

HEAD TO HEAD



Will healthcare investing see new life in 2020?

While the sector struggled in 2019, the COVID-19 pandemic could shine a new light on healthcare investments



Michael Dehal

SVP and portfolio manager

Dehal Investment Partners, Raymond James

“With recent events of the COVID-19 pandemic, healthcare investing has come to the forefront, and I believe we could see this sector grow. As pharmaceutical companies look for vaccines for this virus and potentially others, we could see more focus on clinical research and development, better preparedness from healthcare providers on equipment and supplies, and possibly increased spending from governments and the private sector into healthcare.

With an aging population and the need for greater healthcare resources, we could see more technological advancement in pharmaceuticals and surgical areas. As a result, we could see healthcare investing grow this year and moving forward.”



Paul MacDonald

CIO

Harvest Portfolios

“Structural growth in the healthcare sector is driven by investment themes of the global aging population, technological innovation and increased health expenditures in developing economies.

Investor sentiment remained weak in much of 2019 due to political comments indicating potential extreme structural changes. Views between – and within – the US parties differ widely, making implementation of extreme policy changes difficult. Sentiment improved in Q4 2019; this may continue as concerns surrounding extreme proposals subside, coupled with robust financial performance and attractive valuations. Volatility around political posturing represents an opportunity for medium-term investors to increase exposure.”



Maria Pacella

SVP of private equity and portfolio manager

PenderFund

“COVID-19 is changing the way we live and work. Healthcare is being forced to innovate, but we already have many tools. Artificial intelligence can quickly and cost-effectively screen existing and developmental drugs, robotics can be used for everything from diagnostic testing to treating patients in hospital, and 3D printing can create personal protective equipment. However, for innovation to thrive in healthcare, there must also be solutions to drive efficiencies in coordinating and improving standards, procurement, and delivery.

The healthcare investing space has shifted dramatically. Many of these innovations being developed here in Canada offer promising investment opportunities.”

REASONS FOR OPTIMISM

Deloitte’s 2020 outlook on the healthcare sector outlined several challenges, including growing healthcare costs, changing patient demographics and evolving consumer expectations. However, Deloitte also pointed out the opportunities in the sector – financial operations and performance improvement, care model innovation, digital transformation and interoperability, and the future of work will all impact healthcare and create new opportunities for investment. With healthcare spending expected to rise at a compound annual growth rate of 5% between 2019 and 2023 (a forecast made prior to the COVID-19 outbreak), these opportunities could drive more investment in the sector.