Julius Bär

NEXT GENERATION

EXTENDED LONGEVITY
LIVING LONGER, LIVING BETTER

- Extended longevity is one of the most powerful demographic trends shaping our future. But do we truly understand the implications for our society and economy?
- In 1950, there were roughly 130 million people aged 65 and over in the world. By 2015, the size of this age cohort had grown fivefold to reach 600 million. This number, according to the United Nations, is set to expand further to nearly 1.6 billion by 2050.
- Consumer spending patterns vary across the age groups and sectors. Obviously, an ageing population tends to be sicker and thus requires more medical care. Nevertheless, there is more involved than just spending on medical needs. Major differences in spending patterns also emerge in other sectors.
- Long-term investors should adopt a positive stance on the prospects of the extended longevity theme, given the growing importance of the silver economy over the next few years.
- We particularly favour select companies represented in: cardiovascular diseases, cancer, diabetes and arthritis in healthcare; assistive sanitary systems in elderly care; pro-ageing skincare products in beauty and life insurance in financial planning.

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SHIFTING LIFESTYLES
Ageing is putting increasing stress on social security systems and altering expenditure, while lifelong learning is becoming critical in addressing society's challenges. Youthful minds, active lifestyles, health and education are more important than ever.

The biggest story of the 21st century: Human tide

Extended longevity is one of the most powerful demographic trends shaping our future. Due to a combination of falling fertility and mortality rates and the tremendous progress achieved in medical science, the extension in human life expectancy is slowly but surely altering the demographic portrait of virtually every country in the world. Although the onset and pace of this demographic transition may vary among countries and regions due to specific local conditions, the fact is that the total human population and the share of older people in our midst are steadily increasing. Our lifespan is not only longer, but our healthspan is also better than for adults of previous generations. In other words, we are living longer and better. Such a remarkable social phenomenon will undoubtedly encourage more people to participate more actively in the world economy and to make greater contributions to their local communities and society at large. It is therefore important to seize the opportunities related to the longevity dividend brought forth by the rise of the human tide. This could be one of the biggest stories of the 21st century.

Seize the opportunities of the longevity dividend.

However, despite the good news associated with extended longevity, the detrimental effects of global societal ageing and plummeting birth rates on the economy have often grabbed news headlines and cause major concern among policymakers. For instance, the US Congress estimates that the federal government will be expected to spend half of its budget on those aged 65 and above by 2029, mostly for healthcare and retirement benefits. Thus the question arises: who is going to fund these future expenses when the number of working-age people is expected to ebb while the number of the elderly rises? This is precisely where governments and companies should embrace the potential of the longevity economy and turn the pervasive dire demographic narrative into a thriving socio-economic opportunity, by encouraging as many people as possible to contribute - young people, men or women, and especially older workers. And most importantly, beyond economic affairs, we must also never ever forget to be happy. After all, people who experience feelings of satisfaction about their life are more likely to live to an older age as a survey conducted by the University College London has revealed.

Global ageing trends

In 1950, there were roughly 130 million people aged 65 and over in the world. By 2015, the size of this age cohort had grown five-fold to reach 600 million globally. This number, according to the United Nations, is set to expand further to nearly 1.6 billion by 2050. Strikingly, Europe and China are expected to see their share of the elderly population rise on a national basis despite peaking in absolute terms between 2050 and 2100. However, this demographic turning point stands in contrast with that of Africa, India and other Asian countries, where the population size of their sexagenarian and older citizens is projected to enlarge further in both absolute and relative terms. Likewise, the global median age is also set to edge higher: from 29.6 years of age in 2015 to 36.2 in 2050, the world is going to grow even older to reach 41.9 by 2100.

Ageing is a global phenomenon, affecting developed and developing countries alike.

There is good news that an increasing number of countries are realising the importance of the longevity dividend by continuing to engage older workers in the labour market. In the US, for instance, the Bureau of Labor Statistics projects that twice as many Americans aged 65 and over are likely to remain in employment in 2024 than in 1985. In the UK, the Office for National Statistics estimates that workers aged 65 and older will be responsible for more than half of all UK employment growth by 2030. The major reason for this phenomenon is largely attributed to the higher level of education of the older workers, who not only can continue to contribute to society (and to their old-age pension) because they want to, but also because they can keep working due to better health conditions.

Ageing and ageism

However, it is an undeniable fact that many older workers face greater challenges than those of prime working age (between 25 and 54 years old according to the clarification by the International Labour Organisation) when it comes to recruitment or access to career development opportunities. In times of economic recession, they are also more likely to be let go with an early retirement package.

Defined by the United Nations Economic Commission for Europe as the stereotyping and discrimination against people based on their age, ageism is real. In fact, it is one of the major barriers to longer working lives. This social phenomenon is costly for businesses and societies at large since the years-long experiences and potential of the ageing workforce will regrettably be lost.

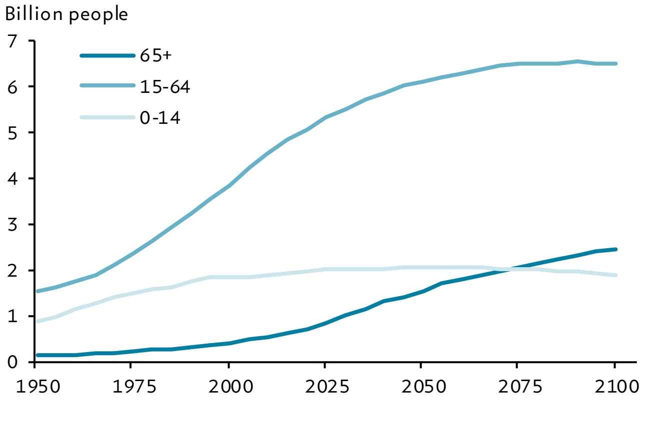
Countries could boost their GDP if they encourage more 55+ people to work.

For example, the 2018 PricewaterhouseCoopers Golden Age index has revealed that the Organisation for Economic Co-operation and Development (OECD) could increase its total gross domestic product (GDP) by around USD 3.5 trillion in the long term if the group of 36 member countries merely raise the employment rates of those aged over 55 in their countries to match that of New Zealand, which was ranked second only to Iceland in the survey. More specifically on a country level, it has also emerged that the US, Germany and Greece could experience a long-run boost to their GDP by 4.4%, 10% and 22.8%, respectively, if more people aged 55 and over could continue to remain in the workforce.

What are the consequences on pension systems?

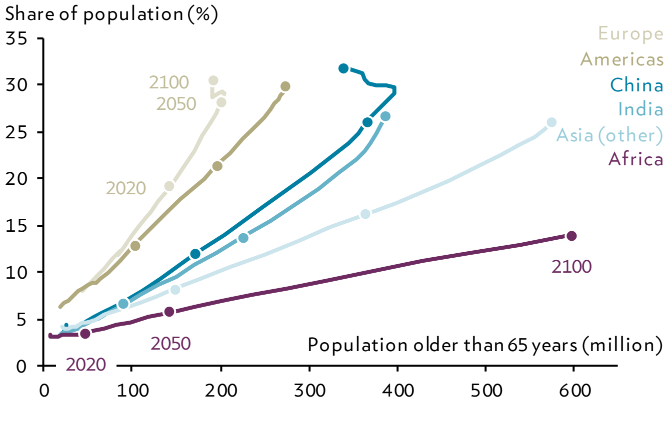
The rise of the human tide in the form of ageing and the presence of ageism will inevitably exert stress on pension systems around the world. It is therefore important that every country strikes a balance between ensuring the adequacy of old-age benefits for its citizens, regardless of their gender, and the long-term sustainability of its pension systems. After all, many older people tend to rely on their pension assets and savings to fund their daily life expenses. However, it is also precisely because pension monies have become one of the major sources of income for the elderly that they have greater spending power than younger generations. As data from the United Nations shows, nearly 70% of the people in the world receive a pension, and the overwhelming majority of them can be found in North America and Europe. The spending power of our seniors is further enhanced given that they are freed from the constraints of raising a family and can thus dedicate greater financial resources and time for themselves.

World population by age group



Source: United Nations, Julius Baer

Geographical spread of 65+ age group



Source: United Nations, Julius Baer

Further reading
OVERVIEW OF OLD-AGE PENSION SYSTEMS

Old-age pensions are periodic payments that are provided to people above a certain age. There are three types of pensions around the world:

Tax-financed pensions: This type of pension is typically financed from government revenues and aims to provide a minimum income for the retirees. Tax-financed pensions can be pension-tested (available to older persons who are not in receipt of a contributory pension or whose contributory pension benefits do not meet a specified threshold), universal (for all citizens above a certain age), or means-tested (for older people whose income is below a certain threshold). Countries include Brazil, France and the US.

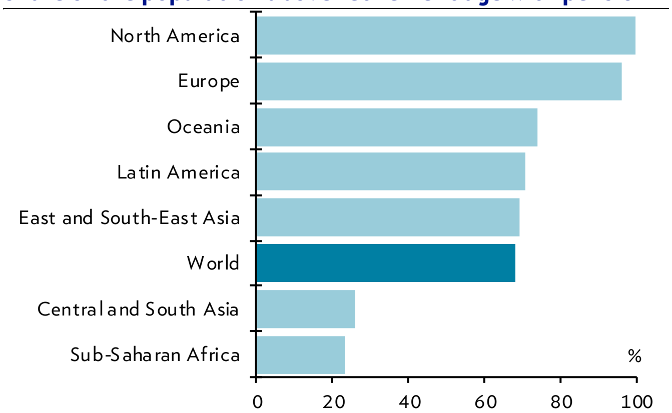
Mandatory contributory pensions: These schemes are generally available to people in formal employment. Contributory pensions are largely financed through a combination of deductions from employees' salaries and contributions from employers. Contributory schemes can either be financed on a 'pay-as-you-go' basis or via the individual's savings accounts (involving investments and deferred payment arrangements). Countries include Germany, Switzerland, China, Japan and Singapore.

