KIEGER
dare to care

Earnings are over ... only 6 weeks until 24Q1!

Full year reporting is (almost) over, and the results were mostly positive for the healthcare sector with roughly 60% of companies beating market estimates. Most striking however were the very large single stock moves, in particular in the Medtech space. Previously observed trends of high healthcare utilization and soft China demand were confirmed for the year ahead, and the upcoming US election remained a non-issue.

Overall, we exit this round of reporting with increased confidence on the strength of company fundamentals and the robustness of underlying demand.

Biotech funding is back ...

Contract research organisations (CROs), which derive part of their business from drug development outsourcing by biopharma companies, were stand-out performers of this earnings season. This largely reflects a better funding environment for smaller biotech companies, which make up an important part of CRO clients.

This fundamental data adds confidence to the solid primary and secondary fundraising activity seen year to date. While we are not at record-high funding levels seen in 2020, the return of funding opportunities for smaller biotech companies is encouraging for investors.

... and so are GLP-1 headlines.

After a relatively quiet month of January, the GLP-1 drug class has made headlines again.

New clinical data sets have shown that novel drug candidates show potential for increased weight-loss as well as improvement of liver function in patients with liver disease.

Pressure on incumbents is likely to remain moderate, as supply remains the major issue.

This data showcases again the breadth of potential applications for these drugs. This wave of innovation is a net benefit for patients, but investors must remain wary as there will be (and already have been) losers as well as winners.

Performance Overview

	1M	3M	YTD	12M
Healthcare	2.3%	9.3%	5.0%	14.6%
Medtech	3.1%	12.5%	6.2%	17.8%
Services	0.1%	-0.2%	-0.5%	8.7%
Pharma	3.6%	10.5%	7.8%	20.9%
Biotech	-2.7%	8.7%	0.4%	7.9%
Tools	5.5%	14.8%	6.5%	3.9%
World	4.2%	10.0%	5.5%	25.3%

Top 5 this month

1	GE Healthcare	24%	Earnings
2	Kyowa Kirin	24%	Earnings, buyback
3	UCB	21%	Earnings
4	IQVIA	19%	Earnings
5	Charles River Labs	18%	Earnings

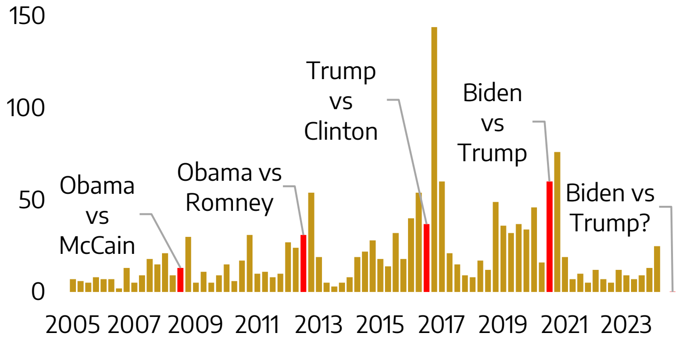
Bottom 5 this month

1	Grifols	-26%	Earnings,
2	Orion	-15%	Earnings
3	Insulet	-14%	Earnings
4	SOBI	-13%	Earnings
5	Amgen	-13%	Earnings, competitor data

Source: Bloomberg Finance L.P., Kieger

Chart of the Month

Quarterly "election" mentions by companies in our universe



Historically, there has been a noticeable uptick mentions of the election in conference calls as we approach the event. This time around, however, the frequency of these mentions remains remarkably low.

There are a number of possible explanations for this: First, the healthcare policies of both presidential candidates are well known, reducing uncertainty. Second, healthcare is not as high on Americans' list of current concerns as in the past.

Check out our video on this subject here.

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