ALGER

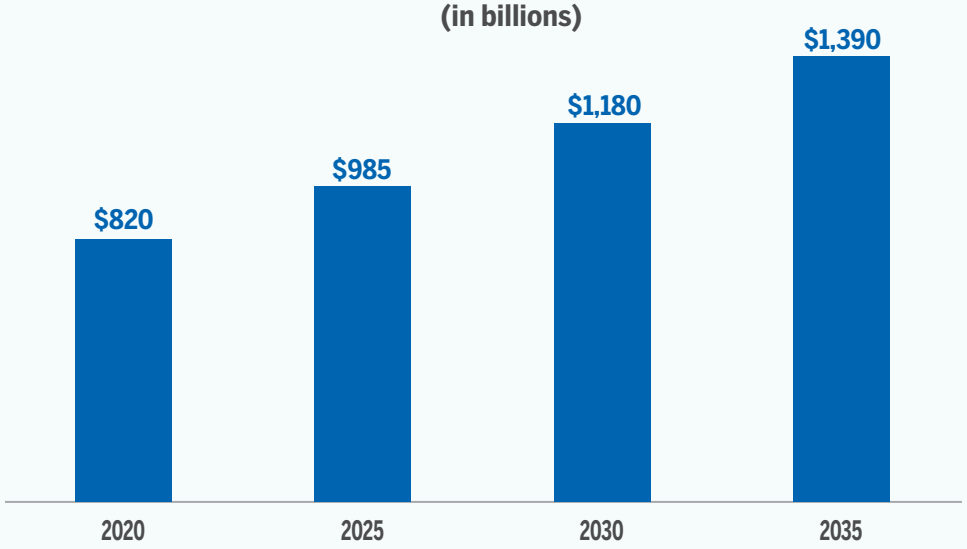
Alger On the Money

# Caring for Tomorrow

According to the American Heart Association (AHA), cardiovascular disease (CVD) is now the leading cause of death in the U.S., which is closely linked to obesity. Fortunately, new medical innovations could help reduce the risk of CVD-related mortality in adults who suffer from obesity. What could this mean for modern medicine and how might this impact the economy over the long run?

**Economic Cost of Cardiovascular Disease in the U.S.**

**(in billions)**




Source: American Heart Association and Statista estimates as of January 2018. The estimated total cost of cardiovascular disease in the U.S. from 2020 to 2035, by disease type, includes both the healthcare costs for treating obesity and its consequences and the impact of obesity on economic productivity, with obesity contributing to absenteeism, presenteeism (reduced productivity while at work), and premature retirement or death.

- Originally developed in 2005 for the management of type 2 diabetes, GLP-1 (Glucagon-like peptide-1) receptor agonists are a new class of medications that have gained significant attention after receiving approval from the U.S. Food and Drug Administration for weight loss. GLP-1s regulate insulin, slow digestion, and make you feel full more quickly.
- Obesity prevalence in the U.S. has gone from 30.5% in 1999, to 41.9% in 2020, according to the Centers for Disease Control and Prevention. The AHA estimates that the total economic cost of CVD could reach close to $1.4 trillion by 2035 in the U.S. alone, as seen in the chart above. However, GLP-1s have the potential to help millions of individuals suffering from obesity by lowering the likelihood of CVD and CVD-related deaths.[1] Further, we believe GLP-1s could improve the quality of life for millions of Americans by reducing the indirect costs associated with CVD, with the potential to increase overall worker productivity.
- While the U.S. leads the world in health care costs relative to GDP[2], we believe GLP-1s could reduce costs on CVD-related surgeries over the long-term. Moreover, GLP-1s have the potential to impact other areas of the economy, such as packaged food companies given the reduction in caloric consumption, in our view. Accordingly, we believe that companies who are involved in the production of GLP-1s could potentially have a large opportunity for growth over the long-term.

[1] On August 8th, 2023, Novo Nordisk, a Danish pharmaceutical company, published data from their SELECT study on adults who were 45 years or older that were overweight with a diagnosis of CVD, and found that participants who received the GLP-1 medication Wegovy (semaglutide), significantly reduced the risk of CVD related death by 22%. The SELECT study (Semaglutide Effects on Heart Disease and Stroke in Patients with Overweight or Obesity) is a large, randomized, placebo-controlled trial that investigated the effects of semaglutide on the risk of major adverse cardiovascular events (MACE) in people with overweight or obesity and established cardiovascular disease (CVD).

[2] Among OECD member countries, the United States had the highest percentage of gross domestic product spent on health care in 2022. The U.S. spent nearly 16 percent of its GDP on health care services. OECD stands for Organization for Economic Co-operation and Development. It is an economic organization consisting of 38 member countries.

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The American Heart Association (AHA) is a nonprofit organization in the United States that focuses on cardiovascular health through public education, research funding, and advocacy efforts.

The Centers for Disease Control and Prevention (CDC) is a U.S. federal agency that conducts research and provides information to protect public health and safety through the control and prevention of diseases, injuries, and other health hazards.

The Food and Drug Administration (FDA) is responsible for protecting the public health by assuring the safety, efficacy, and security of human and veterinary drugs, biological products, medical devices, our nation's food supply, cosmetics, and products that emit radiation.

Statista is a German company specializing in market and consumer data. According to the company, its platform contains more than 1,000,000 statistics on more than 80,000 topics from more than 22,500 sources and 170 different industries.

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The following positions represent firm wide assets under management as of August 31, 2023: Novo Nordisk A/S 0.04%