



10 Things the Pandemic Could Change

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Many of the long-term structural changes to the U.S. economy resulting from COVID-19 will depend on the post-pandemic assessments that are made by policymakers and the political reception of their actions. This process really has not yet begun to play out, but in the meantime, we have begun thinking about the ways the world—and investment landscape—will change.

1—Healthcare

Healthcare is perhaps the most obvious area of change. We wonder if the world's response to the COVID-19 pandemic might prove to be a positive catalyst for a more radical makeover. For example, will we see developments in telehealth, testing and diagnostic equipment, digital records, and personalized medicine?

And what about more risk-taking in drug development, changes in systemwide pricing, and perhaps even universal coverage?

2—Technology-Enabled Surveillance

The pandemic has left us wondering about the role that widespread health and geographic surveillance programs might play in mitigating the risk of future pandemics. It is not a far leap from that to natural disasters and crime prevention.

These checks could become a more routine part of entering large gatherings, including workplaces, schools, and entertainment venues. Is that merely a behavioral inconvenience or should we wonder about the societal cost?

3—Role of Government

This is the second systemwide shock we have experienced in the past 12 years—the first being the global financial crisis in 2007-2008. Government influence was already afoot and is likely to increase in many areas. Certain benefits that come from that, but so do risks.

Will government support in the short term come with the price tag of more increased government involvement in corporate decision-making, including executive compensation and financing decisions?

4—Globalization Versus Slowbalization

Globalization is a long-term phenomenon. The past 40 to 50 years have been an era of liberalization of economic policies. A confluence of forces both on the supply and demand side have favored this trend. This has supported global growth and shaped the landscape for winners and losers in corporate performance.

Over the past few years, however, we have seen many of these forces challenged and in some degree reversed as the undercurrents of socioeconomic imbalances, nationalism, and populism reveal themselves in trade and tariff changes and even corporate supply chains. *The Economist* refers to this as [slowbalization](#).

The COVID-19 pandemic should prove to be a very good test of globalization versus slowbalization. The disease knows no boundaries. It does not discriminate.

It will be interesting to see if institutions worldwide rise to the challenge and work together to solve the problem, leading to a flattening of the world, or if we will see retrenchment into this trend of national interest that takes precedent over all else.

5—Digital Payments

As a consumer, you may not spend much time thinking about the series of connections and interactions that take place within a few seconds after you swipe your credit card, click “complete purchase” on a screen, or tap your smartphone on a sensor. But cashless transactions have been a huge area of growth.

China and Northern Europe are well ahead of the United States in this regard, but we expect the pace of this trend to pick up globally as people avoid hand-to-hand transactions.

6—Factory Automation

As I write this, the news is dominated by stories of how Americans could start to see shortages of meat as major packing plants swept by the coronavirus remain shuttered. This leads me to think factory automation could be another global phenomena.

7—China

China will be interesting to watch in the short term because the pandemic started there earlier than the rest of the world and is now coming out the other side.

Thus, we have better visibility into opportunities there. Longer term, the themes we have [discussed before](#) remain in place. Over the past decade we have seen changing demographics, a government push to innovate, and broadening opportunities in healthcare and technology. China is becoming more investable.

8—Mobile Computing and Real Estate

We saw how 4G enabled a number of new businesses over the last decade, and we expect the same to come from 5G, especially as more of the workforce turns to remote working.

Along with that, we expect to see an upswing in cloud and distributed computing. And that has downstream effects. Remote work and study—enabled by technology—are changing the way we operate, and that will certainly have implications for the commercial real-estate market.

9—Shifting of Balance Between Shareholders and Stakeholders

The emergence of the modern corporation inspired a passionate debate about the balance between shareholders and stakeholders.

What are a company's ethical obligations to the society whose support is necessary for it to thrive? The COVID-19 epidemic has brought this topic to the forefront by facilitating a debate about the health and welfare of workers around the world.

10—Active Management

Over the past 10 to 12 years we have seen a one-directional movement toward passive investments, in part because the market has experienced low volatility and high correlation. We might now be moving into an environment in which [human judgment and expertise are more valuable](#).

While these themes are appealing, it is worth noting that we are not thematic investors; we will, as always, be focused on high-quality companies—those that have durable growth opportunities given competitive advantages; those that have the ability to withstand current levels of volatility and revenue shock; those that are poised for long-term growth.

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