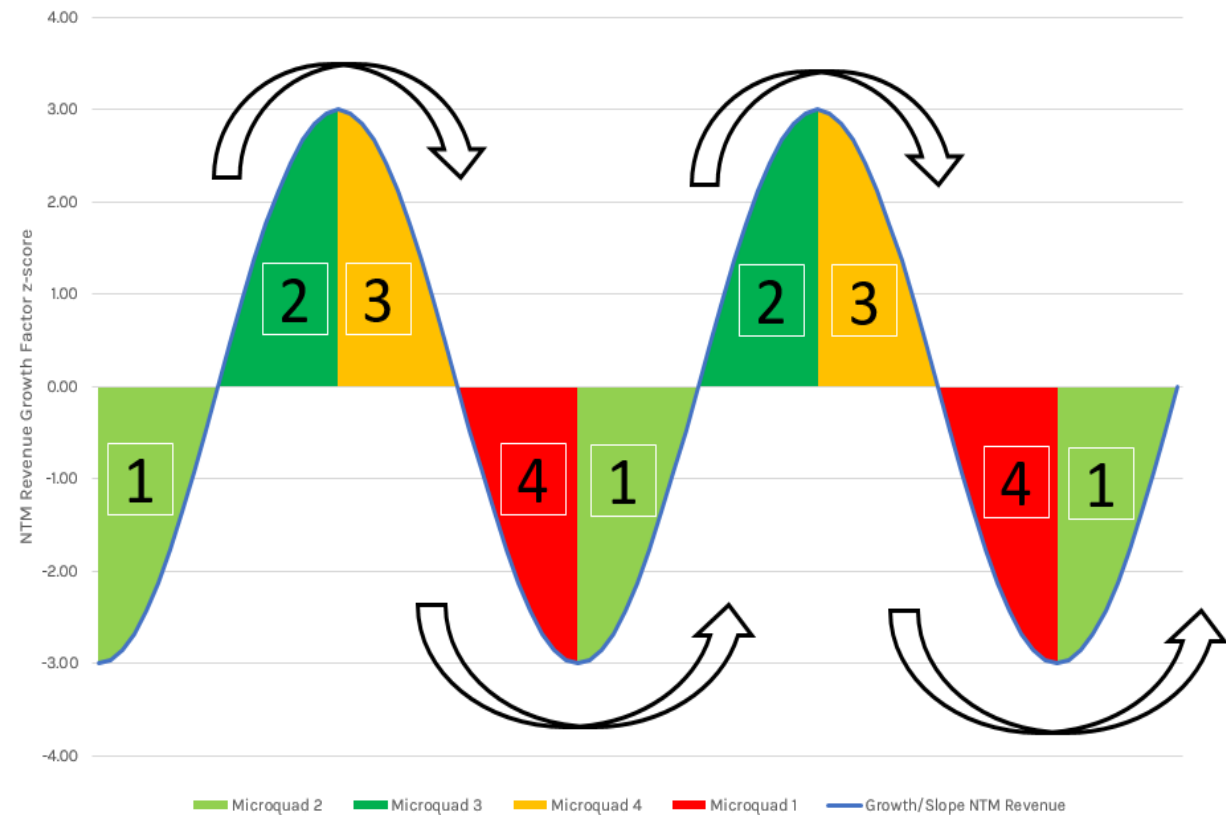


MicroQuad - The Four Quadrants

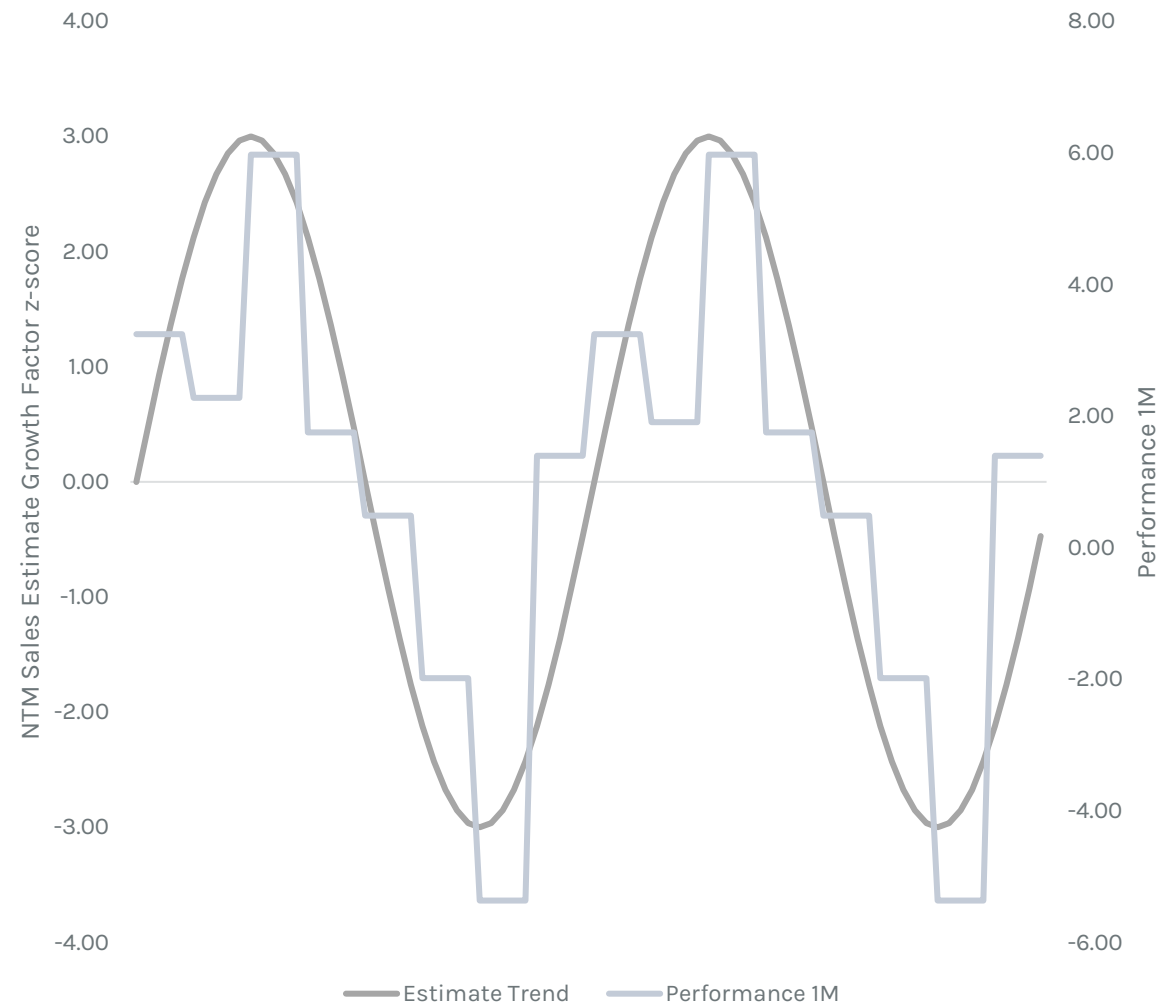


MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression

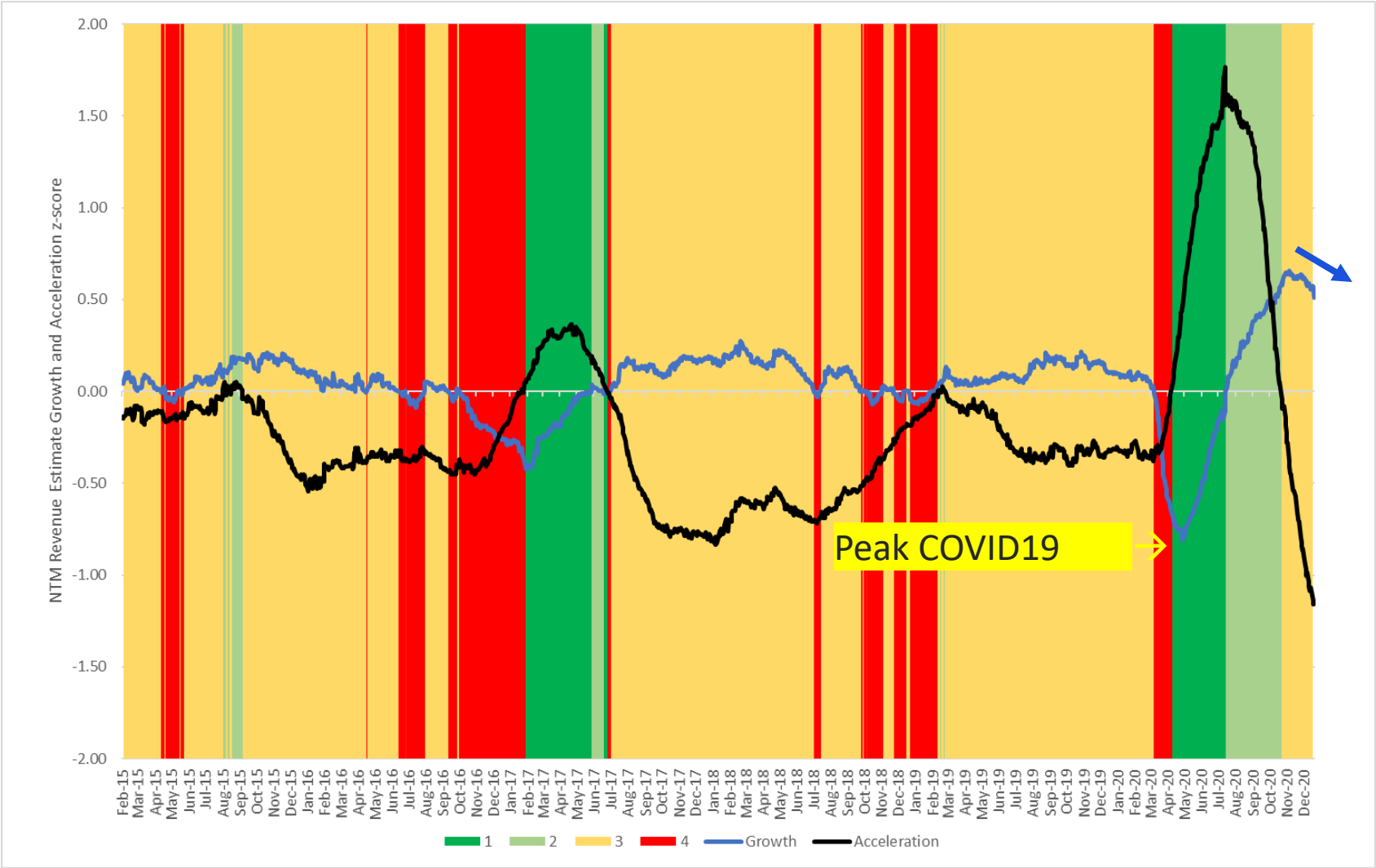


MicroQuad – Actual Performance vs Growth Curve



Estimate Revision Trend is Decelerating

Revision trends are rolling over



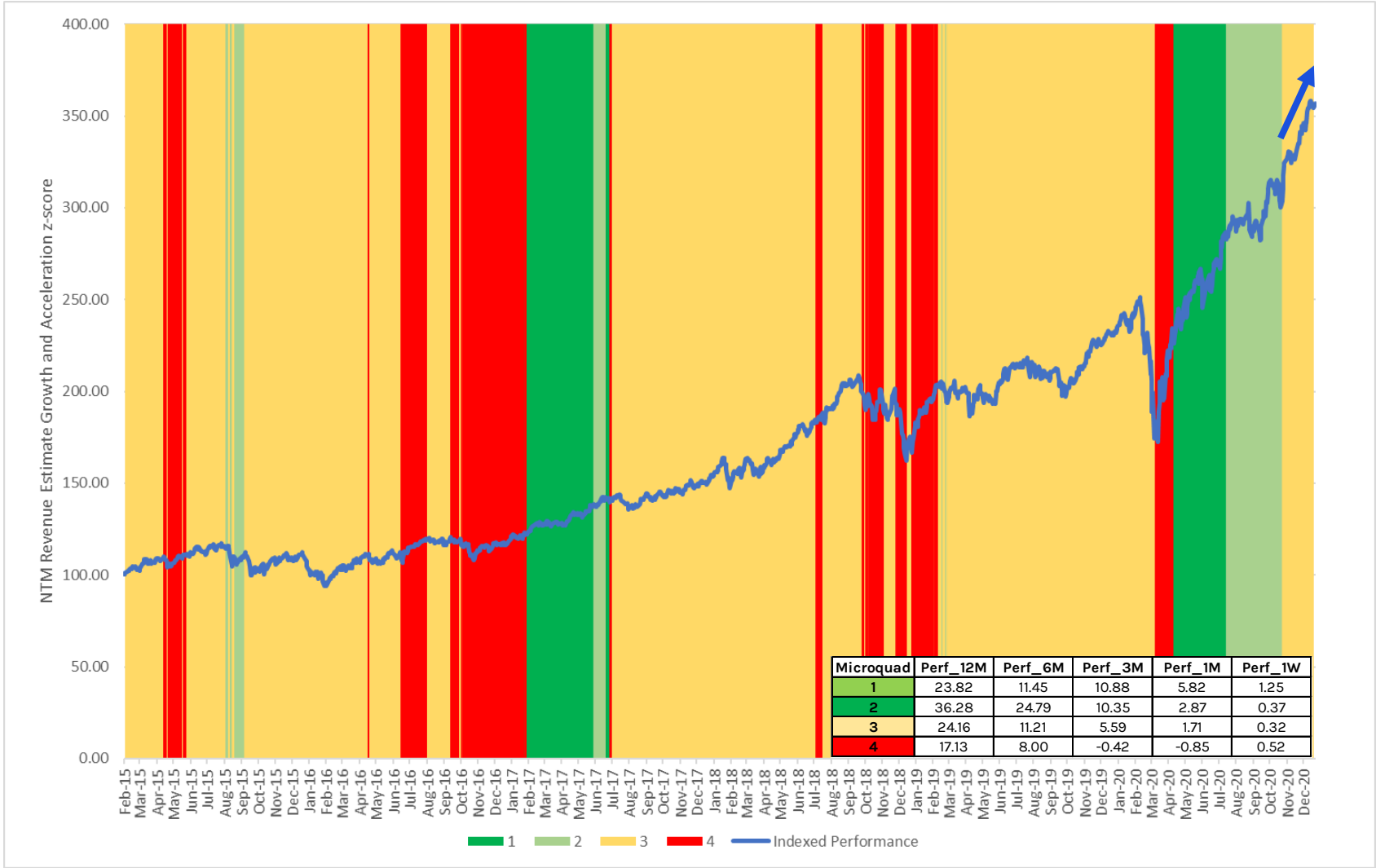
As of 12/31/2020 the average trend continue to progress deeper into MicroQuad 3, lower probability of positive performance and lower average performance compared to MicroQuad 2. Estimate trend has been flat since 11/25/2020

Media coverage of the vaccination roll-out has included stories of people with walkers outpaced to get a COVID vaccine. Now the talk is of splitting doses.

