

## Evolve Global Healthcare Enhanced Yield Fund

LIFE invests in top global healthcare companies, with the added value of a covered call strategy applied on up to 33% of the portfolio. Covered call options have the potential to provide extra income and help hedge long stock positions.

As at January 29, 2021



**TICKER:** LIFE (Hedged); LIFE.B (Unhedged); LIFE.U (USD)

### MACROECONOMIC HIGHLIGHTS:

Eli Lilly & Co announced a 41.5% rise in fourth-quarter profits in January, on the back of higher demand for its diabetes drugs and a successful launch of bamlanivimab, its COVID-19 antibody therapy. Net earnings rose to \$2.12 billion and the company had worldwide revenue of \$871.2 million for Q4 2020. Eli Lilly released results of a late-stage trial showing that treatment with a combination of two of its antibodies helped reduce risk of hospitalizations and death due to COVID-19 by 70% in high-risk patients. Patients who received the antibody therapy had a statistically significant reduction in viral load and faster resolution of symptoms than those who received a placebo.

Johnson & Johnson announced at the end of January that its vaccine is 85% effective at preventing severe cases of COVID-19, and 66% effective overall at preventing moderate cases of the disease. The FDA is currently reviewing the results of the clinical trials and will make its determination in late February about whether or not the vaccine should be approved. If approved, the Johnson & Johnson vaccine could become available in the United States as soon as March. J&J has promised 100 million doses to the United States by the end of June.

The Johnson & Johnson vaccine's primary difference from the Moderna and Pfizer-BioNTech vaccines is that it requires only one shot and can be stored in a standard refrigerator for storage up to three months. The previously approved vaccines each require two shots, given weeks apart, and must be kept in ultra-cold storage that limits the number of facilities that can carry and dispense those vaccines. As an easy-to-use-and-store vaccine, the Johnson & Johnson vaccine could potentially protect hundreds of millions of people around the world from serious and fatal outcomes of Covid-19.

Thermo Fisher Scientific Inc., a holding of the Fund, had a busy January as it announced several acquisitions.

Mesa Biotech, Inc., a privately held molecular diagnostic company, was acquired for approximately \$450 million in cash, and a potential additional \$100 million upon completion of certain milestones. Mesa Biotech has developed and commercialized a PCR-based rapid point-of-care testing platform for detecting various infectious diseases, including SARS-CoV-2. This patented technology expands





the availability of PCR-based rapid testing to point-of-care diagnostics. The San Diego, CA-based company has approximately 500 employees and 2020 revenues of approximately \$45 million.

Thermo Fisher also acquired Henogen S.A., Novasep's viral vector manufacturing business for approximately \$877 million in cash. Novasep provides contract manufacturing services for vaccines and therapies to biotechnology companies and large biopharma customers. The Belgium-based company has approximately 400 employees and 2020 revenues of approximately \$95 million.

Thermo Fisher also announced an extension and expansion of its SARS-CoV-2 GlobalAccess Sequencing Program, begun in May 2020. In light of new COVID-19 variants of concern emerging from the UK, South Africa, and Brazil and beginning to spread quickly around the world, Thermo Fisher Scientific is expanding access to its next-generation Ion Torrent Genexus System and Ion GeneStudio S5 Series sequencers at subsidized prices to help accelerate multi-institutional efforts to analyze new strains of the virus and mapping coronavirus transmission.

## PERFORMANCE ATTRIBUTION:

The top-performing stocks in the fund for January were Eli Lilly & Co., followed by Abbott Laboratories, and Thermo Fisher Scientific Inc. The Fund's largest exposure to stock by weight was to Eli Lilly & Co., followed by AbbVie Inc., and Johnson & Johnson.

## SOURCES:

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