

HEALTHCARE: DURING AND AFTER THE PANDEMIC

THE MONTHLY RESEARCH CONFERENCE CALL

MODERATOR:

Jim Kelleher, CFA

Director of Research

Wednesday, April 7, 2021

11:00 a.m. ET

■ **Healthcare: During and After the Pandemic**

- Jim Kelleher, CFA, Director of Research
- David Toung, Senior Security Analyst
- Jasper Hellweg, Security Analyst

■ **Portfolio Selector-Focus List New Additions**

- Southwest Airlines: leading leisure-travel airline
- Dell Technologies: positioned for office restaffing
- eBay Inc.: established Amazon rival
- Weyerhaeuser Co.: lumber price beneficiary
- Find Portfolio Selector under Portfolio Strategy on our website

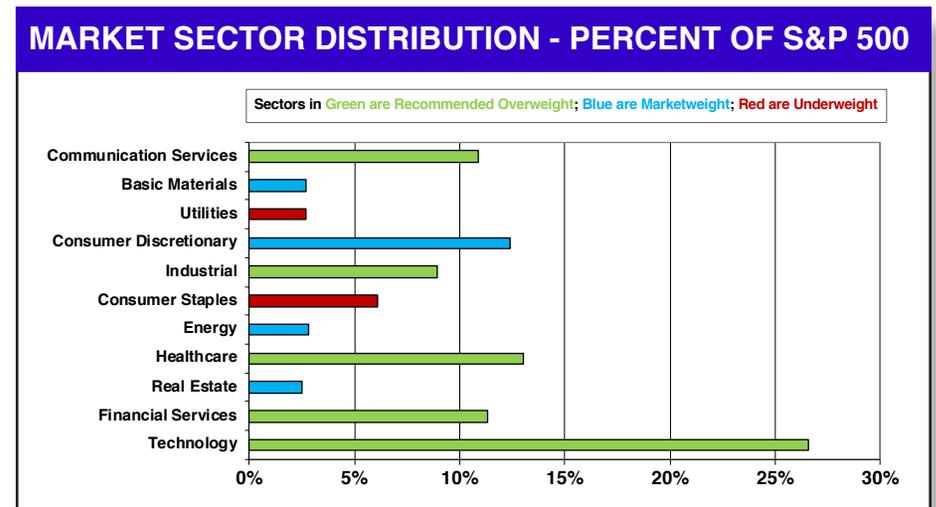
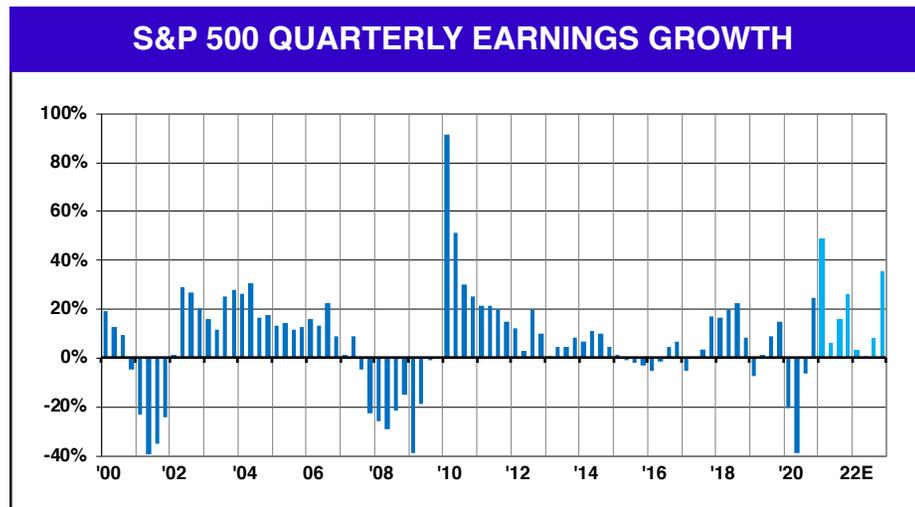
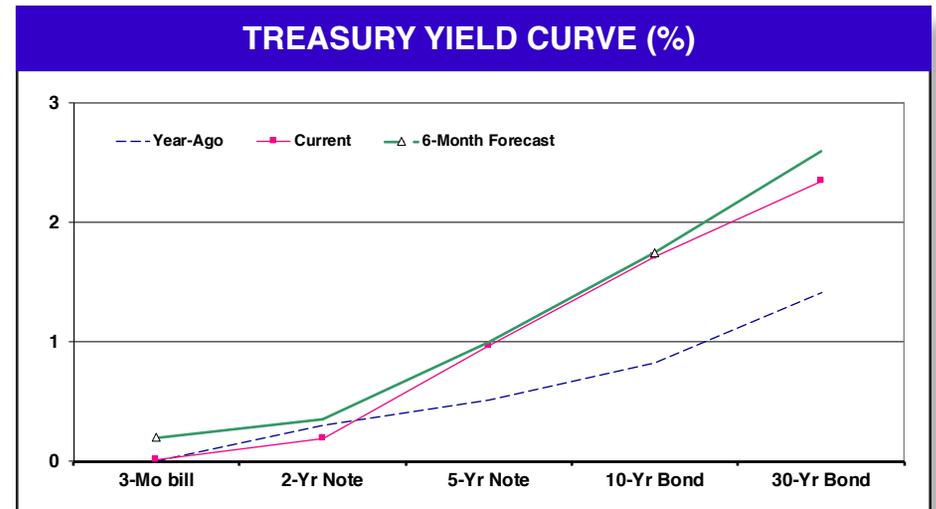
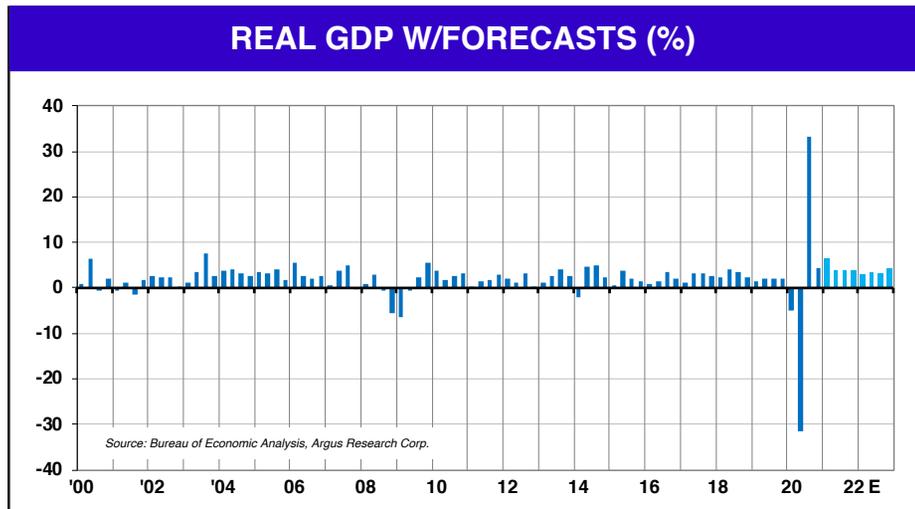
■ **Argus Quick Notes**

- Shooting Stars & Falling Angels of 1Q21
- Infrastructure Stocks
- Communication Services Stocks
- Defining Millennials
- Find these on the homepage of our website

■ **Argus Innovation Portfolio**

- USA is home to entrepreneurs and innovation
- Pandemic economy recovers as digitization accelerates
- Innovative companies monetize ideas into products
- Innovation is a consistent predictor of profits growth
- Find our Theme Portfolios under Portfolio Strategy on our website

