

# Wealth & Personal Finance

## MIDAS special



**Joanne  
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OUR SHARES  
GURU WITH THE  
GOLDEN TOUCH

**W**HEN my son was a baby, he would often fall asleep on his grandpa's tummy. It was soft, warm and rather large. How sweet, we thought – after all, grandparents are supposed to be cuddly.

Today, however, obesity is not just confined to senior citizens. About 30 per cent of American toddlers are overweight, one in eight UK children are bigger than they should be and, across the world, almost half the adult population – nearing three billion people – are carrying too much timber.

Obesity is a global issue and its prevalence among the young means the problem could become a lot worse over the years. More than 200 life-altering conditions are associated with obesity, from diabetes and heart disease to psoriasis and liver failure.

The longer people carry excess weight, the more likely they are to suffer from one or more of these diseases – and the more pernicious the consequences.

No wonder weight-loss treatments such as Ozempic and Zepbound have been hailed as wonder drugs – and no wonder that the companies behind them have been the focus of intense stock market scrutiny.

Denmark-based Novo Nordisk led the charge with Wegovy and Ozempic, before New York-listed Eli Lilly followed suit with Mounjaro and Zepbound. Now rivals big and small are racing to produce new and better treatments for one of the biggest problems of our age.

Demand is huge and likely to persist, which means there could be rich pickings for canny investors. So now might be an interesting time to have a dabble, as sector specialists, including the market leaders, have experienced falling prices in recent months.

### FRONT RUNNERS WITH PLANS FOR NEW DRUGS

NOVO shares soared more than five-fold from early 2020 to last summer, peaking at Danish Krone (DK) 1005 (£110). Since then, however, the stock tumbled to DK591 after trials of a new anti-obesity drug fell short of expectations.

Lilly's ascent from 2020 was even more dramatic. The shares had risen eight-fold by last summer but they too have fallen back since, losing 20 per cent of their value in less than six months to \$758 (£621), after disappointing results in October.

After hitting such great heights,

# The weight-loss jab companies that could help you pile ON the pounds in 2025

As the fight against fat becomes very big business for fast-growing pharma firms, how investors could be among the winners

an element of profit-taking was perhaps inevitable – the merest hint of disappointment is likely to provoke an investor backlash.

Not that anyone doubts the efficacy of current drugs. Users lose weight – and lots of it. There are problems, however.

Consumers often suffer from

upset tummies and nausea. The drugs have to be injected, which some find awkward, particularly as timings need to be exact for maximum effect. And loss of muscle is a key concern, as this can have long-term consequences and make it hard to keep weight off.

Users of Mounjaro, Wegovy and

their ilk also tend to lose interest in food, which some find depressing or hard to manage, especially in social situations. Up to 30 per cent of users stop within the first month. Many more drop out within a year.

Well aware of these issues, Novo and Lilly are investing heavily in

potential new drugs. The US firm is developing a daily pill that could be ready for sale next year and an injection that targets heart disease alongside obesity. Also on trial is a product that seems to have less of an effect on muscle mass.

In Denmark, Novo is investigating a drug that combines two approaches to obesity, which is applied once a week and intended to deliver greater weight loss and fewer side effects. Other products are in development too, including pills and treatments that require less frequent application.

If any of these therapies are approved by regulators and go on sale, Novo and Lilly shares could rocket. And, following recent price declines, now could be a reasonable time to take a punt.

### DANISH SIZZLER IN LINE FOR HUGE ROYALTIES

OTHER firms are making progress, including Zealand Pharma, another Danish prodigy attracting considerable excitement in medical and investment circles.

Under chief executive Adam Steensberg, the firm is pursuing three separate weight-loss projects, each promising to help

## IT'S ALSO EASY TO BUY OVERSEAS, BUT WATCH OUT FOR EXTRA COSTS

ONLINE services such as Hargreaves Lansdown, AJ Bell and Interactive Investor make it almost as easy to buy overseas shares as London-listed stocks.

These platforms, and others like them, offer an extensive range of shares from foreign shores, particularly well-known European and US names.

Dabbling in such stocks can prove costly, however.

Dealing charges apply, as they do with domestic shares, but foreign exchange fees are

added to cover the cost of buying equities denominated in dollars, euros and such like.

Charges vary considerably from one platform to another so it is worth shopping around.

Some platforms offer dealing fees of less than a fiver while Hargreaves charges up to £11.95 per trade, with a fee of up to 1 per cent for foreign exchange fees.

However, there are no extra costs on London-listed stocks, even if, like RTW Biotech,

they are traded in dollars.

Interactive Investor offers cheaper trading for US shares than others and allows investors to buy and sell stocks in dollars, without incurring a fee.

Wherever you go, bear in mind that investing in overseas shares exposes you to the ups and downs of currency movements too.

That can add extra spice if the pound is weak but can wipe out gains when our currency strengthens.



patients more effectively than existing drugs.

