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INDEPENDENT WEALTH & ASSET MANAGER

Tareno Healthcare Funds
Monthly Report February 2026

Earnings Season, Obesity Race and AI Risks Shape Healthcare Sentiment

In February, the healthcare sector gained 2.9%, outpacing global equities' 0.7% return. The month was dominated by earnings season, obesity trial news, AI-disruption fears, and renewed flight-to-safety dynamics.

Market review

M&A activity remained robust, marking the largest biotech and MedTech deals year-to-date. Gilead acquired Arcellx for $7.8 billion, and In MedTech, Danaher agreed to pay $9.9 billion to acquire pulse oximeter maker Masimo.

Earnings season is largely complete, and Q4 2025 results showed a mixed picture. More than two-thirds of companies beat EPS expectations, though by a smaller margin than last year. Revenue performance was somewhat stronger, with a higher share of companies exceeding sales forecasts and a slightly larger average beat year-over-year.

Pharma led performance again in February, reinforcing its defensive profile and relative insulation from macro (and AI)-driven volatility. Obesity remained the dominant theme. Novo Nordisk's CagriSema did not demonstrate non-inferiority versus Eli Lilly's high-dose Zepbound, casting doubt on combination therapy strategies and further strengthening Lilly's positioning within the GLP-1 landscape. Data from Pfizer/Metsera's lead obesity candidate were mixed. Although placebo-adjusted weight loss surpassed semaglutide, it trailed tirzepatide, highlighting the high efficacy benchmark set by best-in-class therapies and the hurdles facing newer entrants. Competitive concerns rose after Hims & Hers attempted to launch a compounded semaglutide pill, triggering swift FDA pushback.

Fears around copycat competition briefly wiped more than USD 95 billion from the combined market value of Novo Nordisk and Eli Lilly, before FDA Commissioner Makary pledged "swift action" against illegal copycat drugs.

Providers & Services performed nearly in line with Pharma, driven primarily by strength among drug distributors, hospitals, and domestic laboratories.

Biotechnology closed the month in positive territory but experienced notable volatility, reflecting continued sensitivity to regulatory headlines and broader macro sentiment. Encouragingly, several IPOs came to market during the month.

Life Science Tools & Services was the weakest-performing subsector. AI disruption fears weighed heavily, particularly on CROs. A report highlighting AI-driven risks to traditional clinical trial and contract research business models pressured sentiment. Earnings-related developments compounded the weakness, including ICON's earnings delay, guidance withdrawal, and disclosure of an Audit Committee investigation into accounting practices. Further, regulation remained in focus as the FDA unveiled a new one-trial approval pathway, replacing the longstanding two-trial requirement.

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The move initially pressured stocks, though sentiment later improved on expectations that streamlined trials could ultimately boost outsourcing demand.

Overall, February saw significant dispersion across healthcare subsectors. Pharma maintained its defensive, safe-haven characteristics, while Life Science Tools & Services experienced pronounced volatility driven by AI disruption concerns, which in our view appear overdone.

Portfolio review Tareno Sustainable Healthcare Fund

In the last month, we initiated a position in Johnson & Johnson and no position was exited. In February, the Tareno Sustainable Healthcare Fund returned 0.7% while the reference index returned 2.9%.

The largest attributors vs. the index were:

- **AstraZeneca** (+26 bps): Reported solid Q4 results, driven by Oncology, and issued a strong 2026 outlook. A dense 2026–27 Phase III readout schedule underpins confidence in the pipeline. The stock rose further after Upstream Bio reported mixed Phase 2 asthma trial results and also benefited from broader pharma strength in February
- **Merck & Co (+24 bps):** Shares rose following solid Q4 results, despite mixed (and widely previewed) 2026 guidance. The stock also benefited from broader pharma strength in February
- **Novartis (+16 bps):** Shares advanced after solid Q4 results, adjusting for one-time US rebate impacts in Q4 (Kisqali, Entresto), with Cosentyx and Pluvicto both ahead of expectations. The stock was further supported by broader pharma strength in February

The largest detractors vs the index were

- **Novo Nordisk** (-82 bps): The company guided to declines in 2026 sales and EBIT, driven by US pricing pressure and intensifying competition in obesity drugs. The stock later fell after Hims & Hers Health announced plans to offer a low-cost compounded semaglutide pill, though this was subsequently prohibited by the FDA, prompting a rebound. Later in the month, REDEFINE 4 results were presented, but the study failed to meet its primary endpoint of non-inferiority versus tirzepatide.
- **Boston Scientific** (-40 bps): Q4 results were above expectations, though the mix differed from forecasts (Electrophysiology and Watchman), while guidance came in slightly below expectations.
- **Johnson & Johnson** (-40 bps): Shares gained 10%, and we are underweight relative to the index

Portfolio review Tareno Impact Healthcare Fund

In the last month, we initiated a position in Guardant Health and we exited Exact. In February, the Tareno Impact Healthcare Fund returned -1.6%.

The largest positive contributors were:

- **Aspen** (+92 bps): Reported a positive trading update
- **Tandem** (+82 bps): Delivered solid Q4 results, and the shift to a “pay-as-you-go” operating model was well received by the market
- **Sandoz** (+41 bps): Benefited from a broker upgrade and later reported solid Q4 results (sales in line, EPS ahead), with 2026 guidance better than anticipated

The largest negative contributors were:

- **Novo Nordisk** (-143 bps): The company guided to declines in 2026 sales and EBIT, driven by US pricing pressure and intensifying competition in obesity drugs. The stock later fell after Hims & Hers Health announced plans to offer a low-cost compounded semaglutide pill, though this was subsequently prohibited by the FDA, prompting a rebound. Later in the month, REDEFINE 4 results were presented, but the study failed to meet its primary endpoint of non-inferiority versus tirzepatide
- **Hikma** (-53 bps): H2 results were better than expected, but 2026 guidance came in below consensus. The company also withdrew its mid-term guidance following a strategic review by the new CEO and announced several leadership changes
- **Axsome** (-45 bps): Q4 results were pre-announced, but the stock declined on investor concerns about elevated spending related to an expanded sales force

Learn more: Tareno Healthcare Funds

Raphael Oesch, CFA

Raphael Oesch has been the fund manager of the Tareno Healthcare Funds since January 2026. He has more than 15 years of experience in the investment sector and has been part of the fund team for over 11 years.

Dr. Maria Specogna

Dr. Maria Specogna has been the fund manager of the Tareno Healthcare Funds since February 2026. She has 20 years of experience in the healthcare sector and has been part of the fund team for over 9 years.

Flavio Mancino, CFA

Flavio Mancino has been an analyst for Tareno's healthcare funds since January 2026. He has over six years of experience in the healthcare sector and has been part of the fund team for over six years.