


## MARKET INSIGHT

May / June  
2020





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<sup>1</sup> World Health Organization - Key Facts - <https://www.who.int/fr/news-room/fact-sheets/detail/sanitation>

<sup>2</sup> World Health Organization - Private Organizations for Patient Safety (POPS) - May 2012 - <https://www.who.int/gpsc/pops/en/>

<sup>3</sup> UNICEF - Global Handwashing Partnership - 2017 - <https://globalhandwashing.org>

# LESSONS FROM THE COVID-19 CRISIS FOR INVESTING AND THE BROADER ECONOMY

Taking a step back from the human dimension of the health crisis, and amid dramatic intervention by governments and central banks to avoid widespread bankruptcies, the Covid-19 pandemic has revealed several key underlying trends. Opinion varies between the need for a complete overhaul of the current economic system, and a return to business as usual, so what are the fundamental profound changes this crisis will bring about? Two key trends appear to be emerging: the global hygiene and healthcare economy, along with an unavoidable disruption in our lifestyles, particularly our relationship with time and space.

## INVESTING IN THE HYGIENE AND HEALTHCARE ECONOMY

The crisis has served as a reminder that hygiene is a key economic, social, cultural and political issue. According to the World Health Organisation (WHO)<sup>1</sup>, over 45% of the global population do not have access to efficient hygiene services and more than 40% are unable to wash their hands at home. More than two billion people globally do not have basic sanitation facilities. The food consumed by over half of the world's population comes from wholesale markets with questionable hygienic conditions, and at least 10% of the global population eat food products irrigated by waste water. In many countries, lockdown measures are impossible to implement, particularly in overpopulated areas, many of which are insalubrious.

Therefore, it is crucial and pertinent to invest in the hygiene and healthcare economy for the long term. In its 2012 study<sup>2</sup>, the WHO demonstrated that every euro invested in hygiene returns 5 euros, by reducing the number of premature deaths and healthcare costs, and also by increasing productivity. Where parents neglect to teach their children basic hygiene concepts such as handwashing, schools often fulfil this role instead. A

UNICEF study carried out in 2017<sup>3</sup> in China highlighted that soap distribution in primary schools would reduce certain diseases and therefore decrease absenteeism among pupils.

The origin of this crisis also further shows how global warming, declining biodiversity and massive deforestation destabilises ecosystems and increases the risk of further tropical pandemics in years to come, hence the need to drastically step up global hygiene measures on a sustainable basis.

Investing in these sectors is possible through a number of listed companies. These include the pharmaceutical groups that are actively involved in searching for a vaccine against Covid-19, along with medical equipment and screening test manufacturers. There are also specialist companies producing or recycling hygiene products, many of which still all too often have single-use plastic packaging, as well as the infrastructure sectors, such as waste water management networks. It is also to be hoped that in certain countries, including the US where much of the population lacks sufficient health insurance cover, there will be greater awareness of the importance of investing in fairer and more universal health insurance systems.

## LIFESTYLE DISRUPTION

Once the epidemic has receded, will we see the emergence of a new workplace and lifestyle paradigms?

New practices adopted during the crisis, such as spending more time with our loved ones, getting closer to nature, cooking, enjoying meal times and reducing travel to only the most essential journeys will still have their uses when the crisis passes. The discovery of the virtues of remote working will have many benefits, including reducing commuting time spent on overcrowded public transport and decreasing the use of

polluting fuels. The crisis has also enabled us to use new technologies more efficiently to gather information, to teach or learn and also to diagnose and cure, while improving our broader cultural education. When social distancing is required, digital solutions enable us to keep in touch. The pandemic is also lifting many constraints and is accelerating the digital transformation of the economy.

Many listed securities provide investment exposure to these new structural trends, including companies developing software for remote working, medical and educational solutions, along with those specialising in cloud software and infrastructure. Wall Street did not take long to focus on stocks abiding by the new "stay at home" adage. These include a broad range of companies benefitting directly from the crisis, such as Netflix, Zoom, Slack, Activision Blizzard, New York Times, Spotify, Sonos, Citrix, Amazon, Blue Apron, Alibaba and Campbell Soup. Many companies will also have to make their supply chains more secure by relocating part of their production and overhauling their logistics networks. Lastly, jobs losses among traditional retailers may become permanent if the epidemic accelerates the switch towards e-commerce.

The crisis has highlighted a number of structural problems within our economies and will accelerate the pace of change. We can reflect on these changes and invest in them now for the long term. This crisis may also prompt more serious consideration to one of the few truly rare commodities in this world with genuine value: namely, time. This means time spent in our daily lives, which we must no longer waste on futile or useless pursuits. It also means time spent collectively, which we can preserve by prioritising benevolence and solidarity with the most fragile populations, along with cooperation between countries, and greater emphasis on respecting and preserving the environment.

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