



THE AGEING POPULATION: *Following the trend*

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The investment approach of the ODDO BHF Polaris fund range seeks to a long-term growth potential with the identification of secular trends. The four trends that funds are targeting include the **ageing of the population** alongside the digitalisation of the economy, new consumer & worker trends, and growing middle class. We take a closer look at the impact of demographic change on our economies and the impact on our investments.

„22%: share of over 60-year-olds worldwide which is expected to rise by 2050, compared with 11% in 2011.“

LONG-TERM STRUCTURAL TRENDS IN SOCIETY ARE OF GREAT IMPORTANCE FOR INVESTORS.

Such megatrends develop independently of economic cycles and have an impact on the business models of many companies. Global demographic change has long been one of the most predictable trends with serious consequences for the economy and society. Driven by falling birth rates and rising life expectancy, the number of older people, often no longer working, is steadily increasing in many industrialized countries, but also in Asia. The global share of people over 60 will double from

11% in 2011 to 22% in 2050. There are significant differences between regions. In Africa, for example, the proportion of people aged 65 and over is currently 3%, compared with 17% in North America and 19% in Europe (Sources: WHO, United Nations Population Fund, DSW German Foundation for World Population, 2012, 2022).

THESE DEMOGRAPHIC TRENDS WILL HAVE SERIOUS IMPLICATIONS FOR HEALTHCARE SYSTEMS.

The reason is that older people tend to be chronically ill more often (according to figures from Germany, more than 50% of people over 65 suffer from chronic diseases). Progress in the fight against diseases such as diabetes, Alzheimer's, morbid obesity, or cancer depends on innovation in the pharmaceutical and biotechnology industries. Health stocks are therefore likely to be among the big winners from this megatrend in the first place. For example, the Danish pharmaceutical company Novo-Nordisk recently became Europe's most valuable in terms of market capitalization, mainly thanks to the rapidly growing sales of the weight-loss drug Wegovy. Much of the innovation these days also comes from bio-pharma companies that use biological components of substances, so-called biologics. Drugs produced in this way are increasingly taking market share from chemically manufactured (small molecule) drugs.

Furthermore, it is also possible to profit from the trend towards greater innovation in healthcare without investing in pharmaceutical or biotech companies. For example, if you want to avoid



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the risks of clinical trials, investing in life science stocks that supply ingredients or equipment for pharmaceutical research and industry is a good option. Thermo Fisher and Stryker are two examples. Healthcare technology is another area of interest as it helps the sector to become more productive and cost-effective.

AUTOMATION WILL ALSO BENEFIT FROM THE AGEING OF OUR SOCIETIES.

As more people retire, we will have fewer workers. Even today, many companies find it impossible to fill all their vacancies. More automation (software, robots, etc.) can potentially solve the problem. As a result, we expect an increasing demand for IT solutions, software and cloud infrastructures that help companies to make their operations more efficient. These include software companies, the major cloud providers, and the semiconductor manufacturers.

The so-called „silver agers“ also have different consumption habits than younger cohorts - companies that specialize in meeting their needs could benefit. This includes, for example, luxury companies that cater specifically to this target group, given the high disposable incomes of older, wealthy consumers.

The ageing population is expected to be one of the biggest social and economic changes of our century. According to our analysis, this will create significant long-term opportunities for companies across a range of sectors and geographies that help to improve the quality of life of these older people.

Through its global funds with different risk profiles, the ODDO BHF Polaris range implements a **diversified, conviction-driven and long-term** investment management approach with a selection of companies which operate all around the world.

Equity selectivity and quality are at the heart of the alpha creation: the portfolios are focusing on companies with strong fundamentals, financial and extra-financial sustainability, competitive edges, and real ability to go through all the phases of the economic cycle.

None of the aforementioned companies constitutes an investment recommendation. Past performance is not a reliable indication of future return and is not constant over time.

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