



GOLDEN AGE

How to invest in longevity investment opportunities

APRIL 2025

MARKETING COMMUNICATION FOR PROFESSIONAL INVESTORS IN IT, FR, AU, DE, ES, PT, LU. Please refer to the prospectus of the ucits and to the kid before making any investment decision

The GIS SRI Ageing Population, a sub-fund of Generali Investments SICAV launched in 2015, is well positioned to capitalize on the opportunities presented by the world's ageing population. Giulia Culot, portfolio manager at Sycomore Asset Management ("Sycomore"), part of Generali Investments, explains how longer life is reshaping our entire society and economy from health to wealth, and creating fertile ground for new investment opportunities.

THE AGE OF AGEING

The world is entering what some have labeled the "Age of Aging." By 2050, one in six people worldwide will be over the age of 65, with nearly 450 million individuals surpassing the age of 80.¹ This seismic demographic shift presents unprecedented challenges and opportunities, reshaping everything from healthcare to wealth management and creating entirely new markets for innovative solutions.

The global population is aging at an accelerating pace due to two primary factors: increasing life expectancy and declining fertility rates. Since 1990, humanity has gained roughly one additional year of life expectancy for every four years that pass.² However, while some countries have seen life expectancy stagnate, advancements in medical technologies, treatments for chronic conditions like obesity, and lifestyle changes such as reduced alcohol consumption continue to push the boundaries of how long and how well people can live.

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At the same time, fertility rates worldwide have rapidly declined, from an average of five children per woman in 1970 to just over two today and are expected to drop below the replacement rate within the next 15 years. As a result, the global population under the age of 18 has already peaked, while the number of people aged 65 and older will double by 2050, reaching 1.6 billion or 16% of the total population.³

BOTH PUBLIC AND PRIVATE SECTOR NEED TO TACKLE NEW CHALLENGES

These major demographic changes are not just impacting certain sectors at the margins but are profoundly shaking up many areas of the economy. Both public authorities and the private sector will have a role to play in coping with the consequences of longer life expectancy. Healthcare spending, for example, could explode as it is currently estimated that an elderly person costs the healthcare system five times more than a child and 2.5 times more than a person of working age.⁴

HOW TO INVEST IN A WORLD THAT IS LIVING LONGER

The implications of this demographic shift are complex and multifaceted. On a macroeconomic level, the effects on interest rates, inflation, and equity markets remain subjects of heated debate. The rapid development of digital technology and artificial intelligence further complicates predictions by introducing unprecedented opportunities for productivity enhancement. However, at a more granular level, several clear investment themes are emerging:

1. Healthcare: Medicines (obesity, oncology, cardiovascular, diabetes), healthcare products (hearing aids, vision correction, dental implants) and medical equipment (diagnostics, robotics for operating rooms)
2. Pensions and Savings: Life and health insurers, asset management, longevity risk reinsurers
3. The Silver Consumer: Personal care (skin and haircare), travel and leisure, luxury products, sports, nutrition
4. The Declining Workforce: Productivity solution providers, industrial automation, robotics, software, semiconductors (due to AI), education (due to longer careers)

1. HEALTHCARE

An aging population drives higher healthcare spending. In the United States, seniors aged 65 and over comprise 17% of the population but account for 37% of healthcare expenditures.⁵

This creates significant growth potential for pharmaceutical companies, medical devices, and diagnostic technologies. On the other hand, it also raises concerns about sustainability. As costs continue to rise, the healthcare system will need to find cost-effective innovations that can simultaneously reduce overall expenses.

Innovation will be key to containing costs and enhancing life quality. Better diagnostic tools can reduce costs significantly. In fact recent studies from the University of Chicago and University of Michigan estimate that cancer screenings have saved the US at least \$6.5 trillion over the past 25 years, adding a total of 12 million more years of life to its citizens.⁶

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¹Source: The World Health Organization, October 2024: [link](#).

²Source: The World Health Organization, October 2024: [link](#).

³Source: The United Nations: [link](#).

⁴Source: NHS, BBC, May 2018: [link](#).

⁵Source: Centers for Medicare and Medicaid Services: [link](#).

