

ALTARIS

Investors in the Healthcare Industry

December 2019

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All "\$" references herein are to United States Dollars.

Altaris Capital Partners

Healthcare-Focused Investment Firm

Overview

- Founded in 2003
- \$2.5 billion equity capital under active management
- Based in New York
- Healthcare industry is large, growing, fragmented and complex

Well-honed, industry-specialized investment strategy

- Targeting companies that deliver value and efficiency to the healthcare system
- Leveraging industry knowledge and network
- Growth-oriented buyouts
- Focus on complicated and value-based situations
- Active approach to influencing the investment outcome

Track record¹

- 40 investments to date; 28 realized / substantially realized

1) As of September 30, 2019.

Please see endnotes in this Presentation for important related disclosures and definitions. Past performance is not necessarily indicative, or a guarantee, of future results.

Altaris Team

Culture: Honesty, Fairness, Teamwork, Rigor

Investment Professionals

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University of Oxford
MBOC Biochemistry

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BA Mathematics & Economics

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JC Flowers, Deloitte & Touche
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BA Computer Science, MS Accounting

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Operations Associate

ONEX Corporation
State Univ. of New York at Plattsburgh
BS Hospitality Management

NIKKI ROUEL
Operations Associate

Theorem Capital
Cal. State Univ. of Northridge
BS Consumer Sciences & Marketing

Healthcare Industry: Key Dynamics

Large, Growing, Fragmented, Complex

\$3.5 trillion

Annual expenditure
in U.S.

