

What investors need to know about the longevity economy

As life expectancies rise across the globe, the way people live is rapidly changing. In fact, retiring and elderly generations are forecast to represent 55% of consumption growth in developed markets by 2030.¹

With an ageing global population comes rising healthcare costs. Personal healthcare spending in developed markets is expected to double at 65 years of age and quadruple at 85.²

Living longer means having to rethink life's journey – from career changes and further education to financial planning and ensuring a more comfortable retirement.

We believe these trends are creating potentially compelling investment opportunities in companies focused on 'whole of life' products and services, not just a person's end of life. We focus on four areas associated with the financial implications of the longevity economy:

1 Wellness

Improving the length of peoples' healthy lifespan by modifying unhealthy behaviours in favour of living active and healthier lifestyles; aiming to prevent diseases through vaccinations; digital diagnostics; screening and monitoring.

A recent study on a sample of the US population showed that those who maintained physical activity throughout adulthood saved an average of \$1,350 per year in healthcare costs, compared to physically inactive adults.³

Over the last decade, both younger and older generations have increasingly recognised the need for healthier living, with \$96.7bn in revenue generated across the global health club industry in 2019.⁴

The charts below show these figures for the US, which accounts for a significant proportion of the global market.

US health club industry revenue and gym memberships, 2008 vs. 2019⁵

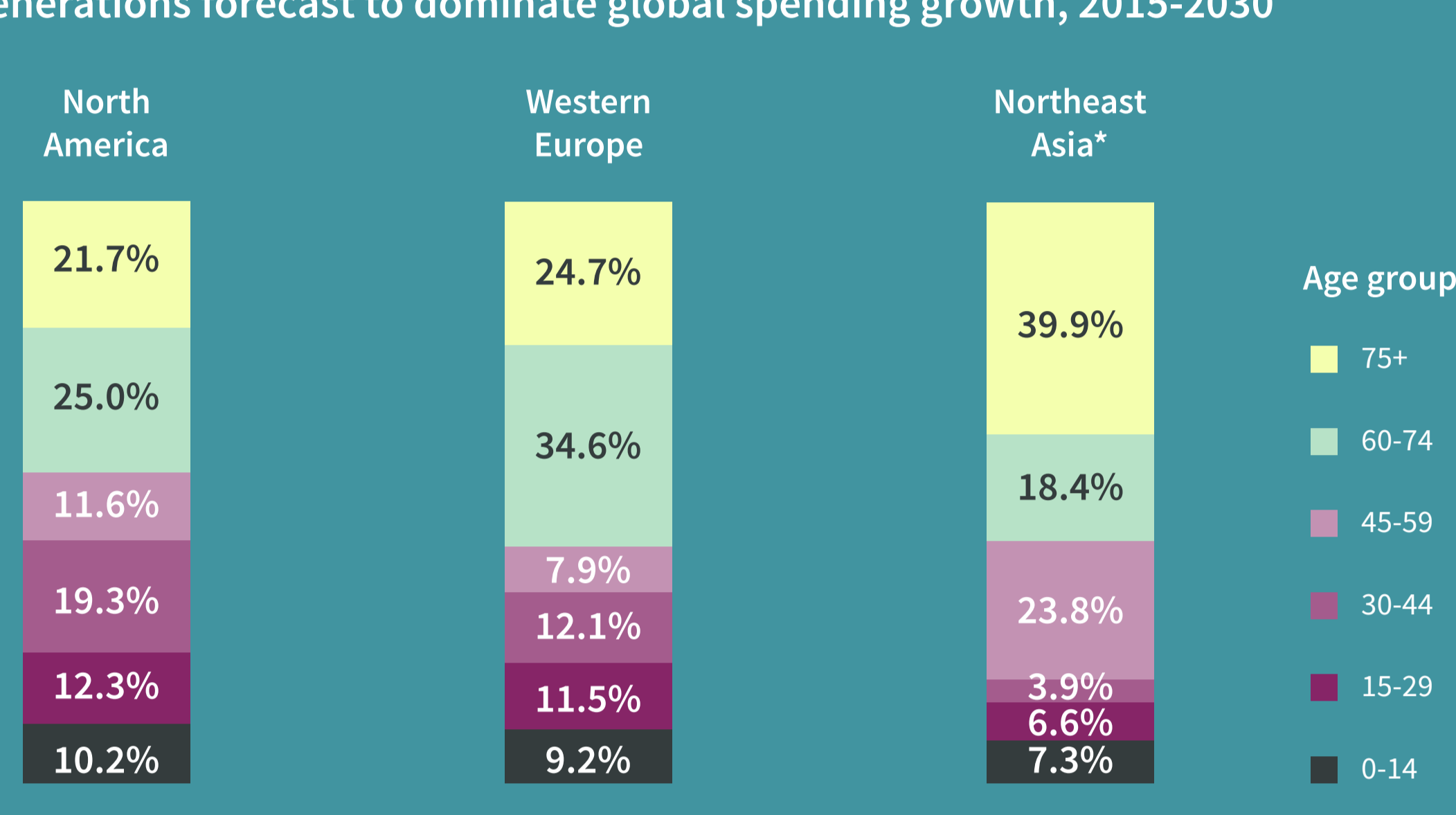


2 Silver Spending

The discretionary spend related to the 'over 60s' population represents a huge opportunity for businesses. This age group is expected to significantly contribute towards global spending growth over the next decade.⁶

Sectors supporting this consumption growth include leisure activities, travel, beauty, financial planning and pet care.

Older generations forecast to dominate global spending growth, 2015-2030⁶



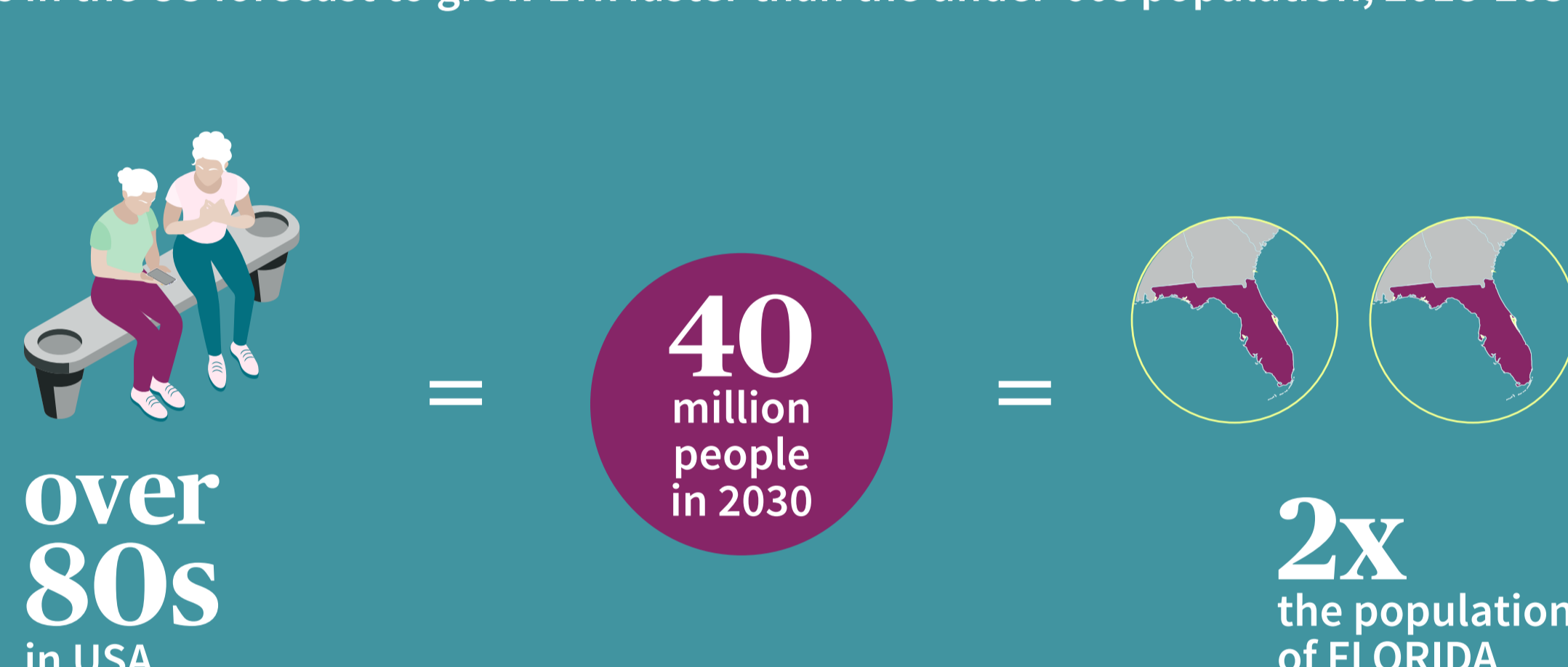
*Northeast Asia is made up of China, Japan, Korea, Russia and Mongolia