⁶Source: Cancer screenings have saved the U.S. at least \$6.5 trillion | Michigan Medicine



2. PENSIONS AND SAVINGS

The rapidly aging population has also triggered a crisis in pensions and savings. Globally, the ratio of working-age people to retirees is expected to worsen dramatically. Today, this ratio stands at 7:1; by 2050, it will be 4:1 globally and 2:1 in developed markets.⁷

The consequences are significant: with fewer workers supporting more retirees, governments are struggling to maintain the sustainability of public pension systems. Increasingly, the burden of securing financial stability in retirement is falling on individuals. This shift has created a significant demand for private wealth management solutions, pension risk transfers, and more effective longevity risk management.

This dynamic of more retirees with fewer working-age people to support them means that solutions which provide income stability and wealth accumulation over a long period will be crucial. Some successful insurance firms, in our view, offer pension solutions that align with reforms in their home countries' pension system, which is one way to play this theme.

3. THE SILVER CONSUMER

The Silver Consumer represents a powerful and growing market segment as older adults increasingly seek to enhance their quality of life during their extended retirement years. The desire to live longer, healthier, and more fulfilling lives drives demand for products and services that cater specifically to healthy and happy ageing. This includes everything from wellness and fitness products to specialized travel, luxury goods, nutrition, and personal care items.

It is important to note that the World Health Organization estimates a nearly 10-year gap globally between life expectancy and healthy life expectancy (72.5 vs. 63.3 years),⁸ and this gap has been worsening in recent years. Therefore, greater longevity is often accompanied by chronic diseases that prevent people from fully enjoying their extended life expectancy.

However, many older adults are investing significantly in their well-being to maximize their quality of life. The wellness economy, which became most visible during the pandemic and continues to grow through sectors like nutrition, skincare, and sport, represents a particularly interesting area when we consider the theme of "healthy ageing". For example, some fitness companies have capitalized on the wellness needs of older adults by providing tailored fitness solutions designed to maintain health and mobility throughout retirement.

4. THE DECLINING WORKFORCE

Another profound consequence of aging populations is the decline in the working-age population. Morgan Stanley estimates that the fall in the number of people of working age could reduce European GDP by 4% by 2040, with a 6.4% decline in the active population over the same period. In Italy, the impact could be even greater at more than 7%.⁹

Productivity-enhancing technologies like AI and robotics will be essential for bridging the gap created by a shrinking workforce. Semiconductor companies, for example, are likely to benefit from AI and may be a wise inclusion for investors who wish to have exposure to the longevity theme.

THE GIS SRI AGEING POPULATION FUND: PRAGMATIC, DIVERSIFIED AND HIGH CONVICTION

The GIS SRI Ageing Population sub-fund aims to provide investors with exposure to European companies benefiting from the demographic shifts caused by aging populations. Since its launch in 2015, the approach has been holistic, considering that such a wide-ranging theme with broad implications could not be reduced just to the healthcare sector or to travel and leisure companies.

Sycomore's approach is focused on identifying the needs of an ageing society, and by that, investing in the companies that can offer answers to those needs. For instance, Sycomore is convinced that sustainable health, self-prepared pensions, silver consumers' preferences as well as the reduction in the active workforce are very powerful 'ageing society' needs. By being in the position to provide solutions, these companies offer a higher level of growth potential over the medium- to long term.

Indeed, longevity and the ageing population are inherently long-term themes, which already have very visible consequences today. Stock market returns primarily depend on corporate earnings growth, with valuation multiples playing a secondary role over the long term. According to Morgan Stanley, long-term earnings growth for European companies could be impacted by population aging, dropping from 5.1% to 4.2% annually by 2030.¹⁰ Selecting those companies that can successfully meet the needs of an aging world will therefore be crucial.

As populations continue to age, Sycomore believes the demand for innovative solutions in healthcare, retirement planning, lifestyle enhancement, and productivity will only increase. At a single stock level, Sycomore evaluates exposure to the theme based on the alignment of a company's business to our thematic categories, in terms of percentage of total or in terms of contribution to growth. The final portfolio is relatively balanced, with an overweight exposure to the healthcare sector, but with relevant exposure also to financial, consumer, industrial and technology companies.

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This thematic analysis is accompanied by a structured ESG analysis as well as a strong focus on fundamental analysis. Sycomore regularly meets companies in the portfolio and have access to world-class experts, to keep evaluating eligible opportunities both in the short and the long run. For instance, in 2024, more technology companies were added to the portfolio, increasing exposure to automation and robotics investments driven by the declining workforce theme (a theme in the sub-fund since launch a decade ago), as well the 'white collar productivity' theme enabled by the rapid advancements in artificial intelligence.

