

Market commentary of March 14, 2024

A lot of movement in the market for weight loss drugs

The renowned medical journal "The Lancet" recently published a study that shows the extent of the obesity pandemic: more than one billion people worldwide are already suffering from obesity. This exceeds the latest estimates of the World Obesity Foundation, which are only two years old. According to these estimates, around 880 million adults and 159 million children are obese. Obesity rates for women have doubled in this period, the ones for men have tripled and the ones for children have even quadrupled. These are dramatic figures and developments.

Christian Lach, Lead Portfolio Manager of the Bellevue Obesity Solutions (Lux) Fund of Bellevue Asset Management

Solutions for the prevention and treatment of obesity are more sought-after than ever. Based on the latest advances, many companies have positioned themselves accordingly and are vying for the biggest possible slice of the cake. Roche, which failed to meet expectations in the past with its Xenical, has also repositioned itself and announced its return to the weight loss drug market in December 2023 with the acquisition of Carmot Therapeutics for USD 2.7 bn, a sum that could increase by up to USD 400 mn if certain milestones are reached. This action signaled Roche's strategic commitment to the obesity treatment space. Whether expectations will be fulfilled remains to be seen, as competition is fierce and the market is already highly competitive. At the end of February 2024, Viking Therapeutics attracted attention with its experimental weight loss drug, which showed remarkable efficacy in a mid-stage trial. The drug could outperform competitors such as Eli Lilly's Zepbound and Novo Nordisk's Wegovy by helping overweight participants lose up to 15% of their body weight in 13 weeks. Viking's success almost doubled its market value and led to speculation about a possible takeover.

At the beginning of March, Novo Nordisk impressed at the Capital Markets Day with its market leadership in the field of obesity treatment and an optimistic outlook for its pipeline candidates. Sales forecasts for the global obesity market subsequently increased markedly to around USD 165 bn and the projected market size in 2035 to USD 150 bn. Novo Nordisk's confidence is based on progress in the production and development of next-generation products such as CagriSema and Amycretin.

These developments in the sector underscore the attractiveness of the Bellevue Obesity Solutions Fund, which covers the entire value chain in this area. Investors benefit from a diversified portfolio that includes companies at the forefront of innovation in obesity treatment. As a result, the fund is well positioned to benefit from the growth and success of its holdings and offers investors the potential for significant returns from the latest advances in weight loss drugs.

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