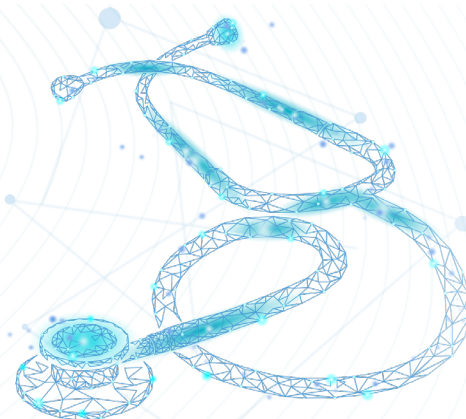


THE FUTURE OF INVESTING SERIES

New Era, New Alpha:

How AI is Transforming Healthcare



Can AI cure what ails U.S. healthcare?

If the diagnosis is inefficiency that wastes time and money, then the long-term prognosis looks good. Spending on artificial intelligence (AI) in healthcare is projected to grow at a compound annual growth rate of 38.5% and reach \$187.7 billion by 2030.¹

So expect investment opportunities, says a Raymond James Investment Management panel of healthcare and AI specialists, but don't count on seeing a makeover of the \$5 trillion healthcare industry right away.

"AI is like a blank canvas, but everybody expects results overnight. How we work through the process of using it, getting other people to adopt it, and then changing our processes and our structures organizationally – that's going to take time."



DR. JULES WHITE
Senior Advisor to the Chancellor
on GenAI & Professor of Computer
Science, Vanderbilt University

"The first step is improving workflow and efficiency. The second is figuring out how to share information and build robust databases that can be analyzed for insights."

"That's where you will improve patient diagnosis and treatment."



CHRISTOPHER SASSOUNI, DMD
Portfolio Co-Manager,
Eagle Asset Management

"AI is not doing anything substantially new. It's just much more efficient and much faster. That allows drug discovery companies to screen and identify active molecules for drugs far more quickly" – from a year down to a week for some proteins – "and that's real and happening today."



DR. EDMUND JACKSON
CEO, Unity AI & Operating Partner,
Whistler Capital Partners

Healthcare by the numbers

Healthcare and GDP



17.7% 19.7%

2024²

2032³

Percentage of current and projected U.S. monthly gross domestic product (GDP) represented by healthcare.



5.6%

Projected average annual growth of national healthcare expenditures from 2027 to 2032.³

AI and diagnostic imaging⁴



3.6 BILLION

Annual number of imaging procedures performed by hospitals.

97% of data from those images that goes unused.



NEARLY 400

Number of U.S. Food and Drug Administration approvals of radiology-related AI algorithms.

The cost of drug discovery



\$161 – \$4.5
MILLION BILLION

Average costs of getting one new drug to market.⁵



10–13 YEARS

Average time it takes to get one new drug to market from first patent or human trials to launch.⁶



10.8%

Success rate of new drugs attempting to go to market in 2023.⁶

The bottom line for investors

Healthcare companies have yet to figure out how to use AI's massive capabilities to revolutionize data analytics, empower caregivers, or improve patient outcomes. But, Sassouni says, they have little choice about whether to adopt AI, so watch for those doing serious work to harness its potential.

Any company that doesn't, he says, risks becoming a healthcare Blockbuster in an age of streaming:

"We're still in the infancy of the industry. Make sure you understand whether a company that you're investing in within health-care uses and is evaluating the use cases for AI and how. If they say to you, 'Well, we're not really doing much at all with AI,' that starts to raise some red flags, because they're setting themselves up for obsolescence."



Watch the full discussion now
Full webinar replay available online

¹ AI in Healthcare Market Size To Reach \$187.7 Billion By 2030, April 2024, Grand View Research. Available at: <https://www.grandviewresearch.com/press-release/global-artificial-intelligence-healthcare-market#:~:text=The%20global%20AI%20in%20healthcare,by%20Grand%20View%20Research%2C%20Inc.>

² Health Sector Economic IndicatorsSM, Altarum, June 26, 2024. Available at: https://altarum.org/sites/default/files/HSEI-Spending-Brief_June_2024.pdf

³ National Health Expenditure Projections, 2023–32: Payer Trends Diverge As Pandemic-Related Policies Fade, June 12, 2024. Available at: <https://www.healthaffairs.org/doi/10.1377/hlthaff.2024.00469>

⁴ How AI Is Improving Diagnostics, Decision-Making and Care, May 9, 2023, American Hospital Association. Available at: <https://www.aha.org/aha-center-health-innovation-market-scan/2023-05-09-how-ai-improving-diagnostics-decision-making-and-care>

⁵ Schlander M, Hernandez-Villafuerte K, Cheng CY, Mestre-Ferrandiz J, Baumann M. How Much Does It Cost to Research and Develop a New Drug? A Systematic Review and Assessment. *Pharmacoeconomics*. 2021 Nov;39(11):1243-1269. doi: 10.1007/s40273-021-01065-y. Epub 2021 Aug 9. PMID: 34368939; PMCID: PMC8516790. Available at: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8516790/>

⁶ Global Trends in R&D 2024, IQVIA Institute, Feb. 22, 2024. Available at: <https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/global-trends-in-r-and-d-2024-activity-productivity-and-enablers>

Risk Information:

Investing involves risk, including risk of loss.

Diversification does not ensure a profit or guarantee against loss.

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Sector investments are companies engaged in business related to a specific sector. They are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification.

Definitions

Compound annual growth rate (CAGR) is the rate of return that would be required for an investment to grow from its beginning balance to its ending balance, assuming that profits were reinvested at the end of each year over the span of the investment.

Generative artificial intelligence (GenAI) is a form of artificial intelligence that can create new content that includes text, audio, code, video, and images.

About Raymond James Investment Management

Raymond James Investment Management is a global asset management company that combines the exceptional insight and agility of individual investment teams with the strength and stability of a full-service firm. Together with our boutique investment managers – Chartwell Investment Partners, ClariVest Asset Management, Cougar Global Investments, Eagle Asset Management, Reams Asset Management (a division of Scout Investments) and Scout Investments – we offer a range of investment strategies and asset classes, each with a focus on risk-adjusted returns and alpha generation. We believe providing a lineup of seasoned, committed portfolio managers – spanning a wide range of disciplines and investing vehicles – is the best way to help investors seek their long-term financial goals.

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