

Emerging market healthcare

Longer Term Investments (LTI)

Aging, rising per-capita GDP, and urbanization will drive healthcare demand in emerging markets to outpace both overall GDP growth in emerging economies and healthcare spending growth in developed countries. On top of the region's favorable demographics, other drivers of investing in emerging market healthcare include biopharma innovation and a growing biologics industry, thanks in particular to China.

Projections and opportunities

Demographics drive growth

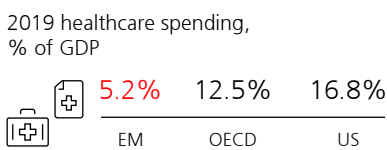
The over-65 population in emerging markets is projected to grow 3% a year over the next 30 years, more than twice the rate in developed markets.



Source: UN, as of 2022

Lagging healthcare spend

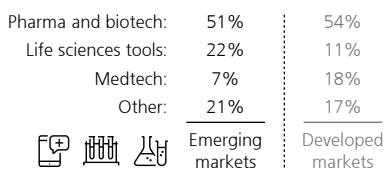
In aggregate, emerging economies spend 5.2% of GDP on healthcare, well below spending levels in developed countries.



Source: World Bank, UBS, as of March 2023

Index composition

The composition of the MSCI EM healthcare index has changed over the years and now reflects the emergence of the biopharma industry in China and life-sciences tools providers in Asia.



Source: FactSet, UBS, as of March 2023

Fewer health resources

Lower spend translates into fewer available healthcare resources. Emerging markets have fewer beds and physicians per capita than developed countries.



Source: World Bank, UBS, as of September 2021

Faster pharma market growth

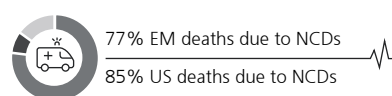
An industry forecast puts drug volume growth in "pharmerging" economies—those with rising drug spending and per-capita GDP below USD 30,000—at 2% a year from 2021–26, versus 0.7% in established markets. The estimates include above-normal medicine use in the past two years due to the pandemic. Global drug volumes fell 3% in 2021.



Source: IQVIA, as of 2021

Noncommunicable diseases (NCDs)

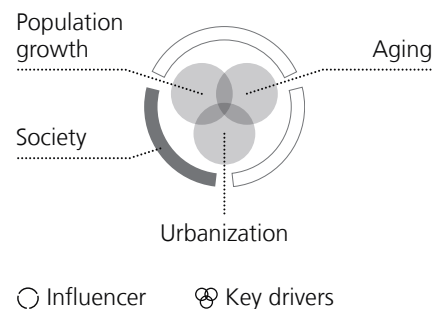
Chronic diseases are on the rise in emerging markets due to lifestyle and diet changes stemming from two decades of rapid urbanization.



Source: World Bank, UBS, as of 2021



Emerging market healthcare investment properties



Near-term drivers

- Historical underspending on healthcare
- Aging demographics
- Global biotech drug volumes
- China reopening

Sustainable investing

- SDG 3: Good health and well-being

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