

The new “value”: The Biotechnology

ESG is spoken of as the megatrend of the present, but caring for the environment, the E of the acronym ESG, is more than a trend, it is a necessity. COVID 19 has shown many things, but I think the most important is that damage to nature may not generate new viruses, but it does make us more vulnerable to them. To fight against these new diseases we will have to respect nature more, but also and with as much zeal or even more, we will have to defend ourselves against them in a different way. We will need new weapons, and these weapons are what biotechnology provides us, which if it was already a great investment idea, has now become essential in any investor's portfolio.



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Whoever is a regular in my column may perhaps see an excessive fondness for the world of pharma. But hey, I'm no different from other fund managers, I like what I like and I only like what I understand. The rest I leave for others.

My academic scientific training clearly generates a love in me but, believe me, in this case it is not because of that. We are hearing every day that you are going to see shortly an investment move from growth stocks to value stocks, and could anyone tell me who is going to be more value than the companies whose research is going to be? the bulwark against the possibility of new, if not pandemics, yes epidemics?

It is said that the greatest advance for humanity was the discovery of fire and then that of the wheel. I disagree, after the fire comes the penicillin.

"After the fire, the greatest advance of humanity has been the discovery of penicillin"

Penicillin meant a decrease in mortality never experienced up to that moment and the beginning of a career that has led us to what until recently was an entelechy and, more and more, is more a reality: *personal medicine*.

Personalized medicine begins to be achieved the day the human genome is sequenced. Since in 1953, while working at Cambridge University, the American Watson and the British Crick, both molecular biologists, described the double helix of DNA, molecular biology has had one primary objective: sequencing the human genome. Thanks to these works, its complete sequencing was achieved in 2003, and since then almost every day scientific articles have been published that describe the expression of some of the approximately 30,000 genes that compose it.

Since then, it has been discovered that many diseases that we knew about and whose origin was imprecise, are really genetic diseases, that is, caused by the

expression of some or some genes that are in the genetic material located in our cell nucleus.

"Discoveries about the expression of genes that make up our genome are published almost every day"

Let us not forget the importance of these discoveries in the fight against the current pandemic. Without a doubt, the vaccines that are not only more efficient but also more rapidly modifiable against SARS COV 2, the virus that causes COVID 19, are gene vaccines, such as that of Pfizer, Moderna or the next to hit the market from the German CureVac. Vaccines based on modified mRNA.

These vaccines have been developed not only because a new technique has been developed, but also because the virus genome has been sequenced in record time. For what just ten years ago would have taken two months, the teams of Dr Holmes in Sydney and Dr Yong-Zhanf in Shanghai took just two hours. The virus genome was sequenced just ten days after the Wuhan public health commission published the first alert on December 31, 2019.

"The drugs of the future will be based on the personalization of medicine, and will be or are monoclonal antibodies"

Human genetic mapping has allowed the development of the drugs of the future, which are the ones you may have already heard about: ***monoclonal antibodies***. A monoclonal antibody is a direct shot to the cause of a disease.

So that neophytes can understand it. When we get sick from the throat because of a bacteria, the typical treatment is amoxicillin, the same antibiotic that is used if the infection is urinary tract, since it is what is called a broad spectrum anti-biotic. In vulgar language, we kill flies with cannon shots.

Come on, that's fine, but in this way we are generating bacterial strains resistant to antibiotics, with which our enemies are creating specific shields against our weapons. That is, we shoot mostly with pellets, when the ideal would be to use precision rifles. And the same happens with many cancers, the drug used is not as specific as it should be, and the patient gets worse instead of getting better.

So how is this fixed? Well, with specific medications for each one of us, which requires two things: first that we know the genes that each of us has, and second that we know how they are expressed. The second is usually common for all humans who have that gene, but not all of us have the same ones, so we will have to know them, and that is only done in one way, through a specific genetic analysis.

"In the future we will not have a general genetic mapping but we will do constant genetic analysis"

Let no one believe that in the future we are going to have the Larrouse encyclopedia at home (perhaps young readers do not know what this is, so they can ask their parents, they will surely know) of our genome, but each every time we suffer from a disease, we will do a specific genetic analysis looking for whether we have one or the other genes and depending on the existence of these or not, and their expression or not, we will use a specific drug for that expression of the disease.

And what advantage is there for the researcher? Well, whether or not the patent expires is irrelevant to the holder of it, because neither the machinery nor the knowledge is easily copied.

Thus, we can conclude that pharma are the "value" values of the future, near and far. Companies that are going to be at the forefront and are going to be in the eye of the hurricane not only in the next decade, but in the next decades. And the most valuable pharma will be those that are focused on this new type of drug as well as genetic analysis.

And who are these? Well, without a doubt, the leaders, because their manufacturing capacity has been shown to be critical. But among them one, the American bio-technology **AMGEN**. This biotech has it all: it is large, that is, it has manufacturing capacity and is a leader, which means it has research capacity. As an example, *Eli Lilly*, one of the ten major pharmacies in the world, has been forced to partner with AMGEN so that it can manufacture one million doses of its cocktail of monoclonal antibodies against COVID 19.

And what other companies will be leaders? Those that do massive genetic analysis, and here a company stands out, these days in the spotlight, not in the spotlight like that one said (also ask their parents for young people), for being the object of operations so fashionable these days, the *SPAC*. Virgin owner Richard Branson's target company is called **23andme**. This company is condemned to be a world leader in genetic analysis, with what this will mean in its bottom line.

Those who read me already know that I consider that the fundamental analysis of a company is well above its figures. The most important thing is its market position, that is, its qualitative value is more important than its quantitative value. This is where most of its intrinsic value resides, without which we should never invest in a security and less in the long term.

So this time he left two investment ideas on the table, a safe one, *AMGEN* and a *23andme* growth bet, as soon as it goes public through its *SPAC*.



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