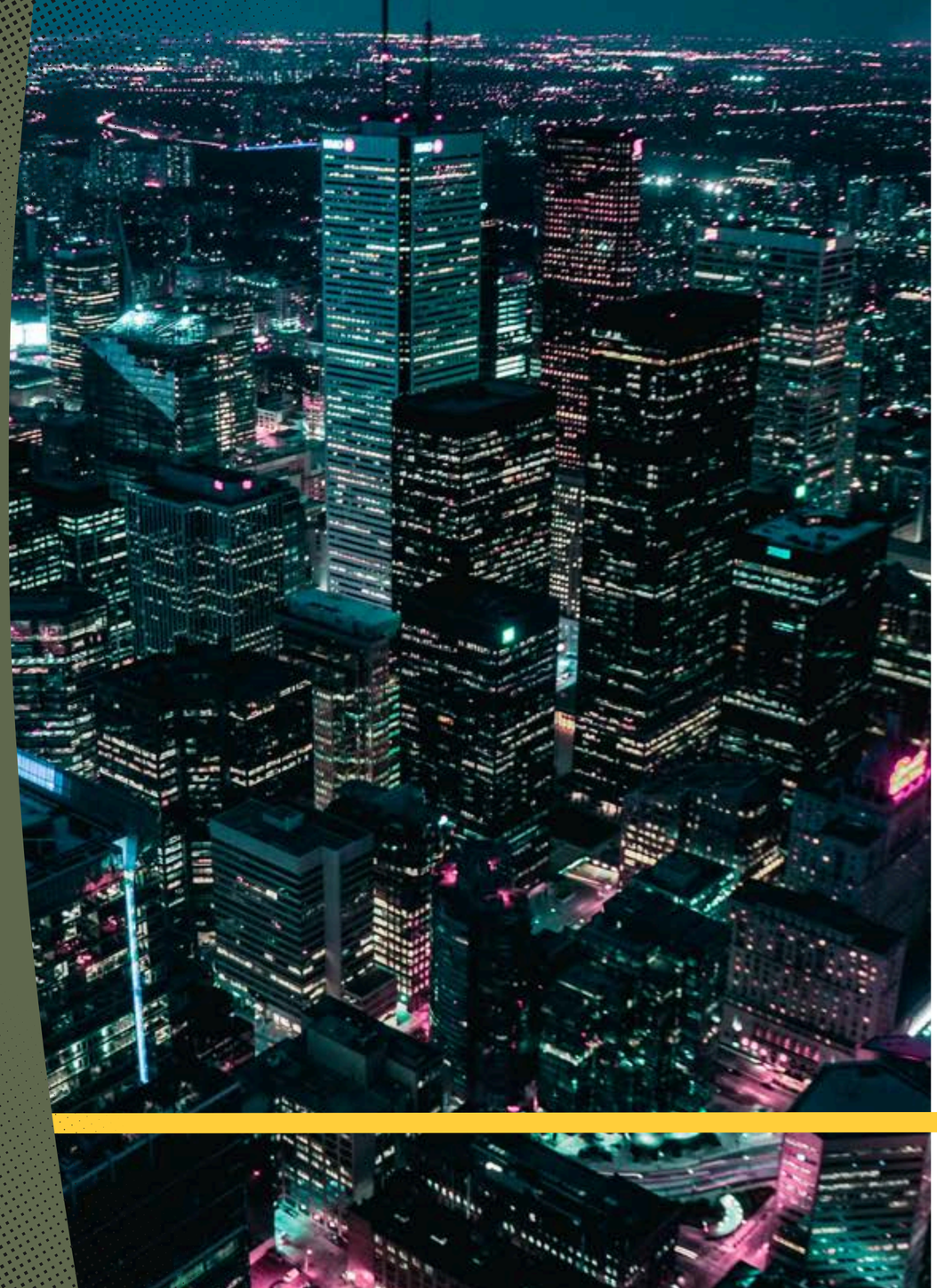
HEALTHCARE MARKET ASSESSMENT



2025-2026

Parnassus Group



THE STORY OF 2025

- Return to conviction-driven investing following a cautious 2023-24 period (see notes on Sovato, Texicare, and others)
- Capital flowed disproportionately toward platform assets in healthcare services, diagnostics, and healthcare IT
- Private equity activity rebounded meaningfully in both deal value and deal count, while strategic acquirers pursued large, defensible growth adjacencies—particularly in diagnostics, oncology, and women’s health.

