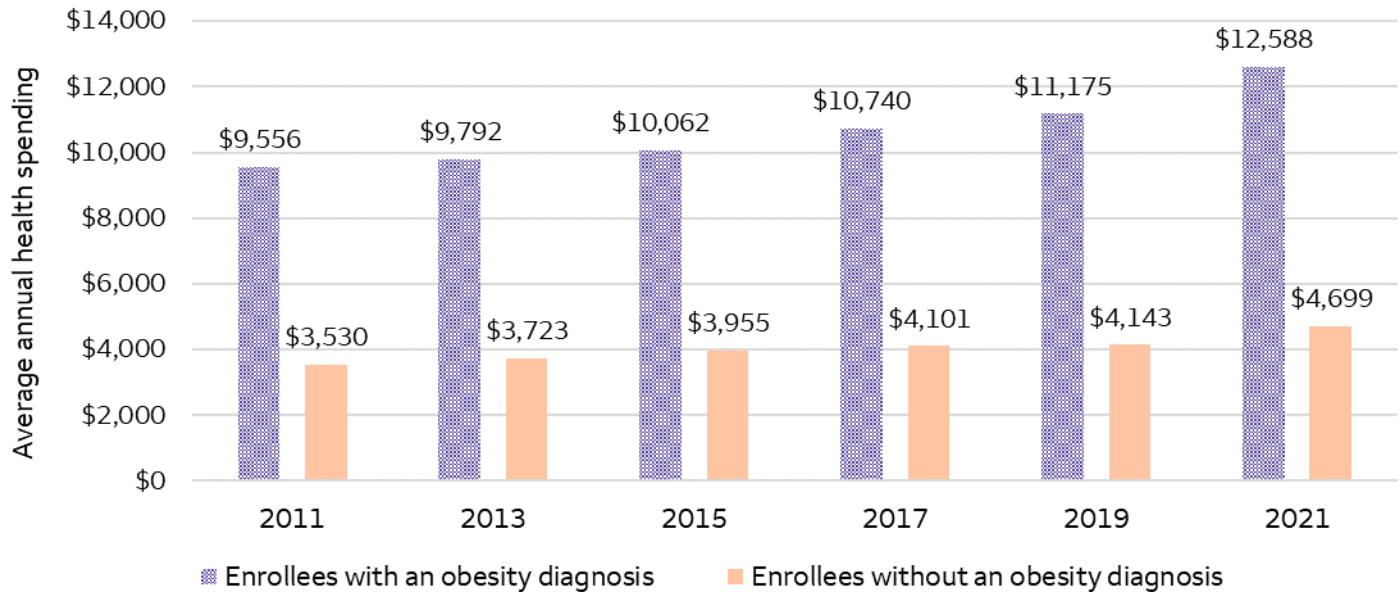


Chart of the Week

Weekly market analysis on key market indexes

September 4, 2024

Evaluating market landscape for GLP-1 weight-loss drugs



Source: Peterson-KFF Health System Tracker. Data as of July 29, 2024. Includes enrollees with insurance plans from large employers who have a diagnosis of overweight or obesity.

GLP-1 drugs likely to remain the key topic in Health Care going forward

GLP-1 drugs, or glucagon-like peptide 1 agonists, have gained prominence over the past two years in light of their considerable success for the treatment of obesity. Importantly, the clinical data for GLP-1s has generally remained favorable while also building and expanding into other possible indications. Further, as over 40% of the U.S. population has obesity and over 70% is considered overweight, investors’ significant interest in GLP-1s is understandable.

As the chart depicts, insurance companies’ annual costs for enrollees with an obesity diagnosis were, on average, elevated by 2.5x – 2.7x. We believe the growing usage of GLP-1 drugs could have a meaningful impact on the U.S. health care system — key drivers include favorable clinical data and the expansion of insurance coverage, which we expect to occur alongside growing evidence of GLP-1s’ effectiveness for other conditions and comorbidities.

What it may mean for investors

While there are risks and challenges related to the expansion of the GLP-1 drug market, we expect it to remain the key topic in Health Care. We are neutral on the overall Biotechnology and Pharmaceutical sub-sectors but believe we see a potentially significant market opportunity for the top, most established players in the GLP-1 market. In our view, the eventual entrance of additional manufacturers and the broadening of insurance coverage should fuel additional market growth going forward.

Greg Simpson; Equity Sector Analyst, Health Care

Excerpted from *What investors should know about GLP-1 drugs* (August 20)

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

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Forecasts are not guaranteed and based on certain assumptions and on views of market and economic conditions which are subject to change.

Sector investing can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility. Some of the risks associated with investment in the **Health Care** sector include competition on branded products, sales erosion due to cheaper alternatives, research and development risk, government regulations and government approval of products anticipated to enter the market.

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