Voluntary or private contributory pensions: This type of pension is primarily offered to the working population on a voluntary or private basis. While some contributory pensions are exclusively funded through the individual's savings, others are funded by either the employees or the employers. Countries include Ecuador and Zambia.

So, where do our senior citizens spend their money?
Consumer spending patterns vary across the different age groups and sectors. Obviously, an ageing population tends to be sicker and thus requires more medical care. In the US, for example, people aged between 55 and 64 incur nearly 9% of their expenditure on healthcare. This is, on average, around 66% higher than the younger age cohorts. For people aged 65 and older, their share of healthcare spending is even greater: at 13% of their total expenditure, 75% higher than for those aged under 65. Healthcare and related sectors are thus key when assessing the economic impact of our longevity theme. Nevertheless, there is more involved than just spending on medical needs. Major differences in spending patterns also emerge in other sectors. It has been observed that both the 55–64 and 65+ age cohorts spend significantly more than the average consumer on leisure, i.e. entertainment and travelling (almost 6%). Spending on leisure in absolute terms for these two age groups is, in fact, higher than the 35–44 age bracket, although surprisingly trailing only the 45–54 cohort. Personal care is also a segment having the highest spending share among the 65+, albeit at a lower level (1.3%).

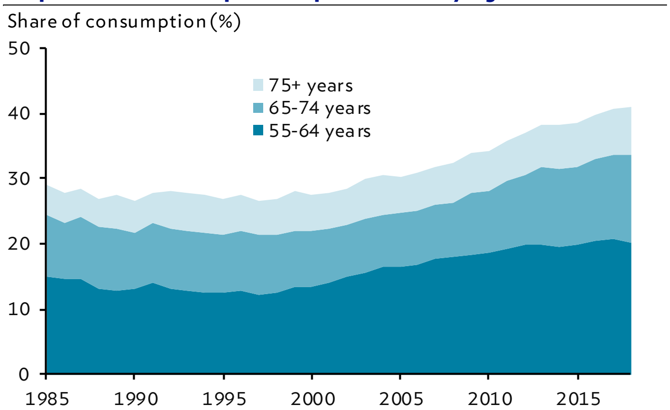
It is also very important for the elderly to be prepared for life after work. Insurance and pension payments, for instance, are highest for those between 35 and 64 years of age, as their disposable income tends to rise in their prime working age, thus leaving room to set something aside. On average, pensions and insurances make up over 13% of spending for these three age brackets (35–44, 45–54 and 55–64). Although country-specific factors relating to healthcare, insurance and pensions should be considered, we believe the US data is representative for most developed countries since it underpins our assessment of the spending power of the elderly and also shows that the longevity theme is not restricted to healthcare. As the share of older adults increases, the longevity economy will also grow, as more businesses will try to tailor their offerings to this 'new' generation of consumers. Already during the past two decades, the share of personal consumption expenditures of the people aged 55 and older has risen from less than 30% to almost 40% as of late. As this trend should continue, we will look at the following six key segments underpinning the extended longevity space:

Share of the population above retirement age with pension



Source: United Nations, Julius Baer

US personal consumption expenditures by age bracket



Source: Bureau of Labour Statistics, Julius Baer

Healthcare: The medical challenges faced by the elderly are real, with a focus on principal diseases like cardiovascular disorders, cancer and diabetes; and age-related conditions concerning the eyes, ears and musculoskeletal systems.

Elderly care: Elderly care services available to the geriatric population include retirement homes, catering services, adult diapers and assistive systems.

Beauty: Freed from the constraints of raising a family, the greying population have more money to spend on themselves. This may include cosmetic surgeries and beauty products.

Leisure: Older adults seek entertainment too. Cruises allow them to travel and enjoy their holidays at a relaxed pace.

Nutrition: Given that nutrition forms an integral part of a senior person's health, dietary supplements may help assure that their bodies have enough vital substances to function.

Financial planning: Saving or investing for retirement requires early preparation. Simply put, adults under the age of 65 should start planning for the years after they cease to work.

Healthcare: Better well-being

The economic outlook for the healthcare segment relating to the elderly population is poised for further growth. After all, there is a positive correlation between old age and increased vulnerability to various diseases and age-related conditions due to declining immunity over time. It is therefore advisable that older adults go for regular medical check-ups that can help identify potential health issues before they become a problem. Put differently, preventive healthcare can lead to the better well-being of senior citizens due to being better informed and thus having a greater personal empowerment with regard to their own health. This section discusses the major diseases facing the elderly, namely: cardiovascular diseases, cancer and diabetes. Other age-related conditions are associated with the ears, eyes and musculoskeletal systems.

Cardiovascular diseases

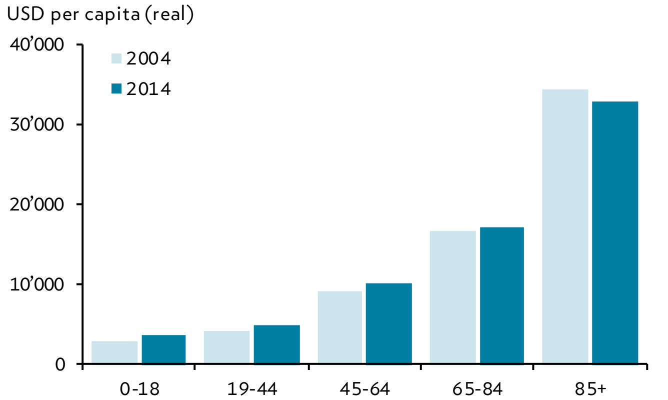
Globally, cardiovascular diseases (CVDs) are the principal cause of death, accounting for nearly 18 million loss of lives each year. As a group of disorders relating to the heart and blood vessels, CVDs range from coronary heart and cerebrovascular diseases to rheumatic heart diseases and other conditions. According to the World Health Organisation, heart attacks and strokes are responsible for four out of five CVD deaths worldwide, with people aged 70 and over making up two-thirds of these mortality rates. Treatment costs for cardiovascular diseases also pose a financial burden for patients. The American Heart Association estimates that the total cost of CVDs will rise from USD 555 billion in 2016 to USD 1.1 trillion by 2035 in the US alone. Individuals at risk of CVDs are more likely to demonstrate higher levels of glucose, blood pressure and obesity. In order to lower the incidence of CVDs and prevent premature casualties, healthcare professionals are increasingly making it a priority to identify those at highest risk of contracting CVDs and to ensure these patients receive appropriate treatments. It is therefore in this context that precautionary measures aimed at addressing behavioural risk factors like tobacco use, unhealthy diet and physical inactivity are meted out.

Americans spent half a trillion on CVD treatment in 2015. This amount will double by 2035.

Cancers

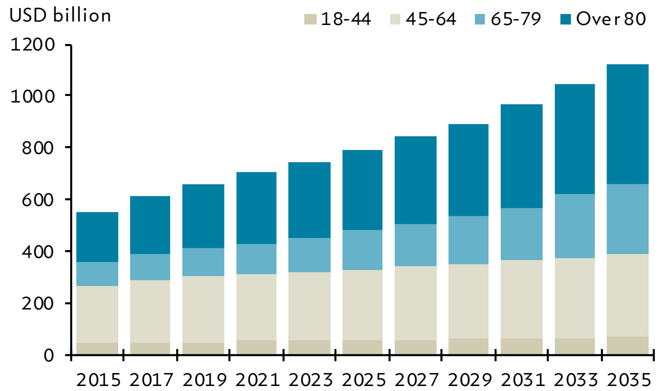
Cancer occurs when cells begin to behave abnormally by growing uncontrollably and going beyond their usual boundaries to spread to other parts of the human bodies. Out of the 19 million people who contracted malignant cancers worldwide in 2019, as many as 10 million died from them. The mortality rate thus makes cancer the second-leading cause of death globally, as it accounts for approximately one in six deaths. The incidence of cancer is largely attributed to population ageing and the changing prevalence of certain cancer types linked to a nation's social and economic development. According to the National Cancer Institute, the three major cancer types in the US concern the breast, lung and prostate. Rapidly growing economies are also seeing a shift from cancer types related to poverty and infections towards those associated with lifestyles more typical of the wealthier, industrialised countries.

US healthcare spending by age group



Source: National Health Expenditure Accounts, Julius Baer

Cardiovascular costs by age group in the US (2015-2035)



Source: American Heart Association, Julius Baer

In countries where healthcare systems are more robust, cancer patients have a greater chance of surviving the disease thanks to accessible early detection, quality treatments and survivorship care. However, this is not the case for most low- and middle-income countries whose healthcare systems may well be ill-equipped to manage this burden. It is therefore understandable that being diagnosed with a grim condition like cancer can not only bring a wave of conflicting emotions, but also tremendous financial strain on individuals and families in both developed and developing countries alike. A case in point: the American Cancer Society estimates that while cancer patients pay per year roughly USD 4 billion out of their pockets towards their treatments, employers, insurance companies and taxpayer-funded public programmes foot a total bill of nearly USD 90 billion on cancer-related healthcare every year. Nevertheless, between 30% and 50% of cancer casualties, according to the World Health Organisation, could be avoided through a combination of mitigating key risk factors and implementing existing evidence-based precautionary strategies, like the early detection of cancer.

Diabetes

Diabetes is a chronic illness that is characterised by elevated levels of blood sugar, which can lead to severe damage to the eyes, blood vessels, heart, kidneys and nerves. Mainly affecting adults, type 2 diabetes occurs when the body becomes either resistant to insulin or incapable of producing enough insulin. This stands in contrast to type 1 diabetes, which largely afflicts children who then carry the condition for life. The International Diabetes Federation estimates that about 425 million people in the world had diabetes in 2019. This number, according to the International Diabetes Federation, is expected to approach the 600 million mark by 2030 and exceed 700 million by 2045, with one out of every four of these aged 60 and over. While diabetes is a disease widely associated with the advanced economies, in absolute terms China and India will account for the bulk of the diabetic sufferers in the world. Although the mortality rate of diabetes may be lower than that of cardiovascular diseases and cancer, there are 1.6 million deaths directly attributed to the illness each year.