MEAT OF THE REPORT

SUMMARIZED CONTENT

Segment Analysis and Opportunity

Leadership Success Analysis

Not Investment Advice

Not Human-Resources Advice



WHY IS THIS A PRIORITY FOR PARNASSUS?

Going Beyond The Simple Mechanics of Search

1. Parnassus produces adaptive leaders that manifest strong value - Requires us to have an enterprise ownership mentality

2. Knowing how segments interact amidst the lava flow of investment creates deeper awareness of the native flex factor for leaders in our community

3. To de-risk every leadership decision for our clients, we must deeply understand the variables that they face

4. Clients should expect us to know the business environment they swim in and how they create unique value to a degree that we could sit in their boardroom



John Lankford, Founder and Peter Lankford, Sr. Perquisition Analyst

STORYLINES



01 Investement Trends

02 Specialty Segment Analysis

03 Implications

04 Parnassus Impact Plan

2025 INVESTMENT THEMES



Operational value creation over financial engineering, especially in labor-intensive provider models. AI that syncronizes these models will be something to watch in in 2026 and beyond (see Assort Health)

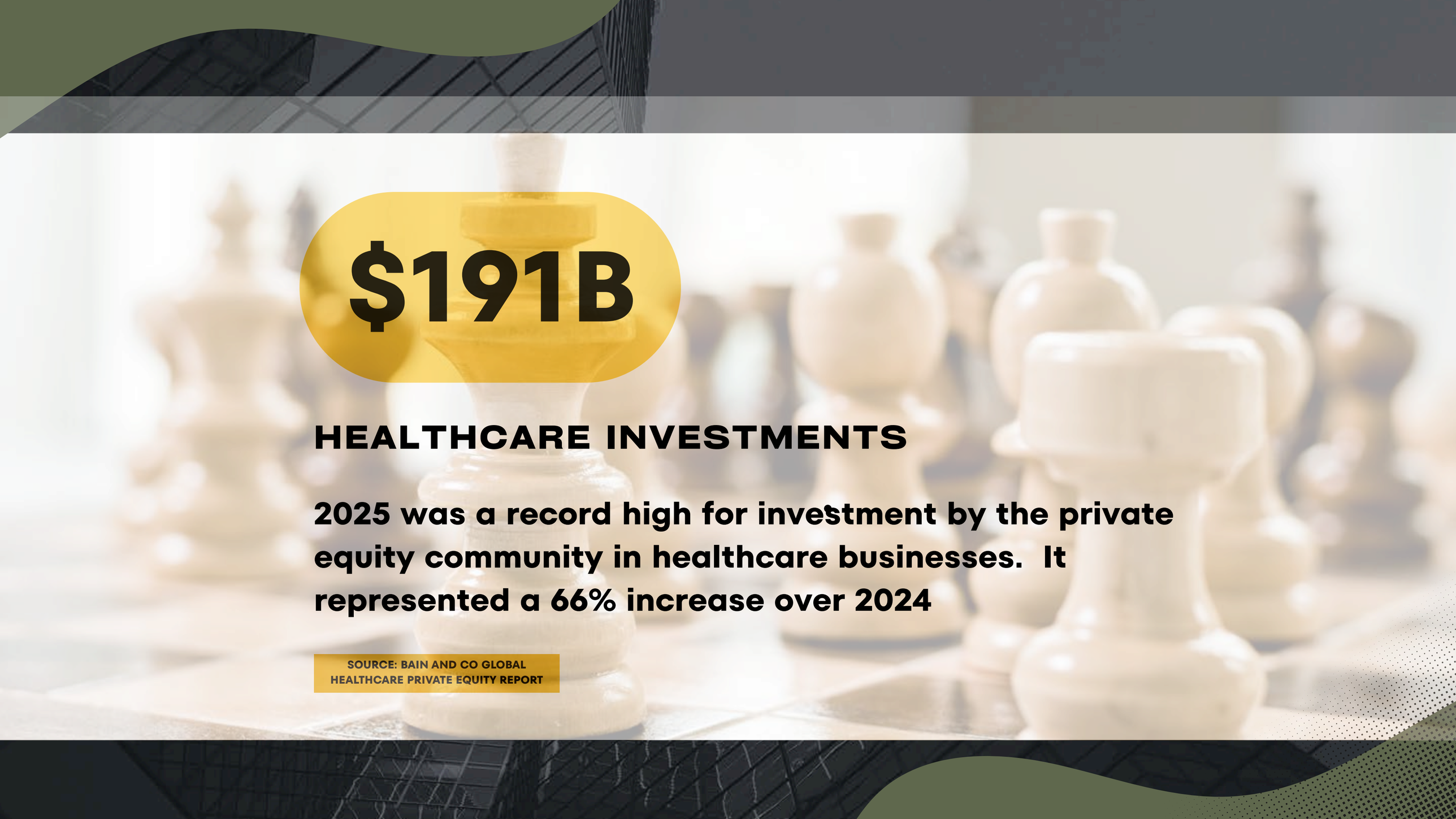


Technology embedded into clinical and administrative workflows, not standalone tools. Shortages of clinicians in key specialties will continue to pressurize the demand curve for workflow tech. (see Parnassus client Radiology Partners)



Scale as a regulatory and reimbursement hedge, driving consolidation across services. Two clients, McKesson and Prism Vision Group, met in the middle amidst this trend of hedging.





$191B

HEALTHCARE INVESTMENTS

2025 was a record high for investment by the private equity community in healthcare businesses. It represented a 66% increase over 2024

SOURCE: BAIN AND CO GLOBAL HEALTHCARE PRIVATE EQUITY REPORT

SHIFTING INVESTOR PERSPECTIVE