Beginning Wednesday this week we'll see the latest labor updates for US Medical Economy before heading into pre-announcements at JPM Healthcare Conference next week and as estimate trends begin to rollover.

Price Index

No signs of a slow vaccine roll-out



As of 12/31/2020 performance has been increasingly volatile but remains positive. On average, performance metrics, batting averages, deteriorate in MicroQuad 3, but at the same time will be overwhelmed by Macro Quad 2, forecast to extend through 2Q21.

Despite decelerating estimates, performance has been driven by positive vaccine news, rather than the negative impact of rising COVID19 cases. A transition to the risks of slow COVID19 vaccine roll out and/or control of the US Senate based on the Georgia special election is possible.

MicroQuad Screen | December 31, 2020

MicroQuad1	MicroQuad2	MicroQuad3	MicroQuad4
EHC	ADPT	A	ABBV
HMSY	AMN	EXAS	AMGN
HRC	BAX	ABMD	ANTM
HUM	CERN	ABT	BDX
LHCG	ENSG	ALGN	CHE
MASI	HAE	AMED	GH
PRGO	ICUI	HOLX	GILD
	ILMN	IART	MEDP
	UNH	IDXX	NEO
		IQV	VRTX
		IRTC	
		ISRG	
		JNJ	
		LH	
		LLY	
		MDT	
		MMSI	
		MOH	
		MRK	
		MTD	
		NEOG	
		NSTG	
		NTRA	
		NVTA	
		OMCL	
		ONEM	
		OPK	
		PDCO	
		PEN	
		PKI	
		PODD	
		PRAH	
		Q	
		QDEL	
		RCM	
		RGEN	
		RMD	
		SEM	
		STAA	
		STE	
		SYK	
		TDOD	
		TECH	
		TFX	
		TMO	
		TNDM	
		TXG	
		VEEV	
		WAT	
		ZTS	

Position Monitor Prospective Performance

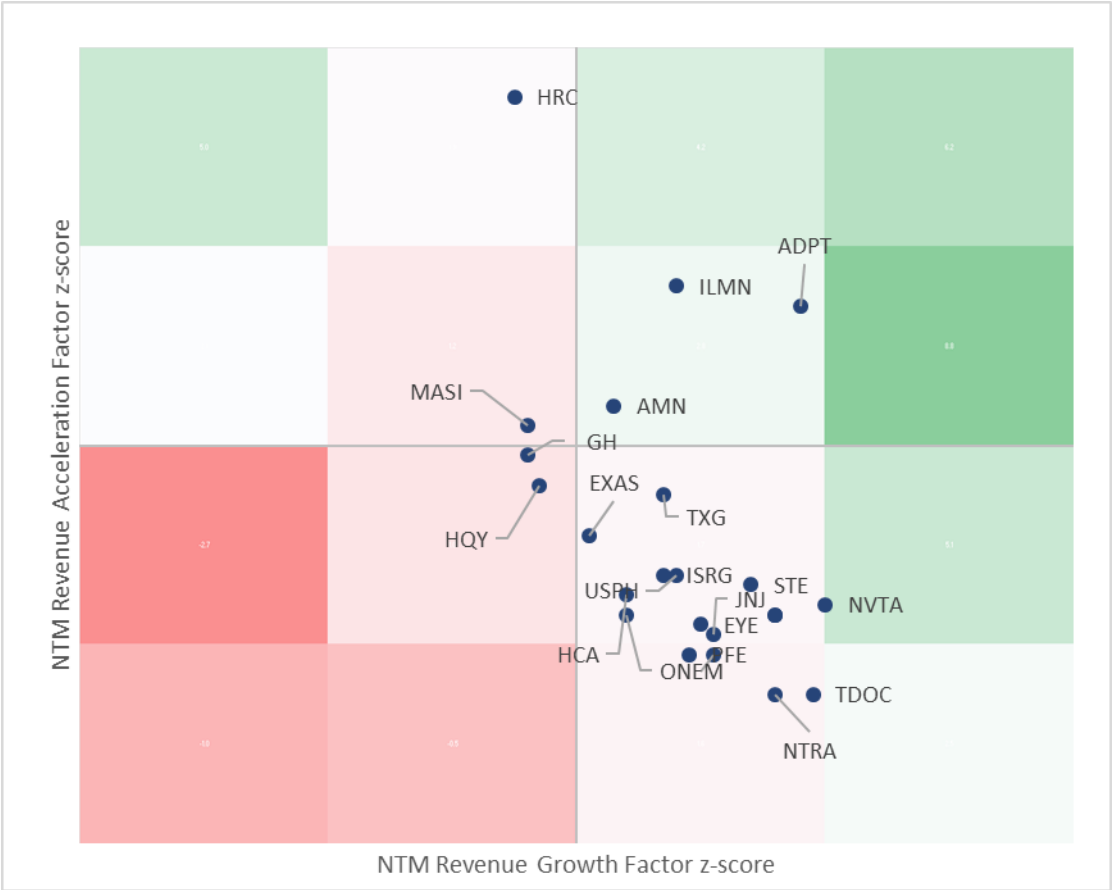
MicroQuad average forward 1M performance in all Macro Quad environments