China and India account for the main bulk of diabetic sufferers globally.

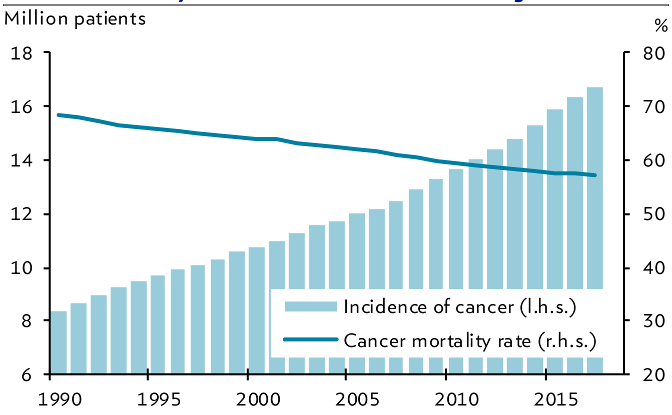
The total direct and indirect costs for all types of diabetes in the US reached USD 327 billion in 2018, with patients spending roughly USD 17,000 per year on medical expenses, according to the American Diabetes Association. Although type 1 diabetes can unfortunately not be averted, we can undertake steps to prevent type 2 diabetes from developing in older adults. These include taking regular exercise, eating a balanced diet and abstinence from smoking. For those at risk of diabetes, it is indispensable that they remain mindful of the importance of early diagnosis. After all, the longer a person lives with undetected and untreated diabetes, the worse their well-being is likely to be. Therefore, access to basic diagnostics, such as blood glucose testing, should therefore be made easily available in primary healthcare settings.

Healthcare: Diseases business positioning

Company	Exposure * Impact (implication)	Rating (Equity)
Cardiovascular disorders and oncology		
Amgen	●●●	Hold
AstraZeneca	●●●	Buy
Bayer	●●	Buy
Bristol-Myers	●●●	Buy
Danaher	●●	Buy
Genmab[1]	●●●	★★★
MorphoSys	●●●	Buy
Novartis	●●●	Hold
Pfizer	●●●	Hold
Roche	●●●	Buy
Sanofi	●●●	Buy
Diabetes		
Abbott Labs	●●●	Buy
Novo Nordisk	●●●	Hold

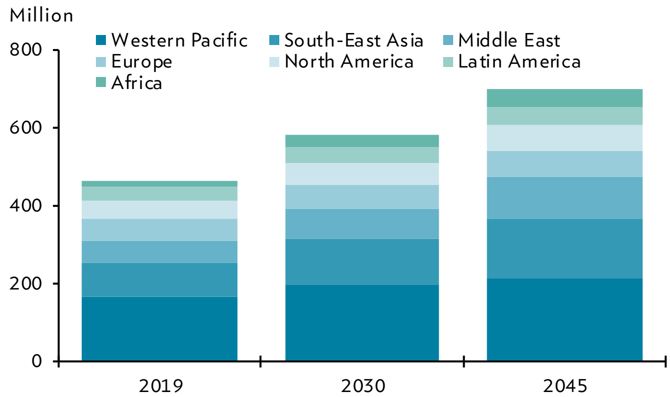
Source: Julius Baer. Julius Baer. *Structural exposure: low impact/negative implications (●) to high impact/positive implications (●●●) of the individual equities on the segment. Please note the relevant equity information and Morningstar coverage (note[1]) may be found in the annex at the end of this publication.

Cancer mortality rates have fallen amidst rising incidence



Source: World Health Organisation, Julius Baer

Diabetic population on the rise worldwide



Source: International Diabetes Federation, Julius Baer

Other age-related conditions

Eye conditions

Ageing is a major risk factor for a multitude of eye conditions. Although genetics can play a role in the development of some eye conditions – such as glaucoma, refractive error and retinal degeneration – the prevalence of other conditions such as presbyopia, cataracts and macular degeneration increase with age. In addition, the number of age-related eye conditions is likely to grow further as the average life expectancy rises. Take cataracts, for instance, the University of Michigan Medical School estimates that worldwide the natural clouding of the biological lens will be experienced by over 90% of people by the age of 65, and half of the people between the ages of 75 and 85 will have lost some vision due to this age-related condition. Prior to the availability of advanced ophthalmology technology, the onset of cataracts meant that the patients were surely bound to go blind. Nowadays, however, cataracts have not only become a relatively simple condition to treat surgically, but also the implantable lens that are used to replace the clouded human lens can also correct the refractive errors of the eyes, dispensing with the need for eyeglasses.

Worldwide, it is expected that over 90% of people will develop cataracts by the age of 65.

Hearing conditions

Hearing impairment is a health condition that is prevalent around the world. Around 5% of the world's population – nearly 450 million – suffer from it. Specifically, the older population account for one-third of those affected by debilitating hearing loss. Nevertheless, the good news is that the impact of hearing loss can be mitigated through early detection and interventions. Assistive technologies in the form of hearing aids and other devices can help people to regain their hearing ability. However, some elderly patients feel uncomfortable wearing hearing aids and are embarrassed putting them on in public because it may be viewed as a form of vulnerability and a signal to the world that age is catching up with them. For this reason, hearing aids are becoming smaller in size, rendering them less visible, and the availability of cochlear implants, which are surgically inserted under the skin to electrically stimulate the auditory nerves, are providing a more discreet and effective solution for many suffering from hearing loss.

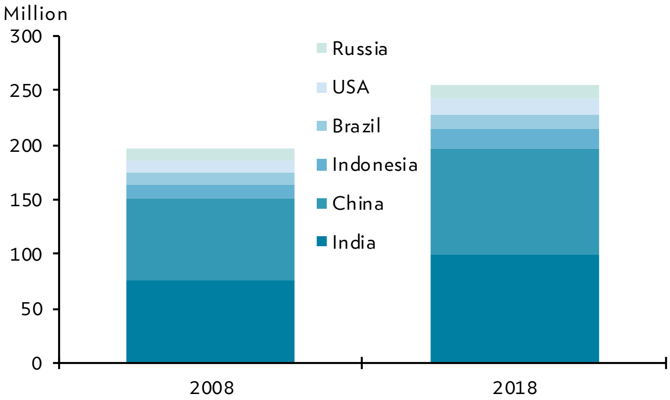
Musculoskeletal system

A compromised musculoskeletal system – which is customarily associated with pain, limitations in mobility and functional ability – can reduce an individual's ability to work and participate in social roles, ultimately influencing their overall well-being. The most common musculoskeletal conditions include back and neck pain, fractures associated with bone fragility and injuries, osteoarthritis and rheumatoid arthritis. Although musculoskeletal conditions can also affect younger people, their prevalence tends to grow with age. This is primarily because older people are more likely to suffer from loss of muscle mass and strength, increasing the risk of them falling and having bone fractures.

The World Health Organisation estimates that globally about one-third of people aged 65 and over who fall suffer moderate to severe injuries like bruises, hip fractures or head trauma, while the US Centers for Disease Control and Prevention reveals that every 11 seconds an older adult in the US is being treated in the emergency room for a fall.

This phenomenon is largely due to the physical, sensory and cognitive changes associated with ageing, along with environments that are not adapted for an ageing population. While management of some musculoskeletal conditions may require specialist and/or surgical care, many of these conditions can be managed through primary healthcare by a combination of core non-pharmacologic interventions such as exercise, weight management and psychological therapy.

Hearing losses in select countries



Source: World Health Organisation, Julius Baer

Healthcare: Age-related health condition business positioning

Company	Exposure * Impact (implication)	Rating (Equity)
Eye		
Alcon	●●●	Hold
Fielmann	●●	Buy
Grandvision[1]	●●	★★
Johnson & Johnson	●●	Hold
Santen	●●●	n.c.
Ear		
Amplifon[1]	●●●	★★★
Sonova	●●●	Hold
William Demant[1]	●●●	★★★
Musculoskeletal system		
Abbvie	●●	Hold
Bausch Health[1]	●●●	★★★★
Medtronic	●●●	Buy
Smith & Nephew[1]	●●●	★★★
Stryker	●●●	Reduce
Zimmer Biomet	●●●	Buy

Source: Julius Baer. Julius Baer. *Structural exposure: low impact/negative implications (●) to high impact/positive implications (●●●) of the individual equities on the segment. Please note the relevant equity information and Morningstar coverage (note1) may be found in the annex at the end of this publication; n.c. = Julius Baer offers no recommendation and does not provide any advice on potential risks/opportunities.

Elderly Care: Caring better

The prospects of the elderly care segment should remain bright. As our society is on the cusp of dealing with an increasing number of senior citizens, the demand for elderly-related products and services will rise. Therefore, the future availability of such services will inevitably improve the quality of life of older individuals. After all, physical challenges can make it harder for a person to move around freely with age. In this section, the focus is on retirement homes, catering services, adult diapers and assistive systems.

Retirement homes

Retirement homes are one of many housing options available to people who are generally 65 years old and over. These homes typically offer facility-based, long-term onsite care services and support to the geriatric population. Retirement homes may be financed as for-profit, non-profit or public institutions. In Europe, for example, while one-third of the care homes in Switzerland are publicly funded, there are no publicly run care homes in the Netherlands. When it comes to homes that are run on a for-profit basis, 80% of the homes in the UK are commercially operated, in comparison to 20% in the Netherlands.

Given that each senior citizen has a unique set of needs, wants and desires, the choice exists for them to choose between a wide spectrum of living arrangements. In the US, for instance, the elderly can choose from adult day-care centres to nursing homes and retirement care communities, as the US Centers for Disease Control and Prevention reveals.

Senior citizens can choose from a wide spectrum of retirement homes, depending on their needs.

