TARENO
INDEPENDENT WEALTH & ASSET MANAGER

Tareno Healthcare Funds

Monthly Report May 2026

The Market Looked Elsewhere. Healthcare Delivered

Market review

The healthcare sector returned +1.9% in May, with performance driven by the Q1 earnings season and supported by sector and scientific conferences held in the second half of the month. With earnings season now complete, trends observed in April persisted for EPS. A strong majority of companies exceeded expectations, with 76% beating EPS forecasts and delivering higher surprise magnitudes compared to Q4. On the revenue side, 63% of companies surpassed estimates, with the level of outperformance broadly in line with the previous quarter. M&A activity remained robust throughout the month. A consortium including CVC and GBL agreed to take Recordati private in a USD 12.5 billion transaction, while Angelini Pharma acquired Catalyst Pharmaceuticals for USD 4.1 billion. Large-cap pharmaceutical companies also remained active. Eli Lilly, in a renewed push into vaccines, agreed to acquire Curevo, LimmaTech, and Vaccine Company for a combined total of up to USD 3.8 billion. Bayer acquired Perfuse for up to USD 2.5 billion, while Roche acquired PathAI for up to USD 1.5 billion. Further, UCB announced the acquisition of Candid for up to USD 2.2 billion, and Esperion was taken private by Archimed in a USD 1.1 billion transaction. In medtech, Boston Scientific announced a USD 1.5 billion investment in MiRus, acquiring a 34% stake and returning to TAVR after discontinuing its ACURATE platform in May 2025 due to clinical and regulatory setbacks.

Life Sciences Tools & Services (+6.7%) had a volatile but ultimately strong May, with 12 of the 13 index constituents closing in positive territory. The trajectory was uneven, beginning with early-month strength, followed by a sharp mid-month sell-off, and ending with a strong recovery into month-end. The initial rally was driven by Waters' earnings beat, which served as a broad positive signal for the sector, alongside strong Q1 results from Illumina. Mid-month weakness reflected broader sector rotation out of tools rather than any company-specific catalyst. The sector then rebounded from its May 15 trough, supported by a series of positive catalysts, including Elliott Investment Management's reported stake-building in Bio-Rad, Merck KGaA's Q1 beat, a reassuring Investor Day from Thermo Fisher, and strong quarterly results from Agilent.

Pharma returned +4.1%, driven higher by sector heavyweight Eli Lilly (+18.4%). The company reached a new all-time high following expanded insurance coverage for its weight-loss drug Zepbound, with CVS reinstating it to preferred drug lists and also adding coverage for Lilly's new weight-loss pill, Foundayo. Earlier in the month, Lilly also released updated long-term data for its triple G agonist, showing weight loss of 28.3% at 80 weeks and 30.3% at 108 weeks. Abstract releases ahead of the American Society of Clinical Oncology meeting in Chicago (May 29–June 2) were another key driver of stock performance for the sector, influencing sentiment across oncology names.

Providers & Services rose +0.3%, supported by continued strength in Managed Care (+5.0%), which also benefited from CVS's strong Q1 results. However, this was offset by weakness in Drug Distributors (-6.8%), following subdued earnings from Cencora and McKesson, and in Hospitals (-12.9%). Hospital stocks declined after HCA flagged softer case mix and HIX volumes at an investor meeting, alongside a more challenging outlook ahead. Sentiment was also weighed by concerns around Medicaid supplemental directed payments (SDPs).

Biotech was almost flat (+0.1%) and was characterised by solid M&A activity, ASCO abstract release, and a positive regulatory newsflow such as the departure of Dr Makary from FDA.

MedTech (-3.7%) remained under pressure, with sentiment subdued and continued capital rotation into other areas. Hearing Aids was a notable bright spot, with the three key players returning 17–24% following strong results and improving market conditions. However, underlying fundamentals remain solid, supported by demographic tailwinds, healthy utilization trends, stable pricing, and ongoing innovation across cardiology, diabetes, and robotic surgery.

Review Tareno Sustainable Healthcare Fund

In the last month, we initiated a position in Alnylam, and no positions were exited. In May, the fund returned 2.7% while the reference index returned 1.9%.

The largest attributors vs. the index were:

- Dexcom (+31 bps): Positive momentum following a strong long-term growth outlook presented at its Investor Day. Separately, activist investor Elliott Investment Management took a stake in the company
- Zoetis (+23 bps): Not invested
- Johnson & Johnson (+18 bps): The stock fell 9.8%, and we are underweight vs the index

The largest detractors vs the index were:

- Eli Lilly (-42 bps): The stock rose 18.4%, and we are underweight vs the index
- Cencora (-28 bps): Reported weaker-than-expected quarterly results, driven by a softer US Healthcare Solutions segment. The stock later recovered some losses after the company narrowed its FY26 adjusted EPS guidance, supported by opportunistic share repurchases completed in May under its USD 1 billion buyback program.
- Boston Scientific (-21 bps): The CEO noted at an industry conference that standalone WATCHMAN heart implant procedures were not growing, raising concerns around trend visibility. The update came just weeks after Q1 earnings, and the reiterated full-year organic growth outlook was insufficient to offset the negative impact on investor sentiment

Review Tareno Impact Healthcare Fund

In the last month, no new positions were initiated and no positions were exited. In May, the fund returned 9.2%.

The largest positive contributors were:

- Guardant (+156 bps): The company reported a beat-and-raise quarter, followed by earlier-than-expected FDA approval of its expanded Guardant360 Liquid CDx test. In addition, the American Cancer Society updated its colon cancer screening guidelines to include Guardant Shield as an option for patients who are unwilling to undergo preferred screening methods
- Agilon (+146 bps): Shares rose 230% in May, driven by strong Q1 results, and were further supported by a subsequent broker upgrade

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- **Humana** (+120 bps): Positive momentum from solid Q1 results continued into May and was reinforced by strong results from CVS

The largest negative contributors were:

- **Tandem** (-39 bps): Shares declined despite a solid quarterly report, as investors focused on 2026 being another transition year, with two key changes: PAYGO in the US and GODIRECT internationally. However, shares recovered over the month and had recouped most losses by June 1.
- **ResMed** (-34 bps): The company reported better-than-expected results, but moderation and a miss in US device sales weighed on sentiment, with GLP-1–related concerns remaining a key thematic headwind
- **BioNTech** (-25 bps): Reported weaker-than-expected Q1 revenue due to a continued decline in COVID-19 vaccine sales

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 seven years of experience in the healthcare sector and has been part of the fund team for over six years.

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