MACRO FORECASTS

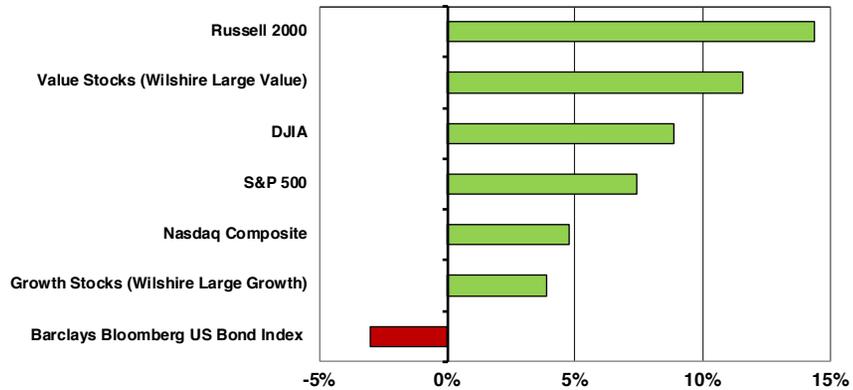


MARKET PERFORMANCE

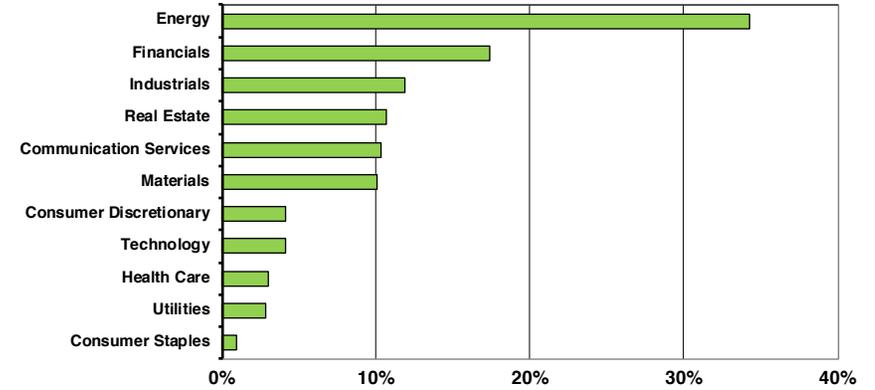
DATA AS MARCH 31, 2021



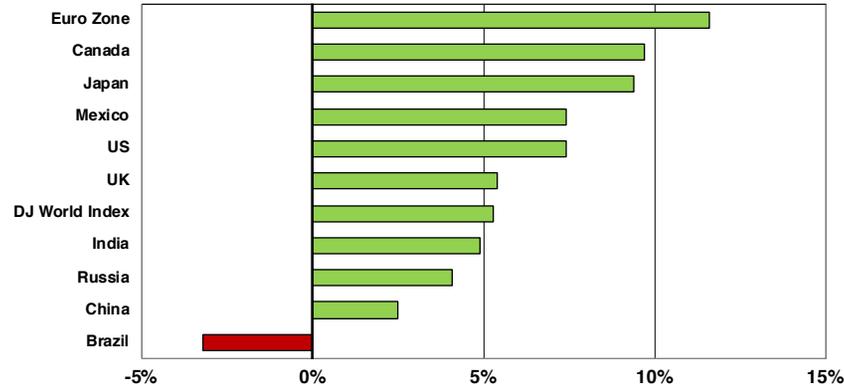
MAJOR INDEX



SECTOR



GLOBAL EQUITY MARKETS



■ The Healthcare sector accounts for 15% of the S&P 500

• Performance

- » Life Sciences and BioTech sub-sectors led performance. XBI ETF +87% over past 12 months, vs. 63% for S&P 500.
- » Medical Device sub-sector lagged as elective procedures were deferred.
- » We see Med-Device sector returning to growth as procedural volume normalizes.

• Recent Trends

- » Companies are focused on race to develop and distribute COVID-19 vaccines and treatments .
- » Campaign against COVID-19 will be multi-year, extending beyond 2021, leading to sustained demand for equipment and supplies that support biotech industry.
- » Success of mRNA technology shows this platform can be used to quickly develop vaccines against other viruses and against cancers. Companies are addressing demand, providing gene sequencing equipment, outsourced manufacturing, and cellular components.

