

Covid-19: a trigger for impact investors in global healthcare

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The Covid-19 pandemic has highlighted weaknesses in global healthcare and opened up long-term opportunities for investors striving for a positive impact, especially on underserved populations.

Given ageing demographics in the OECD and the growing needs of prosperous emerging countries, reforms were inevitable. The pandemic simply served to accelerate the process. Crises are typically a trigger for change: the 1918 Spanish Flu for instance led to the rise of broad-based public healthcare. Revamped healthcare systems will provide long-term opportunities for private stakeholders. Rather than passively investing in healthcare ETFs, we believe that investors should consider allocating capital to listed equity impact funds, helping shape a sustainable and fairer future and achieving competitive financial returns. The full growth potential of many healthcare companies has yet to be recognised by the broader market.

A period of change

The colossal economic cost of inadequate healthcare systems has been clearly exposed by this crisis. On a daily basis, we were confronted with images of glaring shortcomings. A lack of hospital beds and protective equipment, exhausted personnel and limited testing capacities forced lockdown measures. Still, both the state systems and private actors responded with innovative solutions.

Tests, vaccines and therapies were developed at an unprecedented speed, alongside an acceleration in digitalisation (telemedicine, online education, digitalised clinical trials). More alternative care sites were also established (home treatment and outpatient centres). What began as a strategy to free up bed capacities and protect patients is set to continue, helping control costs and improve the quality of care. Finally, healthcare funding commitments stand to increase, boosting demand for innovative solutions.

Enhanced access, improved quality and cost deflation are key requisites for better healthcare services. Private investors will play a crucial role in keeping up the momentum for change and directing funds to where there is most potential for sustainable transformation.

Three target areas for investment

- **Access & Affordability:** enable low-income consumers – those most affected by the pandemic to access basic healthcare at affordable prices. New business models developing around telemedicine provide big opportunities for underserved populations. Better distribution of biosimilars and generics will also be crucial.
- **Prevention:** focus on comprehensive screening, accurate diagnosis, vaccination and healthy lifestyles. Advanced data science yields opportunities for data interpretation and forecasts.
- **Innovation:** target disruptive technologies. Ground-breaking innovations (mRNA, cell and gene therapies, artificial intelligence, data sciences, etc.) established their proof of concept during the pandemic and now have a chance to realise their full potential.

We believe that investors should focus on companies that are leaders in one of these three areas – thus contributing to improving healthcare across the globe and helping address one of the most pressing sustainability challenges.

Kieger's three target areas for impact investing in healthcare

