



# Uncovering Opportunities in Small-Mid Cap Equity

## APEX INSIGHTS

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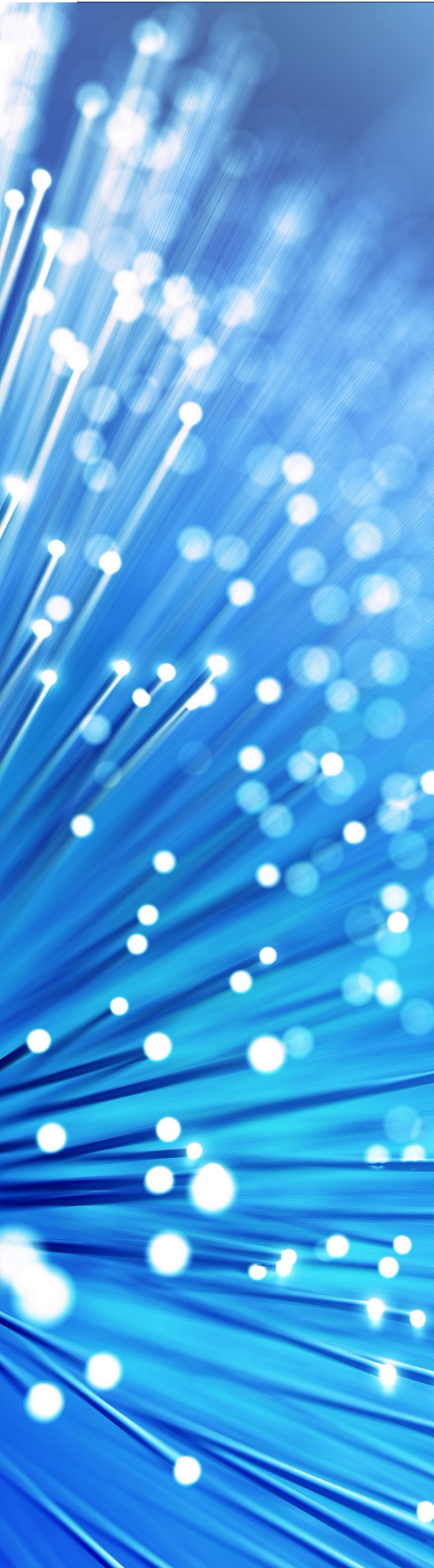
Institutional investors seeking high-growth potential with a calculated risk profile should consider the dynamic landscape of small and mid cap (SMID) companies in healthcare and technology. These sectors boast a wealth of innovation, often driven by nimble and adaptable players poised for significant disruption.

The Fiera Apex team sees several secular themes around driving efficiency and **finding novel solutions** in the **Healthcare and Technology** sectors which make small and mid-cap companies attractive investment opportunities.

### Healthcare

Driven by prolific innovation, along with demographic tailwinds, resilient demand, and strong fundamentals, we believe SMID cap healthcare holds some of the greatest potential for long-term growth.

Within the SMID biotech subsector, significant opportunities can be found in companies that focus on addressing unmet medical needs with de-risked clinical assets and broad market upside. Prescription drug spend in the United States is over \$400 billion annually and growing. However, current FDA-approved therapies address only a fraction of defined illnesses, reflecting vast, untapped TAMs waiting for solutions. Concentrated on R&D and supported by ongoing advances in life science technologies, SMID biotech is poised to deliver numerous near-term



breakthroughs across the spectrum of human health, from the leading causes of death, such as heart disease and cancer, to rare orphan indications, like Huntington's and muscular dystrophy.

More broadly, we also look for companies that focus on reining in the costs of healthcare. Annual US health expenditure is currently about \$4.5 trillion or 17% of GDP, about one-quarter of which is considered waste. This includes problems such as improper diagnoses and treatment, administrative complexity, and other failures of care coordination. The companies we favor under this theme are those that work to improve the quality and sustainability of the healthcare system, including improved disease detection, home health services, and healthcare IT solutions.

### Technology

We are also targeting the nearly \$5 trillion Technology sector with a focus on areas such as Cloud Computing, Artificial Intelligence and Digital Transformation.

Within the artificial intelligence space, significant opportunities are found in companies which address the need for controlling, monitoring and processing high volumes of complex data.

As the number and complexity of applications grow with Cloud Computing and Artificial Intelligence, opportunities exist in companies which apply artificial intelligence to augment innovation and productivity of professionals. Companies with leverage to this space are in the initial stages of addressing very large market opportunities.

As Cloud computing grows to become the dominant form of computing over the next few years, there is an opportunity to adopt platforms modern functionality and integration of data. We look for companies which can exploit the opportunity to replace legacy point solutions with these innovative platforms to become strategic to customers. This is particularly in large industries in the earliest stages of modernisation like construction and government.

**Identifying high-quality small/mid-cap companies with strong management teams and sustainable competitive advantages is critical. For investors, these sectors –healthcare and technology, can offer a compelling combination of high-growth potential and manageable risk. By carefully assessing individual companies and aligning investments to the overall portfolio strategy, the Fiera Apex team seeks to capitalise on the innovative spirit and disruptive potential driving these sectors forward.**

# uk.fieracapital.com

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