In retirement homes that offer opportunities for the elderly to socialise with one another, consistent interaction can help fend off the difficulties inherent to isolation and render life more meaningful. This ultimately has the effect of keeping senior citizens mentally, physically and emotionally fit. Although retirement homes have recently come under focus due to the rate at which residents became infected with the coronavirus, the longer term outlook for retirement homes should remain positive due to population ageing and the greater demand for care.

Catering services

For the homebound elderly, who may find leaving their own or assisted living homes requires effort or substantial assistance due to ill health, catering services can relieve this burden. For instance, the National Foundation to End Senior Hunger estimates that around one in seven seniors in the US do not have access to food at some point. Meal delivery services not only allow senior citizens to continue to receive fresh, nutritious and hot meals that are indispensable to their health, they also offer some level of social interaction with the meal deliverers.

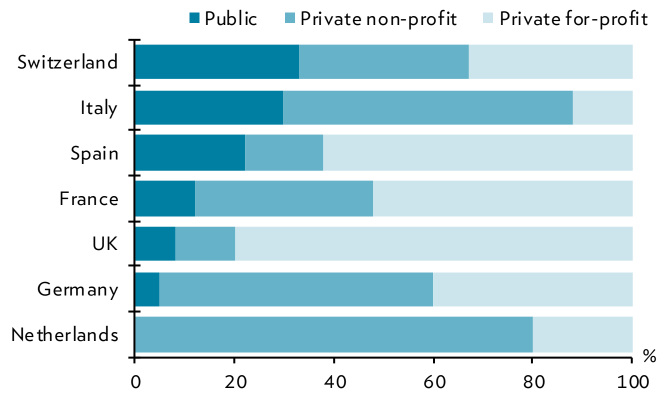
Assistive systems

While most people take tasks as simple as using the bathroom and climbing the stairs for granted, negotiating a slippery floor and getting up and down can be challenging for the elderly. Furthermore, older individuals suffering from a compromised musculoskeletal system may face great difficulty in moving around and using bathroom facilities, let alone going up the stairs. A fall in the bathroom or on the stairway could prove fatal to many. It is therefore in this context that the installation of assistive systems in bathrooms and along staircases is an excellent way to enhance the safety and ease of use of these facilities. For example, raised toilet seats are designed specifically for people who have difficulty sitting down on a regular-height toilet seat since they lower the amount of distance an individual needs to move in order to sit down (or get up from) a toilet. For those with less mobility, toilet seat lifts allow older individuals with mobility-related issues to use the bathroom independently while ensuring that their privacy is guarded. Stair chair lifts can improve the quality of life of those who live in multi-level homes. With assistive lifts, older adults can more easily and safely access bedrooms and other rooms that may be located on the other floors of their home.

Adult diapers

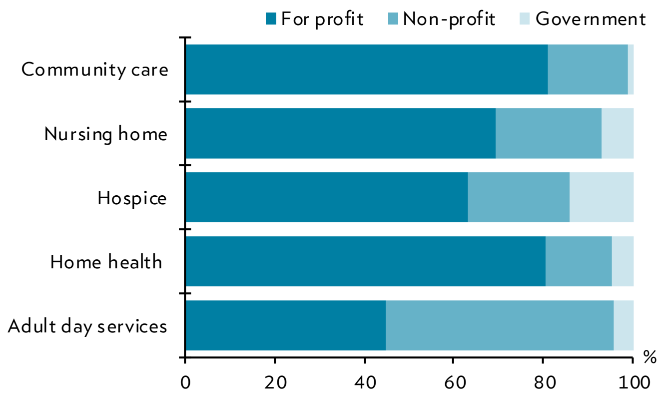
Urinary incontinence happens when a person leaks urine by accident. Although it can affect anyone, involuntary urination is more common among the elderly, especially women. According to the US Centers for Disease Control and Prevention, 60% of women aged 75 and over suffer from urinary incontinence compared with 45% of men from the same age cohort in the US. However, incontinence can often be cured or controlled. For instance, incontinence care products like adult diapers are not only worn by individuals suffering from urinary and bowel incontinence, but also by those with dementia or acute illnesses that result in restricted physical mobility. Put differently, these hygiene garments provide

Distribution of elderly care services in Europe (2016)



Source: OECD, Julius Baer

Distribution of elderly care services in the US (2016)



Source: US Centers for Disease Control and Prevention, Julius Baer comfort and dignity to the affected individuals. The key growth drivers of the adult hygiene garment market include a growing geriatric population, the greater affordability of the products, and an increasing awareness of better hygiene conditions.

Elderly-care business positioning

Company	Exposure * Impact (implication)	Rating (Equity)
Retirement homes		
Aedifica [1]	●●●	★★★
Brookdale Senior Living	●●●	n.c.
Chartwell Retirement Residence	●●●	n.c.
Extendicare	●●●	n.c.
Omega Healthcare [1]	●●●	★★★★★
Ventas [1]	●●●	★★★★
Welltower [1]	●●●	★★★★
Catering services		
Compass	●●	Hold
Sodexo [1]	●●	★★★★★
Adult diapers		
Kimberly-Clark Corp	●●	Hold
Procter & Gamble	●	Hold
Unicharm	●●	Hold
Assistive system		
Geberit	●●	Buy
Schindler	●	Buy

Source: Julius Baer. *Structural exposure: low impact/negative implications (●) to high impact/positive implications (●●●) of the individual equities on the segment. Please note the relevant equity information and Morningstar coverage (note[1]) may be found in the annex at the end of this publication n.c. = not covered.

Grim Lesson

WHY ARE THE ELDERLY SO AFFECTED BY COVID-19?

The age of the Covid-19 victims has come under focus in news bulletins around the world. For instance, according to the data provided by the Robert Koch Institute in Germany, people aged 60 and over account for nearly 85% of Covid-19 related deaths in the country. But why are the elderly more susceptible to this infectious disease? There are physical and social reasons. First, older people tend to have a weaker immune system, thus rendering them more vulnerable to infectious diseases in general. Furthermore, they are also more likely to suffer from health conditions such as heart disease, lung disease, diabetes and weight issues, which diminish their body's ability to fight off the virus.

In many countries, where retirees are more likely to live in institutionalised settings like a retirement home, the chances of infection are higher since people are huddled together in an enclosed area. However, it is to be noted that those who have died from Covid-19 usually suffered from two or more underlying diseases, such as cardiovascular disease, cancer and diabetes. In other words, Covid-19 related deaths are not purely due to old age itself, but are influenced by the presence of common age-related illnesses that unfortunately increase the severity of the infection and thus the likelihood of casualty.

Beauty: Looking better

We are of the opinion that the beauty market is set for greater future growth, especially given that our modern society puts a huge emphasis on achievement, youth and beauty. Not only does the way we look and dress indicate our social worth, it also enables us to express our identity and confidence to the people around us. It is thus understandable that keeping up a good personal appearance is important for the young and old alike, since our skin tends to undergo cellular transformations over the years, such as a slower rate of cell regeneration and a declining ability to retain moisture.

Cosmetic surgeries

In essence, the ultimate aim of cosmetic surgery – also known as plastic surgery – is to enhance the aesthetic appeal, symmetry and proportion of a person's head, neck or body through non-surgical (e.g. Botox) or surgical (e.g. facial bone contouring) means. As people are not only leading longer lives nowadays, but also a more active lifestyle often well into their 70s or 80s, maintaining a younger facial appearance and body shape can help the individuals retain the confidence they need to pursue their desired lifestyle, help them be more outgoing and mitigate any depression that may be caused by age-related emotions and anxieties.

Data from the International Society of Aesthetic Plastic Surgery has revealed that around 23 million cosmetic procedures were performed across the world in 2018, nearly one-third of which were undertaken by people aged 50 and over. In terms of expenditure, the American Society of Plastic Surgeons estimates that USD 17 billion was spent by US citizens on cosmetic surgeries and minimally invasive procedures in 2019. The five most popular aesthetic procedures among the US elderly are eyelid surgeries, facelifts, forehead lifts, lip augmentations and hair transplants.

US citizens spent nearly USD 17 billion on aesthetic surgeries in 2019.

Pro-ageing beauty products

While looking youthful remains the mainstream idea behind beauty and fashion, as evidenced by the countless advertisement campaigns promoting various anti-ageing products that promise either to smoothen out wrinkles or to provide more elasticity to the skin, there is a slowly emerging pro-ageing movement in the beauty industry to embrace the reality and beauty of ageing better. Instead of fighting every sign of ageing, its underlying philosophy puts the focus on a more conscious decision towards products aimed at complementing the appearance of age.

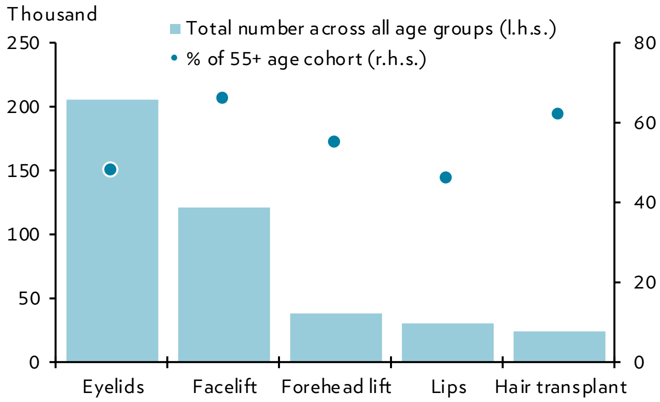
It is important to highlight that pro-ageing does not mean that consumers will begin to ditch cosmetics and beauty brands. Rather, it is the recognition that the process of ageing is a natural development. Although some critics may argue that the term 'pro-ageing' is merely the beauty industry's latest attempt to resort to rebrand the same classical 'anti-ageing' merchandise, skincare beauty products remain popular among consumers regardless of their denominations.

