

Pictet - Health - P USD

Risk and reward profile

Don't take unnecessary risks.
 Read the Key Investor
 Information Document.



Market review

Russia's invasion of Ukraine has roiled financial markets, causing a steep sell-off in equities and a rally in gold and oil. The military assault could have serious consequences for the global economy, but the range of possible outcomes is wide. Faced with a number of unpalatable scenarios, investors could be forgiven for wanting to shore up their defenses. Yet we would caution against taking drastic measures. If a protracted conflict can be avoided, the economic fallout should remain manageable, allowing the world to build on its recovery from the pandemic.

Performance analysis

The Health strategy outperformed the MSCI ACWI for the month. Humana, Steris and Boston Scientific were among the best contributors. Humana had a rough January when management published the full-year guidance. However, the Medicare Advantage rates proposal was better than expected and managed care stocks moved higher in February. Steris delivered solid quarterly numbers and raised the guidance for the full year thanks to solid growth across the business and higher cost synergies from a recent acquisition. Boston Scientific's share price was rather stable and held up well in a market that was under pressure. Clorox, Garmin and Thermo Fisher were among the bottom contributors. Clorox clearly struggled with cost inflation and the supply chain, which sent the shares lower. Garmin delivered good full-year numbers, but the market was expecting a better margin guidance for the new year. Thermo Fisher's share price declined without major news.

Portfolio activity - overweightings & underweightings

We built a position in Colgate as we see the company is well positioned in the oral care company. Colgate is also active in the personal and home care spaces and owns an attractive pet nutrition business. Its strong brands should allow the company to better cope with inflationary pressures than many peers. We financed the position with Clorox shares. We discussed this in the section above. We believe the company has to face a bigger and longer than expected impact from inflation on its margins. We sold Seagen as the company's revenue guidance for 2022 came in as much weaker than anticipated, and with consensus expectations still high, we see risk to further disappointments over the year while valuation support has disappeared.

Market outlook

With a medium- to long-term view, there are several fundamental reasons why we think the health theme is set to perform. Above all, the demographic shift as the world grows older creates the challenge of more age-related disease. Therefore, in an ageing society, keeping people healthy for longer is the key to curb healthcare spending growth. Scientific innovation and progress in medical research are leading to better, more efficient standards of care. Despite all the progress on the scientific front, healthcare costs are also rising rapidly due to inefficiencies and wasted resources in the system. Technology has disruptive potential in this area and companies that are able to enable both better care and better efficiency are poised to capture attractive markets for themselves. Further, as wealth increases, so do people's focus on health. From investing in personal care and home care to staying healthy through lifestyle changes, consumers are taking their health into their own hands. In fact, preventing health issues is an extremely cost-effective strategy and governments are eager to incentivize such behaviours, as can be seen with guidelines or even financial disincentives on certain unhealthy products. In fact, preventing health issues is an extremely cost-effective strategy and governments are eager to incentivize such behaviours, as can be seen with guidelines or even financial disincentives on certain unhealthy products.

Portfolio strategy

We want to gain exposure to players that are finding new ways to increase the health of the population across the globe. We look for innovators in healthcare that significantly improve the standard of care as well as the outcome for patients, restoring their health as much as possible. We look for innovators in healthcare that significantly improve the standard of care as well as the outcome for patients, restoring their health as much as possible. Finally, firms that can make healthcare more efficient and ensure that patients have proper access to care are essential to free up resources while optimizing patient outcomes, thereby helping to finance health.

General information

Legal form	Sub-fund of a SICAV
Regulatory status	UCITS
Domicile	Luxembourg
Inception date	30.06.2004
Launch date	28.11.2006
Share class currency	USD
Compartment currency	USD
ISIN	LU0188501257
Reference index	MSCI AC World (USD)
Min. investment horizon (year(s))	5

Fees

Ongoing charges (OCR)	2.02%
Performance fee (excluded from OCR)	-
Management fee (included in OCR)	1.60%
Max. conversion fee	2.00%
Max. subscription fee	5.00%
Max. redemption fee	3.00%

Management team

Moritz Dullinger
Grégoire Biollaz
Tazio Storni
Lydia Haueter

Source: Pictet Asset Management

Further information can be found in the prospectus.

Pictet Asset Management

For further information,
please visit our website
assetmanagement.pictet

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