One, licensed to German giant Boehringer Ingelheim, is designed to tackle not just obesity but fatty liver disease, a frequent by-product of excess weight that can have ruinous long-term effects.

Given special status by US regulators last autumn, the drug is thought to have huge potential, and if trials prove successful then Zealand Pharma will benefit from generous royalty payments.

Steenberg's other projects are under development in-house, including jewel in the crown Petrelintide, a therapy that delivers weight loss in a different way from the Novo and Lilly treatments, by making users feel full sooner rather than making them lose interest in food. Supporters of this approach believe that fewer side effects could make the drug more palatable for longer, and early indications suggest muscle preservation is better, too.

Zealand shares rocketed twelve-

fold in little more than two years to a high of DK930 last summer, as trials delivered positive results. However, they have since fallen more than 20 per cent, to DK719, a level which may prove enticing.

The business is well funded, results have proved encouraging to date and brokers expect the price to top DK1000 over the next 12 months. Takeover rumours persist, too, which could send the stock even higher.

Obesity has been rising in Denmark – almost 20 per cent of adults are plumper than they should be – but the country is still a lot slimmer than the UK, America and many other parts of the world. Yet Danes are at the forefront of the fight against fat.

Novo Nordisk is valued at about £200 billion, and Zealand at nearly £6.5 billion.

Another firm, **Gubra**, has also been making waves in the obesity field – its trials are at an earlier stage than many peers, but big investors like what they see and

the shares have surged five-fold in the past year alone, giving the firm a valuation of around £1 billion.

Such a swift rise leaves Gubra shares vulnerable, but the stock could be worth a closer look if it falls from today's DK668 price.

## HOW UK INVESTORS CAN PROFIT FROM U.S. FIRMS

US BIOTECH firms, including Viking Therapeutics, Amgen and minnow Skye Bioscience, are striving to make their mark as well.

Obesity rates in the US are among the highest in the world and Americans pay more for their drugs than almost anyone else.

**RTW Biotech Opportunities** offers UK investors the chance to play this market. Listed in London, the company is part of New York-based healthcare specialist RTW, which invests in firms from biotech start-ups to listed drug giants.

A team of financial and medical experts scour the globe for oppor-

tunities and, although the group takes a broad-based approach, some of its most exciting investments are in the obesity sector.

Two firms stand out – Corxel and Kailera Therapeutics – both private but expected to float in the US this year or next.

Kailera is working on injectable and oral weight-loss treatments and RTW helped to set up the business last autumn.

The group has already attracted considerable interest from private investors, not least because it is run by Ron Renaud, a biotech veteran with a history of making money for shareholders. Some believe Kailera could be valued at more than \$1.5 billion when it floats on the US stock market.

Corxel is more established, founded by RTW in 2019. The firm is working on a weight-loss pill using technology from China, where drug development is often faster than in the West.

Trials will need to be undertaken in America, too, but signs to date

are encouraging and there are high hopes that this business will list in New York over the coming 12 months with a multi-billion-dollar valuation.

Should these flotations take place, RTW Biotech's share price could increase materially.

The group's assets are valued at \$1.88 a share but the stock is trading in London at just \$1.40, largely reflecting UK market malaise and a dose of scepticism around biotech shares.

Listing Corxel and Kailera would help RTW to prove its mettle, and investors who buy now could benefit handsomely.

At the other end of the scale, AstraZeneca is a late arrival to the anti-obesity party but hopes to make up for lost time with two drugs.

One is being developed as a pill that could combat weight loss and diabetes and a second that targets fat directly, so reducing the chance of muscle deterioration.

Both are in early-stage trials and years away from commerciality but could fuel chief executive Pascal Soriot's ambitious sales projections over the next decade.

## SLIMMING POWDERS COULD REAP RETURNS

TAKING another tack entirely, Aim-listed **OptiBiotix Health** focuses on improving the gut microbiome with products that reduce hunger and encourage weight loss.

Its Slimbiome powders are already on sale, and independent studies highlight the benefits, but OptiBiotix shares have almost halved to 17.25p in the past six months alone.

Disappointment has dogged this business but some dieters swear by its products so buccaneering investors may fancy a pop.

Swiss-listed **Nestle**, known for cereal and chocolate bars, has jumped on the bandwagon, too, launching a website specially for consumers on weight loss drugs – with carefully chosen snacks and supplements to bolster protein intake, maintain hydration and restore lustre to skin and hair.

Cynical this may be but, if sales increase, investors could benefit.

The fact is that obesity causes misery, adds billions to healthcare costs and is on the rise.

Novo Nordisk and Eli Lilly have kicked off the battle against this epidemic but the market is still at an early stage.

Today's products carry unwanted side effects and supplies are limited. Over time, as new products hit the shelves, availability should improve, prices should come down and the drugs should become easier to take.

For sufferers from obesity, this can only be good news.

For investors, too, there are likely to be plenty of winners, particularly among smaller stocks that could benefit from transformational trials and takeover bids.