Beauty business positioning

Company	Exposure * Impact (implication)	Rating (Equity)
Cosmetic surgeries		
Allergan	●	Hold
Cassiopea[1]	●●	★★★
Milestone Scientific	●●●	n.c.
Sientra	●●●	n.c.
Pro-ageing beauty products		
Beiersdorf	●●	Reduce
Croda[1]	●	★
Estee Lauder	●●	Buy
IFF	●	Hold
Kao[1]	●●	★★★
L'Occitane[1]	●	★★★★★
L'Oreal	●●	Buy

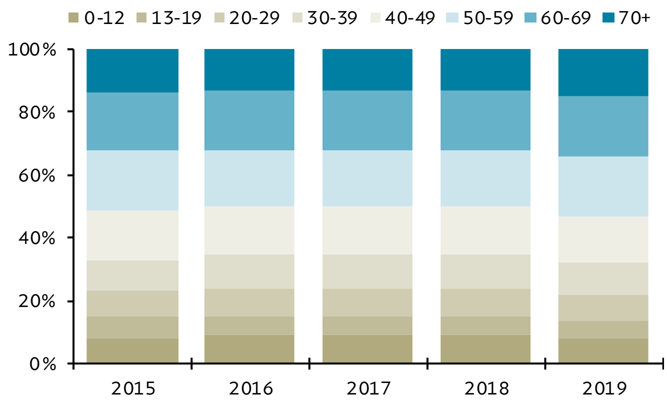
Source: Julius Baer. *Structural exposure: low impact/negative implications (●) to high impact/positive implications (●●●) of the individual equities on the segment. Please note the relevant equity information and Morningstar coverage (note[1]) may be found in the annex at the end of this publication; n.c = not covered.

Top cosmetic surgeries in the US (2018)



Source: American Society of Plastic Surgeries, Julius Baer

Cruise ship passengers by age group



Source: Cruise Lines International Association, Julius Baer

Leisure: Enjoying oneself better

Holidays are a leisure priority of elderly since they typically have greater spending power than previous generations and are also more flexible in terms of travel periods than the younger age cohort of holidaymakers. Beyond organised and individual tours on a land-based basis, cruises offer a relaxing way for the older holidaymakers to enjoy their leisure time.

Cruises

The global USD 50 billion cruise industry has always attracted the older generation of holidaymakers, who typically possess greater disposable income and the time to spend on a cruise. After all, what could be more relaxing and pleasurable than spending your holidays lounging on sunbeds, dining on international gourmet food and attending Broadway-style shows? As the data from the Cruise Lines International Association shows, cruises attract over half of the 50+ age cohort holidaymakers. Furthermore, the wide selection of various destinations and the availability of different amenities and activities on board have provided extended families with an excellent way to connect and holiday together. Multigenerational trips allow grandparents, parents and children to have an unforgettable water-based experience.

However, the global fall-out of the coronavirus crisis led cruise operators to cancel trips or reroute ships to different destinations over fears that infected passengers could not only pass on the virus to fellow cruise holidaymakers, but also to the local population at the disembarkation destinations. For instance, concerns mounted globally over the well-being of the 3,700 passengers who were marooned off the coast of Japan in quarantine for a few weeks on the Diamond Princess at the beginning of the outbreak. As the severity of the pandemic started to intensify, more and more countries began to refuse ships from docking at their harbours. Inevitably, this growing caution has had the effect of deterring most holidaymakers from cruising, while exposing the vulnerabilities of an industry carrying 30 million passengers a year.

Therefore, the major factors that could influence the longer-term outlook for the cruise industry include future competition among cruise operators in the wake of the Covid-19 crisis, the growing concerns over the high environmental costs of cruise ships in the form of sewage, rubbish and solid waste, as well as the mounting debt confronted by beleaguered cruise ship operators due to suspended operations during the Covid-19 crisis. Inevitably, these challenges have the adverse impact of weighing on the future of the cruise ship industry, rendering its outlook uncertain.

Leisure business positioning

Company	Exposure * Impact (implication)	Rating (Equity)
Cruises		
Carnival[1]	●●●	★★★★★
Lindblad Expenditions	●●	n.c.
Norwegian Cruise Line[1]	●●●	★★★★★
Royal Caribbean Cruises[1]	●●●	★★★★★

Source: Julius Baer. Julius Baer. *Structural exposure: low impact/negative implications (●) to high impact/positive implications (●●●) of the individual equities on the segment. Please note the relevant equity information and Morningstar coverage (note[1]) may be found in the annex at the end of this publication; n.c = not covered.

Nutrition business positioning

Company	Exposure * Impact (implication)	Rating (Equity)
Nutrition (vitamin supplements)		
CVS Health[1]	●●●	★★★★★
Franchise Group	●	n.c.
GNC Group[1]	●●●	★★★
Natural Grocers	●●	n.c.
Riken Vitamin	●●	n.c.
Walgreens Boots Alliance[1]	●●	★★★★

Source: Julius Baer. *Structural exposure: low impact/negative implications (●) to high impact/positive implications (●●●) of the individual equities on the segment. Please note that the relevant equity information may be found in the annex at the end of this publication; n.c = not covered.

Health tips

WHICH VITAMINS HELP SENIOR CITIZENS?

Although there are many types of vitamins, do we really know which ones older adults need? And what are their different functions on health? Here is an overview of the vitamins that Age UK, a London-based charity for older people, recommends for the geriatric population:

Vitamin B

Vitamin B helps break down energy from food, keeps the skin, eyes and nervous system healthy, and helps to form red blood cells. As we grow older, however, our body has greater difficulty absorbing vitamin B12, which is found in meat, cod, salmon, milk, cheese and eggs.

Vitamin C

Vitamin C is an antioxidant that helps to fight disease and infections, such as the common cold. We can get the daily required dosage by eating plenty of fruit and vegetables.

Vitamin D

Our body produces vitamin D when our skin is exposed to sunlight. It is also found in oily fish, eggs, margarine and yoghurt. However, people over the age of 65 are at risk of not getting sufficient vitamin D, particularly when they are not exposed to enough sunshine.

Calcium

Calcium is an essential mineral as it contributes to building strong bones and teeth, regulating muscle contractions and helping blood to clot normally. Milk, cheese and yoghurt, as well as green leafy vegetables, nuts and fish are good sources of calcium.

Iron

Iron helps our body to make red blood cells that carry oxygen around the body. It is found in red meat, beans, eggs, wholegrain products, nuts and seeds, green leafy vegetables, dried fruit and fortified cereals.

Source: Age UK, Julius Baer

Nutrition: Eating better

Nutrition is all about eating a healthy and balanced diet so that our body receives the nutrients it needs to function and grow properly. These nutrients include carbohydrates, fats, minerals, proteins and vitamins. A balanced nutrition is even more important for older adults as it not only provides energy, but can also help to prevent some age-related diseases, such as cardiovascular disorders, high blood pressure, osteoporosis, type 2 diabetes, and certain types of cancer.

88% of the people aged 65 and over take vitamin supplements although they may not have nutrient deficiency.

Dietary supplements

Although the majority of elderly people can obtain their required nutrients by eating a balanced diet, their bodies may not be able to absorb certain types of vitamins and minerals, thus leading them to become deficient in the nutrients necessary for optimal health. It is therefore in this context that older adults may need more of some vitamins and minerals than younger generations. According to a recent survey commissioned by the American Osteopathic Association, 88% of the people aged 65 and over in the US admitted that they take vitamin supplements although they may not have a nutritional deficiency. While the use of dietary supplements among older consumers is expected to increase, due to a growing ageing population and a greater emphasis on wellness, seniors should seek medical advice from their doctors or dieticians before they embark on a new course of supplements.

Financial planning: Preparing better!

The prospects of financial planning relating to extended longevity should remain bright. When retirees embark on a new stage of their life, they want to spend time with their loved ones, travel around the world, take up new hobbies, or simply enjoy their autumn years in peace. However, not all older adults are finally prepared for a cessation of employment. It is therefore important to ask the question when planning for retirement: how much do I really need to save or invest in order to live comfortably when I leave the labour market for good?

Life Insurance

Many working-age adults are situated in an economically active phase of their life that carries major responsibilities like marriage, buying property, paying home mortgages, or starting a family. By contrast, retirees tend to have other responsibilities since they may still have dependent spouses, heirs, or other commitments in addition to affording themselves with financial independence. Although most people want be able to enjoy their twilight lives free from financial and consumer debt, many of us may choose to ignore the reality of what would happen if we were to depart from this world abruptly without making adequate arrangements. Specifically, the outcome could turn out to be an emotionally and financially draining experience for surviving family members who could be confronted with a huge bill for final expenses.

It is also important to emphasise that life insurance is not about catering to the needs of adults enjoying their golden years. After all, it may take years for people to get their finances in order and prepare for their well-deserved retirement.

In other words, proper financial planning through life insurance should not only begin when we are already old and have bade farewell to the labour market, it something to think about as we are starting to grow old and still have the financial flexibility to plan for our financial future. To be better off, it pays to be one step ahead.

Financial planning business positioning

Company	Exposure * Impact (implication)	Rating (Equity)
Financial planning (life insurance)		
AIA	●●●	Buy
Allianz	●●●	Buy
Axa	●●●	Buy
China Life Insurance	●●●	Buy
Lincoln National[1]	●●	★★★
Prudential	●●	Hold
Swiss Life	●●●	Buy
Voya Financial	●●●	n.c.

Source: Julius Baer. Julius Baer. *Structural exposure: low impact/negative implications (●) to high impact/positive implications (●●●) of the individual equities on the segment. Please note the relevant equity information and Morningstar coverage (note[1]) may be found in the annex at the end of this publication; n.c = not covered.

Looking ahead

SCIENTIFIC RESEARCH INTO LONGEVITY?

According to Harvard Medical School, both our human genetic composition (DNA) and lifestyle are influencing our lifespan since they have the ability to alter our body chemistry. In the past 20 years, a significant amount of scientific research has been conducted to shed light on the body chemistry that controls the ageing process. Specifically, the knowledge gained from the research has allowed scientists and biotech companies to extend the life of various animals through simple genetic manipulation. After all, most of us want to live as long as we can, but in a condition that is free of disease. The onus of the question is thus: how to live longer while minimising the state of decrepitude?