POSITION MONITOR		12/31/2020			Performance				Sales			
Ticker	Name	Price	EV	MCAP	Performance Trailing 1W Actual	Performance Trailing 1M Actual	Performance Trailing 1M Expected	Performance Forward 1M Expected	Correlation	Growth Factor z-score	Acceleration Factor z-score	Sales Quad
TDOC	Teladoc Health, Inc.	\$199.96	16,542	28,986	-4.52%	2.44%	4.87%	5.77%	0.92	1.93	-2.51	3
NVTA	Invitae Corp.	\$41.81	5,510	7,388	-18.00%	-16.66%	4.27%	4.46%	0.85	2.05	-1.63	3
ILMN	Illumina, Inc.	\$370.00	53,341	54,020	0.95%	10.67%	1.29%	3.72%	0.93	0.75	1.64	2
EXAS	Exact Sciences Corporation	\$132.49	20,342	21,070	-6.04%	7.51%	2.03%	3.77%	0.82	0.09	-0.93	3
HRC	Hill-Rom Holdings, Inc.	\$97.97	8,243	6,546	0.33%	1.88%	5.64%	2.76%	0.92	-0.49	3.49	1
ONEM	1Life Healthcare, Inc.	\$43.65	5,330	5,806	0.41%	26.71%	1.49%	2.46%	0.59	0.38	-1.72	3
NTRA	Natera, Inc.	\$99.52	7,520	8,496	-9.56%	9.13%	2.85%	2.12%	0.94	1.57	-2.54	3
AMN	AMN Healthcare Services, Inc.	\$68.25	4,181	3,210	-1.98%	5.47%	1.82%	1.90%	0.82	0.26	0.43	2
GH	Guardant Health, Inc.	\$128.88	11,921	12,884	-4.14%	6.31%	1.41%	1.97%	0.74	-0.40	-0.13	4
TXG	10x Genomics Inc Class A	\$141.60	13,583	11,350	-4.93%	-5.50%	1.62%	1.89%	0.91	0.68	-0.46	3
MASI	Masimo Corporation	\$268.38	14,947	14,776	1.09%	6.05%	0.82%	1.90%	0.97	-0.42	0.18	1

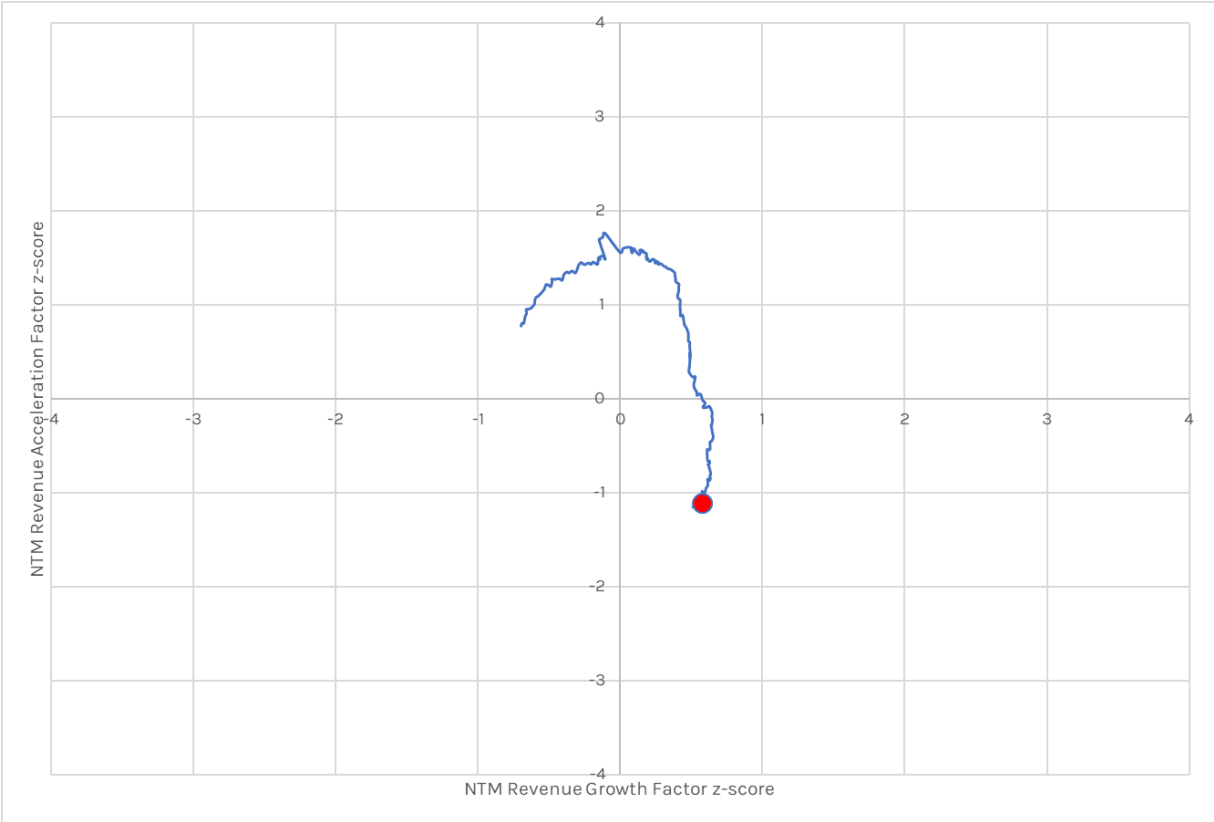
The sigma chart coordinates for growth/acceleration (1st and 2nd Derivative of the estimate trend) is associated with a forward price return over the following 1M and 3M. For each of our Position Monitor stocks, we've calculated the average forward return within 0.5 STDEV of the stocks most recent estimate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

Position Monitor | December 31, 2020

Sigma Positioning – Current Position Monitor



Sigma Positioning –Universe Average



MicroQuad | Watch List

Forward performance based on MicroQuad coordinates and Macro Quad 2

Ticker	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 - 2
ILMN	15	6	0	0.80	1.60	0.90	10.67	0.70	10.86%	72.49%
ADPT	8	1	0	1.80	1.40	0.60	20.94	1.06	6.86%	72.18%
TDOC	16	5	0	1.90	-2.50	0.90	0.02	0.01	4.43%	71.61%
EXAS	14	2	1	0.10	-0.90	0.80	7.51	0.46	3.28%	66.18%
NVTA	7	0	0	2.00	-1.60	0.90	-16.66	0.66	2.84%	62.65%
STE	6	0	0	1.40	-1.40	0.80	-2.26	0.79	3.91%	62.02%
ONEM	11	7	0	0.40	-1.70	0.60	26.71	0.44	1.60%	61.84%
NTRA	9	4	0	1.60	-2.50	0.90	9.13	0.72	2.68%	61.67%
HQY	12	0	0	-0.30	-0.40	0.40	-6.30	0.37	1.91%	61.53%
USPH	5	3	0	0.80	-1.30	0.90	11.86	0.57	2.14%	61.35%
HRC	8	0	2	-0.50	3.50	0.90	1.88	1.04	0.96%	61.25%
HCA	20	2	1	0.40	-1.50	0.90	8.26	0.46	1.73%	60.98%
GH	8	2	1	-0.40	-0.10	0.70	6.31	0.38	1.70%	60.68%
ISRG	18	0	1	0.70	-1.30	0.90	11.51	0.50	2.06%	60.47%
MASI	8	1	0	-0.40	0.20	1.00	6.05	0.40	1.77%	59.76%
PFE	12	3	1	0.90	-2.10	0.10	-6.60	0.55	0.77%	58.75%
AMN	9	0	0	0.30	0.40	0.80	5.47	0.58	1.74%	57.29%
JNJ	15	0	0	1.10	-1.90	0.80	6.73	0.61	-0.10%	55.43%
TXG	7	1	0	0.70	-0.50	0.90	-5.50	0.64	1.22%	55.04%
ZBH	26	7	2	1.10	-2.10	0.20	5.47	0.60	-0.91%	51.61%
GDRX	12	2	0	1.60	-1.70	-0.60	9.59	1.13	0.80%	51.42%
EYE	9	4	0	1.60	-1.70	-0.50	-1.86	1.13	0.80%	51.42%
AMWL	9	4	0	1.60	-1.70	-0.50	-1.86	1.13	0.80%	51.42%

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

ONEM app downloads continue to support member growth upside and the long case.

