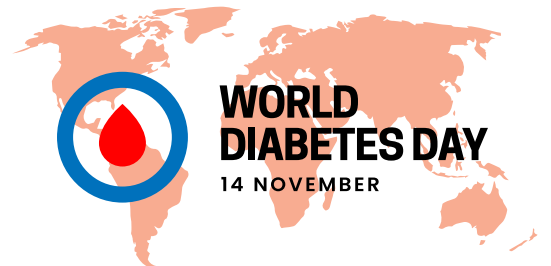


Future focused: our diabetes sub-portfolio

To mark **World Diabetes Day**, find out how the Future of Healthcare Fund invests in solutions to the world's fastest growing chronic health condition.

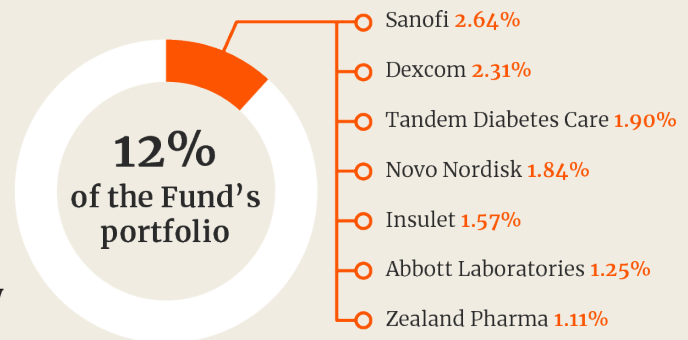


In brief

The diabetes market makes up just over 12% of the Fund's portfolio.

We made the strategic decision to ensure high exposure to this sector at the inception of the Fund. Amid the uncertainty caused by COVID-19, the diabetes sector provided relatively stable, sustainable growth.

Equally, the demand characteristics of the diabetes market are attractive: increasing prevalence, significant undertreatment and advances in technology are resulting in better health outcomes and associated market growth.



An uncontrolled global crisis

Diabetes is one of the world's most challenging public health issues.

In Australia, **280 people develop diabetes every day** – that's 1.8 million people nationwide.¹

This chronic illness is estimated to cost **Australia \$14.6 billion annually**.¹

About **1 in every 10** – or 537 million people – live with diabetes worldwide.²

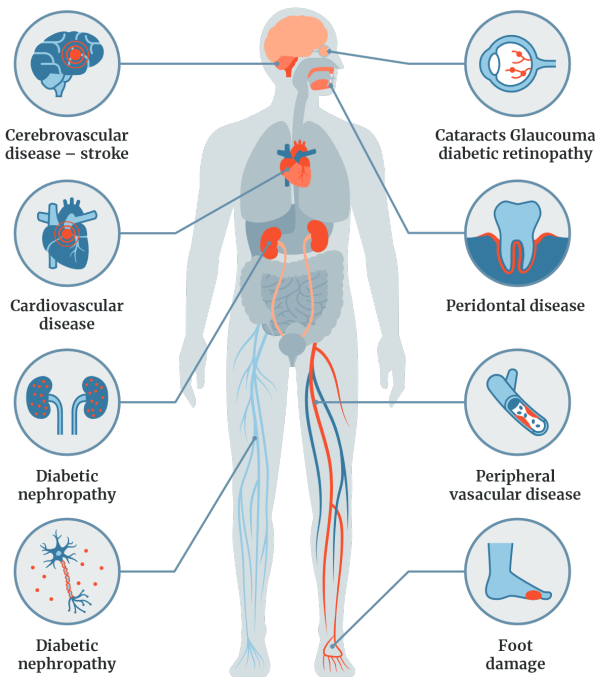


What is diabetes?

Diabetes affects the body’s ability to produce or use insulin, a hormone involved in turning glucose (or sugar) into energy.

People with diabetes face a number of life-threatening complications. Globally, diabetes is responsible for **6.7 million deaths in 2021**.²

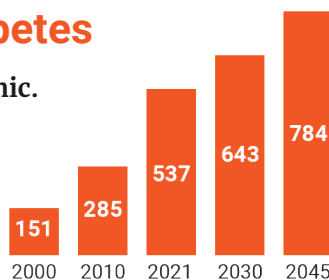
High sugar levels damages internal organs increasing a diabetic’s risk of heart attack, stroke, kidney failure, blindness and lower limb amputation.



The future of diabetes

Diabetes is a global epidemic.