- Margin expansion increasingly depended on care delivery redesign, staffing optimization, payer contracting sophistication, and technology adoption, rather than leverage alone.

- Regulatory scrutiny—particularly around PE ownership in provider markets—remained elevated but did not deter well-structured platforms with strong compliance frameworks.



SEGMENT ANALYSIS

WOMENS HEALTH

Top focus for The Parnassus Group. Look for expanded investment (diagnostics, chronic disease, oncology screening, life stage specialties, and behavioral health). Radiology Partners built on the theme of dignity with their expansion into boutique experiences for women undergoing mammograms, and others will shape experience portals as well.

"Investing in the health of women is one of the most compelling business opportunities of our time."
— Carolee Lee, Founder & CEO, WHAM (Women's Health Access Matters) Bio: Carolee Lee leads WHAM, a nonprofit focused on accelerating investment and innovation in women's health.



SEGMENT ANALYSIS

PRIMARY CARE

Primary care solidified its role as the control point for value-based care, specialty steerage, and total cost management. Enablement platforms will continue to gain share in 2026 as health systems continue to assess ownership economics

“Independent primary care is the foundation for sustainable value-based care.”
— Farzad Mostashari, MD, CEO & Co-Founder, Aledade



SEGMENT ANALYSIS

AI ASSISTED WORKFLOW

Healthcare AI moved decisively from pilots to agentic workflows—systems that execute tasks across intake, documentation, scheduling, and follow-up with human oversight. This segment is moving faster than even the most bullish imagined

Assort Health today can replace phone, SMS, and web patient interactions with AI agents that schedule appointments, refill prescriptions, report lab results, and most other patient-facing workflows. The platform's proprietary technology is able to automate notoriously difficult workflows that have been left behind by technology. Jeff Liu and Jon Wang co- CEO's.



