
HEALTH INNOVATION: IT'S TIME TO RETHINK WHAT THE WORD 'HEALTHCARE' MEANS

Julia Angeles, Rose Nguyen and Marina Record, portfolio managers of the Baillie Gifford Health Innovation Strategy, outline their investment thesis in a world where healthcare is changing rapidly

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Julia Angeles (JA):

So, why we are here. This is the oldest surviving surgical theatre in Europe. It was built in 1822, well before the discovery of antiseptics and anaesthetics.

Rose Nguyen (RN):

Fast-forward two centuries, and the face of healthcare has completely changed. The pace of innovation is accelerating faster than ever.

Marina Record (MR):

That is down to a powerful convergence of different fields of science and technologies, each experiencing accelerating progress. We call this, The Great Convergence.

JA:

Most of the ground-breaking innovation is happening at the convergence of different technologies and disciplines. And this is exactly what's happening in healthcare now. A convergence between technologies, such as genome sequencing, machine learning, gene editing, material sciences, and many other technologies allow us to entirely rethink how we approach health.



MR:

These technologies were confined to academic labs just ten years ago. Today, they are making their way into everyday healthcare.

RN:

An example to illustrate The Great Convergence is gene sequencing. The cost of gene sequencing has declined at a dramatic rate, and this has allowed us to collect a vast amount of genetic data that is crucial to understanding the biology of many human diseases.

JA:

In order to take advantage of a Great Convergence, we decided to start Health Innovation that invests in a small number of truly exceptional companies.

MR:

We look for 25 to 50 of the most transformative companies that we believe have the greatest potential to transform healthcare around the world.

RN:

For example, Edwards Life Sciences is a US medical technology company, which has pioneered a new approach to solve heart diseases.

JA:

Companies like Moderna is rethinking how we approach infectious diseases.

MR:

Companies like Illumina and 10x Genomics are allowing us to understand and pinpoint the genetic and molecular causes of disease.

RN:

argenx is a Belgian, biotech company that is developing new therapies for autoimmune diseases.



MR:

Companies like Elekta, Denali, and Sage are transforming our approach to treating diseases of the brain.

JA:

Ionis addresses a really debilitating disease called Spinal Muscular Atrophy. And Genmab gave us a promise that blood cancer like multiple myeloma, could be transformed to become a chronic condition rather than a deadly sentence. While companies like ALK-Abelló are reimagining how we approach allergies. We feel that we are very much insiders of the health innovation ecosystem.

Because we believe that relationships with entrepreneurs, thought leaders, academics really help us to identify new trends, a new wave of change in health. So, we aim to identify companies at the early stage of their evolution because we believe that would maximise return for our clients.

RN:

Our investment horizon extends beyond five years. Long-termism is very important. As investors, we are willing to support our holding companies to achieve their maximum potential, even if that takes years.

MR:

We are at the start of a transformation in healthcare that has the potential to unlock tremendous value for society and for investors.

RN:

There is solid foundation to believe that biology can move from alchemy and randomness to become a more predictable deterministic and repeatable science.

JA:

We believe that investing in the health innovation strategy will not only provide an opportunity to really change how medicine is practised all around the world, but also generate attractive returns for our clients.



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