By 2045, the number of people living with diabetes is predicted to **rise to 784 million**.²



As there is currently no cure, diabetes requires lifelong management but treatment is changing.

New effective devices, drugs, diagnostics and services will continue to be supported by this rising tide of demand.

These significant advances in technology deliver real benefits to patients, which in turn increase demand, revenue and profits for the companies at the centre of this trend.

100 years on: insulin transformed diabetes treatment, but more needs to be done

The development of insulin was a defining moment in medicine.

In 1922, Leonard Thompson became the first person to be treated with insulin, changing type 1 diabetes from a death sentence to a manageable condition.

Almost a century later, insulin has helped millions of people and is a primary form of treatment. But the story doesn’t end there.

Diabetes continues to be significantly undertreated today. The rule of halves applies here, where:

- Roughly half of all people with diabetes are not diagnosed
- Half of those diagnosed do not receive care
- Half of those receiving care do not achieve their treatment targets

Therefore despite a century of use there remains significant opportunity for further adoption and diffusion of insulin use.

If not now, when? was the theme for this year’s World Diabetes Day on 14 November, calling on global policy makers to improve access to diabetes care.

[Find out more](#)

Pharmaceuticals

In the insulin production and pharmaceutical space, the Fund prefers:



Novo Nordisk for its more pure play innovative exposure to metabolic syndrome – including new novel longer duration and faster acting insulins – and GLP-1 agonist drugs (Semaglutide), including the newly approved weight loss drug Weygovy.



Sanofi's valuation is attractive for its forecast higher earning per share 3-year compound annual growth rate. With a lower price to earnings multiple than other mega cap peers, we expect the stock valuation gap to its peers to close as the growth is delivered.

Continuous Glucose Monitoring

Continuous Glucose Monitoring (CGM) is a step forward in treatment.

By continuously measuring glucose levels, CGM helps people better maintain their target range. This reduces the risk of hypoglycaemia and other long-term health issues caused by time spent outside this range.



Dexcom and Abbott are leaders in CGM systems. Dexcom's small implantable sensor is placed just under the skin and transmits glucose levels every few minutes to external receivers. The Dexcom system is driving device connectivity and is now central to a number of closed loop products.

Closed loop pumps & the steps to the artificial pancreas

Delivering insulin instantaneously in response to someone's current and predicted sugar levels, closed loop pumps provide another innovative treatment option.

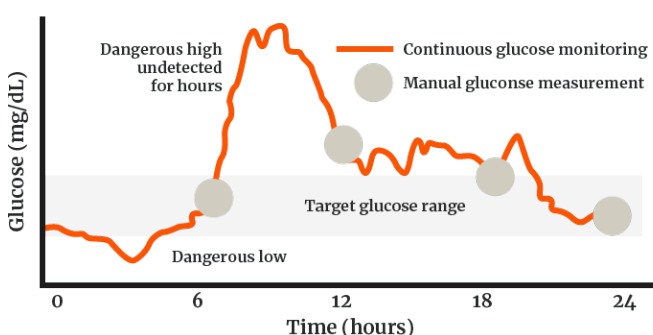


Tandem became the first manufacturer to market a closed loop insulin pump system in 2020. The planned launch of its micro insulin pump t:sport in 2H21 with dedicated controller should drive continued growth.



Insulet Corporation has the launch of its Omnipod 5 in 2021: a tubeless, wireless, on-body patch, pump designed for automated insulin delivery — the 1st fully controlled by user's mobile phone.

Serious health complications of high blood sugar



Zealand Pharma has developed a rescue treatment that helps people recover from very low blood sugar. Dasiglucagon can be used in emergencies to treat severe hypoglycaemia, but more importantly, it's being used in Beta Bionics iLet next generation bi-hormonal artificial pancreas pump. This pump promises to maintain blood glucose levels without the need for patient intervention. A Phase III/Pivotal Trial for the artificial pancreas is expected to commence soon.

Clinical benefit drives financial returns

“ Better clinical outcomes drive higher demand, revenues, margins and ultimately higher profit. **”**

Victor Windeyer

By creating real-world, meaningful improvements, companies like Dexcom have seen strong growth. Revenue is expected to almost double again over the next three years.

Prevention and cell therapy

While we continue to look for the right opportunity in the markets, the Fund does not yet have investments in the prevention and management segment of this indication.



Vertex – one of our holdings – has a ‘synthetic’ cell therapy project, and we continue to actively follow this space, both for opportunities to invest and to keep abreast of technologies that could potentially disrupt the market for our current investments.

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Important information

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