

## CIO Viewpoint

## Covid-19 vaccines, sprinting for solutions

Investment Solutions

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**The public health battle against Covid-19 may be in its early phases. More than two months after lockdowns began across Europe, it is clear that there will be no return to the full normality that we knew. Last week, the World Health Organisation reported a new daily record in global infections.**

On 13 May, the WHO said that the virus may simply become endemic, and “[never go away](#),” like HIV, malaria or measles. The fastest vaccine developments include Ebola and mumps, which took one and four years respectively to reach the sick. A vaccine against the [Ebola](#) virus moved from safety trials to an experimental version in less than a year and has helped to control two outbreaks since 2014. Existing vaccines for the SARS (Severe Acute Respiratory Syndrome) and MERS (Middle-East Respiratory Syndrome) coronaviruses were never licensed, and it is possible that exposure to SARS-CoV-2, which causes Covid-19, may not create immunity over time as survivors appear to generate few antibodies. Other viruses, such as influenza, are able to mutate so rapidly that a new vaccine is needed each year.

Innovation and technological advances accelerated during the global conflicts of the twentieth century, and the development of a vaccine for Covid-19 is moving faster than typical drug developments as more resources are mobilised across the world. However, many unknowns remain.

### How soon?

The timelines for vaccine development are full of unknowns. In ordinary circumstances, the process may take a decade or more. Furthermore, the timelines depend on whether they refer to a first effective vaccine, the first vaccine for emergency experimental use, the first licenced vaccine, or the first mass-manufactured doseage. Distribution and affordability, already discussed in national and political terms, then become an issue.

And time is of the essence. The speed at which the world’s economies can fully re-open largely depends on how quickly a vaccine is available. Scores of research teams are developing treatments, including a [collaboration](#) between GSK and Sanofi, two of the world’s largest vaccine manufacturers. The two firms hope to begin clinical trials in the second half of this year, making “hundreds of millions of doses” available by the end of 2021. The more global that eventual distribution can be, the better the public health result.



Stéphane Monier  
Chief Investment Officer, Lombard Odier Private Bank

### Key takeaways

- Covid-19 may become endemic and the race for a vaccine is accelerating
- Scores of teams are working on a vaccine: many unknowns remain
- The world needs a global approach to medical infrastructure investments to tackle pandemics
- The increased focus on healthcare supports our preference for US equities.

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A limited trial by Moderna, Inc. in the US [reported](#) last week that its tests showed an immune response from a phase I trial, without serious side-effects. The firm hopes to begin a phase III trial in July. The Moderna vaccine work is a more experimental ‘messenger RNA’ development, a technology which has not yet been approved for human use.

### **A better toolkit**

We have consistently argued that an effective response and containment of the virus depends on [three elements](#): the public health response to prevent the pandemic from overrunning medical capacity, monetary input to keep markets function and fiscal stimulus to compensate companies and consumers for job losses and allow a quick economic recovery.

In the absence of a vaccine, the world has improved its tools for coping with the crisis, from greater hospital capacity, social distancing measures and adapting the logistics needed to keep food deliveries moving. It has even started to resolve the production bottlenecks and supplies of medical protective equipment. This may allow us to consider managing any second wave of outbreaks using the “hammer and dance” approach of local containments that has proven successful in Singapore and South Korea. In short, the world is better placed to manage any second wave, even without a vaccine, than just two months ago.

Many challenges remain, medical, financial and structural. The crisis has underlined inequalities and the precarious existence of many, including those suffering from hunger as a direct consequence of losing paid work, and lacking a social safety net, even in some wealthy nations.

### **Lacking wisdom**

Historian and philosopher Yuval Noah Harari argues that humanity can defeat the pandemic because pathogens operate through “blind mutations,” whereas science advances through data. However, [said](#) Professor Harari in a recent interview, “we have the power to stop this, but so far we lack the necessary wisdom.” A lack of leadership and unwillingness to cooperate, he has argued, is combining with political assaults on trust in the media, science and expertise generally, undermining the case for international response.

The Covid-19 crisis continues to be as much about the political response as public health challenges. A range of government responses have been on display. Historians of the crisis will judge some of them harshly.

US President Donald Trump has regularly blamed China for the outbreak and repeated theories that are not backed by his own intelligence services. Still, he is not the only leader trying to avoid responsibility for managing the pandemic. China is reported to have [retaliated](#) against an Australian government inquiry into the origins of the outbreak with import bans on Australian coal, barley and beef.

Since viruses don’t respect national borders, better healthcare should be a universal priority, not a national one. As long as a virus is circulating, it may mutate into something more dangerous and infect, or re-infect, populations.

On 20 May, the WHO’s annual health assembly agreed a [roadmap](#) for international cooperation in research, intellectual property and the distribution of an eventual vaccine. That requires an overhaul of the way we think about the public health challenge, and how it is funded. The US warned that it is suspending its funding to the WHO, which may hurt international support for more [vulnerable](#) nations.

“Health is not a cost,” said WHO Director-General Dr Tedros Adhanom Ghebreyesus, “it’s an investment.”

This investment need is global. Once the pandemic’s worst effects are behind us, we [expect](#) to see growth in health care equities, which along with information technology, dominate US indices. For this reason, we have increased our exposure to US equity markets, and reduced our exposure to European stocks.

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#### Bank Lombard Odier & Co Ltd<sup>1</sup>

Rue de la Corraterie 11 · 1204 Genève · Suisse  
geneva@lombardodier.com

#### Lombard Odier Asset Management (Switzerland) SA

Avenue des Morgines 6 · 1213 Petit-Lancy · Suisse  
Support-Client-LOIM@lombardodier.com  
Management Company regulated by the FINMA.

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#### Banque Lombard Odier & Cie SA · Bureau de Fribourg<sup>1</sup>

Rue de la Banque 3 · 1700 Fribourg · Suisse  
fribourg@lombardodier.com

### LAUSANNE

#### Bank Lombard Odier & Co Ltd<sup>1</sup>

Place St-François 11 · 1003 Lausanne · Suisse  
lausanne@lombardodier.com

### VEVEY

#### Banque Lombard Odier & Cie SA · Agence de Vevey<sup>1</sup>

Rue Jean-Jacques Rousseau 5 · 1800 Vevey · Suisse  
vevey@lombardodier.com

### ZURICH

#### Bank Lombard Odier & Co Ltd<sup>1</sup>

Utoschloss · Utoquai 29-31 · 8008 Zürich · Schweiz  
zurich@lombardodier.com

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#### Lombard Odier (Europe) S.A. Luxembourg · Belgium branch<sup>2</sup>

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8, rue Royale · 75008 Paris · France. RCS PARIS B 803 905 157 · paris@lombardodier.com  
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#### Bank Lombard Odier & Co Ltd

Alrov Tower 11th floor · 46 Rothschild Blvd. · Tel Aviv 6688312 · Israel · telaviv@lombardodier.com  
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#### South Africa Representative Office ·

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140 West Street · Sandton · Johannesburg 2196 · South Africa  
johannesburg@lombardodier.com  
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#### Lombard Odier (Uruguay) SA

Luis Alberto de Herrera · Torre 2 · Oficina 2305  
11300 Montevideo · Uruguay  
montevideo@lombardodier.com  
Supervised by Banco Central del Uruguay.

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Izumi Garden Tower 41F · 1-6-1 Roppongi, Minato-ku · Tokyo 106-6041 · Japan · tokyo@lombardodier.com  
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