

Positive signals from the healthcare sector

Having attended the 45th Cowen Healthcare conference in Boston, where nearly 400 companies were present, it is clear from everything that chaos currently reigns in the US. As an entrepreneur, no one knows where they stand anymore. *Paralyzed* is a nice American word for that.

There is a lot of ambiguity about policy measures, such as import tariffs. Elon Musk is racing through various government departments with the DOGE program. There is also a storm of decrees by Trump, which are then reversed as they are not legislative.

Promising trends

Nevertheless, I come back optimistic, as there are a number of promising trends going on within healthcare. Most of these trends are also idiosyncratic in nature, something you can use in these turbulent equity markets. AI is also a development to keep an eye on.

1. The digital nurse is coming

Hospitals in the US are investing heavily in AI. This results in better treatments and better scheduling, which means patients are out of the hospital faster and more patients can be treated per day. AI assistants help nurses transfer services faster with fewer errors.

By the end of this year, the first productivity gains may already be visible. Indeed, within the hospital, AI is primarily a productivity tool and that will be important as we will see more and more patients in the hospital due to the growing ageing population.

2. Rare diseases also become treatable

In drug development, AI greatly increases the chances of success. Currently, 80-90% of new drugs do not reach the finish line. This percentage will drop considerably. There is also increasing research into incurable syndromes and rare diseases. By using AI, there is a much better chance that these diseases will be treatable in the future.

3. Better and cheaper cancer screening

Testing and screening for cancer is becoming more mainstream, under which cancer can be detected early. Monitoring for recurrence in early-stage cancer and treatment selection for patients with advanced cancer also improves survival rates.

In the US, fee simple blood tests can be performed to screen individuals aged 45 and above for colon cancer. This may allow early detection of this disease. On average, patients in the US currently receive one test in their lifetime after having cancer. It is expected that this number could go to 5 to 6 (blood) tests in order to detect the cancer at an early stage, should it return. Thereby, tissue-free surveillance tests in solid tumors are increasingly becoming the standard.

3. A possible solution to the US opiate crisis is near

Last week, for the first time after 20 years, another drug for acute pain was approved that is not an opiate. This is because opiates are highly addictive and have many side effects. Hundreds of thousands of people have died from opiate addiction in the US over the past 10 years.

The next step is to also find an effective and safe drug for chronic pain. That would completely open up the market.

5. In 4 years, no one will have to be bald anymore

With 3 injections over 6 months, balding men will have hair growth again within 3-6 years. This is what studies by a US company show. It is estimated that this treatment will have to cost around \$1,500.

In the US, about 80 million people suffer from hair loss. The total market potential could be tens of billions. Given the market size of botox in aesthetic medicine, it could well experience similar growth, should it get that far. Whether the treatment is safe and effective enough, we will have to wait a few more years.

Beware! China is coming

Finally, there was a wake-up call during the conference. Indeed, China's biotech industry has made such great strides, making them in some cases ahead of their US competitors in drug development. Several CEOs from the biotech sector told this during.

The Chinese government made biotech a strategic priority 20 years ago. In the US, R&D as a percentage of GDP has steadily declined, while in China it has steadily increased. As a result of this, a third of externally produced molecules now come from China, where it was 0% in 2019. Chinese companies now account for 28% of new clinical trials worldwide. The number of drugs approved by Chinese pharmacists is also rising sharply.

Besides this technological development, the US (and Europe) is still dependent on China for the ingredients (so-called API) to make medicines. This situation has geopolitical implications. The US National Security Commission on Emerging Biotechnology is therefore sounding the alarm and is likely to come up with a request to make biotech a strategic priority.

The information in this column is not intended as professional investment advice or as a recommendation for specific investments.

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