

Healthcare setback in September

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After enjoying quite a run of outperformance, the Healthcare sector came under pressure in September. The main macro event of the month was the large US Fed rate cut, which buoyed growth sectors at the expense of the more defensive corners of the market. This dynamic was also present within the healthcare sector, with Medtech relatively outperforming Pharma.

Overall, we see this as a temporary setback as markets adjust to a new interest rate trajectory, as well as a testament to sector's strong YTD performance in the form of profit-taking.



World Lung and ESMO

Two major oncology conferences took place this month; World Lung in San Diego and ESMO in Barcelona.

The star of the show at World Lung was Summit and Akeso's PD1xVEGF antibody. Its results in advanced NSCLC were better than the current standard of care, which has not been improved in over 8 years. While there are many caveats to this data, such as the lack of diversity of the patient population, this may be the beginning of a new era in immuno-oncology.

ESMO was also a packed conference; for more info, check out our thoughts from the street [here](#).

Performance Overview

	1M	3M	YTD	12M
Healthcare	-2.9%	6.2%	14.1%	21.5%
Medtech	1.4%	9.9%	13.3%	27.9%
Services	-1.9%	10.3%	8.2%	14.3%
Pharma	-5.9%	1.5%	17.6%	21.4%
Biotech	-2.6%	6.3%	13.3%	22.5%
Tools	1.3%	14.5%	13.0%	22.7%
World	1.9%	6.1%	18.9%	33.1%

Top 5 this month

1	Pro Medicus	21%
2	Insulet	15% Approval follow-through
3	Eurofins	11%
4	Straumann	11% Broker upgrade
5	GE Healthcare	11% Broker upgrade

Bottom 5 this month

1	BioMarin	-23% Competitor data
2	Kyowa Kirin	-22% Negative data readout
3	Daiichi Sankyo	-21% Negative data readout
4	Novo Nordisk	-15% Data, congress hearing
5	Moderna	-14% R&D day

Source: Bloomberg Finance L.P., Kieger



Endocrinology at EASD

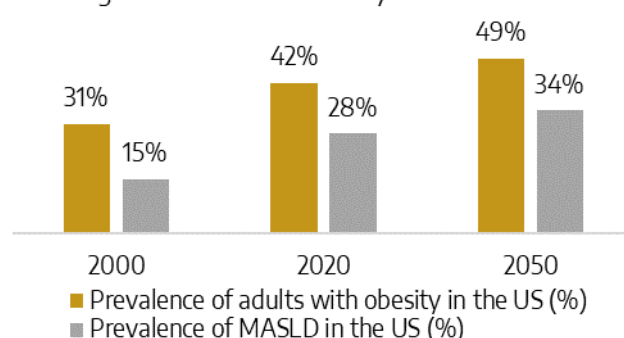
The European Association for the Study of Diabetes (EASD) conference in Madrid was highly awaited and widely attend following the large strides made in the understanding and treatment of diabetes, obesity, and associated diseases in the past few years.

New obesity drugs such as those in the incretin class (e.g. GLP-1), represent the start of a broader wave of development. However, their mechanisms of action, along with their added benefits and potential side-effects, are not yet fully understood.

Check out our thoughts from the street at EASD [here](#).

Chart of the Month

Percentage of adults with obesity and MASLD



This chart shows that adult obesity in the US is expected to grow from 40% in 2020 to almost 50% in 2050.

Both obesity and type 2 diabetes are risk factors for the accumulation of fat in the liver, a disease called MASLD. MASLD can cause liver failure and could affect around 1/3 of the US population in 2050.

If diagnosed early, lifestyle changes such as diet and exercise can halt or even reverse liver damage. For people affected, however, new treatments are being developed. Check out our video on this subject [here](#).

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