



## **Press release**

**November 19<sup>th</sup>, 2008**

**PIONEERING THE WAY ON THE AGING OF THE POPULATION, THE PERFORMANCE VITAE FUND IS CELEBRATING ITS THIRD ANNIVERSARY.**

**After launching the first “green” fund in France, Financière de Champlain launched a dedicated fund in August 2005 focused on the aging of the population. To mark this fund’s third anniversary, our managers explain their strategy and the outlook for this sector.**

***Financière de Champlain is today known as the specialist management company for sustainable development. How do demographics fit into this logic?***

“For Financière de Champlain, demographics will, after growing environmental awareness, represent the second major issue for the 21<sup>st</sup> century. In western countries, this issue concerns the aging of the population.

Positioned on European equities, our Performance Vitae fund is focused on this theme.

We will be faced with a genuine transformation of our society, **with one out of every three people to be over 60 years of age in 2050 (compared with one in five today)**. The issues linked to the financing of dependency are huge. To rise to this challenge in a “sustainable” way, a transfer to the private sector and the development of new professions in the personal services field will be essential. At the same time, the professionalism and quality of the care (training) will need to improve in order to be able to meet future requirements.

***What type of companies do you invest in and what are your preferred stocks?***

In all of our funds, we give priority to noncyclical stocks that make it possible to combine **growth and visibility**. That is why, on the theme for the aging of the population, we

have focused on the sectors for health (personal equipment, retirement homes, home hospitalization, medical diagnosis equipment) and personal services. These markets are being driven by underlying trends: increase in life expectancy, growing need for healthcare, development of home-based care, increase in income levels among senior citizens, etc. However, the sustainability of investments is ensured by a restrictive regulatory framework, particularly with regard to dependency care. Since we are invested at European level, we are benefiting from **different levels of maturity** depending on the countries and different sizes of businesses.

Our preferred stocks are as follows:

- **Orpéa** in France, one of the European dependency care market leaders, standing out thanks to strong visibility over its business.
- **Fresenius** in Germany, whose activities are highly diversified in the health sector.
- **Caretech** in the UK, with a future-focused business model, specialized in mental disability care, illustrating the transfer of activities that were previously the preserve of the public sector over to the private sector.
- **Diasorin** in Italy, specialized in medical diagnosis tests and well in line with the current market trend: moving from a curative approach to a preventive approach.

***How is the Performance Vitae fund performing in the current context? Can it be considered as a defensive investment?***

As one of the first to position ourselves on this theme, we have grown with the market. The **capital-intensive** nature of the dependency care business has led many players to call on the markets for finance and encouraged **consolidation** through external growth. In the countries of the South in particular (Spain, Italy, etc.), old public or association structures are gradually being bought out by private groups, which are at the same time establishing standards of quality and management. Today, we are seeing a strengthening of regulations and public-private dialogue.

Within the current context, Performance Vitae is resisting relatively well compared with the indexes, despite temporary uncertainties over the valuation of real estate assets for certain retirement homes. Since they are noncyclical, health companies may indeed be seen as **safe haven stocks** today, but they also offer **strong potential for growth**. On the **personal services** market (15 billion euros in 2008), **the number of businesses has doubled in two years** and the number of employees has climbed 20% to reach 1.9 million! That is why investment in this sector must have **a medium-term focus**. We have recently further strengthened the fund's defensive nature by reducing its equities exposure and rebalancing it in terms of capitalization sizes.

***Are personal services being driven, like the environment, by the regulatory framework? What is the outlook for the coming years?***

In France, the initial impetus has come from the "**personal services development plan**", launched by J.L. Borloo in 2005. As far as we are concerned, it includes assistance for the elderly (in addition to school support and home help). A training and support plan for the sector's professionals is currently being prepared. For the politicians, the social stakes are considerable in terms of job creations.

In the more specific field of personal care, the **Larcher report**, by calling for a reduction in the number of beds in hospital in favor of places in follow-up care and rehabilitation facilities in order to reduce spending, is expected to benefit the private sector as far as temporary dependency is concerned (average stay: 30 days; average age: 65).

The permanent dependency market also offers sound prospects over the medium term. The **Alzheimer's 2008/2012 plan** has established the fight against this disease as one of the national priorities. In France, the number of Alzheimer's sufferers could top the one million mark in 2020 (median scenario from the French national institute of statistics and economic studies, INSEE). Indeed, 30% of the over 80s are affected by this disease. However, to date, only 100,000 beds are available. The creation of 150,000 places in care facilities is already planned, and pilot units focused exclusively on Alzheimer's are being launched with a view to being able to be replicated on a larger scale within existing facilities.

However, above all, dependency care involves the development of the dependent elderly home sector. According to estimates, **the number of dependent people is expected to climb from 1.3 million to nearly 2 million in 2015**. The dependency rate rises rapidly with age: 30% among the over 80s and 50% for the over 85s. **And yet today, only 20% of people over the age of 80 are cared for in specialized facilities**. Estimates put the shortage of beds in France at **between 25,000 and 40,000**. That is why the French government has announced the creation of a further 7,500 places. This dynamic commitment is still being held back by the issue of financing. Today, spending represents around **1% of GDP**, but could increase rapidly.

A further step in this direction is expected to be taken with the "**5<sup>th</sup> risk**" bill. The aim is to ensure that dependency is financially covered in the same way as illness, unemployment, occupational accidents and the family. To achieve this, there are plans to balance the financing between public (through the APA) and private thanks to the rollout of a "personalized compensation benefit" by the personal protection organizations. Tax incentive measures are expected to encourage this change, putting dependency at the heart of national solidarity issues.

Interview with **Barthélémy Renaudin**, the Performance Vitae fund manager, by  
Isabelle Priaulet, head of communications.

**Press contact:**  
**Isabelle Priaulet**  
+33 1 58 18 62 91  
[priaulet@champlain.fr](mailto:priaulet@champlain.fr)

**[www.financieredechamplain.fr](http://www.financieredechamplain.fr)**