

Portfolio Company Review: Focusing on the Novel Coronavirus | Public Investments

As the economy has been disrupted by COVID-19 and social distancing, we have seen several companies adjust their business models and practices, and other companies emerge altogether, to focus on the novel coronavirus. We seek to highlight some notable investments that focused on the virus across our client portfolios. We hope not only to provide transparency regarding topical business developments, but also to start a conversation and learn from clients and colleagues about companies and organizations in your network that are accelerating innovation that could help slow the virus.

Below are investments to which our clients have exposure from their investments in Brown Advisory long only equity strategies:

Thermo Fisher Scientific (NYSE: TMO): Thermo has an FDA-approved test for the diagnosis of COVID-19 in patients. The test works on the company's real time PCR system (polymerase chain reaction machine) and has a turnaround time of four hours. The company plans to build a testing capability of 5 million tests per week. Thermo Fisher Scientific's NGS (Next Generation Sequencing) assays are helping identify the genomic sequencing of COVID-19, which we believe increases the chance of development of an effective vaccine. Further, the company's Fisher distribution channel supplies masks and consumables to hospitals, pharmaceutical companies and academic centers.

Danaher (NYSE: DHR): Danaher's Cepheid business has FDA approval to use Xpert Xpress SARS-CoV-2 (a rapid molecular diagnostic test for qualitative detection of COVID- 19). The test has been designed to operate on any of Cepheid's more than 23,000 automated GeneXpert Systems worldwide, with a detection time of approximately 45 minutes. Further, DHR's IDT (Integrated DNA Technologies) business produces a key component for DNA analysis of patient samples—a primer and a probe kit. The company has scaled up manufacturing to test 5 million samples a week.

Illumina (NASDAQ: ILMN): The company's NGS (Next Generation Sequencing) assays are playing a key role in helping identify the genomic sequencing of COVID-19 to better understand any changes or its variants. This information is expected to be important in the development of effective vaccines or medications to contain the virus.

Bio-Rad Laboratories (NYSE: BIO): Bio-Rad Laboratories' droplet digital PCR system, QX 200, has been shown to have a higher level of sensitivity and specificity relative to other PCR based testing, thus enabling greater accuracy in diagnosis. It is working with a partner (Biodesix in Colorado) to get its test approved by FDA.

MSA Safety (NYSE: MSA): MSA has ramped production of reusable respirators and SCBAs (self-contained breathing apparatus) that helps protect individuals from the novel coronavirus, as well as face and eye protective wear.

Estee Lauder (NYSE: EL): Announced it would start producing hand sanitizer.

Amazon (NASDAQ: AMZN): Amazon has created an entire blog to highlight its response. Amazon Web Services is helping government agencies scale. The company is also helping people with groceries and has donated millions of the dollars to various organizations. The list is long.

Conagra Brands (NYSE: CAG): Has donated over 16 million meals to Feeding America— one of the company's national partners and the largest hunger relief organization in the U.S.

Bright Horizons (NYSE: BFAM): Announced it will do everything in its power to not close centers that support health care workers' childcare needs during the crisis.

Johnson & Johnson (NYSE: JNJ): Received pre-approval to work on a vaccine (a preventative measure) in early January. The latest update is that human trials are expected to begin sometime around November of this year, which should be sped along by an existing vaccine platform (used during the Ebola crisis).

Gilead Sciences (NASDAQ: GILD): The company received pre-approval and is working on a treatment (a reactive measure once you have the infection). Remdesivir (the treatment) is currently being used in randomized trials in China and in the U.S. Results are expected to come in within the coming weeks. It is a nucleotide-analog that is supposed to disrupt the viral replication process, designed originally for the Ebola outbreak years ago, but was later discontinued.

Roche Holding (RHHBY): Testing diagnostic tests on its cobas® platform (roughly 400,000 swab-test kit deliveries to the U.S. per week target, beginning in mid-March). The company received pre-approval for the use of Actemra (an IL-6-targeting-antibody that is currently approved for rheumatoid arthritis). Actemra may have possible efficacy on the pneumonia-like symptoms caused by COVID-19.

Medtronic (NYSE: MDT): Increasing its ventilator production—manufacturing is currently ramped 40% above normal capacity and the company has ongoing plans to continue increasing its output.

UnitedHealth (NYSE: UNH): UnitedHealth waived COVID-19 diagnostic testing co-pays. The company is waiving some early-refill restrictions for prescription drugs for most chronic conditions, which allows individuals to refill their prescriptions earlier than scheduled or extend a typical one-month supply to three months. This past week, it began a limited roll-out of self-administered swab test diagnostics (which do not have to be done at a health care site), after a 500-patient study suggested it was just as accurate as a physician-administered test.

Anthem (NYSE: ANTM): Anthem has waived COVID-19 diagnostic testing copays. The company is waiving some early-refill restrictions for prescription drugs for most chronic conditions, which allows individuals to refill their prescriptions earlier than scheduled, or extends a typical one-month supply to three months.

Bank Rakyat and HDFC Bank have talked about their respective regulators relaxing norms on nonperforming assets and are directing banks to work with stressed borrowers on easier repayment/restructuring terms.

Ecolab (NYSE: ECL): Increased hand sanitizer production by five times.

Stericycle (NASDAQ: SRCL): Helping customers stay up to date on medical waste disposal requirements for COVID-19. The company is preparing for increased demand.

Ball Corporation (NYSE: BLL): Keeping its full network running as a critical part of the food chain.

Delta Air Lines (NYSE: DAL): Flying medical professionals around the country for free.

Fortive (NYSE: FTV): Recently purchased Advanced Sterilization Products (a hospital sterilization business).

Microsoft (NASDAQ: MSFT): Microsoft is providing Healthcare Bot service, which the CDC used for its COVID-19 assessment bot. This tool helps frontline organizations respond to patient questions more efficiently. Additionally, the company is working with Adaptive Biotechnologies to conduct a virtual clinical study on those diagnosed with COVID-19.

Google (NASDAQ: GOOG): Alphabet company Verily is working with the California Governor's office to help establish local testing sites in California for those that were deemed "high risk," based on Alphabet's internally developed online screening survey.

ServiceNow (NYSE: NOW): ServiceNow is giving away four emergency response applications to companies and communities. One application (Emergency Response Operations) helps optimize staff and resources to support emergency response at public agencies and other organizations.

Facebook (NASDAQ: FB): Facebook has built the Coronavirus Information Center on Facebook to provide a central place for people to receive real-time updates from global health organizations and other content relevant to their local communities.

Salesforce.com (NYSE: CRM): Salesforce.com launched Salesforce Care for Healthcare, which is expected to be deployed at zero charge for six months. The product supports health care systems that are responding to the crisis by providing HIPAA compliant contact center solutions and other tools to help better serve communities.

Disclosures

The views expressed are those of the author and Brown Advisory as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. Past performance is not a guarantee of future performance and you may not get back the amount invested.

The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. To the extent specific securities are mentioned, they have been selected by the author on an objective basis to illustrate views expressed in the commentary and do not represent all of the securities purchased, sold or recommended for advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client.

Any business or tax discussion contained in this communication is not intended as a thorough, in-depth analysis of specific issues. Brown Advisory does not render legal or tax advice. Prior to making an investment decision, a prospective investor should consult with its own legal, tax, accounting and other advisors to determine the potential benefits, burdens, and other consequences of such investment.

The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. The information in this document has not been independently reviewed or audited by outside certified public accountants. The information provided is not intended to be a forecast of future events or a guarantee of future results. Past performance is not indicative of future performance.