For instance, UK-based biopharmaceutical company Juvenescence (not listed) aims to extend both the lifespan and healthspan of individuals by developing therapeutics that slow down the ageing process while promoting juvenescence ("the state or period of being young"). Based on novel scientific understanding of the underlying biological causes of ageing, Juvenescence seeks to create evidence-based therapeutics that can treat age-related diseases that cause people suffering up until death.

In the US, scientists from the Harvard Medical School have found that these longevity genes protect mice from (1) becoming obese, even when fed a high-fat diet; (2) developing the mouse equivalents of type 2 diabetes and heart failure; and (3) suffering a particular kind of kidney failure. As for lifestyle, we have a pretty good understanding of what a healthy diet is, and how a healthy diet changes our body chemistry in a beneficial way. Plus, we also understand quite well how certain unhealthy lifestyle habits — for example, smoking or alcohol abuse — adversely affect our body chemistry.

Living longer, living better

So, how do we live longer and better? Whether it is through making changes to our lifestyle or turning to scientific means to prolong our lives, we must never ever forget to be happy. As a survey conducted by the University College London has revealed, people who experience feelings of satisfaction about their life are more likely to live to an older age. Specifically, people who experience contentment and fulfilment over a period of three years are 25% less likely to die prematurely, thus allowing them not only to live a happier life, but also to contribute more to society. As octogenarian investment legend Mark Mobius once said, "A healthier world and a wealthier you".

We must never ever forget to be happy.

Structural trends favour the extended longevity theme, given the momentous demographic forces currently taking shape around the world. It is therefore in this context that we are of the opinion that long-term investors should hold a positive stance on the extended longevity investment topic, given the extraordinary demographic trends and the greater purchasing power of the longevity population. In particular, we like the following select companies from the following business sectors that are exposed to the extended longevity theme:

1) **Healthcare**
   Abbott Labs (Buy, Price/Target: USD 93.0/110)
   AstraZeneca (Buy, Price/Target: GBp 8,512/8,600)
   Bristol Myers (Buy, Price/Target: USD 61.4/75)
   Sanofi (Buy, Price/Target: EUR 90.7/105)
   Zimmer Biomet (Buy, Price/Target: USD 118.0/180)

2) **Elderly care**
   Geberit (Buy, Price/Target: CHF 414.7/500)

3) **Beauty**
   Estée Lauder (Buy, Price/Target: USD 169.9/240)
   L'Oréal (Buy, Price/Target: EUR 248.2/305)

4) **Financial planning**
   Axa (Buy, Price/Target: HKD 15.8/28)
   Allianz (Buy, Price/Target: EUR 163.4/230)
   China Life (Buy, Price/Target: HKD 15.6/26)
   Swiss Life (Buy, Price/Target: CHF 324.1/405)

Extended longevity thematic equity overview

Company	Exposure * Impact (implication)	Rating (Equity)	Consensus (Buy/Hold/Sell)	PriceCcy	Market cap. (USDbn)	Performance (%) 1m	3m	12m	5y	ISIN
Healthcare (oncology, diabetes, hearing, musculoskletal, kidney disorders, eye disorders)										
Abbott Labs	high (++)	Buy	Buy (18/4/1)	93.0USD	158.90	13	0	14	93	US0028241000
Abbvie	medium (+)	Hold	Buy (10/7/0)	85.4USD	120.88	12	-6	4	27	US00287Y1091
Alcon	high (+)	Hold	Hold (8/12/4)	50.6CHF	24.80	1	-18	-18	-	CH0432492467
Amgen	high (+)	Hold	Buy (17/14/1)	236.4USD	135.83	12	0	30	46	US0311621009
Amplifon[1]	high (++)	★★★	Hold (3/12/1)	21.7EUR	5.12	18	-23	22	194	IT0004056880
AstraZeneca	high (++)	Buy	Buy (21/6/5)	8512.0GBp	136.89	17	9	46	90	GB0009895292
Bayer	medium (+)	Buy	Buy (21/9/1)	59.1EUR	62.89	10	-24	-5	-53	DE000BAY0017
Bausch Health[1]	high (+)	★★★★	Buy (12/7/1)	16.8USD	5.89	25	-43	-29	-92	CA0717341071
Bristol-Myers	high (++)	Buy	Buy (12/7/0)	61.4USD	136.13	8	-8	24	-8	US1101221083
Danaher	medium (+)	Buy	Buy (18/4/1)	164.1USD	112.28	19	-1	20	156	US2358511028
Fielmann	medium (+)	Buy	Buy (5/5/2)	59.3EUR	5.49	17	-18	-3	-1	DE0005772206
Genmab[1]	high (+)	★★★	Buy (16/8/2)	1695.0DKK	15.94	21	3	51	217	DK0010272202
Grandvision[1]	medium (+)	★★	Hold (3/8/0)	24.7EUR	6.77	7	-12	22	7	NL0010937066
Medtronic	high (++)	Buy	Buy (23/5/1)	97.9USD	127.66	10	-21	6	28	IE00BTN1Y115
MorphoSys	high (++)	Buy	Buy (13/1/1)	95.6EUR	3.42	7	-16	4	55	DE0006632003
Johnson & Johnson	medium (+)	Hold	Buy (15/7/1)	149.5USD	390.63	11	-4	4	49	US4781601046
Novartis	high (+)	Hold	Buy (17/11/2)	81.4CHF	212.07	-1	-13	-3	-2	CH0012005267
Novo Nordisk	high (+)	Hold	Buy (20/9/6)	430.1DKK	148.11	3	-1	36	17	DK0060534915
Pfizer	high (+)	Hold	Hold (9/10/0)	38.5USD	208.70	12	-1	-9	12	US7170811035
Roche	high (+)	Buy	Buy (19/7/2)	340.5CHF	303.07	5	0	26	31	CH0012032048
Sanofi	high (++)	Buy	Buy (20/10/0)	90.7EUR	122.12	10	-1	15	-1	FR0000120578
Santen	high (+)	n.c.	Buy (6/5/1)	1860.0JPY	6.97	5	-10	10	19	JP3336000009
Smith & Nephew[1]	high (+)	★★★	Hold (5/10/2)	1589.5GBp	17.02	15	-17	0	39	GB0009223206
Sonova	high (++)	Hold	Hold (5/11/6)	181.2CHF	11.74	13	-29	-14	31	CH0012549785
Stryker	high (+)	Reduce	Buy (15/10/3)	187.9USD	67.03	21	-18	-6	93	US8636671013
William Demant[1]	high (+)	★★★★	Buy (11/10/5)	158.6DKK	5.26	8	-33	-29	37	DK0060738599
Zimmer Biomet	high (++)	Buy	Buy (21/7/1)	118.0USD	23.58	24	-28	-8	3	US98956P1021
Elderly-care										
Aedifica[1]	high (+)	★★★	Buy (4/2/1)	88.7EUR	2.60	-3	-30	6	58	BE0003851681
Brookdale Senior Living	high (+)	n.c.	Buy (3/2/0)	2.9USD	0.56	29	-56	-53	-92	US1124631045
Capital Senior Living	high (+)	n.c.	Buy (1/0/1)	0.7USD	0.02	61	-76	-82	-97	US1404751042
Chartwell	high (+)	n.c.	Buy (5/2/0)	8.5CAD	1.26	-1	-41	-42	-28	CA16141A1030
Compass	medium (+)	Hold	Buy (13/9/2)	1304.5GBp	25.56	17	-32	-26	7	GB00BD6K4575
Extendicare	high (+)	n.c.	Hold (2/4/0)	5.9CAD	0.38	16	-31	-27	-24	CA30224T8639
Geberit	medium (+)	Buy	Hold (2/10/10)	414.7CHF	15.78	3	-22	-11	27	CH0030170408
Kimberly-Clark Corp	medium (+)	Hold	Hold (6/7/3)	137.1USD	46.22	4	-6	6	24	US4943681035
Omega Healthcare[1]	high (=)	★★★★★	Hold (4/6/1)	27.1USD	6.18	13	-36	lao	-23	US6819361006
Procter & Gamble	low (+)	Hold	Buy (15/8/2)	116.0USD	286.60	1	-9	9	44	US7427181091
Regis Healthcare	high (+)	n.c.	Hold (0/5/1)	1.5AUD	0.28	17	-39	-56	-74	AU000000REG6
Schindler	low (+)	Buy	Hold (5/15/4)	210.7CHF	23.07	1	-16	-4	34	CH0024638196
Sodexo[1]	medium (+)	★★★★★	Hold (9/10/3)	67.4EUR	11.10	17	-28	-32	-24	FR0000121220
Unicharm	medium (+)	Hold	Buy (9/5/2)	3963.0JPY	23.04	-2	7	9	38	JP3951600000
Ventas[1]	high (+)	★★★★	Hold (3/15/4)	29.9USD	11.23	34	-49	-52	-50	US92276F1003
Welltower[1]	high (+)	★★★★	Buy (9/9/2)	48.2USD	19.84	30	-42	-37	-32	US95040Q1040

[1] Covered by Morningstar research. Reference to Morningstar covered stocks does not constitute a recommendation by Julius Baer. Relevant equity information (e.g. analyst name) may be found in the annex. The Morningstar Equity Research Report can be requested free of charge via your Julius Baer Relationship Manager.

Source: Bloomberg Finance L.P., Julius Baer; **Note:** This list contains covered and non-covered (n.c.) titles by Julius Baer; the selection of non-covered titles does not imply any recommendation by Julius Baer; *Exposure = thematic exposure rating (or 'theme exposure rating', 'Next Generation rating', 'NG Rating'), which follows the Next Generation investment process, analysing a company's exposure to structural market growth in relation to a particular investment theme or topic; CCY = currency, Cons. Rating = consensus rating compiled by Bloomberg, ESG = environmental, social and governance rating (MSCI), P/E 12m fwd = price/earnings ratio (12-month forward estimate), Div yld = dividend yield; price data as at 6 May 2020.

