

Jennison Associates

Breakthroughs in Big Pharma Create Blockbuster Opportunity

Curtis Butler, CFA – Managing Director, Client Portfolio Manager

Debra Netschert – Portfolio Manager, Global Healthcare Strategies

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Curtis Butler:

Hello, and welcome to our discussion about the healthcare sector. With me today is Debra Netschert, analyst and portfolio manager on the healthcare team at Jennison. Debra, thank you for joining today.

Debra Netschert:

Thanks for having me.

Curtis Butler:

So over the past couple of years, much of the press and the activity in your sector has been related to the development and rollout of vaccines to combat COVID-19, but there have been a lot of other developments related to the treatment of chronic health issues like diabetes and obesity.

Debra Netschert:

There have.

Curtis Butler:

What are the developments that you are following, and how might these present opportunities for investors?

Debra Netschert:

There have been some really exciting developments in the treatment of both diabetes and obesity. We've seen a number of new molecules come to the market, and the efficacy is significantly better than the prior molecules. We've also seen the medicines for diabetes producing a significant amount of weight loss, which is opening up a huge market for these pharma companies to go after obesity. If you look at just the US alone, 36% of Americans have a BMI of over 30, which would classify them as obese. This is a huge opportunity for the large players to be able to go after.

Curtis Butler:

Now, these issues have obviously been around for a long time. Why are these developments happening just now?

Debra Netschert:

If you look at the clinical trials that we're seeing, the data is getting better and better, and a lot of that just has to do with understanding the disease better, understanding the patients better, being able to use all of the data that was generated from years of clinical trials and putting those into computer algorithms and increasing the AI, and allowing the pharma companies to have a much better opportunity to develop successful drugs.

Curtis Butler:

Is technology making all of this easier in the end?

Debra Netschert:

Technology has enabled a lot of things. As I said, it's made clinical trials significantly better, but it's also allowed patients to understand the treatments that are available to them, and social media has also just been an incredible way to spread the word. So instead of a patient walking into a doctor's office and the doctor telling the patient, this is what's available to you. They come in and they say, I've read about this therapy and this therapy and this therapy and this therapy, and this is the one I want. So, it's really just changed the dynamic, and you're starting to really see consumerism enter into healthcare.

Curtis Butler:

Whether the doctors like it or not?

Debra Netschert:

Exactly.

Curtis Butler:

Again, for investors, what is the real opportunity here? How big could this really be?

Debra Netschert:

What's really happened is just the dramatic efficacy we're seeing and the correlation between weight loss and a potential positive impact on cardiovascular disease. We've seen a lot of data that's been released to suggest as these patients are losing weight, you're seeing improvements in blood pressure, you're seeing a decrease in cardiovascular events, stroke, heart attack, things like that. Those are big budget items. If we're lowering the rate of cardiovascular disease across the globe, we're going to have a really dramatic effect on costs, but more importantly, on quality of life for individuals across the globe.

Curtis Butler:

So be fair to say that these new treatments qualify as a blockbuster opportunity for the pharma companies and for investors?

Debra Netschert:

For sure. This could be one of the largest opportunities we've ever seen in the pharmaceutical sector.

Curtis Butler:

Shifting gears, what are your thoughts on the biotech space?

Debra Netschert:

If you think about all the advances we've seen in genetics, sequencing, robotics, AI, computational biology, it's really allowed an acceleration of the overall drug development process. This is a really exciting time. Not only do we have the large pharma companies embarking on one of the biggest opportunities we've ever seen, we also have an incredible amount of innovation that's happening across the biotech sector in the really early stage companies as well as the late stage companies. So that's going to create a lot of opportunities for investors across the ecosystem. But more importantly, it's going to create a lot of opportunities for patients to get fantastic therapies.

Curtis Butler:

Very exciting stuff. Debra, thank you so much for your time and insights today.

Debra Netschert:

You're welcome. Thanks for having me.

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