



Ninepoint International Small Cap Fund Market View

October 04, 2019

Dear Clients and Colleagues:

The Asia-Pacific healthcare industry is growing rapidly despite the current trade war and unstable geopolitical climate. Frost & Sullivan estimated that this market would grow by 7.2% in 2019, reaching US\$486.72 billion. This growth would be fueled by rising personal income, increasing healthcare awareness, adoption of technology and wider healthcare access. Forbes estimated that in 2018 there would still be a shortage of 3.4 million hospital beds in Asia, more than 2 million Asians would need private health insurance and over 2 million people from India and China would travel abroad for medical treatment.

This week we would like to profile one of our holdings, Raffles Medical Group (RFMD SP), a leading healthcare service provider in Asia. www.rafflesmedical.com.

Business Overview

Founded in 1976 in Singapore, Raffles Medical is a well-known healthcare group in Asia, offering primary, inpatient and specialist care. It has one hospital in Singapore, one hospital in Chongqing, China and over 100 clinics in five countries. Medical tourists account for over 30% of its patient base, coming mainly from Malaysia, Indonesia, India and China.

Management

Dr. Loo Choon Yong is the Chairman and co-founder of the company. He owns 48% of the outstanding shares.

ESG

Raffles Medical has good ESG practices and its ESG reporting is very comprehensive. Raffles Hospital in Singapore has energy saving functions and is certified as a water-efficient building. The company promotes fair employment practices, health and safety and ethical trading. It has also supported many charity events. The company's governance structure is very transparent. Seven out of 11 board directors are independent, with 1 woman on the board.

Competition

In Singapore, it competes mainly with a small number of hospitals operated by IHH Healthcare. In China's private healthcare industry, there are only a few facilities operated by well-known foreign companies.

Investment Team



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Competitive Advantages

- Strong brand: It is the first hospital in Asia to join the Mayo Clinic Care Network, which demonstrates high business standards and expertise.
- Leading market share: In Singapore it has a 20% market share and the largest network of clinics.
- More competitive pricing than its private peers thanks to the group synergy.

Growth Strategy

Mainland China is the growth driver. The company is building a hospital in Shanghai that is scheduled to open by the end of this year.

Risks

- Network expansion may encounter execution challenges in cost control and physician hiring.
- A strong Singapore dollar may reduce the demand for medical tourism to Singapore.

We communicate with Raffles Medical regularly and are planning to visit its Chongqing Hospital this month. We expect the company's revenue growth to be in the double digits next year.

Have a great week ahead.

The Global Alpha team

NINEPOINT INTERNATIONAL SMALL CAP FUND - COMPOUNDED RETURNS¹ AS OF APRIL 30, 2022 (SERIES F NPP371) | INCEPTION DATE: MARCH 15, 2018

	1M	YTD	3M	6M	1YR	3YR	INCEPTION
Fund	-2.1%	-13.6%	-8.0%	-14.0%	-9.2%	1.4%	1.7%
MSCI EAFE Small Cap NR USD (CAD)	-4.7%	-13.8%	-7.6%	-13.5%	-10.4%	3.2%	1.7%

¹ All returns and fund details are a) based on Series F units; b) net of fees; c) annualized if period is greater than one year; d) as at September 30, 2019; e) annual returns are from 03/15/2018. The index is 100% MSCI EAFE Small Cap NR USD (CAD) and is computed by Ninepoint Partners LP based on publicly available index information.

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