Revenue Revision | Top 20

Trailing 30 day change in consensus NTM revenue estimates

Rank	Ticker	Market Cap	Sales Correlation	Sales Estimate Change	Growth	Acceleration	Microquad Forward Performance - Expected	1W-Return	1M-Return	3M-Return	1Y-Return
1	TDOC	16,542.46	92%	33%	1.93	-2.51	2.20%	-5%	2%	-9%	140%
2	CODX	247.98	77%	24%	-0.97	-0.07	1.70%	-15%	-16%	-28%	922%
3	PRSC	1,792.77	15%	12%	2.21	-0.27	3.53%	0%	1%	47%	133%
4	QDEL	7,870.97	82%	7%	0.43	-3.87	1.24%	-10%	-5%	-20%	140%
5	CYRX	1,634.56	89%	6%	-	-	-	-10%	-16%	0%	165%
6	LLY	167,341.68	79%	5%	0.81	-0.79	1.94%	2%	16%	17%	28%
7	OSUR	539.81	36%	4%	0.93	-3.20	2.39%	-9%	-14%	-14%	34%
8	PDCO	3,504.12	60%	4%	1.54	-1.70	1.52%	-8%	7%	23%	45%
9	ADPT	7,156.67	58%	4%	1.75	1.36	2.47%	-10%	21%	20%	101%
10	TXG	13,583.39	91%	4%	0.68	-0.46	1.42%	-5%	-5%	12%	94%
11	NSTG	2,517.19	73%	3%	1.85	-1.35	2.76%	-9%	22%	49%	143%
12	RGEN	9,964.74	95%	3%	1.38	-2.33	0.72%	-3%	-1%	28%	104%
13	MYL	21,599.60	-8%	3%	1.91	-2.12	2.81%	5%	10%	27%	-9%
14	CMD	4,166.53	-27%	3%	0.54	-0.77	1.31%	-1%	32%	79%	15%
15	VEEV	42,494.40	96%	3%	0.51	-0.78	1.36%	-5%	-4%	-2%	90%
16	GKOS	3,242.83	73%	2%	0.53	-0.99	1.33%	1%	11%	51%	38%
17	ONEM	5,329.79	59%	2%	0.38	-1.72	1.25%	0%	27%	48%	0%
18	CUTR	407.94	59%	2%	0.91	-1.26	2.40%	9%	1%	32%	-34%
19	ATRS	670.47	67%	2%	0.61	-1.81	1.64%	6%	27%	40%	-6%
20	HSTM	577.46	33%	2%	0.61	-0.26	1.62%	2%	11%	9%	-19%

Preannouncement season is upon us. ONEM announced their COVID-19 vaccine roll-out while CVS is talking up flu vaccines. A slow COVID vaccine roll out is leading to cutting and delaying doses.

The TDOC debate will be our primary focus in the coming days. Will stand alone telemedicine exist in 5 years?

Revenue Revision | Bottom 20

Trailing 30 day change in consensus NTM revenue estimates

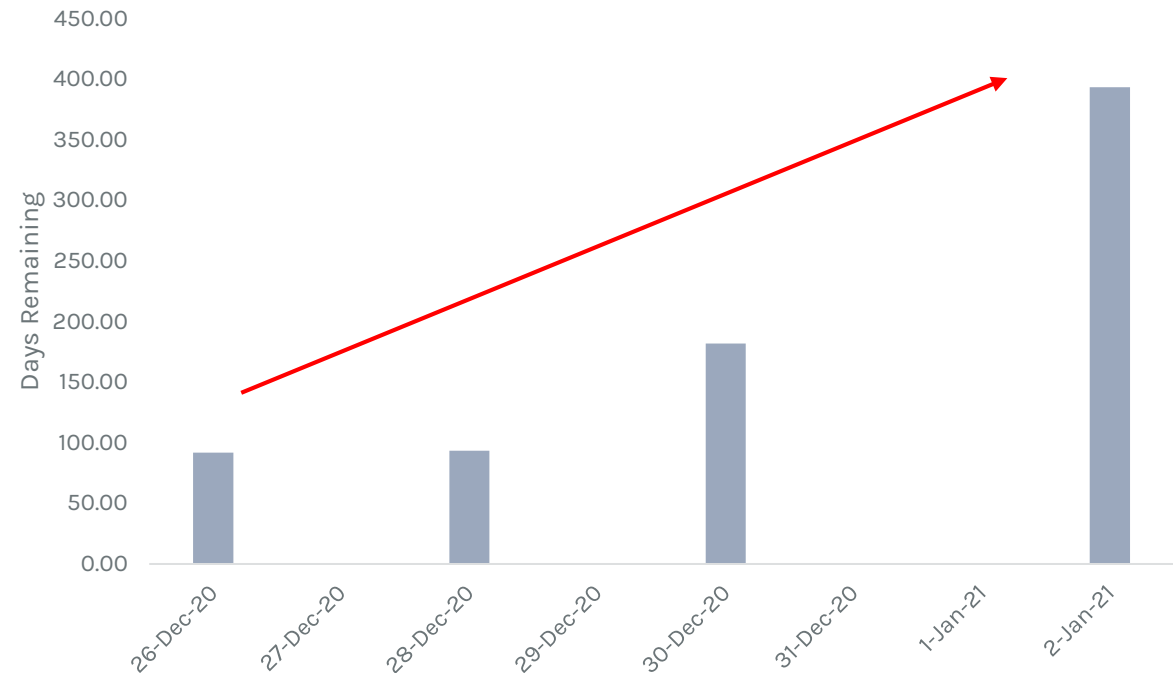
Rank	Ticker	Market-Cap	Sales Correlation	Sales Estimate Change	Growth	Acceleration	Microquad Forward Performance - Expected	1W-Return	1M-Return	3M-Return	1Y-Return
1	PEN	6,143.14	92%	-9.26%	0.11	-1.27	1.16%	-10%	-19%	-8%	7%
2	IRTC	6,452.25	78%	-4.08%	0.75	-2.37	2.04%	-2%	-1%	3%	247%
3	LIVN	3,699.56	-27%	-2.87%	0.79	-1.20	2.19%	-2%	27%	44%	-10%
4	BIIB	42,732.29	26%	-2.02%	-1.19	3.51	1.81%	-3%	1%	-14%	-17%
5	HOLX	21,720.06	86%	-1.49%	0.41	-3.81	1.35%	-3%	5%	10%	40%
6	MD	3,485.75	33%	-1.45%	-0.03	1.50	0.62%	1%	20%	51%	-11%
7	MDRX	3,328.84	18%	-1.45%	0.15	0.70	1.24%	1%	1%	77%	49%
8	CSLT	165.63	10%	-1.43%	0.57	1.03	1.61%	1%	11%	17%	4%
9	EVH	1,350.45	-46%	-1.22%	-0.68	0.93	1.89%	-2%	10%	27%	70%
10	GILD	77,820.86	62%	-0.84%	-0.44	-1.77	1.77%	2%	-5%	-8%	-11%
11	HQY	6,218.84	36%	-0.66%	-0.27	-0.42	1.01%	1%	-6%	34%	-4%
12	CCRN	399.38	66%	-0.56%	1.01	1.46	1.90%	-1%	3%	41%	-20%
13	FLGT	1,154.19	89%	-0.35%	0.70	-3.58	1.78%	11%	14%	28%	317%
14	SGRY	5,563.40	-25%	-0.20%	-0.81	-2.85	1.81%	4%	12%	28%	78%
15	NVTA	5,509.80	85%	-0.06%	2.05	-1.63	2.91%	-18%	-17%	-5%	156%
16	VIVO	828.70	47%	0.00%	0.52	-1.15	1.42%	-11%	-2%	9%	94%
17	NTRA	7,520.07	94%	0.00%	1.57	-2.54	1.48%	-10%	9%	37%	199%
18	TNDM	5,648.95	65%	0.00%	0.01	-1.81	0.58%	2%	-1%	-16%	59%
19	ZBH	39,456.67	24%	0.00%	1.12	-2.09	1.28%	3%	5%	12%	3%
20	VREX	1,045.78	31%	0.00%	0.22	2.20	1.33%	2%	1%	34%	-45%

