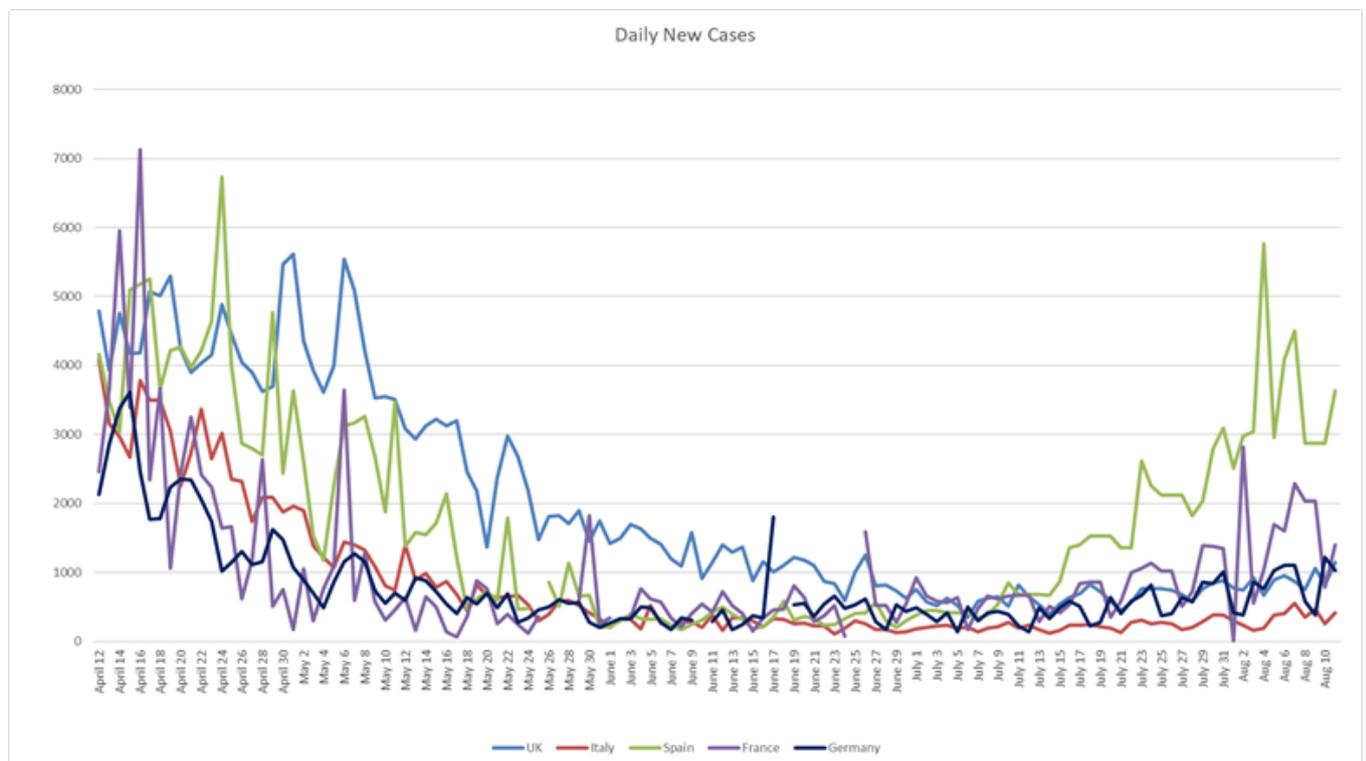


Weekly thoughts on the healthcare sector from finnCap's life sciences analysts: Mark Brewer and Arshad Ahad