3 Senior Care

Focusing on the needs of an expanding senior population and supporting the increasing dependency of those aged 80 and over. For example, in the US, the 'over 80s' population is expected to grow 17 times faster than the 'under 60s' population over the next decade.⁷

Areas that support these needs include care facilities, health insurance, nursing, infrastructure and funeral planning services.

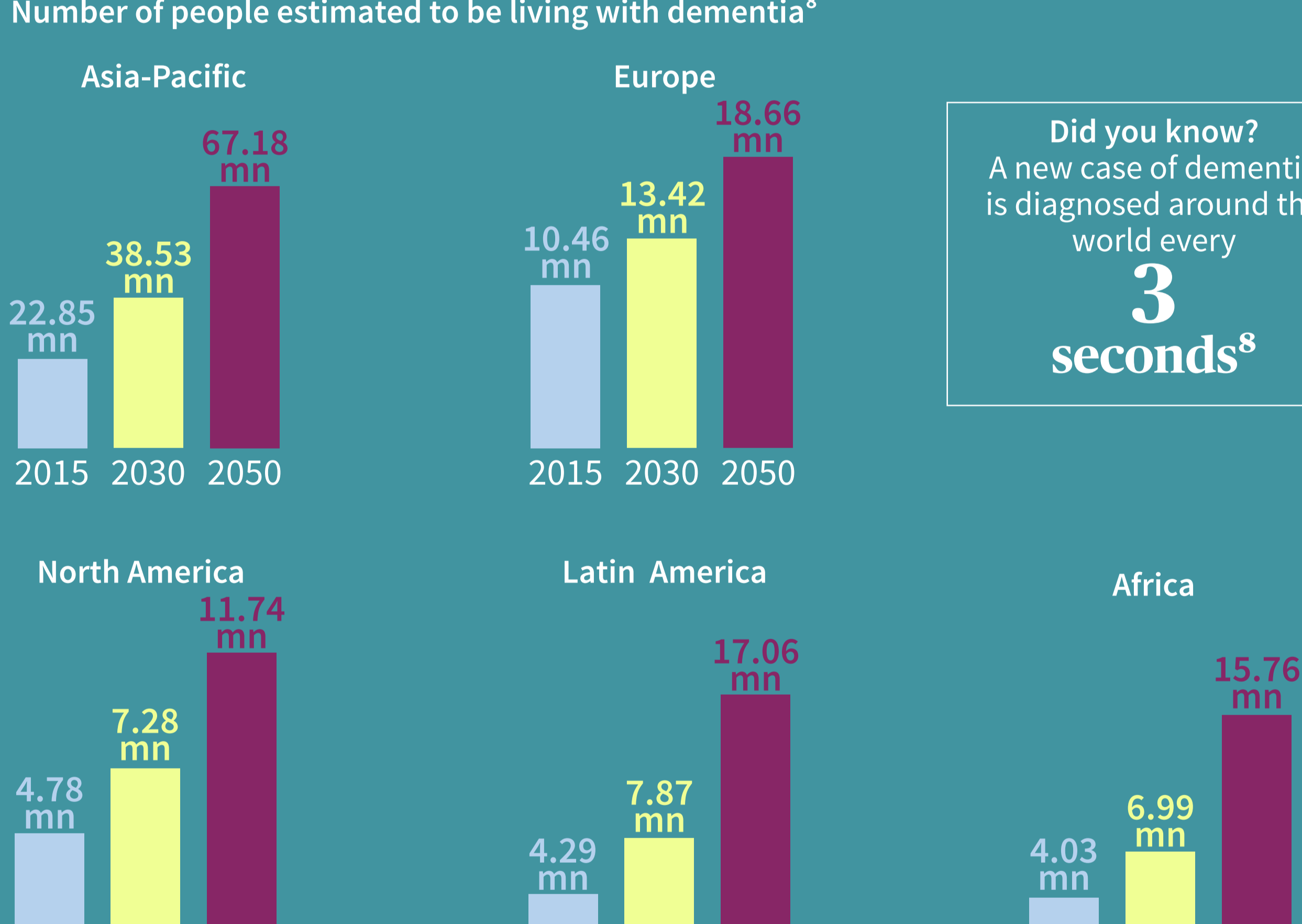
Over 80s in the US forecast to grow 17x faster than the under-60s population, 2018-2030⁷



