

Emerging market healthcare

Longer Term Investments (LTI)

Emerging markets' 65-year plus demographic will rise by 50% by 2030. Healthcare expenditure for this age group is significantly higher than for younger people, so public healthcare investment in EM needs to grow sharply to prevent an impending healthcare crisis.

Projections and opportunities

The value of the EM healthcare sector

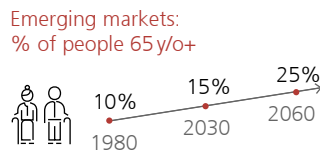
The value of the EM healthcare sector will grow 6.3% annually over the next decade, at double the pace of developed markets, we estimate.



Source: UBS AG 2018

Public investment in EM healthcare

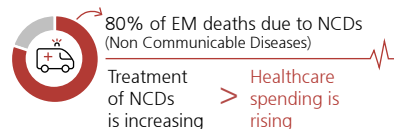
Public investment in EM healthcare will rise in the next 10 years due to rapidly graying populations and greater demand for modern services from urban middle classes.



Source: UBS AG 2018

Non-communicable diseases (NCDs)

Treatment of NCDs is increasing and raising healthcare spending. NCDs, due to lifestyle and diet changes stemming from two decades of rapid urbanization, are now the major cause of EM death.



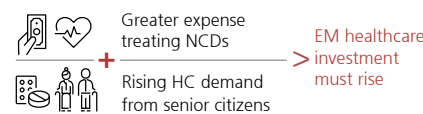
Source: UBS AG 2018

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Healthcare investment

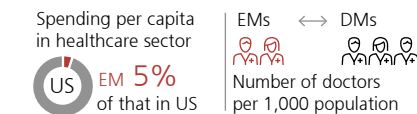
The rising healthcare demands of hundreds of millions of senior citizens and the greater expense of treating non-communicable diseases (NCDs) in EM suggest that healthcare investment must rise.



Source: UBS AG 2018

Healthcare spending in EM

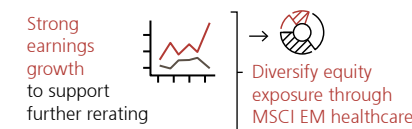
The big gap in per capita healthcare spending between EMs and the rest of the world stems from decades of EM underinvestment. Rapidly aging EM societies will burden healthcare services and may slow economic growth unless governments address the issue.



Source: UBS AG 2018

Diversify equity exposure

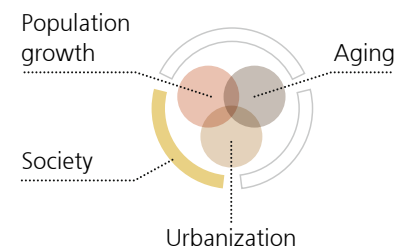
We advise diversified equity exposure through benchmarks like MSCI EM Healthcare. Growth here is likely to outpace the global healthcare average and support further re-rating.



Source: UBS AG 2018



Emerging market healthcare investment properties



○ Influencer ⊗ Key drivers

Near-term drivers

- EMs have historically underspent on healthcare
- Aging demographics: another key to spending growth
- Non-communicable diseases a key driver
- Decline in out-of-pocket spending share a positive trend
- Healthcare sector growth at premium to GDP growth

Sustainable investing impact

- Healthcare equipment & supplies
- Healthcare providers & services
- Pharmaceuticals and biotechnology companies

Impact investing (UN SDGs)

- SDG 3: Good health and well-being
- SDG 10: Reduced inequalities

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