



Plumb Funds

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**Thomas G. Plumb, CFA**  
Lead Portfolio Manager  
President, CEO, Chairman

Manager Q&A

# Opportunities in Healthcare



## Where are you seeing opportunities in healthcare?

We believe that global healthcare innovation is one area with dynamic opportunities. There has been tremendous advancement in this field, including new drugs, therapies, early detection, treatment, medical devices, information systems, and robotics, to name just a few. Many companies in this industry have benefitted from these innovations and, we believe, are positioned for continued growth into the future.

## What fascinates you about the biotech sector?

The biotech sector has the potential to be very disruptive, which is a key factor that we like. We want to assess if a company can change how things are done; do they have the potential to disrupt the existing people or processes that are in place. A new therapy, new structure, or new way of approaching pharmaceutical development can be very disruptive. As a result, there is the potential for billions of dollars of sales.

A problem we see with the biotech sector is recurring cash flow. Recurring cash flow is another factor we favor for our investments. Often, biotech is highly capital-intensive; those companies tend to lose money at first. Our research focuses on homing in only on those companies where we believe that there is some real success potential, and not just a dream.

## Are there specific characteristics you look for in healthcare companies?

We assess how large we think the market could be, who the entrenched players are, and what the economics would be to serve that market. When we look at it from a biotech standpoint, we're interested in what type of drug therapy would be so new that it could have the potential to change the way things are done, or possibly invalidate some of the current offerings in those spaces.

In other parts of healthcare, we look at recurring revenue streams from companies that are leading the marketplace. There, we look at medical tech companies more often than we look at biotech companies.

## Where are you seeing the most innovation today?

I think that innovation doesn't strictly stay in one spot or the other. That said, currently we're seeing significant innovation in the hospital space. Companies like Intuitive Surgical Inc. and Abiomed are changing the ways surgery or therapy are done and are saving lives.

Abiomed's innovative device operates essentially as your heart for a certain period—and is a pretty significant savior of lives. Intuitive Surgery designed the highly sought after da Vinci surgical system, a robotic-assisted surgery, which is a minimally invasive approach to prostate surgery.

Those companies who can create a wide competitive moat in the marketplace are typically able to support a strong economic structure. We view the key as the recurring revenue stream. With a change to disposables and services when they have an installed base, we see the possibility for a recurring revenue stream, high margins and predictability.



**Thomas G. Plumb, CFA**  
Lead Fund Portfolio Manager

Thomas G. Plumb is the founding principal of Wisconsin Capital Management, LLC (formerly Thompson Plumb & Associates), which began in 1984. In addition to his roles with the Funds, Tom maintains an ownership interest in and serves as the president of SVA Plumb Financial, LLC, an affiliated entity.

Tom formerly was the lead portfolio manager of Dreyfus Premier Balanced Opportunity Fund. He earned a bachelor of business administration from the University of Wisconsin-Madison in 1975, is a member of the Madison Investment Management Society and holds the Chartered Financial Analyst designation.

***The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The [prospectus](#) contains this and other important information about the investment company, and it may be obtained on [www.plumbfunds.com](http://www.plumbfunds.com) or by calling 1-866-987-7888. Read it carefully before investing.***

Opinions expressed are those of the speaker as of May 22, 2018 and are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

As of 3/31/2018, Abiomed Inc. was 3.93% and Intuitive Surgical Inc was 3.34% of Plumb Equity Fund; Abiomed Inc. was 2.27% and Intuitive Surgical Inc. 2.07% of Plumb Equity Fund.

Fund holdings are subject to change at any time and are not recommendations to buy or sell any security. References to other mutual fund products should not be interpreted as offers of those securities.

**Past performance does not guarantee future results.**

**Mutual fund investing involves risk. Principal loss is possible. The fund may invest in small and mid sized companies which involve additional risks such as limited liquidity and greater volatility. The funds invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Because the funds may invest in ETFs, they are subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares. The fund may also use options and future contracts, which have the risks of unlimited losses of the underlying holdings due to unanticipated market movements and failure to correctly predict the direction of securities prices, interest rates and currency exchange rates. The investment in options is not suitable for all investors. The Plumb Balanced Fund will invest in debt securities, which typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities.**

**Diversification does not assure a profit nor protect against loss in a declining market.**

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