



# Thematic Insights Future Health Telemedicine: the New Normal.

J. Safra Sarasin Asset Management  
Q2/2020

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## Commentary from the Portfolio Management Team

### Steep market rebound in the second quarter

Broad-based COVID-19 measures to slow the spread of infection rates were taken by many governments in March, which caused most economic data (e.g. consumer, manufacturing, traffic, energy consumption) to drastically deteriorate in April and May across the globe. Some industries, such as dining, leisure or air traffic, came to a near-standstill. However, since mid-May economic data has been improving, in some early lockdown countries even sharply. Equity markets correctly anticipated this V-shaped recovery, and continued their steep rebound from the market lows of late March. Q2 2020 was one of the best quarters in history for equity investors. As a result, the JSS Sustainable Equity – Future Health continued its strong performance versus peers and the broader market. The fund returned 20.7% (Y USD acc) during the quarter and 7.4% since the beginning of the year.

### Reinforcing the innovation leaders

Since the start of the current COVID-19 crisis we've spent considerable time analysing the virus, its potential health and economic impact, and discussing the portfolio implications. In the early lockdown phase we reduced our medical technology holdings which had substantial elective exposure to surgery. This has paid off since these companies were affected by the de-facto closure of hospitals for non-acute surgeries. At the same time we strengthened our bio-pharmaceutical portfolio exposure to potential vaccine leaders such as Astrazeneca, as well as in manufacturing and process partners like Lonza. We also selectively increased our biotech and specialty pharmaceutical exposure to Vertex and Horizon Therapeutics respectively, since both companies had successfully launched innovative treatment solutions. Triggered by improving economic data we've also reinforced our cyclical portfolio exposure by adding to dental care and health & fitness business models over the recent weeks.

### Cautious optimism going forward

Q1 2020 was the first real test for any equity portfolio in a long time, and in Q2 2020 we experienced another portfolio test when markets snapped back in a fast and furious way. Our fund was resilient in the Q1 downturn and was able to capture the upside in Q2. As a result we outperformed the majority of our peers in both market phases. Going forward we expect improving economic data combined with additional fiscal and monetary stimuli, which should be supportive for equities. However, investors should also be cautious, because in the short term there is high economic uncertainty and many companies have removed their annual guidance. We therefore expect increased market volatility, which will be further triggered by resurging COVID-19 waves across several economies. For the above reasons we stick to our current investment principles to manage a well-balanced, resilient and opportunity-driven portfolio for the long-term benefit of our investors.



**Pierin Menzli**  
Lead Portfolio Manager



**Terence McManus**  
Portfolio Manager

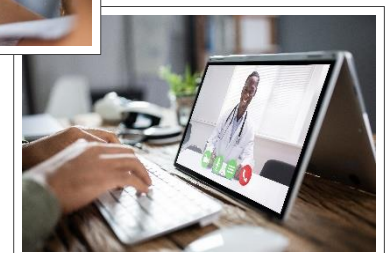
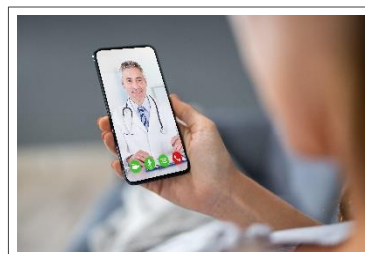


**Tomasz Godziek**  
Portfolio Manager

### Telehealth: Boosted by the COVID-19 crisis

Telehealth has been around for more than 20 years. However, its adoption has been slow due to many barriers such as unfavourable legislation and reimbursement, low service quality, and lack of appropriate technological solutions. COVID-19 has changed this picture dramatically. Doctors' offices were in near-lockdown for months, and patients, physicians, and payors had to either come up with new solutions or upgrade existing services. We have long been advocates of telehealth for economic and health reasons. Now the time is right and investor attention is high. Stay tuned for a short and long-term acceleration.

Learn more about **Telemedicine: the New Normal** in our thematic insights on the next page.