COVID-comp(-) looking down this list.

CCRN looks out of place given the staffing tailwinds.

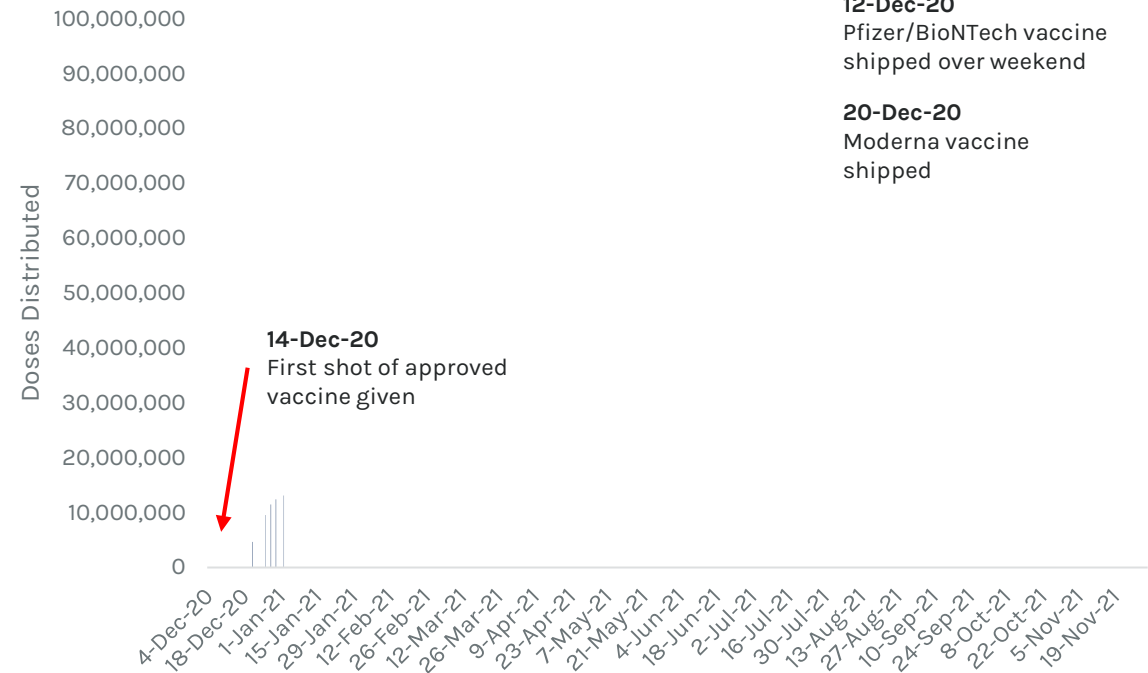
COVID-19 | Vaccine Development & Distribution

Remaining Days to 100MM Doses Distributed



Note: Total doses distributed are cumulative counts of COVID-19 vaccine doses recorded as shipped in the Centers for Disease Control and Prevention’s (CDC) Vaccine Tracking System (VTrckS) since December 13, 2020. Cumulative totals reflect data available as of 9:00am ET on the day of reporting.

