

Check up: Pot, takeovers, and COVID-19 are making investors happy

18 hours ago | [Rachel Williamson](#)

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Here's our fortnightly wrap of all the news driving ASX health stocks.

Of the ASX's 137-odd small cap health stocks, only 107 were in positive territory over the last fortnight; eight were flat and 22 saw their share prices fall.

Code	Name	Price \$ (April 15)	2 week return %	1 year return %	Market cap
GLH	GLOBAL HEALTH LTD	0.115	10	-28	\$4,841,307
GMV	G MEDICAL INNOVATION HOLDING	0.105	133	-64	\$59,327,932
GSS	GENETIC SIGNATURES LTD	1.85	6	61	\$263,712,400
GTG	GENETIC TECHNOLOGIES LTD	0.005	0	-23	\$23,401,392
HCT	HOLISTA COLLTECH LTD	0.165	50	143	\$45,432,600
HLA	HEALTHIA LTD	0.695	17	-23	\$43,809,084
IBX	IMAGION BIOSYSTEMS LTD	0.011	-8	-51	\$6,237,643
ICS	ICSGLOBAL LTD	1.77	20	102	\$18,769,114
IDT	IDT AUSTRALIA LTD	0.15	30	-6	\$35,896,956
IHL	IMPRESSION HEALTHCARE LTD	0.06	67	161	\$43,044,956

Janus Henderson Investors portfolio manager Andy Acker says the parts of the healthcare sector to have outperformed the broad equity market are those using technology or advanced research to address **COVID-19**.

"Although we are sceptical of the rally in certain biotechnology companies making headlines as it relates to the virus, we believe investor focus on the sector's advanced technology could last long after the pandemic ends," he wrote last week.

Healthcare is showing some resilience, underpinned by investment in companies that are offering treatments or products relevant to the virus.

"Conventional wisdom says healthcare stocks tend to act more defensively during an economic contraction, as individuals continue to seek and/or need medical care," he said.

"This time, it is not a steady stream of surgeries or doctor's visits that are helping prop up healthcare companies. On the contrary, social distancing and preparations for a surge of coronavirus patients have sidelined many of these routine activities."

The winner of the last fortnight is a company which swears it's not just dabbling in COVID-19.

Skin Elements (ASX:SKN) shares shot up on news it is teaming up with Holista CollTech to sell hand sanitisers.

Since the coronavirus broke out, demand for hand sanitisers has risen exponentially and companies have pivoted into this space from juice makers to beauty clinics.

Skin Elements, which sells skin care products, jumped on the bandwagon a couple of weeks ago saying it sought to launch a new antimicrobial liquid.

Its new business partner, **Holista CollTech (ASX:HCT)**, had a hand sanitiser before COVID-19, but until then it was better known for diet noodles and lo-cal sugar.

Drug delivery system maker Avecho (ASX:AVE) did a deal with cannabidiol supplier Purisys to use the former's TPM technology to develop new oral cannabinoid products.

Avecho's chief scientific officer Paul Galvin said cannabinoid products were not very soluble, so its drug delivery system, a targeted penetration matrix (TPM) which is derived from vitamin E, was useful to enhance the solubility and absorption of certain drugs and nutrients.

Last October Japanese medtech Terumo walked away from trying to deliver an anaesthetic with it because it failed safety tests.

Shares in cancer diagnostics company Sienna (ASX:SDX) shot up after fellow cancer diagnoser Bard1 (ASX:BD1) offered 13 of its own shares for every five Sienna shares held.

It values the latter at 6c a share or \$23.7m.

The merger will create a \$45m company, and one of the few listed diagnostics companies on the ASX.

Andrew Chapman of Merchant Group, a major shareholder in both companies, said the merger would create a company with a \$13.7m war chest and cost savings of at least \$1m a year.

"It's a great time to do a deal like this," he said, as companies across the ASX struggle for money and are looking for ways to save cash.

The two companies will use that cash to look for other companies to buy or to licence new medical technologies.

The merged company will bring together a development pipeline of diagnostic tests in pancreatic, ovarian, and breast cancers, Sienna's bladder cancer hTERT diagnostic test which is already available in the market, Bard1's tumour marker technology, and Sienna's molecular net technology for liquid biopsies.