4 Treatment

Treating medical conditions that are caused by lifestyle factors or conditions that primarily affect the 'over 60s' population. This includes chronic conditions such as diabetes, heart disease, cancer, dementia and arthritis; and mobility conditions like joint replacement therapies.

Number of people estimated to be living with dementia⁸

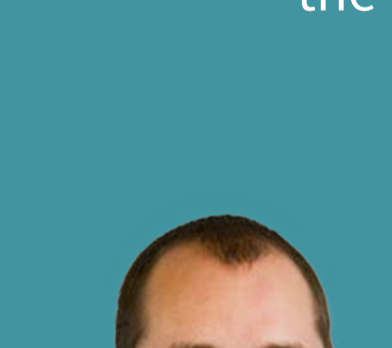


Did you know?
A new case of dementia is diagnosed around the world every **3 seconds**⁸

More positively, in June 2021, the US Food and Drug Administration approved aducanumab, a drug to be sold under the brand name Aduhelm⁹, which targets what many industry experts believe to be the underlying cause of Alzheimer's, rather than its symptoms.

What's next?

- More than **5x faster**
The expected growth rate of the global share of people aged 60 or over, compared to the under 60s, over the next decade¹⁰
- 55%**
The projected proportion of consumption growth represented by retiring and elderly populations in developed markets by 2030¹
- \$15trn**
The projected spend of people aged 65 or over by 2030, almost doubling from \$8.7trn in 2020¹¹



"Ageing populations are an irrevocable trend that will ultimately influence every facet of modern life. Companies are rapidly acknowledging that older consumers are more active, adventurous and tech-savvy than they are typically given credit for. The challenge for investors is to identify those companies whose products and services are well placed to create a meaningful connection with their ageing customers."

Peter Hughes
Longevity Economy Portfolio Manager, AXA Investment Managers

Sources:
 1 McKinsey Global Institute. Urban World: The Global Consumers to Watch, April 2016
 2 US Centers for Medicare and Medicaid Services, May 2018
 3 Leisure time physical activity throughout adulthood is associated with lower Medicare costs: evidence from the linked NIH-AARP diet and health study cohort, University of Wisconsin, Newcastle University, The Cooper Institute Dallas, NCI, 2021
 4 IHSA 2020, 26 June 2020
 5 IHSA 2009 and IHSA 2020
 6 Urban World: The Global Consumers to Watch, McKinsey & Company, April 2016
 7 Brookdale Senior Living, 2018 annual report, 14 February 2019
 8 World Alzheimer's Report 2015, August 2015
 9 FDA grants accelerated approval for Alzheimer's Drug, US Food & Drug Administration, 7 June 2021
 10 United Nations, Department of Economics and Social Affairs, Population Division, as of October 2018
 11 The silver economy is coming of age: A look at the growing spending power of seniors, Brookings Institute, 14 January 2021

The changing lifestyles and needs of older generations have the potential to represent a multi-decade growth opportunity for investors.

Want to learn more?
Click here to visit our website on Ageing and Lifestyle

Important Information
 Capital at risk. The value of investments may fall as well as rise and you may not get back the full amount invested.

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