

Thematic Investing: The Longevity Economy

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Featuring:

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Alicia [00:00:04] Hi, everyone. I'm your host today, Alicia Levine. Today, we're going to continue our discussion about investing in long-term secular trends, an approach called Thematic Investing. And specifically today, we're focused on the healthy aging of the world's population, a trend that we're calling Longevity. I've invited our Health Care Analyst, Matt Keeler to tell us about some of the developments for treating chronic diseases and the economies that have developed around overall healthier aging populations. Hi Matt, and welcome.

Matt [00:00:36] Thanks, Alicia. It's great to be here.

Alicia [00:00:38] So, Matt, can you set the stage for us and tell us what is it that you're seeing out there?

Matt [00:00:43] Well, sure. Just to say it simply, people are living longer. So global life expectancy has increased from 67 years in 2000 to 72 in 2022. And that's been driven by things like breakthroughs in medicine and improvements in public health measures. And we expect that trend to continue. The U.S. Census Bureau expects the over-65 population in the U.S. to grow by 26% over the decade from 2020 to 2030. And that may not sound like a lot over ten years, but in perspective, the same Census Bureau projections have the under 65 population growing by just 2% over the same ten years. So when you think about it, the older population in the U.S. is growing 13 times faster than the younger or the under-65 population.

Alicia [00:01:30] So we really live in exciting times, Matt, because what you're saying is we're not just going to live longer, but we're also going to live healthier.

Matt [00:01:38] Right. And so while people are living longer, on average, they're able to remain active for longer, or they should be able to remain active for longer periods of their life and achieve a higher quality of life into old age.

Alicia [00:01:50] So the demographic trend that you're talking about is well known out in the marketplace.

Matt [00:01:55] Right. We've been talking about the aging of the Baby Boomers for decades. I'd say there's two primary reasons. why we think right now is a good time to focus on longevity.

And the first is that the COVID pandemic accelerated investments in health care by both the government and the private sector, and it really served to enrich some of these pharmaceutical and life sciences tools and diagnostics companies. And so these added cash flows that have come into the sector, that's really helped to set up and fund what we see as very strong product pipelines right now.

And the second reason is that we're really finding ourselves at an inflection point in multiple disease states where the science has gotten better and more efficient. And some of this added cash flow that we talked about, it's really serving to bring us breakthroughs in some particularly large markets. And I'll just briefly touch on two of those.

The first example is obesity. This is a product category that before 2021, we really didn't have good treatment options available. And now there's one weight loss drug approved in the U.S. that is highly effective. And then we expect a second product to be approved in this market in 2023.¹ And so this is a product category that's on its own, we think could grow to \$50 billion in annual revenues by the end of the decade and really have a positive impact on the lives and the quality of lives of many people.²

The second example, I'll point out is Alzheimer's disease. It's sort of the poster child for an age-related disease, right? There are six million people in the U.S. living with Alzheimer's and 24 million globally. And yet we really haven't had a new product approved in this market for almost 20 years in the U.S. There really aren't good treatment options for this very large population, and we expect that to change very soon. The Center for Medicare and Medicaid Services in June actually indicated that it expects to start to cover one Alzheimer's treatment starting probably in July, pending full FDA approval.³

Alicia [00:03:50] So for decades we've seen drugs for obesity and Alzheimer's fail in the clinic. And to think that in the last year or so, we have multiple drugs in each of these areas.

Matt [00:04:02] Yes, exactly. And, you know, it had been so long since an Alzheimer's drug had been approved in the U.S., I think people had written off this market and this opportunity. So you're right, now to see a third approved in such a short amount of time really is a remarkable breakthrough.

Alicia [00:04:17] And I think the thought that people are not just going to live longer, but live healthier is really the key to what you're saying here. Matt, thank you so much for joining us today.

Matt [00:04:27] My pleasure, Alicia.

¹Based on the views of BNY Mellon Wealth Management's Equity Analyst for Healthcare

²Sources: Decision Resources Group, T2D and Obesity Market Forecast Assumptions 2022; Pfizer internal research 2021, 2022; Financial Times November 2022, Guggenheim March 2022, Alliance Bernstein June 2022

³Source: The Center for Medicare and Medicaid Services

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