# Telemedicine: the New Normal.



The adoption of telehealth has taken off since the COVID-19 outbreak as patients prefer to get remote medical advice and monitoring rather than visiting doctor offices. This structural trend is expected to stay and push the telehealth market to quadruple in the coming years. Patients, providers and payors will benefit from lower medical costs and better health outcomes. As a result, leading telehealth providers such as Teladoc will expand their remote medical services and it will most probably be one of the winners from this shift towards virtual health care.

## Health consultations are going digital

From traditional consultations

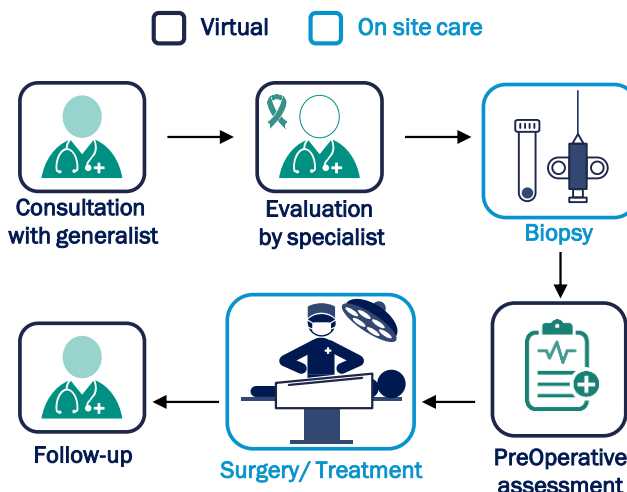


To remote healthcare services – connecting doctors to patients anywhere, at anytime



## Telemedicine: going beyond the first visit<sup>1</sup>

From the initial consultation to the post-operative follow-up

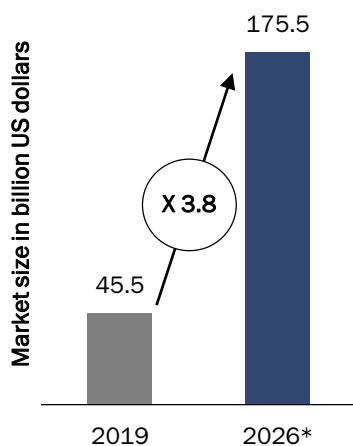


## The market is set to almost quadruple by 2026<sup>2</sup>

Factors driving Telemedicine adoption

- More digital health users
- Demand for convenience
- Improved reimbursement of doctors and patients

Growing Global Telemedicine Market



## Case study: Teladoc – a key player in telemedicine<sup>3</sup>

**Teladoc**  
HEALTH

Delivers care in 175 countries

in 40 different languages

Saving patients on average USD 27'158 for mental health treatment

Delivered over 2 million medical visits globally during Q1 2020

<sup>1</sup> Source: Teladoc, Investor Day May 2020, Patient Journey with breast cancer. <sup>2</sup> Source: Statista.com, Global Market Insights, April 2020. \* Forecast; Information containing forecasts are intended for information purpose only and are neither projections nor guarantees for future results and could differ significantly for various reasons from actual results. <sup>3</sup> Source: Teladoc, Investor Day May 2020; The company presented is provided as an example investment and might not be part of the investment portfolio of the fund. The example is given for illustrative purposes only and does not account for individual circumstances of potential investors. Pictures from Gettyimages





