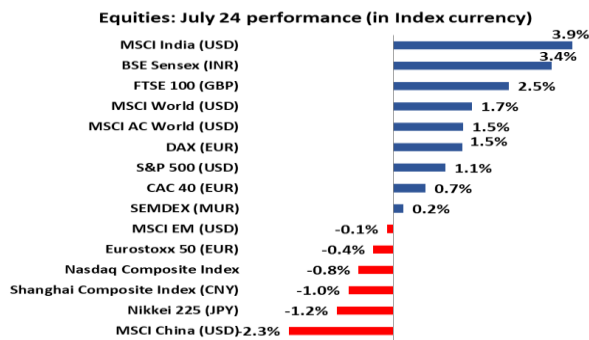


MARKET SUMMARY



- Equity markets performance was mixed over the month, as expectations of interest rate cuts in the US and the UK and shifting sentiment about some of the big tech companies in the US impacted on markets.
- The US Fed held interest rates unchanged at its July meeting. Markets are now expecting a rate cut in September. Investors were concerned that lateness in interest rates cut would lead to a recession in the US.
- In Europe, the ECB kept rates unchanged but a rate cut in September is anticipated by investors. In France, after the left-wing coalition surprise win, lack of a clear majority signals uncertainty over France's political direction and impacted on markets.
- In the UK, the BoE cut rates to 5% as expected. GDP growth in Q1 24 was stronger than expected at 0.7%. At the general elections, the Labour Party won putting an end to 14 years of Conservative rule.
- In contrast with other major central banks, the BoJ surprised markets by raising interest rates to 0.25%. This led to investors winding down yen-funded trades that had been used to finance the acquisition of stocks for years.
- Brent and WTI prices fell by 6.7% and 4.4% respectively due to weakening demand from China whilst supply is on the increase. Gold prices continued to rise (+3.8%) supported by the weakening of the USD and geopolitical issues.
- In Mauritius, the MPC of the BoM kept the Key Rate unchanged at 4.50%.
- Headline inflation for the 12-months ended July 2024 was 4.3% (vs 10.0% for the previous period).
- Tourist arrivals rose by 8.7% y-on-y in July. As per BOM's latest figures, gross tourism earnings stood at Rs 44.4Bn for the period January - June 24 (an increase of 6.5% over the previous corresponding period).
- Moody's Ratings has affirmed Mauritius' rating at Baa3 and maintained a stable outlook. Mauritius' economy is expected to expand by 5.9% in 2024.

ELI LILLY AND COMPANY

- Eli Lilly is a name that most people have never heard of and yet it is the largest healthcare company in the world by market capitalisation.
- The company's stock (Ticker: LLY) is up 60% year to date and 758% over the last 5 years as the company continues to innovate and expand its drugs portfolio focusing on neuroscience, cardiometabolic, cancer and immunology.
- Eli Lilly's key products include:
 - Verzenio for treatment of certain types of Breast Cancer;
 - Zepbound for weight loss;
 - Mounjaro and Trulicity for Type 2 diabetes.

These four products accounted for half of the company's revenues for the first half of 2024.

- Demand for weight loss drugs has skyrocketed since 2020. In the US, 42% of adults over 20 are considered obese and 31% overweight. Morgan Stanley expects the global market for obesity drugs to reach \$105Bn in 2030. For reference, sales of branded obesity drugs were \$6Bn in 2023.
- However, Eli Lilly is not the only company in the weight loss space. Novo Nordisk is the other industry leader and other competitors are emerging in the form of Viking Therapeutics and Roche Holding AG. Goldman Sachs forecasts that Eli Lilly and Novo Nordisk would retain about 80% of global market share through 2030.

Recent Developments

- Early Studies have shown that Zepbound and Mounjaro improve the symptoms of heart failure and decrease the risk of death in people with heart failure and obesity. Nearly 6.7m US adults have heart failure and it was responsible for 14% of deaths in the US in 2022.
- Eli Lilly's Kisunla has been approved by the FDA for treatment of early symptomatic Alzheimer's disease.

How to invest

- Given the growth potential of the share, PeaQ has taken position for its clients. Investors could have a direct exposure to the share or else invest in an ETF. The latter would also provide exposure to other big hitters in the sector.

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Source: FED, ECB, BOE, BOM, Bloomberg, SEMDEX, Statistics Mauritius, MSCI, Eli Lilly's 10K & 10Q, US National Centre for Health Statistics

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