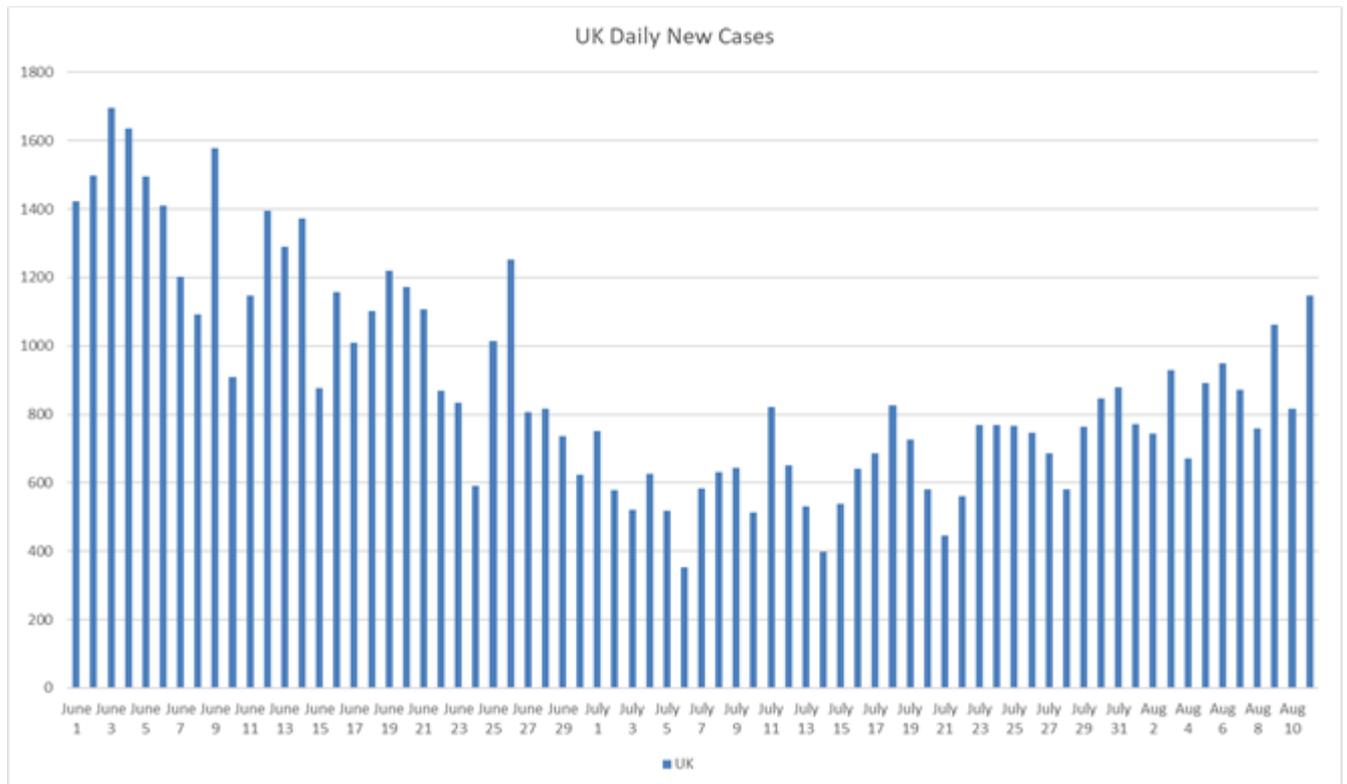
| Market | Last | -1D | -1M | -3M | -12M | YTD | Health | Last | -1D | -1M | -3M | -12M | YTD |
|------------------|-------|------|------|-------|--------|--------|---------------------------|--------|------|------|-------|-------|-------|
| MSCI World Index | 1,811 | 1.3% | 4.9% | 15.4% | 11.5% | 0.6% | MSCI World Pharma/Biotech | 222 | 1.6% | 1.6% | 2.4% | 18.4% | 4.1% |
| FTSE All Share | 3,468 | 1.7% | 3.4% | 6.1% | -11.5% | -16.7% | FTSE All Share Health | 13,050 | 2.6% | 3.0% | -2.5% | 6.0% | 1.4% |
| AIM All Share | 955 | 0.9% | 8.2% | 15.8% | 8.9% | -0.4% | AIM Health | 11,493 | 1.3% | 8.2% | 14.2% | 16.1% | 10.8% |
| AIM 100 | 4,880 | 1.2% | 9.2% | 15.7% | 9.9% | -0.9% | | | | | | | |

- The following figure provides a visual representation of the large resurgence of daily COVID-19 cases in Spain. Different factors may have contributed to this, including large outdoor drinking gatherings and crowds at nightclubs, inadequate contact tracing, and a general attitude of complacency among the public, especially the young. France has also experienced a significant rise in cases.



