

Healthcare haven amidst rocky markets

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Despite a tough market environment of the month and the quarter, Healthcare has continued outperforming the market, led by Healthcare Services. The outsized moves seen on stock specific news items, even if well-expected show the pent-up nervousness from market participants (Dexcom, Alnylam, Genmab).

Overall, we are encouraged by the continued outperformance of the sector, which we believe is justified given the strong earnings rebound expected this year and the depressed valuations – see our “Chart of the Month” below.



Biotech from China

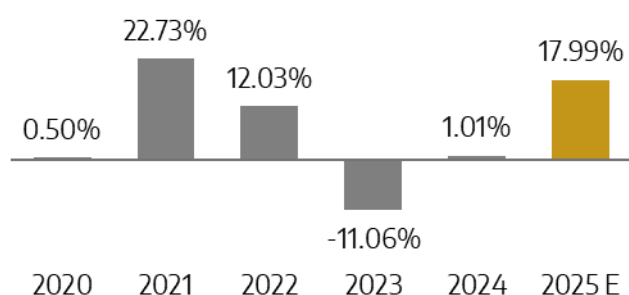
This month, Novartis and Merck each committed close to \$2bn to license phase 2 assets from Chinese companies.

These recent, high-profile deals for cardiovascular and metabolic assets are the latest in an accelerating series of deals by Western companies to acquire assets developed in China.

These deals, often for early development candidates, highlight the breadth and depth of competence and innovation in the laboratories of Chinese companies.

Chart of the Month

MSCI World Healthcare EPS growth



Since the pandemic ended, we have seen strong demand for healthcare. The chart shows the spike in annual healthcare earnings in 2021 and 2022. In 2023, COVID earnings remained strong due to vaccine boosters, creating a tough comparison for 2024. This means 2025 will be the first year where strong underlying healthcare demand is fully reflected in strong reported earnings growth. Together with more modest valuation levels compared to other sectors this could further improve the sentiment for healthcare.

Check out our video on this subject [here](#).



Peter Marks resigns

Dr. Peter Marks, head of the Center for Biologics Evaluation and Research (CBER) resigned on the 28th of March. CBER regulates vaccines in the US. In his resignation letter, Dr. Marks singled out efforts by RFK to undermine the confidence in vaccines.

This resignation comes after RFK announced the reduction of the healthcare department's staff by roughly 20'000, or 25%

Overall, while these developments are negative for sentiment and may slow down review and approval process for new drugs, we view the impact as limited and primarily affecting small-cap biotech stocks.

Performance Overview

	1M	3M	YTD	12M
Healthcare	-2.3%	-1.2%	5.1%	6.3%
Medtech	-4.4%	0.1%	4.3%	13.2%
Services	7.7%	-3.3%	11.8%	3.3%
Pharma	-4.5%	-0.7%	4.6%	6.8%
Biotech	-1.6%	4.8%	9.7%	9.6%
Tools	-4.5%	-11.7%	-9.1%	-10.8%
World	-4.5%	-4.5%	-1.8%	16.5%

Top 5 this month

1	HCA	13%	Macro
2	UnitedHealth	10%	Macro and better rates
3	Cencora	10%	Macro and better rates
4	Elevance	10%	Macro and better rates
5	Alnylam	9%	Amvuttra approval

Bottom 5 this month

1	Novo Nordisk	-24%	Tariffs, trial data
2	Dexcom	-23%	Warning letter
3	Pro Medicus	-21%	IT sector pullback
4	Amplifon	-20%	Earnings, guidance cut
5	Grifols	-20%	Negative headlines

Source: Bloomberg Finance L.P., Kieger

Kieger Healthcare Team



Dr Maria Specogna

Lead Manager,
Sustainable Healthcare Fund



Raphael Oesch, CFA

Lead Manager,
Blue Chip Healthcare Fund



Flavio Mancino, CFA

Research Analyst



Guy Bettschart, CFA, CAIA

Research Analyst



For a comprehensive overview of our investment strategies please contact us:

 +41 44 444 18 44

 www.kieger.com

 info@kieger.com

 Dianastrasse 5,
8002 Zürich

 Kieger AG

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