Extended longevity thematic equity overview (continued)

Company	Exposure * Impact (implication)	Rating (Equity)	Consensus (Buy/Hold/Sell)	PriceCcy	Market cap. (USDbn)	Performance (%) 1m	3m	12m	5y	ISIN
Beauty										
Allergan	low (+)	Hold	Hold (2/16/0)	192.8USD	62.08	7	-2	29	-34	IE00BY9D5467
Beiersdorf	medium (+)	Reduce	Hold (9/11/10)	89.3EUR	24.98	1	-13	-8	15	DE0005200000
Cassiopea[1]	medium (+)	★★★	Buy (5/0/0)	34.5CHF	0.36	31	-13	-31	-	IT0005108359
Croda[1]	low (+)	★	Hold (3/14/4)	4831.0GBp	7.77	18	-5	-5	64	GB00BJFFLV09
Estee Lauder	medium (++)	Buy	Buy (11/11/2)	169.9USD	62.78	13	-13	0	97	US5184391044
IFF	low (+)	Hold	Buy (6/6/3)	128.9USD	13.66	29	-10	-9	8	US4595061015
Kao[1]	medium (+)	★★★	Buy (11/7/1)	8231.0JPY	37.15	-3	-4	-4	46	JP3205800000
L'Occitane[1]	low (+)	★★★★★	Buy (9/2/1)	12.24EUR	2.15	5	-32	-16	-48	LU0501835309
L'Oreal	medium (++)	Buy	Hold (7/17/7)	248.2EUR	152.86	6	-5	4	49	FR0000120321
Milestone Scientific	high (+)	n.c.	Buy (1/0/0)	1.7USD	0.10	49	-1	343	-29	US59935P2092
Sientra	high (+)	n.c.	Buy (8/0/0)	2.5USD	0.12	33	-62	-71	-86	US82621J1051
Leisure										
Carnival[1]	high (=)	★★★★★	Hold (4/5/1)	960.2GBp	10.56	43	-72	-78	-	GB0031215220
Genting Hong Kong[1]	medium (=)	★★★	Buy (0/0/0)	0.5HKD	0.54	44	-13	-52	-82	BMG3924T1062
Lindblad Expenditions	medium (=)	n.c.	Hold (2/3/0)	6.3USD	0.32	75	-61	-60	-41	US5352191093
Norwegian Cruise Line[1]	high (=)	★★★★★	Buy (12/7/0)	11.2USD	3.10	71	-74	-75	-72	BMG667211046
Royal Caribbean Cruises[1]	high (=)	★★★★★	Buy (11/6/1)	37.2USD	8.65	70	-65	-68	-40	LR0008862868
Nutrition										
CVS Health[1]	high (=)	★★★★★	Buy (20/9/0)	61.2USD	78.27	8	-15	6	-40	US1266501006
Franchise Group	low (+)	n.c.	Hold (0/1/0)	14.6USD	0.51	93	-35	59	-30	US35180X1054
GNC Group[1]	high (+)	★★★	Reduce (0/0/1)	0.5USD	0.05	38	-75	-74	-99	US36191G1076
Natural Grocers	medium (+)	n.c.	Buy (0/0/0)	10.5USD	0.24	16	14	-16	-59	US63888U1088
Riken Vitamin	medium (+)	n.c.	Buy (1/0/0)	2055.0JPY	0.78	8	3	13	0	JP3972600005
Walgreens Boots Alliance[1]	medium (+)	★★★★	Hold (1/20/2)	42.0USD	37.24	4	-20	-22	-50	US9314271084
Financial planning										
AIA	high (+)	Buy	Buy (20/3/1)	69.2HKD	106.10	-3	-14	-18	32	HK0000069689
Allianz	high (++)	Buy	Buy (22/8/2)	163.4EUR	75.00	11	-26	-23	12	DE0008404005
Axa	high (++)	Buy	Buy (27/1/0)	15.8EUR	41.62	13	-36	-31	-32	FR0000120628
China Life Insurance	high (++)	Hold	Buy (21/5/1)	15.6HKD	99.28	5	-17	-29	-58	CNE1000002L3
Japan Post Insurance	low (+)	n.c.	Hold (5/6/0)	1337.0JPY	7.04	3	-29	-40	-	JP3233250004
Lincoln National[1]	medium (+)	★★★	Buy (6/6/0)	32.5USD	6.32	39	-44	-51	-44	US5341871094
Prudential	medium (+)	Hold	Buy (14/6/1)	1079.5GBp	35.15	18	-24	-27	-21	GB0007099541
Swiss Life	high (++)	Buy	Buy (7/5/2)	324.1CHF	11.42	8	-35	-29	49	CH0014852781
Voya Financial	high (+)	n.c.	Buy (10/2/0)	43.8USD	5.57	19	-30	-19	0	US9290891004

[1] Covered by Morningstar research. Reference to Morningstar covered stocks does not constitute a recommendation by Julius Baer. Relevant equity information (e.g. analyst name) may be found in the annex. The Morningstar Equity Research Report can be requested free of charge via your Julius Baer Relationship Manager.

Source: Bloomberg Finance L.P., Julius Baer; **Note:** This list contains covered and non-covered (n.c.) titles by Julius Baer; the selection of non-covered titles does not imply any recommendation by Julius Baer; *Exposure = thematic exposure rating (or 'theme exposure rating', 'Next Generation rating', 'NG Rating'), which follows the Next Generation investment process, analysing a company's exposure to structural market growth in relation to a particular investment theme or topic; CCY = currency, Cons. Rating = consensus rating compiled by Bloomberg, ESG = environmental, social and governance rating (MSCI), P/E 12m fwd = price/earnings ratio (12-month forward estimate), Div yld = dividend yield; price data as at 6 May 2020.

Annex: Equity coverage information

Company	Rating	Price	Target	Currency	Analyst
Abbott Laboratories	Buy	93.0	110	USD	Philipp Lienhardt
AbbVie	Hold	85.4	100	USD	Philipp Lienhardt
Alcon	Hold	50.6	56	CHF	Philipp Lienhardt
Amgen	Hold	236.4	215	USD	Philipp Lienhardt
AstraZeneca	Buy	8512.0	8600	GBX	Philipp Lienhardt
Bayer	Buy	59.1	75	EUR	Philipp Lienhardt
Bristol-Myers Squibb	Buy	61.4	75	USD	Philipp Lienhardt
Danaher Corp	Buy	164.5	182	USD	Britta Simon
Fielmann	Buy	59.3	78	EUR	Roger Degen
Medtronic	Buy	97.9	105	USD	Philipp Lienhardt
MorphoSys	Buy	95.6	130	EUR	Philipp Lienhardt
Johnson & Johnson	Hold	149.5	160	USD	Philipp Lienhardt
Novartis	Hold	82.4	90	CHF	Philipp Lienhardt
Novo Nordisk	Hold	430.1	361	DKK	Philipp Lienhardt
Pfizer Inc	Hold	38.5	39	USD	Philipp Lienhardt
Roche Holding	Buy	340.5	380	CHF	Philipp Lienhardt
Sanofi	Buy	90.7	105	EUR	Philipp Lienhardt
Sonova Holding	Hold	181.2	215	CHF	Philipp Lienhardt
Stryker Corp	Reduce	187.9	183	USD	Philipp Lienhardt
Zimmer Biomet Holdings	Buy	118.0	180	USD	Philipp Lienhardt
Compass Group	Hold	1304.05	2000	GBX	Roger Degen
Geberit	Buy	414.7	500	CHF	Britta Simon
Kimberly-Clark Corp	Hold	137.1	140	USD	Peter Casanova
Procter & Gamble	Hold	116.0	130	USD	Peter Casanova
Schindler Holding	Buy	210.7	275	CHF	Britta Simon
Unicharm Corp	Hold	3963.00	3550	JPY	Jen-Ai Chua
Allergan	Hold	192.8	182	USD	Philipp Lienhardt
Beiersdorf	Reduce	89.3	82	EUR	Peter Casanova
Estee Lauder	Buy	169.9	240	USD	Peter Casanova
IFF	Hold	128.9	115	USD	Philipp Lienhardt
L'Oreal	Buy	248.2	305	EUR	Peter Casanova
AIA Group	Buy	69.2	81	HKD	Eric Mak
Allianz	Buy	163.4	250	EUR	Peter Casanova
AXA	Buy	15.8	28	EUR	Peter Casanova
China Life Insurance	Buy	15.6	18	HKD	Eric Mak
Prudential	Hold	1079.5	1450	GBX	Peter Casanova
Swiss Life Holding	Buy	324.1	405	CHF	Peter Casanova

Source: Bloomberg Finance L.P., Julius Baer. Price data as of 06/05/2020.