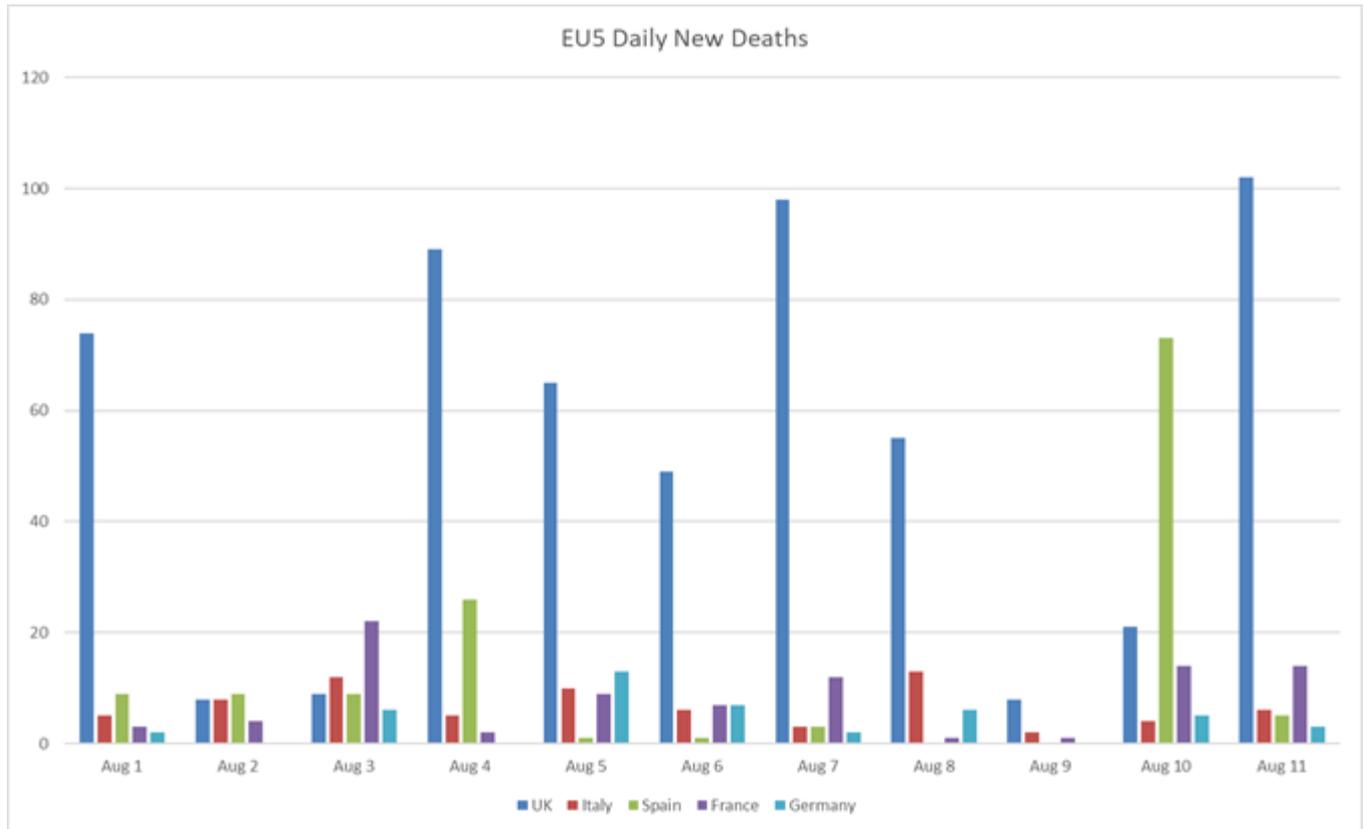
Source: Worldometer, finnCap

- Cases in the UK are also trending upwards. The number of daily cases exceeded 1,000 on August 9 and 11, which breaches the ceiling that the government's Joint Biosecurity Centre said was acceptable in May.



Source: Worldometer, finnCap

- On August 11, the UK government announced it plans to begin publishing three separate daily death toll figures. This follows an order to the Public Health England to review its existing system of reporting daily death figures, by Health Secretary Matt Hancock, after it emerged that current figures include any person who dies following a positive test result, even if the person recovers and their cause of death is completely unrelated to COVID-19.
- For comparison, Scotland and Northern Ireland only count death as COVID-19 related if it occurs 28 days after a person tests positive.
- The old system of daily death reporting is likely to be one of the reasons why the UK's daily death figures are much higher than the rest of Europe.
- On 12 August, the Government said 46,706 people had died in hospitals, care homes and the wider community after testing positive for COVID-19. But following the review, this figure was later reduced by 5,377 to 41,329, as of 12 August.
- The following figure shows daily deaths in the EU5 in August. The UK's death figures represent the old system of death reporting, and not the new updated system.



Source: Worldometer, finnCap.