• Looking Ahead

- » Elective procedures, such as for orthopedic knees and hips and defibrillators, will not be deferred indefinitely as devices can improve quality of life.
- » Political outlook – risks of regulations or legislation to curb high drug prices. We continue to monitor developments in Washington.

■ Stryker (SYK: BUY)

- Stryker has industry-leading robotics-assist platform for orthopedics.
- Mako Robotics system drives increased market share for replacement hips and knees.
- Recovery in elective procedural volume, M&A, new product launches and robotics will drive growth in 2021.
- Price target is \$265.

■ Johnson & Johnson (JNJ: BUY)

- **J&J is ramping up production of its COVID-19 vaccine. Vaccine has advantages of being a single dose, storable at refrigerator temperature, and being effective against variants.**
- **J&J expects to deliver 100 million doses by end of May and one billion doses by end of 2021.**
- **Besides vaccine, we see recovery in the Medical Device segment, driven by recovering procedural volumes. A broad commercial pharmaceuticals and biotech portfolio, along with a robust pipeline, is another driver for growth in 2021.**
- **Our price target is \$180.**

■ **Thermo Fisher Scientific Inc. (TMO: BUY)**

- **Surging demand for research instruments and testing reagents is driving robust topline and EPS growth.**
- **Thermo has multiple irons in the fire to combat COVID-19 as its customers are developing vaccines, treatments and testing solutions.**
- **Beyond COVID-19, Thermo is serving the global biotech industry in research, drug development and manufacturing services.**
- **Target price is \$530.**

■ IQVIA (IQV: BUY)

- **IQVIA is the world's largest provider of biopharmaceutical development services and commercial outsourcing services.**
- **It recently acquired the remaining interest in Q2 Solutions, a global laboratory services organization that provides solutions for clinical trials, prompting the company to raise its 2021 guidance mid-quarter.**
- **Aside from its M&A activity, IQVIA is poised to benefit in 2021 from the ongoing rollout of its Orchestrated Customer Engagement (OCE) and Orchestrated Clinical Trials (OCT) platforms, a spate of new clinical trial startup activity and the resumption of business development programs, and a substantial backlog.**
- **Price target is \$220.**

■ **Illumina (ILMN: BUY)**

- **Illumina provides sequencing and array-based solutions designed to accelerate and simplify genetic analysis.**
- **Viral surveillance, which can be performed using its sequencers, is increasingly recognized as an effective and important tool to track the spread and mutation of infectious diseases.**
 - » This is not only key to assessing the risk of reopening businesses during the current pandemic and predicting the scope of potential waves of viral resurgence, but also as scientists reformulate vaccines to target new mutations that could render previous formulations ineffective.
- **It is also involved in a range of projects utilizing comprehensive genomic profiling (CGP), which holds promise in the identification of targeted medicines for specific cancers.**
- **While its proposed acquisition of cancer-testing firm Grail faces federal challenge, we believe that the market's reaction to the news was overly stark given Illumina's scope of involvement within the space and the company's sharp focus on innovation.**
- **Our price target is \$500.**

DISCLAIMER



The Argus trademark, service mark and logo are the intellectual property of The Argus Research Group, Inc. Investing in any security or investment strategy discussed in this presentation may not be suitable for you and it is recommended that you consult an independent investment advisor. Investments involve risk and an investor may incur either profits or losses. Past performance should not be taken as an indication or guarantee of future performance. Argus officers, employees, agents and/or affiliates may have positions in funds or stocks discussed in this presentation. The opinions and information contained herein have been obtained or derived from sources believed to be reliable, but Argus makes no representation as to their timeliness, accuracy or completeness or for their fitness for any particular purpose. Argus shall accept no liability for any loss arising from the use of this presentation or the materials contained in this presentation.