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# WHAT DOES GENETIC RESEARCH LOOK LIKE?

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Thematic or megatrend strategies typically focus on the coming wave of ‘big ideas’ for equities. Investors, usually seeking more excitement than is available with indexes like the [S&P 500](#) Information Technology or [Nasdaq 100](#), love the stories and the seeming promise of possibility.

But what do some of these big ideas really look like in their implementation?

## **A Case Study in Genetic Research: Progressing toward a Cure for Type 1 Diabetes**

For those of us without a degree in medicine or molecular biology, we know that genetic research may seem cool but if pressed we couldn’t explain what it means in any concrete way. The trick with many of these megatrends is going from the abstract, high level, often exciting, concept to what it actually means right now or in the near future.

Recently, we saw a story published in the *The New York Times* about the progress being made on a cure for type 1 diabetes.

### **Type 1 Diabetes—A Primer**

Type 1 diabetes occurs when the body’s immune system begins to attack and destroy the insulin-producing islet cells of the pancreas. In the most usual circumstances, the symptoms manifest around age 13 or 14. Type 1 diabetes contrasts with type 2 diabetes—the more common, less severe variant—in that it can be lethal without insulin injections. Blindness, kidney failure, limb amputations, sudden death during sleep, heart attack, stroke—these are but some of the critical risks with type 1 diabetes. To give the disease a sense of scale, currently about 1.5 million people in the U.S. suffer from type 1 diabetes.

### **Traditional Cures or Remedies**

Insulin must be introduced, regularly, into the bodies of patients with type 1 diabetes. The only true cure would be a successful transplant of a healthy pancreas or at least the specific insulin-producing cells of one. It must be recognized that 1) insulin is costly, and a burden on those with no other option and 2) there would never be enough pancreas donors for all affected patients.

### **Enter the Possibilities of Genetic Research**

Absent a set of reasonable possibilities for a large set of type 1 diabetes patients, scientists could turn to the possibilities of genetic research. In this case, the goal would be to somehow introduce insulin-producing cells into a patient, and to have those cells be genetically similar enough to that patient such that the patient’s immune system wouldn’t kill them.

Embryonic stem cells are interesting in that they can be coaxed to develop into any specific, specialized cells within the human body. The crux of what ‘genetic research’ means in this case is the process by which one could take embryonic stem cells and grow them into a specific set of insulin-producing cells that could then be used in patients with type 1 diabetes. Scientifically speaking, this would be a very tall order.

### **The Long Journey of Dr. Doug Melton**

Dr. Melton was a biologist at Harvard University and he began to focus on diabetes when

his 6-month-old son began to show symptoms. Over the course of 20 years, he worked in a lab with about 15 people on a process to coax the embryonic stem cells to develop into islet cells—those that would produce insulin. Dr. Melton has estimated the cost of the project at about \$50 million. In 2014, he founded a company, Semma, after some promising initial results in which the team was able to prove that they could in fact generate cells that did produce insulin.

From there, the process involved tests in certain animals, like mice and rats, where it was shown that this approach of introducing these insulin-producing cells did lead to curing type 1 diabetes. In 2019, Vertex Pharmaceuticals acquired Semma for \$950 million. In less than two years since this acquisition, the Food & Drug Administration (FDA) approved a clinical trial to begin measuring the efficacy of the process in human patients.

While initial results of the clinical trial appear to show some promise, it is important to note that there must be further study and testing to indicate if this approach is truly safe and effective.

#### **Genetic Research Holds Promise, but not without Risk**

It was exciting to read about such a course of events. People can connect with the idea of a protagonist with the appropriate expertise being inspired on a course of study with the hope of improving life for a family member. However, we must remember that from the initial taking up of the challenge to the appropriate time for human clinical trials was about 20 years. It's also important to understand that the ethical sourcing of embryonic stem cells is an often debated issue. For every story like this, where it seems that success is possible down the line, there are many well-intentioned efforts that are unable to show even initial success.

Still, if I had to distill what genetic research is, at least in the context of 2021, I would think of it as introducing a new set of potential possibilities for patients that may not have other easily available options.

#### **Accessing Genetic Research**

For investors seeking to capitalize on this trend, earlier this year, we launched the [WisdomTree BioRevolution Fund \(WDNA\)](#), a [basket](#) of companies with the potential to be significantly transformed by advancements in genetics and biotechnology.

We believe [WDNA](#) is uniquely positioned to provide exposure to companies that are reading, understanding, writing and editing DNA for applications within the health care vertical and across interdisciplinary fields like agriculture, food, materials, chemicals and energy production.

Source for all material in this piece was: Gina Kolata, "A Cure For Type 1 Diabetes? For One Man, It Seems to Have Worked," The New York Times, 11/27/21.

Click [here](#) for fund holding.

#### **Important Risks Related to this Article**

There are risks associated with investing, including the possible loss of principal. The Fund invests in BioRevolution companies, which are companies significantly transformed by advancements in genetics and biotechnology. BioRevolution companies face intense competition and potentially rapid product obsolescence. These companies may be adversely affected by the loss or impairment of intellectual property rights and other proprietary information or changes in government regulations or policies.

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