18% of GDP

In 2017

5.5%

Projected growth
2017-2027

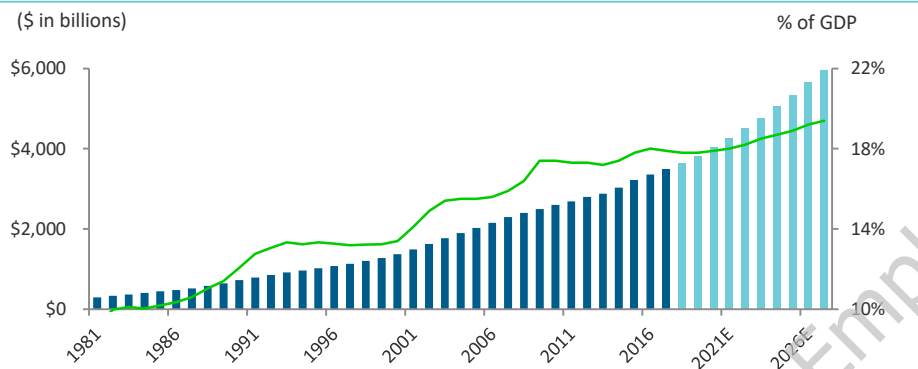
10,000

Americans turning
65 every day

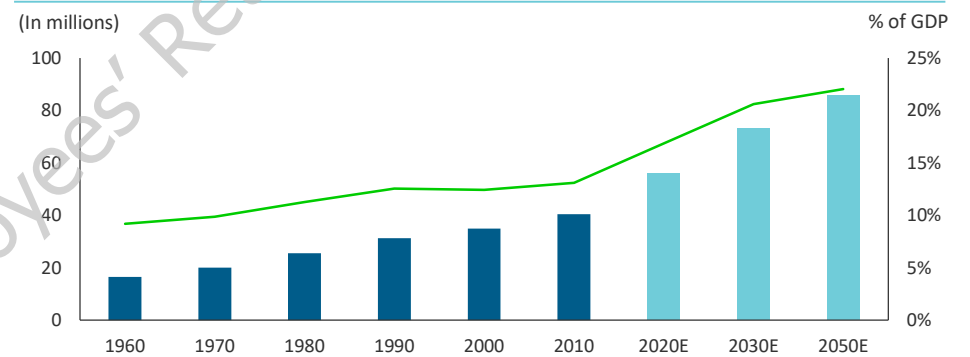
90%

Spending on chronic
conditions

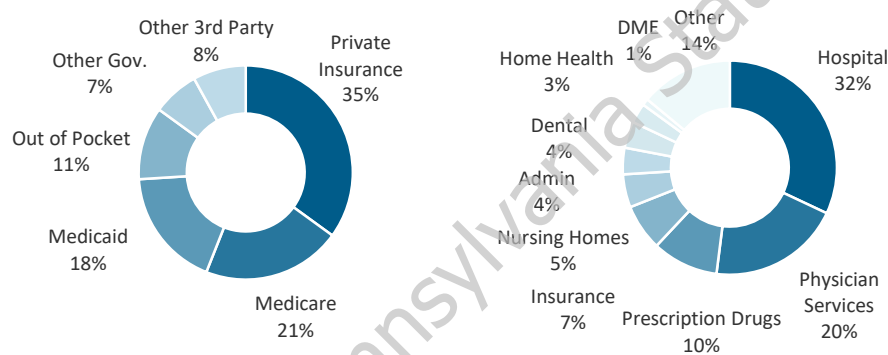
U.S. Health Spending



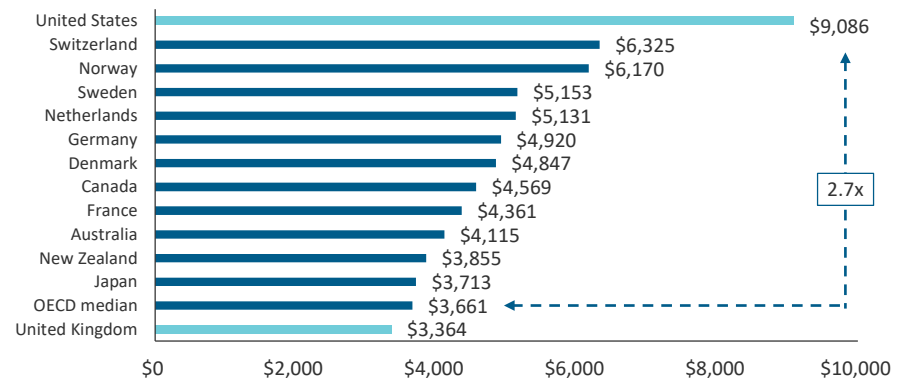
Population > 65 Years of Age



Spending Breakdown



Spend Per Capita



Sources: Centers for Medicare & Medicaid Services, February 2019. United States Census Bureau, September 2018. The Fiscal Times, 2017. "Multiple Chronic Conditions in the US.", Rand Corp, 2017. The Commonwealth Fund, "U.S. Health Care from a Global Perspective.", 2015.

Altaris Investment Strategy

Companies that Address the Needs of the Healthcare System

Central Tenets

Improve patient outcomes

Eliminate unnecessary costs to the system

Increase efficiency

Align stakeholder incentives

Trends

- Consolidation / “re-verticalization”
- Digitization of paper-based systems and interoperability
- Innovation in patient care
- Increasing regulation and compliance oversight
- Shift to lower cost setting
- Integration/coordination of care
- Outsourcing of non-core functions
- Payment model reform
- Shortage of clinicians
- Value based purchasing
- Consumer engagement

Leveraging Healthcare Knowledge and Network

Attractive Deal Flow; Disciplined Investment Process



- ✓ Attractive fundamental value
- ✓ Downside protection / capital preservation
- ✓ Multiple paths to achieve target return
- ✓ Upside asymmetry

~2 – 4

Investments per year

Typical Altaris Transactions

- Carve-outs
- Breakups
- Corporate partnerships
- Overlooked / undervalued public situations
- First institutional capital, founder / family businesses
- Agent of change

There can be no assurance regarding the composition of any Fund's investments or the frequency of consummated investments.

Endnotes

Realized Value represents the sum of gross proceeds generated from dispositions and distributions and includes principal repayments, equity proceeds, interest and dividends.

Realized investments represent investments for which there has been a sale, redemption, repurchase or recapitalization of all of the investment. Altaris considers an investment “Substantially Realized” when the aggregate proceeds received by the relevant Altaris Fund in respect of a portfolio company exceed the amount of capital invested by such Altaris Fund in such portfolio company. Unrealized investments are investments for which there has been no significant disposition related to the original investment. Unrealized investments may include investments in respect of which there have been partial minority dispositions and/or receipt of interest or other current income earned in respect the portfolio investment (for example, interest income on equity-linked securities). An investment is considered “Fully Exited” when it has gone through a change in control transaction.

Pennsylvania State Employees' Retirement System