As we look towards the "age of ageing", we are positive about the innovations that will emerge to solve the needs of evolving societies. The fact that people increasingly aim to – and do – enjoy healthier and longer lives presents many potential benefits for both the economy and subsequent investment opportunities.

⁷Source: The United Nations' «World Population Ageing 2019» report, www.un-ilibrary.org/content/books/9789210045544

⁸Source: The World Health Organization, May 2024: www.who.int/data/gho/data/themes/mortality-and-global-health-estimates/gho-life-expectancy-and-healthy-life-expectancy

⁹Source: Morgan Stanley, 5 February 2025: www.morganstanley.com/insights/articles/global-migration-economic-impact-trends

¹⁰Source: Morgan Stanley, Thoughts of the Market, from 5:10: www.youtube.com/watch?v=xk-DAI2FHE0&ab_channel=MorganStanley



FUND MANAGER



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GENERALI INVESTMENTS SICAV (GIS) SRI AGEING POPULATION [\[factsheet\]](#)

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| AUM | 338.2€ M (end of March '25) |
| Inception date | 12 Oct 2015 |
| Benchmark | 100% MSCI EUROPE (NR) |
| Currency | EUR |
| Domicile | Luxembourg |
| Investment manager | Sycomore Asset Management |
| Management company | Generali Investments Luxembourg S.A. |
| Risk level SSRI | 4/7 |
| SFDR | Article 8 |

The objective is to outperform MSCI Europe – Net Total Return Index, the Benchmark, by investing with a socially and Responsible Investment (SRI) process in listed equities from European companies that offer solutions for ageing societies through their products and services. The objective of the Fund is to outperform its Benchmark and provide a long-term capital appreciation by investing, with a socially and Responsible Investment (SRI) process in listed equities from European companies that offer solutions for ageing societies through their products and services, as further detailed in the Supplement of the Fund. Risks of the fund: Equity risk, Derivatives risk, Sector-based / concentrated Sub-fund risk, Sustainable finance risk, Risk related to capital loss: this is not a guaranteed product. Investors may risk losing part or all of their initial investment. Countries of registration of the share class: in AT, CZ, DE, ES, FI, FR, IT, LU, NL, PT, SE, SK, GB (recognized scheme), CH (registered with the FINMA). Costs as per Key Information Document (KID) dated: 01/01/2025. Entry costs: There is no entry fee for this product. Exit costs: There is no exit fee for this product. Management fees and other administrative or operating costs: 0.1% of the value of your investment per year. This is an estimate based on actual costs over the last year. Transaction costs: 0.20% per year of the value of your investment. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. Performance fees: There is no performance fee for this product. Valuation of the Net Asset Value (NAV): Daily. This is not an exhaustive list of the risks and costs. Other risks and costs apply, differ per share class and are subject to change. All the costs are detailed in the Prospectus and KID, that are available at: <https://www.generali-investments.lu/products/LU1234787205>

IMPORTANT INFORMATION

Marketing communication related to Generali Investments SICAV, a Luxembourg UCITS-SICAV and its sub-fund SRI Ageing Population ("the Fund"). Only intended for professional investors in AT, FR, DE, IT, LU, ES, PT where the Fund is registered for distribution - Not for U.S. Persons. The future performance is subject to taxation, which depends on the personal situation of each investor and which may change in the future. Before making any investment decision, please consider all characteristics, objectives, risks and costs in the KID available in one of the official languages of your country and the Prospectus available in English upon request free of charge to the Management Company, Generali Investments Luxembourg S.A., 4 Rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg, e-mail address: GILfundinfo@generali-invest.com or at www.generali-investments.lu, where you can also find a summary of your investor rights (in English or in an authorized language). The Management Company may decide to terminate the agreements made for the marketing of the Fund in your country. Generali Investments Luxembourg S.A., Luxembourg UCITS Management Company of the Fund and Generali Asset Management S.p.A. Società di gestione del risparmio, Italian asset management company, appointed as marketing promoter of the Fund in the EU/EEA countries (Via Niccolò Machiavelli 4, Trieste, 34132, Italia).