IMPORTANT LEGAL INFORMATION

MORNINGSTAR ANNEX

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Table of Morningstar covered equities mentioned in this publication

Topic	Equity	Rating	Fair value	Closing price	Analyst name	Date of issuance of Morningstar Qual./Quant. Equity report
Extended Longevity	Amplifon SpA	★★★	21.32	21.7	No name[2]	24.03.2020
Extended Longevity	Bausch Health Cos Inc	★★★★	36.00	16.8	Aaron Degagne[1]	18.03.2020
Extended Longevity	Genmab A/S	★★★	1650.00	1695.0	Anna Baran[1]	11.03.2020
Extended Longevity	GrandVision NV	★★	22.01	24.7	No name[2]	24.03.2020
Extended Longevity	Smith & Nephew PLC	★★★	1611.00	1589.5	Debbie S. Wang[1]	07.04.2020
Extended Longevity	Demant A/S	★★★	178.00	158.60	Alex Morozov, CFA[1]	16.03.2020
Extended Longevity	Aedifica SA	★★★	78.22	88.70	No name[2]	23.04.2019
Extended Longevity	Omega Healthcare Investors Inc	★★★★★	41.37	27.1	No name[2]	27.04.2020
Extended Longevity	Sodexo SA	★★★★★	117.00	67.4	Michael Field, CFA[1]	21.06.2019
Extended Longevity	Ventas Inc	★★★★	50.00	29.9	Kevin Brown[1]	21.04.2020
Extended Longevity	Welltower Inc	★★★★	73.00	48.2	Kevin Brown[1]	01.04.2020
Extended Longevity	Cassiopea SpA	★★★	39.66	34.5	No name[2]	18.03.2020
Extended Longevity	Croda	★	4,355.85	4,831	No name[2]	29.04.2020
Extended Longevity	Kao Corp	★★★	8700.00	8231.00	Jeanie Chen[1]	27.02.2020
Extended Longevity	L'Occitane International SA	★★★★★	14.29	12.24	No name[2]	27.02.2020
Extended Longevity	Carnival PLC	★★★★★	3100.00	960.6	Jaime M. Katz, CFA[1]	11.10.2018
Extended Longevity	Genting Hong Kong Ltd	★★★	1.18	0.5	No name[2]	25.11.2019
Extended Longevity	Norwegian Cruise Line Holdings Ltd	★★★★★	42.50	11.2	Jaime M. Katz, CFA[1]	27.01.2020
Extended Longevity	Royal Caribbean Cruises Ltd	★★★★★	90.00	37.2	Jaime M. Katz, CFA[1]	29.04.2020
Extended Longevity	CVS Health Corp	★★★★★	92.00	61.2	Julie Utterback, CFA[1]	01.11.2019
Extended Longevity	GNC Holdings Inc	★★★	1.27	0.5	No name[2]	12.03.2020
Extended Longevity	Walgreens Boots Alliance Inc	★★★★	55.00	42.0	Soo Romanoff[1]	25.03.2020
Extended Longevity	Lincoln National Corp	★★★	65.02	43.8	No name[2]	02.04.2020

[1] The conduct of Morningstar's analysts is governed by a Code of Ethics/Code of Conduct Policy, Personal Securities Trading Policy (or an equivalent thereof), and Investment Research Policy. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures

[2] Morningstar Important Disclosure: There is no one single analyst responsible for Quantitative Fair Value Estimate and Quantitative Star Rating; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports quantitative fair value. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities. For information regarding conflicts of interest, please visit: http://global.morningstar.com/equitydisclosures

Contents under 'Morningstar Research Methodology For Valuing Companies' below have been produced by Morningstar; therefore, the first person (e.g. "we" and "our") refer to Morningstar.

MORNINGSTAR RESEARCH METHODOLOGY FOR VALUING COMPANIES

Morningstar qualitative equity reports overview

Overview
At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modelling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analysing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss short-term market-price movements), but we believe these negatives are mitigated by deep analysis and our long-term approach. Morningstar's equity research group ("we", "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-Star ★★★★★ stocks sell for the biggest risk-adjusted discount to their fair values, whereas One-Star ★ stocks trade at premiums to their intrinsic worth. Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

1. Economic Moat
The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.
Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats. To assess the sustainability of excess profits, analysts perform ongoing assessments of the moat trend. A firm's moat trend is positive in cases where we think its sources of competitive advantage are growing stronger; stable where we don't anticipate changes to competitive advantages over the next several years; or negative when we see signs of deterioration.

2. Estimated Fair Value
Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value. Our model is divided into three distinct stages:
Stage I: Explicit Forecast
Stage II: Fade
Stage III: Perpetuity

3. Uncertainty around that fair value estimate
Morningstar's Uncertainty Rating captures a range of likely potential intrinsic values for a company and uses it to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating represents the analysts' ability to bound the estimated value of the shares in a company around the Fair Value Estimate, based on the characteristics of the business underlying the stock, including operating and financial leverage, sales sensitivity to the overall economy, product concentration, pricing power, and other company-specific factors.
Analysts consider at least two scenarios in addition to their base case: a bull case and a bear case. Assumptions are chosen such that the analyst believes there is a 25% probability that the company will perform better than the bull case, and a 25% probability that the company will perform worse than the bear case. The distance between the bull and bear cases is an important indicator of the uncertainty underlying the fair value estimate.
Our recommended margin of safety widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the esti-mated value of the equity, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the uncertainty rating provides guidance in portfolio construction based on risk tolerance. Our uncertainty ratings for our qualitative analysis are low, medium, high, very high, and extreme.

Low:	margin of safety for 5-star ★★★★★ rating is a 20%discount and for 1-star ★ rating is 25% premium.
Medium:	margin of safety for 5-star ★★★★★ rating is a 30%discount and for 1-star ★ rating is 35% premium.
High:	margin of safety for 5-star ★★★★★ rating is a 40%discount and for 1-star ★ rating is 55% premium.
Very high:	margin of safety for 5-star ★★★★★ rating is a 50%discount and for 1-star ★ rating is 75% premium.
Extreme:	Stock's uncertainty exceeds the parameters we have set for assigning the appropriate margin of safety.

4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source. For more detail information about our methodology, please go to:
http://global.morningstar.com/equitydisclosures

Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted. Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star ★★★★★ stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating. We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time, generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust). Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and com-plete investment portfolio, among other factors. The Morningstar Star Ratings for stocks are defined below:

Five-Stars	★★★★★	We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.
Four-Stars	★★★★	We believe appreciation beyond a fair risk-adjusted return is likely.
Three-Stars	★★★	Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).
Two-Stars	★★	We believe investors are likely to receive a less than fair risk-adjusted return.
One-Star	★	Indicates a high probability of undesirable risk adjusted returns from the current market price over a multiyear timeframe, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

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https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
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http://global.morningstar.com/equitydisclosures
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Qualitative investment rating allocation as of 06/05/2020
(calculated by and derived from the investment universe of Julius Baer)

★★★★★	5 Stars	4.2%	★★★★	4 Stars	23.2%	★★★	3 Stars	46.2%
★★	2 Stars	19.7%	★	1 Star	6.7%			

Morningstar has not in the past and will not in the future provide any investment banking services to one of their covered issuers. As a result, no investment banking services have been provided over the last 12 months for the covered issuer in this report or any issuer in the comparable category.

Morningstar quantitative equity reports overview

Overview
The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

Quantitative Equity Ratings
Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings"). The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. Quantitative Fair Value Estimate: Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. For information about Fair Value Estimate Morningstar's equity analysts assign to companies, please go to:
http://global.morningstar.com/equitydisclosures
ii. Quantitative Economic Moat: Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow	assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.
Wide	assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.
None	assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. Quantitative Star Rating: Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, and the Quantitative Uncertainty Rating. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

Five-Stars	★★★★★	the stock is undervalued with a reasonable margin of safety. Log (Quant FVE/Price) > 1*Quantitative Uncertainty
Four-Stars	★★★★	the stock is somewhat undervalued. Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative Uncertainty)
Three-Stars	★★★	the stock is approximately fairly valued. Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)
Two-Stars	★★	the stock is somewhat overvalued. Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)
One-Star	★	the stock is overvalued with a reasonable margin of safety. Log (Quant FVE/Price) < -1*Quantitative Uncertainty

iv. Quantitative Uncertainty: Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low	the interquartile range for possible fair values is less than 10%
Medium	the interquartile range for possible fair values is less than 15% but greater than 10%
High	the interquartile range for possible fair values is less than 35% but greater than 15%
Very High	the interquartile range for possible fair values is less than 80% but greater than 35%
Extreme	the interquartile range for possible fair values is greater than 80%

v. Quantitative Financial Health: Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak	assigned when Quantitative Financial Health < 0.2
Moderate	assigned when Quantitative Financial Health is between 0.2 and 0.7
Strong	assigned when Quantitative Financial Health > 0.7

Other Definitions

i. Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.
ii. Quantitative Valuation: Using the below terms, intended to denote the relationship between the security's Last Price and Morningstar's quantitative fair value estimate for that security.

Undervalued	Last Price is below Morningstar's quantitative fair value estimate.
Fairly Valued	Last Price is in line with Morningstar's quantitative fair value estimate.
Overvalued	Last Price is above Morningstar's quantitative fair value estimate.

This Report has not been made available to the issuer of the security prior to publication.

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(calculated by and derived from the investment universe of Julius Baer)

★★★★★	5 Stars	2.0%	★★★★	4 Stars	14.3%	★★★	3 Stars	70.0%
★★	2 Stars	8.7%	★	1 Star	5.0%			

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adj.	adjusted	bps	basis points	c.c.	constant currencies
capex	capital expenditure	consensus	average analyst expectation	DM	developed market(s)
E	estimate	ECB	European Central Bank	EM	emerging market(s)
Fed	US Federal Reserve	FX	foreign exchange	FY	Fiscal year
GDP	gross domestic product	H1; H2	first/second half of the year	ISM	Institute for Supply Management
l.h.s.	left-hand scale	m/m	month-on-month	market cap.	market capitalisation

p.a.	per annum	PMI	purchasing managers' index	PPP	purchasing power parity
Ppt	percentage point(s)	q/q	quarter-on-quarter	Q1; Q2	first/second/third/fourth quarter
REIT	real estate investment trust	r.h.s.	right-hand scale	WTI	West Texas Intermediate
y/y	year-on-year	YTD	year-to-date		

Equity research

Frequently used abbreviations

CAGR	Compound annual growth rate	DCF	Discounted cash flow	EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation	EPS	Earnings per share	EV	Enterprise value
FCF	Free cash flow	MV	Market value	PEG	P/E divided by year-on-year EPS growth
P/B	Price-to-book value	P/E	Price-to-earnings ratio	P/TBV	Price-to-tangible book value
ROE	Return on equity	ROI	Return on investment	ROIC	Return on invested capital
RoTE	Return on tangible equity				

Equity rating allocation as of 06/05/2020

Buy	40.6%	Hold	56.8%	Reduce	2.6%

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Reduce	Expected to underperform the regional industry group by at least 5% in the coming 9-12 months, unless otherwise stated.

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