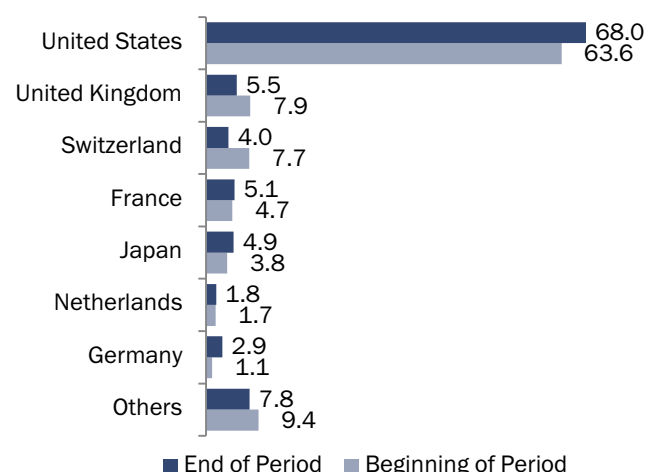
# Allocations Report

## Top 10 holdings (as of 30.06.2020)

Security	Country	Sector	Theme	Weight (%)
Sanofi	France	Health Care	Treatment	3.3%
AstraZeneca	United Kingdom	Health Care	Treatment	3.0%
Thermo Fisher	United States	Health Care	Prevention & Diagnostics	2.9%
Horizon Therapeutics	United States	Health Care	Treatment	2.8%
Vertrex Pharmaceuticals	United States	Health Care	Treatment	2.8%
Medtronic	United States	Health Care	Treatment	2.7%
Danaher	United States	Health Care	Prevention & Diagnostics	2.7%
LHC Group	United States	Health Care	Infrastructure & Technology	2.6%
Reckitt Benckiser Group	United Kingdom	Consumer Staples	Prevention & Diagnostics	2.5%
Anthem	United States	Health Care	Infrastructure & Technology	2.5%
<b>Total</b>				<b>27.7%</b>

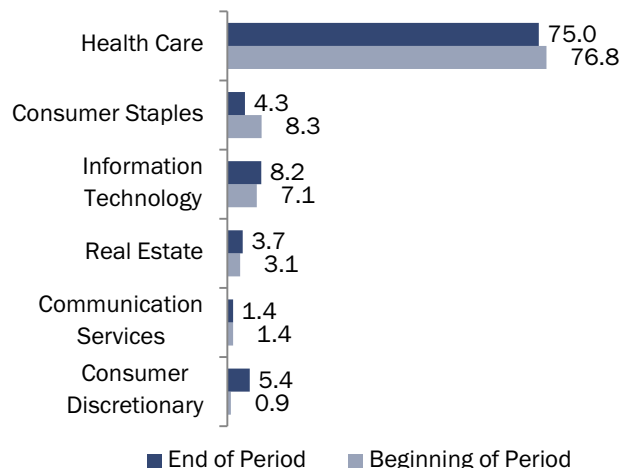
### Geographical allocation in%

(Period: 01.04.2020 – 30.06.2020)



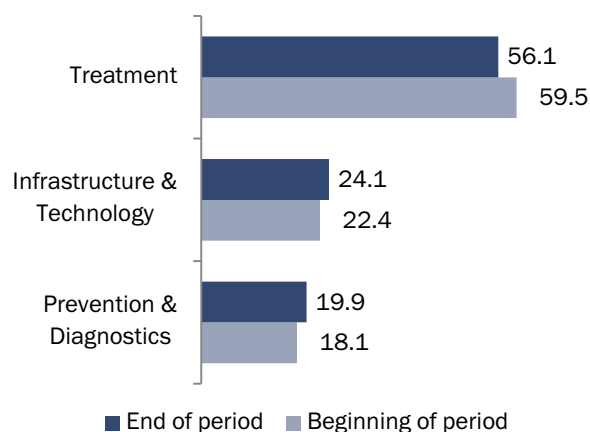
### Sector allocation in%

(Period: 01.04.2020 – 30.06.2020)



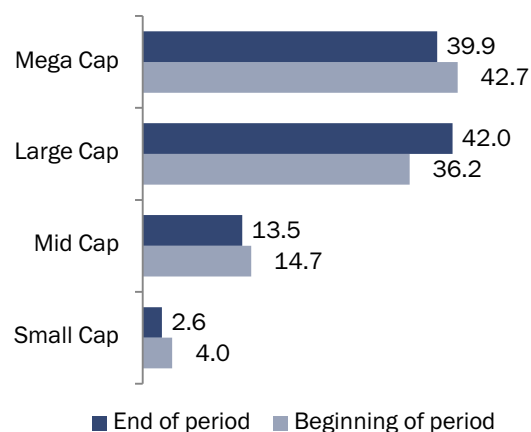
### Thematic allocation in%

(Period: 01.04.2020 – 30.06.2020)



### Size allocation in%

(Period: 01.04.2020 – 30.06.2020)



Source: Bank J. Safra Sarasin Ltd, Datastream, Bloomberg, as of 30.06.2020. Allocations may change without notice.

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