



Investing in the future of healthcare

We invest in two themes related to the future of healthcare: healthcare breakthroughs and pharma breakthroughs.

Healthcare breakthroughs

We believe technology is fundamentally changing the nature of healthcare for the better.

Healthcare Today

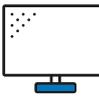
Analogue
Focus on caring for the sick
Skill Shortage
Centralised

Healthcare In the Future

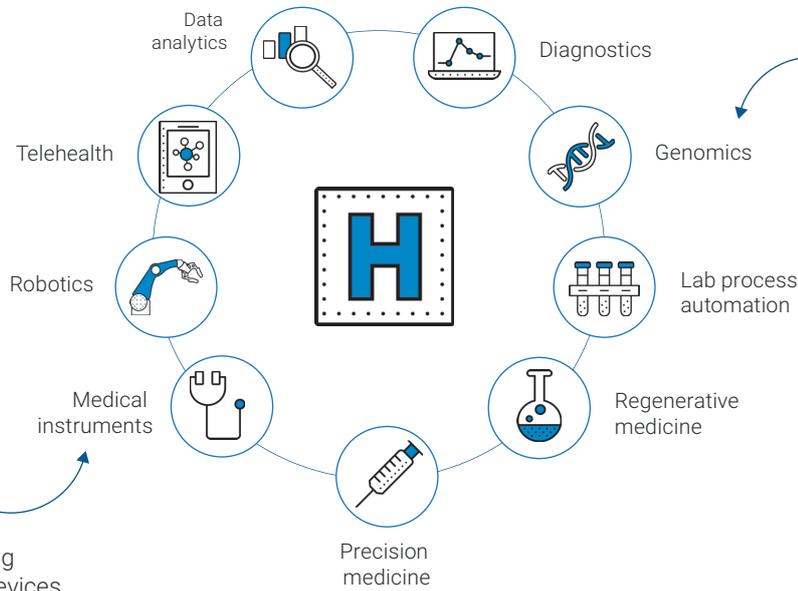
Digital
Early detection and prevention
Robot / AI-assisted technicians
Decentralised



Such a technology-enabled transition has the potential to solve or significantly alleviate many of the most pressing challenges facing the healthcare industry today:

 Aging Population	 Rising Costs	 Shortage of skilled workers	 Legacy IT	 Invasive Procedures	 Medical Error
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To invest across the spectrum of healthcare technology and capture in full the opportunities being created, we work with industry experts at ROBO Global to map the universe and identify the leading companies in nine categories:



Genomics advancements are enabling a transition from a one-size-fits-all approach to precision medicine – a more precise treatment tailored to each individual. The implications for new drug development opportunities are immense.

To give just one example, innovation in continuous glucose monitors and insulin pumps is lowering the cost and burden of managing diabetes, driving rapid adoption of these devices.

Pharma breakthroughs

On the pharmaceutical side of the healthcare industry, we focus on orphan drugs. These are medicines developed to treat rare diseases or disorders that are known to affect between four and seven people in every 10,000¹. There are approximately 7,000 rare diseases globally, with only 10% having treatments, according to current estimates from the National Institutes of Health and the European Organisation for Rare Diseases².

Pharmaceutical companies have historically not prioritised orphan drug development, but now economic drivers such as tax credits, grants and reduced timelines for clinical development – coupled with commercial drivers such as premium pricing, faster uptake and longer market exclusivity – are fuelling orphan-drug development.

Worldwide orphan drug sales by 2024 are forecast to be worth

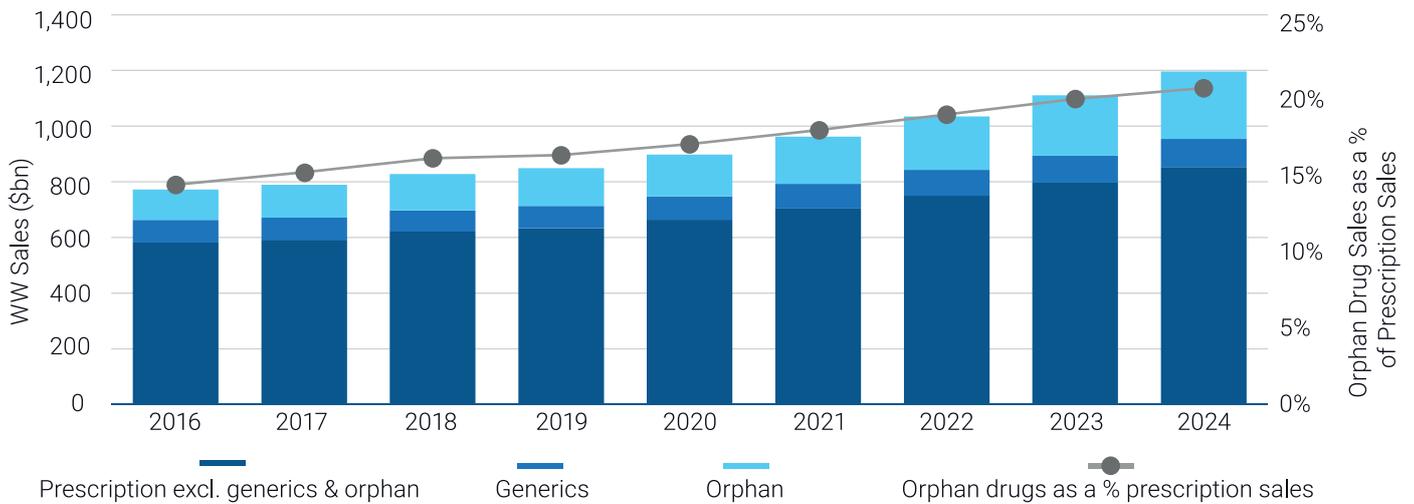
\$242 billion



¹ European Organisation for Rare Disease, 2021

² National Institutes of Health and European Organisation for Rare Disease, 2021

Source: EvaluatePharma® Orphan Drug Report 2019



Source: EvaluatePharma® Orphan Drug Report 2019. Forward-looking statements are, by their nature, subject to significant risks and uncertainties and are based on internal forecasts and assumptions and should not be relied upon. Past performance is not a guide to the future.



The compound annual growth rate for orphan drugs is expected to be

2x that of the overall drug market

As well as the public-policy incentives available to developers of orphan drugs, they are pioneering the treatment of rare diseases and so can help investors align portfolios to ESG objectives and UN Sustainable Development Goal 3 (Good Health and Wellbeing) – as can providers of healthcare technology.

For example, Genmab* is an international biotechnology company, founded in Denmark in 1999, which specialises in the creation and development of human antibody therapeutics for the treatment of cancer, autoimmune, infectious and central nervous system diseases. It aims to have transformed cancer treatment by 2025.

To identify such companies, we work with EvaluatePharma, an independent third-party provider of exclusive and trusted market intelligence into the pharmaceutical and biotechnology healthcare sectors. EvaluatePharma builds its database from a drug level upwards, tagging drugs from the earliest possible stage in the development cycle (from research project, pre-clinical, phases I-III, and marketed) to their relevant pharmaceutical class, diseases, mechanism of action and EphMRA code (among many other classifications).

Key Risk – The value of an investment and any income taken from it is not guaranteed and can go down as well as up; you may not get back the amount you originally invested.

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*For illustrative purposes only. Reference to a particular security is on a historical basis and does not mean that the security is currently held or will be held within an LGIM portfolio. The above information does not constitute a recommendation to buy or sell any security.

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