Treatment and Testing Update

Russia Approves COVID-19 Vaccine

- On 11 August, Russia became the first country to grant regulatory approval to a COVID-19 vaccine.
- Very few details have been disclosed about the vaccine. It is administered in two doses and consists of two serotypes of a human adenovirus, each carrying an S-antigen of COVID-19.
- The vaccine, named Sputnik V, has only been given to 76 volunteers as part of two early stage trials. No results have been published.
- Russia's Health Minister has dismissed allegations that the vaccine is unsafe. However, we believe they are not yet in a position to make that determination, given that the vaccine undergone less than two months of human testing and has not completed Phase III trials.
- As such, the vaccine may present unknown health risks to those who receive it in Russia. It could subsequently affect global acceptance of vaccines, especially in light of anti-vaccination movements in the US, and a recent survey of Britons revealing that only 53% would "definitely accept vaccination" against COVID-19.
- Russia has stated that the vaccine will enter mass production by the end of the year, and it has already received requests for 1bn doses. On 12 August, Israel stated it would enter negotiations to buy the vaccine if it is found to be a "serious product".

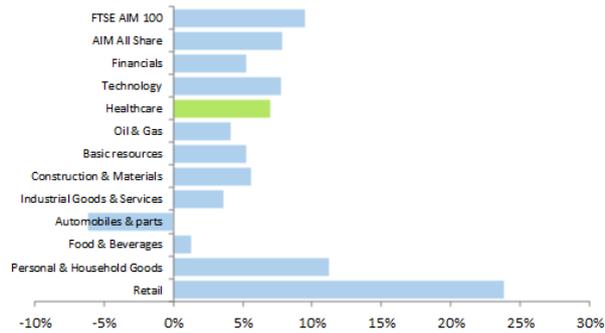
US Government \$1.5bn Deal with Moderna

- On 11 August, the US entered an agreement with Moderna Inc. to acquire 100m doses of its COVID-19 vaccine mRNA-1273, which is in Phase III development, for c.\$1.5bn. The US government has previously given Moderna \$1bn to fund its research efforts.
- This implies a cost of c.\$30.50 per person for a two-dose regimen.
- This Moderna deal follows earlier US government agreements to buy 100m doses of a mRNA vaccine from Pfizer and BioNTech for \$1.95bn, and a supply pact with Johnson & Johnson for 100m doses for c\$1bn.
- To-date, the US has agreed deals to secure 500m COVID-19 vaccines.
- The WHO COVID-19 vaccine landscape document lists six vaccines in Phase III development. The Oxford University ChAdOx1 vaccine, Moderna's mRNA-1273 and Pfizer/BioNTech's BNT162 vaccine are three of the front runners in the global race for a safe and effective vaccine.

Avacta* Rapid SARS-CoV-2 Test Progress

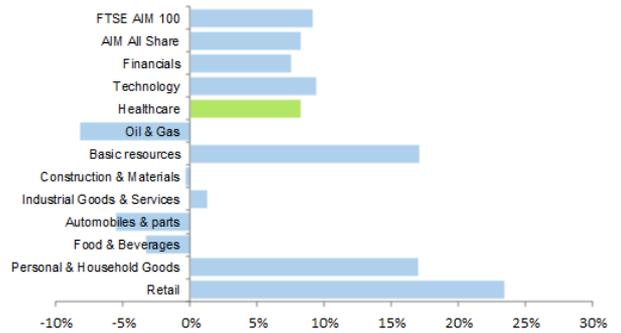
- On 6 August, Avacta* (AIM: AVCT) announced the appointment of BBI solutions as its manufacturing partner for its rapid saliva-based SARS-CoV-2 test, which is being developed with Cytiva, representing further progress towards commercialisation.
- Following the technology transfer, BBI Solutions will produce pilot batches of the test, thereby enabling Avacta to run clinical validation studies within the UK government's CONDOR programme and potentially with other global collaborators, after which the test should be CE marked.
- On 7 August, Avacta announced it entered into a collaboration with the Liverpool School of Tropical Medicine to clinically validate the test.
- Our target price remains under review. Suffice to say, if Avacta is able to successfully develop a rapid point-of-care (POC) test(s) in the near term, the valuation upside is considered substantial, given that the market demand for rapid coronavirus antigen tests could run in the 100s of millions. There is an increasing acceptance that the virus will remain in the community into 2021 and beyond. Given that many infections are thought to be asymptomatic, regular screening using rapid, low cost POC tests is likely to be widely adopted.

