

A healthy start to the year



January was an eventful start to the year for healthcare. First, companies gave a 360° overview of key topics at the JP Morgan healthcare conference, with many pre-announcing full-year results or giving 2025 guidance. Second, the Trump inauguration and RFK Confirmation hearings provided some reassurance regarding the future policy landscape, though headline risk remains high. Third, the kick-off of Q4 reporting confirmed the trend seen at the conference, namely high demand driven by an ageing population.

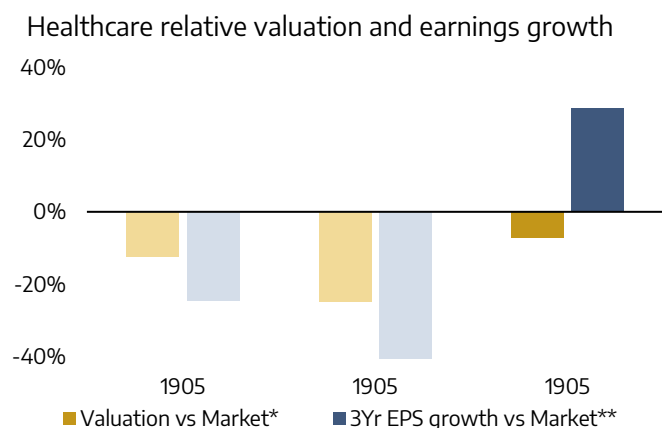
Overall, we see aligned fundamentals and sentiment providing a strong backdrop for 2025 in healthcare.

High volumes are the new normal

The sector continues to benefit from rising utilization rates driven by the aging population. This demographic trend is expected to sustain robust sales growth.

Medtech companies have specifically pointed out that this is not pent-up demand, but the “new normal”. Demand for therapeutics is strong, in particular in areas where age is a major risk factor, such as oncology and chronic autoimmune diseases.

Chart of the Month



* Ratio of price to next year's earnings, healthcare sector relative to market index
 ** Compound annualized earning growth for the next 3 calendar years, healthcare sector relative to market index

There have been few occasions where the healthcare sector was valued at a bigger relative discount than today. In those cases, this discount reflected expectations of significantly slower relative earnings growth.

Today, we are in a special situation. The healthcare sector is again trading at a discount, but its earnings are expected to grow much faster than the market. That is why we see the healthcare sector at an attractive junction for 2025.

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

Innovation: the core growth engine

The sector's pace of innovation is remarkable, with companies highlighting deep pipelines as core to the investment thesis across sub-sectors.

Advancements in technology are enabling shifts from chronic drug treatments to medical device solutions.

On the drug side, we see pain as one of the key new therapeutic areas for 2025. Vertex' recently approved a sodium-channel blocker, represents one of the first new mechanism of action in the area in decades.

Performance Overview

	1M	3M	YTD	12M
Healthcare	6.4%	-5.7%	6.4%	7.6%
Medtech	9.5%	4.9%	9.5%	18.8%
Services	8.7%	-7.2%	8.7%	0.5%
Pharma	4.3%	-9.4%	4.3%	6.6%
Biotech	4.9%	-7.5%	4.9%	4.8%
Tools	7.3%	-6.9%	7.3%	5.3%
World	3.5%	3.4%	3.5%	22.9%

Top 5 index movers last month

1	Sartorius AG	30%	Earnings
2	Carl Zeiss Meditec AG	30%	Sell-side upgrades
3	CVS Health Corp	26%	MA reimbursement rates
4	Royalty Pharma PLC	24%	Share buyback + deal
5	Orion Oyj	23%	Guidance raise

Bottom 5 index movers last month

1	Teva	-20%	Earnings
2	Charles River Labs	-11%	Guidance cut
3	Viatis Inc	-9%	Negative comments on '25
4	Grifols SA	-9%	Potential sanctions
5	Biogen Inc	-6%	Proposed acquisition

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

Kieger is a proud member/signatory of:



This document has been issued through Kieger AG and is for distribution only under such circumstances as may be permitted by applicable law. This document is for information purposes only and does not constitute an offer. Past performance is not a reliable indicator of future results. The details and opinions contained in this document are provided by Kieger without any guarantee or warranty and are for the recipient's personal use only. All information and opinions contained in this document are subject to change without notice. This document may contain statements that constitute "forward looking statements". A number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. Data source: Statestreet / Factset