



Piguet Galland & you. Disruptive Healthcare Equity Certificate

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As the average life expectancy continues to increase globally, the number of people aged 65 or above will more than double over the next 30 years. People in this age group require greater medical attention, which will no doubt lead to soaring healthcare costs – as is already becoming apparent in developed countries. With the Disruptive Healthcare Certificate, you can invest in companies that develop innovative medical services that will help keep a lid on healthcare costs.



Changing lifestyles

In the West, the large baby-boomer generation – people born between 1945 and 1965 – have reached or will soon reach retirement age. The number of people aged 65 and above is therefore on the rise. Members of this generation are more active than their parents and will want to keep up a good standard of living once they retire. They don't just hope to live longer – they also will want to live better. And to achieve this, they will be making full use of the services offered by the healthcare industry.

An exponential rise in healthcare costs

In the USA, a 45-year-old costs the healthcare system USD 5,000 a year. That figure rises to USD 10,000 for someone aged 65, and to USD 25,000 at 85 years of age. Paradoxically, medical advances have actually increased costs: since they bring down mortality rates, more people now require long-term treatment for chronic diseases. In addition, stricter regulations mean that more and more clinical data and evidence are required before new therapies can be approved. The complex process of modifying molecules and producing new ones has also pushed up drug prices. As a result, healthcare costs currently account for close to 18% of US GDP, and that proportion is likely to keep rising.

Equity Certificate

- Disruptive Healthcare

Features

- Currency: USD
- Legal form: Open-ended
- Issuer: BCV
- ISIN: CH0436981986
- Number of stocks: Initially 30
- Management type: Active
- Universe: Healthcare
- Dividends: To be reinvested, with withholding tax deducted in accordance with US tax law.

Daniel Steck is the manager of the Disruptive Healthcare Equity Certificate and our analyst for the Swiss and North American markets. He is also an expert in both US and healthcare equities and manages our Actions Suisse and Actions Amérique du Nord investment funds.

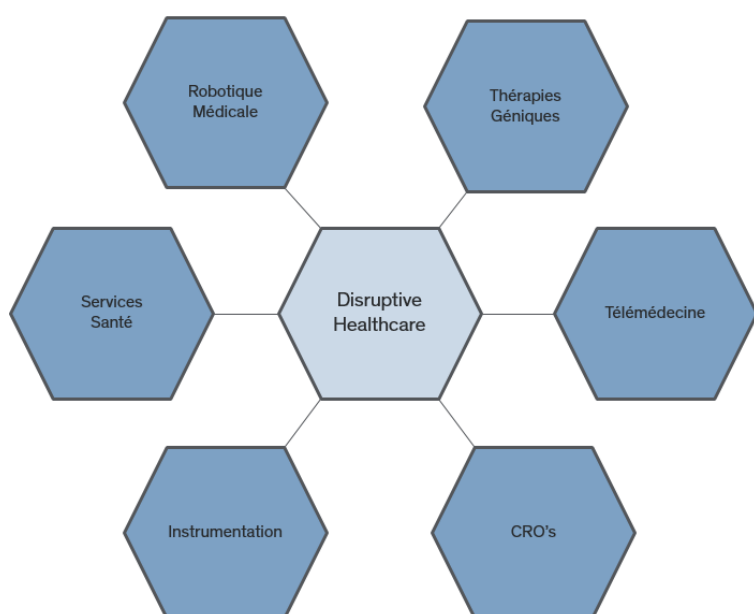
Changes within the pharma industry

Big pharma companies are, of course, aware of the potential offered by current demographic trends.

But even though they have sharply increased their R&D budgets, the number of new molecules approved each year has actually been going down since the year 2000. They therefore need to find new ways of boosting their research productivity.

New technologies to the rescue

The Disruptive Healthcare Certificate invests in companies that seek to meet these many challenges head on. The healthcare sector is still extremely innovative, and the technologies being developed will lead to ever more effective treatments. And new specialties and services will also help to rein in the soaring costs of health care. This will be achieved by simplifying surgical procedures, reducing the length of hospital stays, easing the administrative burden and – further down the line – fully curing patients.



Although the certificate is initially composed primarily of US stocks, we are open to investing in other regions as opportunities arise. But the US market – and therefore the US dollar – will continue to make up the majority of the portfolio.

Some of the areas covered by the Disruptive Healthcare portfolio:

Medical robotics

Medicine has come a long way since endoscopic surgery was first performed in the 1980s. Nowadays surgeons can operate on patients using remote-controlled robots.

Gene therapy

Although gene therapy is still in its early stages, considerable progress has been made since the Human Genome Project, which mapped all of the genes in the human genome, was launched in 1990. This field shows great potential.

Telehealth

In some countries, it's already possible to consult with a doctor remotely. This approach is particularly welcome among elderly patients, and it's a great way of substantially cutting costs.

Contract research organisations

Pharmaceutical companies are making increasing use of contract research organisations, or CROs. These organisations are specialised in designing and conducting clinical trials for drugs in the development stage.

Medical equipment

There have been major advances in lab equipment and diagnostic tools, in response to the sharp rise in R&D costs for pharma and biotech companies.

Comprehensive healthcare services

This business model is very prevalent on the US market. Companies in this field provide a link between physicians, insurance companies, wholesalers and pharmas and therefore help to reduce costs.