Doses Distributed

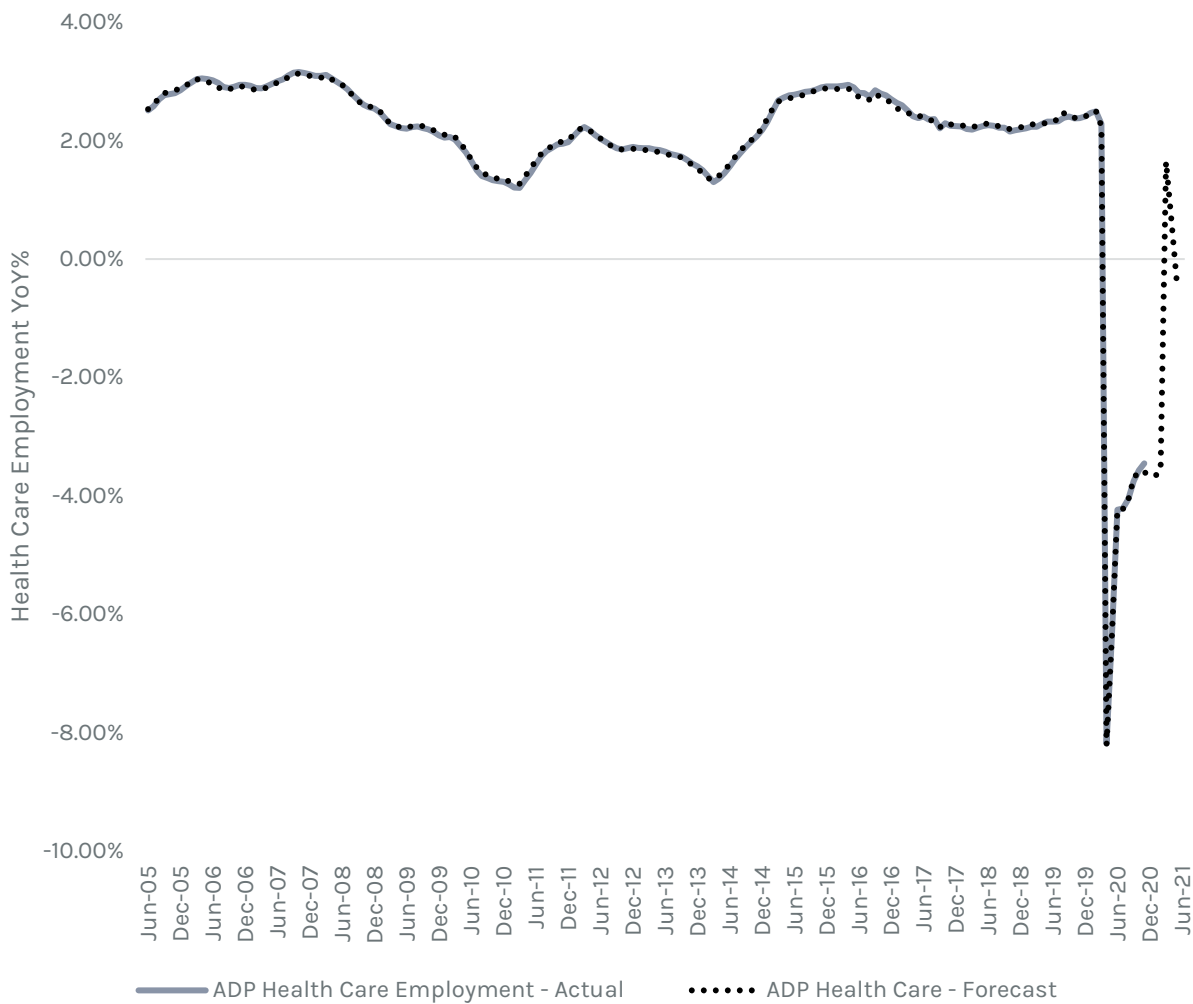


Note: Doses distributed and people initiating vaccination (1st dose received) are for both Moderna and Pfizer BioNTech COVID-19 vaccine.

People initiating vaccination (1st dose received) are cumulative counts of individual COVID-19 vaccine first doses administered as reported to the CDC by state, territorial, and local public health agencies and five federal entities (Bureau of Prisons, Veterans Administration, Department of Defense, Department of State, and Indian Health Services) since December 14, 2020. Cumulative doses administered reflect current data available as of 9:00am ET on the day of reporting.

