



## Investing for a healthier future

With billions of people living longer than ever yet often in poor health, there is a growing focus on investing to improve people's quality of life.

As society prospers, one of the constant and reliable areas of growth is in enhancing living standards. Medical innovation has driven up life expectancy across much of the world, with significant advancements in the ability to treat ill health and disease. Meanwhile, society has benefited from dramatic improvements in living standards with better urban environments, air quality and nutrition.

Yet there are significant challenges ahead. The combination of rising lifestyle diseases and an ageing population is placing significant strain on healthcare services such as the NHS. But while the challenges are immense, they also provide huge opportunities for those companies innovating to provide solutions to the issues and potential rewards for investors.

Post the Covid-19 pandemic, there has been a renewed focus on the need to improve the nation's health and wellbeing. According to a survey by Public Health England, 40% of respondents gained around 3kgs of weight during the period. However, a survey by the British Heart Foundation show that two-thirds of respondents say that exercising is a top priority for improving their physical and mental health in the wake of coronavirus.

Martyn Jones, fund manager on the Liontrust Sustainable Future team, says: "The desire to improve quality of life and living standard continues to be an important driving force in the global economy and will provide a strong tailwind to the companies exposed to these trends. Our job is to back the rare businesses that can harness these tailwinds and generate strong profitability over the long-term with durable competitive advantages."

A key investment theme for the Liontrust Sustainable team is *Delivering healthier foods* – which seeks to find companies that are helping to improve the nutritional characteristics of food in order to tackle the obesity epidemic.

Jones says: "By 2026, the market for healthier food and drink is expected to be worth around \$1 trillion and an area of the market that we particularly like is in the flavour technology space.

"It is a cost that rarely makes up more than 10% of food and beverage products but is extremely important to the end consumer. In our view, this is not just a trend, but a market experiencing structural long-term growth."

Jones highlights Kerry Group as a great example of this in the Sustainable Future portfolios. Established in 1972 as a dairy cooperative, it has since evolved to become one of the largest and most technologically advanced ingredients and flavours technology companies. Their innovations help to reduce salt, fat and sugar while retaining taste, texture and flavour.

The Sustainable team also focuses on investing in health, under its *Enabling healthier lifestyles* theme, through companies that provide goods or services that enable people to live a more active and happier lifestyle, such as gyms and fitness chains.

Yet with consumers globally facing a cost-of-living crisis and looking for ways to make ends meet, many are trading down from more expensive options to low-cost options such as Basic-Fit in Europe.

Though lockdowns across the world during the peak of the pandemic have been tough for the gym market, Jones believe that the tougher the situation, the more well-established low-cost providers will take market share, as they are already positioned to embrace home workouts and have lower operating costs and membership fees.

He adds: “Much of our sustainable thinking at Liontrust focuses on a cleaner and safer world in the future but a third goal requires people to be healthy enough to enjoy this. With a fifth of the world’s population expected to be overweight or obese by 2025, and related diseases impacting both life satisfaction and expectancy, there are issues we simply have to face.

“We believe that the long-term improvements in our living standards and quality of life will persist, driving growth in our themes and long-term returns of companies providing some of the innovative solutions.”

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### Key Risks

**Past performance is not a guide to future performance. The value of an investment and the income generated from it can fall as well as rise and is not guaranteed. You may get back less than you originally invested.** The issue of units/shares in Liontrust Funds may be subject to an initial charge, which will have an impact on the realisable value of the investment, particularly in the short term. Investments should always be considered as long term. Investment in Funds managed by the Sustainable Future team involves foreign currencies and may be subject to fluctuations in value due to movements in exchange rates. The decision to invest in a fund should take into account all the characteristics and objectives of the fund (inclusive of sustainability features) as described in the prospectus.

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