FTSE AIM all share sector performance (1 week)



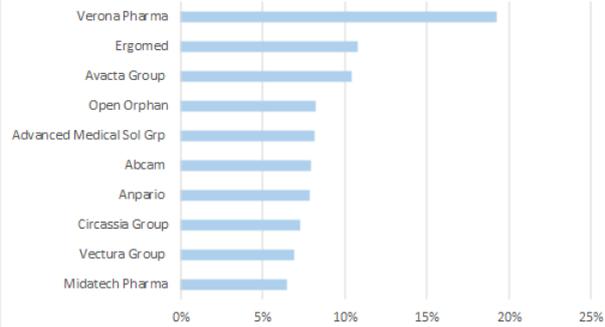
Source: FactSet

FTSE AIM all share sector performance (1 month)



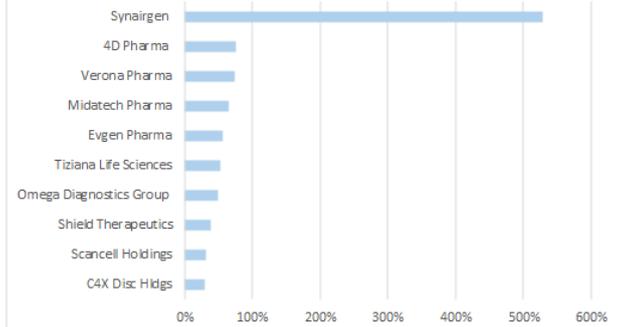
Source: FactSet

finnLife 50 - Top ten price performers (past week)



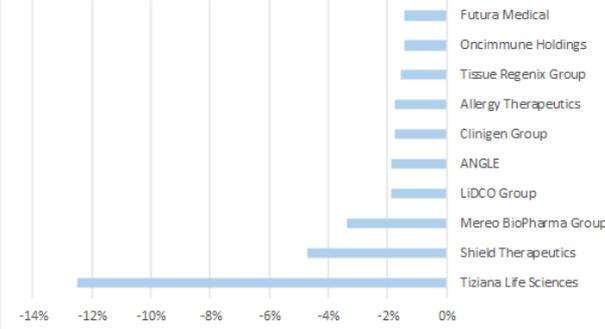
Source: FactSet

finnLife 50 - Top ten price performers (past month)



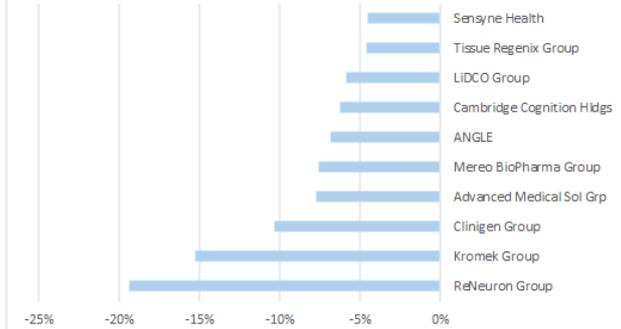
Source: FactSet

finnLife 50 - Bottom ten price performers (past week)



Source: FactSet

finnLife 50 - Bottom ten price performers (past month)



Source: FactSet

Research reports and comments in the past two weeks

| Company | Date | Title |
|----------------------|--------|--|
| Destiny Pharma* | 11-Aug | Positive interim safety review of Phase 2b trial by IDMC |
| Open Orphan* | 10-Aug | £4m Contract Win with Top Three Pharma Company |
| Shield Therapeutics* | 07-Aug | Re-analysis of H2H data |
| Avacta* | 06-Aug | COVID-19 test – manufacturing partner appointed |
| Open Orphan* | 04-Aug | Two contract wins – Venn Life Sciences |
| Byotrol* | 03-Aug | Another positive trading update lifts forecasts |
| Oncimmune | 31-Jul | ELCS (lung cancer) data peer-reviewed in publication |
| Omega Diagnostics* | 30-Jul | COVID-19 antibody test CE marked |

Upcoming roadshows and events

| Company Name | Ticker | Event Type | Date(s) - 1:1's & Group meetings available |
|----------------------------------|--------|--------------------------|--|
| Cambridge Cognition Holdings Plc | COG | Interim Results Roadshow | 22nd – 24th September – Conference Calls |

An archive of previous Health Matters can be found [here](#).

Download our latest Q3 Quarterly Report, on the theme of Cell and Gene Therapy [here](#).

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The recommendation system used for this research is as follows. We expect the indicated target price relative to the FT All Share Index to be achieved within 12 months of the date of this publication. A 'Hold' indicates expected performance relative to this index of +/-10%, a 'Buy' indicates expected outperformance >10% and a 'Sell' indicates expected underperformance of >10%.

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