Health Care Labor Demand Preview

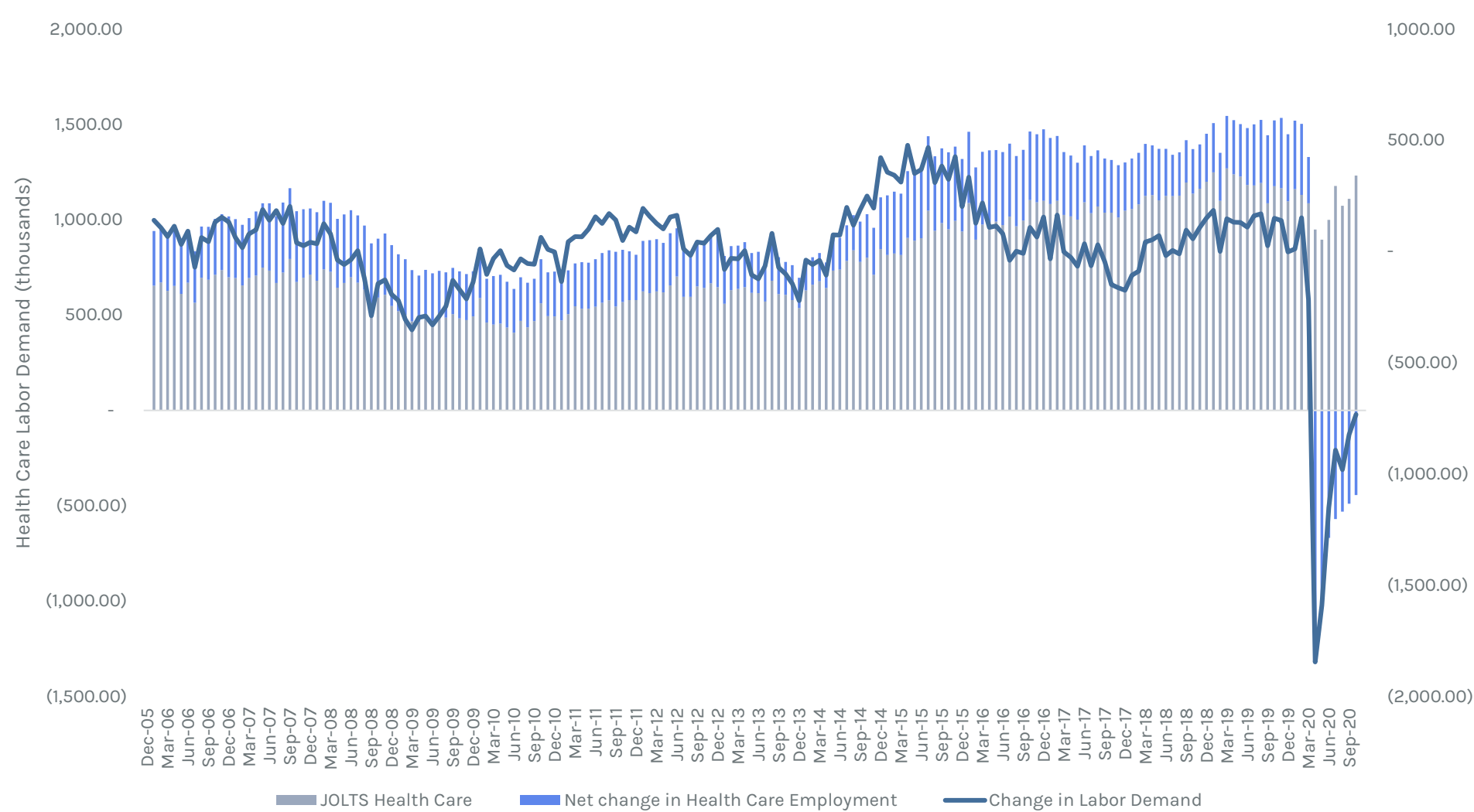
ADP Employment Report | December 2020



Health Care Labor Demand Model

HEDGEYE

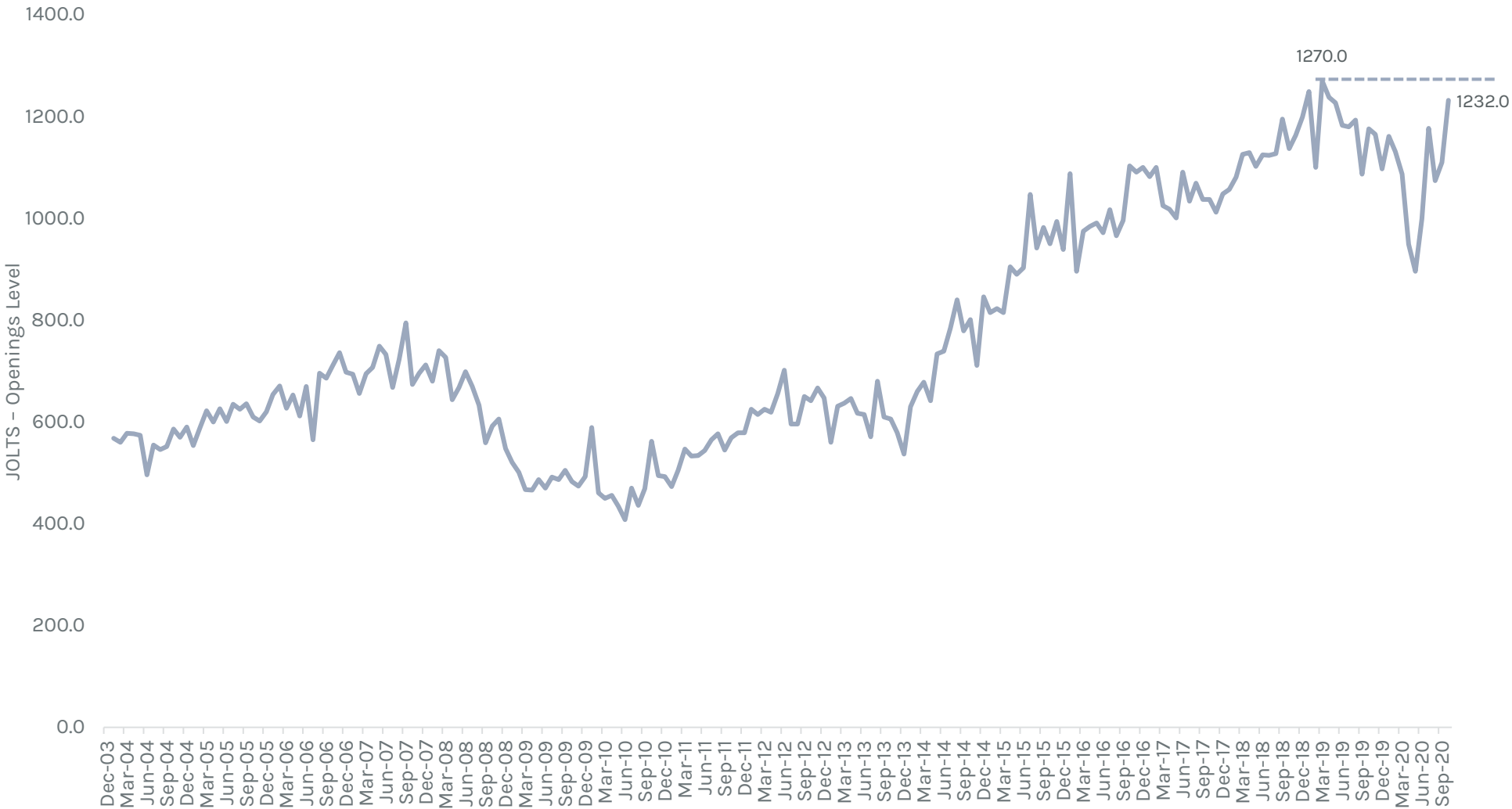
Health care employment negative year over year, but labor demand is flat



- While pent-up demand hasn't begun to show up in the most recent JOLTS data, we do recognize a considerable snapback in demand for HC labor by October of 2020.
- Going forward, we will use the HC Labor Demand model to monitor aggregate demand for employment, which is measured in terms of the sum of job openings and the net change in health care employment.

Job Openings and Labor Turnover Survey

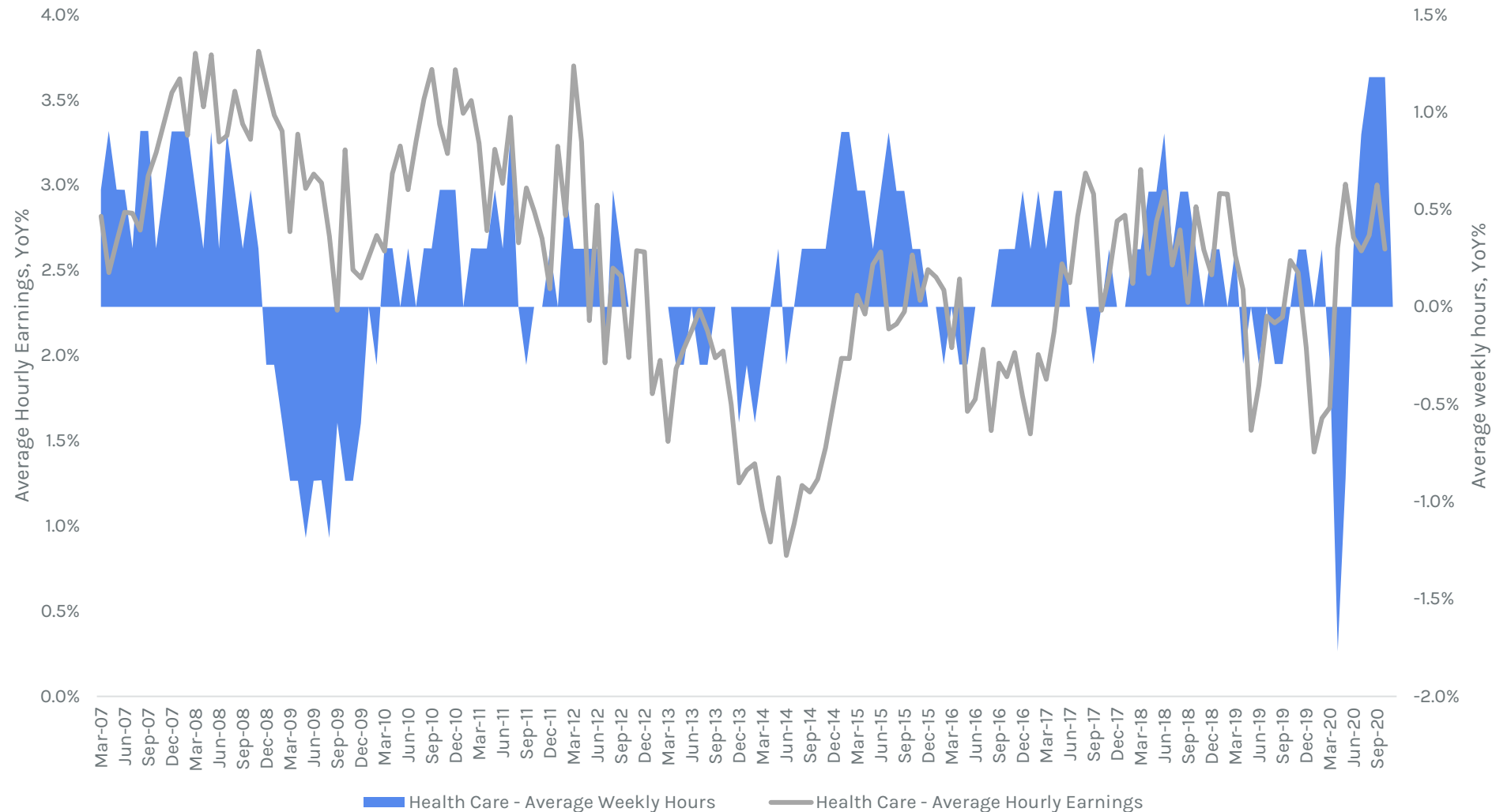
JOLTS Openings for health care approaching all- time highs



By October 2020, Health Care Job Openings have nearly returned to pre-COVID levels according to the most recent JOLTS data.

Wage Growth and Average Weekly Hours

Both average weekly hours and hourly earnings remain elevated



- Before the impact of COVID19, the US Medical Economy was showing signs of slowing.
- Since the significant decline in average weekly hours and hourly earnings following the first national lockdown, both metrics have remained above pre-COVID levels through 2020.

For more information, contact us at:

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