

# Healthcare Stocks in the News

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News moves entire markets and stocks within a market, both up and down. Today that core investing assumption is arguably more apparent than ever as any positive news on a potential vaccine for COVID 19 can send an entire index into an upward trend.

However, it is equally true that current market conditions have produced some stunning reactions to **negative economic news** with market prices ignoring what seem to some to be objective facts and maintaining or quickly resuming an upward trajectory.

The **signal to noise ratio** has been extracted from its origins in the field of electrical engineering and applied to stock market movements in the face of news. Market experts warn investors that not all news is created equal, with some announcements evidence of relevant information, or “signal”. Other announcements should be viewed as “noise” containing irrelevant information.

The argument is helpful in highlighting the inherently subjective nature of share market investing. The definition of relevance versus irrelevance is often a matter of perception. Some seemingly objective news such as positive financial results, new product launches, contract signings, and acquisitions fail to excite investor interest since markets are about the future, not the past or even the present.

The question that muddles the validity of the signal to noise characterization of **market news** is how market participants see the future — not the present — impact of the news.

On 17 August **Hydrix Limited (HYD)**, a small cap product design, engineering, and technology commercialisation company with applications for multiple sectors – made the news, sending the share price up more than 250% on that day.

## Hydrix Ltd HYD.AX

LATEST TRADE

0.46 AUD

CHANGE

0.03 (+5.81%)

VOLUME

3,763,873

TODAY'S RANGE

0.40 - 0.48

As of 1:10 AM CDT Aug 21 on the Australian Stock Exchange Ltd · Minimum 15 minute delay

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The company's **Hydrix Medical** subsidiary announced the successful implementation of a monitor capable of providing early warnings of heart attacks and other suspicious cardiovascular activity. The hi-tech implantable AngelMed Guardian® was developed by Angel Medical Systems, a US based company, using artificial intelligence machine learning algorithms.

In March of this year **Hydrix** acquired a seven-year exclusive distribution rights agreement for the AngelMed Guardian® monitor in Asia Pacific Region countries, including Japan, Singapore, Hong Kong, Indonesia, Malaysia, Thailand, Australia, and New Zealand. The agreement was with equity firm Jaspur Capital, the original acquirer for the rights from Angel Medical.

**Hydrix** is making plans to offer the AngelMed Guardian® cardia monitor here in Australia in Q4 of 2020 under the TGA's (Therapeutic Goods Administration) Special Access Scheme.

Within the top four Asia Pacific countries **Hydrix** is initially targeting, approximately 500,000 people experience an acute coronary event each year. The company estimates as little as a 1% market share would generate \$35 million dollars in annual revenue.

**Hydrix Medical** designs and distributes other cardiovascular high-technology devices in the Asia Pacific Region and serves the industrial, defense, mining, and aerospace markets through its other operating companies, **Hydrix Services** and **Hydrix Ventures**. In March, the company withdrew its guidance prior to the COVID 19 Pandemic calling for a 15% revenue growth and an operating profit for the full year 2020.

Company (CODE)	Market Cap	Share Price	52 Week % Change	Year to Date % Change
Mesoblast Limited (MSB)	\$2.9b	\$5.11	+254%	+143%
Hydrix Limited (HYD)	\$48m	\$0.46	+69%	+118%
CardieX Limited (CDX)	\$45m	\$0.05	+125%	+93%
Regeneus Limited (RGS)	38m	\$0.14	+69%	+65%

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