SEGMENT ANALYSIS

DEVICE/ROBOTIC SURGERY

Robotic surgery adoption broadened from flagship centers to routine acute and general surgery. While widespread telesurgery remains limited, remote enablement, analytics, and standardized workflows materially improved utilization and surgeon productivity. Sovato made big strides in 2025 and will rapidly change the reality of proximity and excellence.

"OVER HALF THE WORLD'S POPULATION LACKS ACCESS TO TIMELY, SAFE SURGICAL CARE, AND IN THE U.S., MILLIONS ARE STILL FORCED TO TRAVEL FOR ROUTINE PROCEDURES ... REMOTE ROBOTIC SURGERY AND PROCEDURE PROGRAMS PROVIDE HEALTHCARE ORGANIZATIONS WITH A PRACTICAL WAY TO EXTEND THE REACH AND IMPACT OF SKILLED SURGEONS, CARE TEAMS, AND OPERATING ROOMS — ENABLING A MORE SUSTAINABLE AND ACCESSIBLE MODEL OF CARE."

— CYNTHIA PERAZZO, CO-CEO, SOVATO



SEGMENT ANALYSIS

NEPHROLOGY

Value-based kidney care models matured, emphasizing hospitalization reduction, care transitions, and end-stage renal disease prevention. Scale and payer alignment emerged as decisive differentiators.

"Nephrologists have the opportunity to see their patients more often than any other specialists... This is truly powerful."



SEGMENT ANALYSIS

RADIOLOGY

Radiology faced acute workforce shortages and burnout, accelerating interest in AI triage, teleradiology, and consolidated reading platforms. RadPartners, a long-term partner for Parnassus, introduced a self-designed platform called Mosaic OS. The innovation in workflow is profound, and we see this segment having major gains from the power of AI technology.



SEGMENT ANALYSIS

BEHAVIORAL HEALTH

Demand remained structurally strong, but the market increasingly demanded measurable outcomes and operational discipline. We are seeing the greatest strength in models that lean into brick and mortar but have solid tech enabled solutionss that reduce cost and allow for rapid scale. 2025 was a turning point, we believe.



SEGMENT ANALYSIS

INVITRO DIAGNOSTICS

Diagnostics investment concentrated on precision oncology and large-scale screening, with strategics pursuing platforms capable of menu expansion and global reach. We expect this to accelerate quickly with the AI mobilization of lab data exchange.

IMPLICATIONS

- Every C-Suite Leader Should Ask For An Adaptive Leadership Plan From Their Lieutenants - Critical Muscle Development

- Balance has been re-established within behavioral health, making it ripe for new cost efficiencies and delivery streams

- Workflow AI adoption is the low-hanging fruit that needs to be picked right now. This will save millions of dollars for practice management organizations



PARNASSUS INVESTMENT THESIS

How Do We Put Money Back Into Our Continuing Product/Process Improvement?

TECHNOLOGY

2025-26 investments in the fundamental tech stack is adding speed and depth to our analysis engine and various forms of custom diagnostics.

RESEARCH

Funding model expansion and care design for some of the newest models for womens care.



EDUCATION

- C-Suite - 4 Day intensive for CEO, COO, CDO, CFO and CMO leadership
- Vice Presidents - Launching in 2026

CLIENT TOOLS

NEW in 2026

- Adaptive Capacity Assessment
- Pre-Hire 360 Review



KNOWLEDGEABLE ADVISING

Our deep understanding of healthcare allows us to provide valuable counsel and partnership throughout the search process.

SUPERIOR RESULTS

Our focus on maintaining strong momentum while attending to the details delivers fast, best-quality results.

QUALITY RELATIONSHIPS

Our commitment to human dignity and care empowers us to build authentic, lasting relationships with our clients and candidates.