TARENO
INDEPENDENT WEALTH & ASSET MANAGER

Tareno Healthcare Funds

Monthly Report July 2026

Riding the Wave: Healthcare Outperforms Global Equities in July

Market review

In July, the healthcare sector returned 1.45%, outperforming global equities by 0.93%. Performance continued to be supported by a rotation into healthcare as investors unwound momentum-driven positions in AI beneficiaries, alongside significant M&A activity across multiple sub-segments and the start of Q2 earnings season. To date, over 55% of companies have reported, with 80% beating sales expectations and 86% beating EPS expectations. The magnitude of earnings surprises has been higher than the average over the past eight quarters. Major M&A activity remained a key theme during the month. Vertex Pharmaceuticals announced the USD 10bn acquisition of endocrinology company Crinetics. Eli Lilly entered the psychedelics space through a deal valued at up to USD 3.8bn, with AtaiBeckley being acquired. Argenx agreed to acquire Forte Biosciences for USD 2.2bn, while Samsung Biologics submitted a USD 1.8bn offer for PolyPeptide. Tempus AI also agreed to acquire the remaining stake in Personalis (USD 1.5bn). Additionally, Novartis announced an agreement to acquire Myricx Bio for USD 1.5bn.

Life Sciences Tools & Services returned 8.04%, with results broadly exceeding expectations and underlying tools trends pointing to a reacceleration in growth versus Q1. Danaher, the first major tools company to report, set a constructive tone with robust performance in life sciences instruments and diagnostics, reflecting improving demand from large pharma and early signs of recovery in earlier-stage biotech amid a more supportive funding environment. While US Academic & Government remains soft, it showed modest improvement in Q2 against easier comparisons, and Industrial & Applied continues to stand out as a relative area of strength, supported by secular tailwinds such as AI-driven semiconductor capex. Despite these positives, investor sentiment softened following Danaher's miss in bioprocessing expectations, which weighed on stocks with exposure to the segment. Management attributed the shortfall to an approximate USD 100mn delay in resin orders from a limited number of large customers, emphasizing that the issue was timing-related rather than indicative of underlying demand weakness. Importantly, subsequent results from Thermo Fisher Scientific and Repligen Corporation reinforced this view, confirming that fundamental demand trends in bioprocessing remain intact. In parallel, CROs delivered a strong "beat-and-raise" quarter in July, supported by improving bookings and sustained demand momentum

MedTech was up 4.75%. While there were signs of rotation into the sector, HCA Healthcare's pre-announcement partially dampened momentum. As earnings season progressed, initial concerns around a procedural volume slowdown, first flagged by HCA and later Intuitive Surgical, have eased. Weakness is increasingly being attributed to insurance coverage changes or losses, rather than a decline in underlying patient demand. High-acuity, medically necessary, and acute care procedures continue to exhibit strong, inelastic demand, with only modest slowing in more

deferrable segments. Hospital capex trends also remain broadly healthy.

Providers & Services rose 1.97%, led by Distributors, where strong momentum from June continued. Healthcare Services (+4.1%) also performed well, with all names finishing in positive territory and U.S. laboratories gaining double digits on strong earnings results. Hospital Providers delivered positive returns despite ongoing payer mix headwinds following ACA/HIX subsidy expiration, which continue to pressure the operating backdrop. Managed Care (-1.6%) declined amid a heavy Q2 earnings calendar, with medical cost trends remaining the key investor focus. Results highlighted a clear divergence between companies showing signs of cost normalization (Centene, UnitedHealth) and those still facing elevated loss ratios (Molina, Humana).

Biotechnology increased 0.76%. Q2 results were the primary driver of price action, with performance dispersion remaining wide across the sector. Notably, biopharma funding momentum remained strong, with funding exceeding USD 9 billion in June.

Pharma declined 0.44% in July. Key themes included Q2 earnings (with most companies delivering solid results), regulatory milestones (including Merck & Co. receiving approval for the first oral PCSK9 inhibitor for high cholesterol), pipeline setbacks that weighed on select names (including AstraZeneca, Novo Nordisk, and Sanofi), the intensifying GLP-1 competitive battle between Eli Lilly and Novo Nordisk spilling into litigation, and potential generic drug tariffs following Trump administration comments (0% for the first two years, followed by 100% in year three and 200% thereafter).

Review Tareno Sustainable Healthcare Fund

In the last month, no new position was initiated, and no positions were exited. In July, the fund returned 1.03% while the reference index returned 1.45%.

The largest attributors vs. the index were:

- **Dexcom** (+34 bps): Reported a beat-and-raise quarter and struck a bullish tone during the call
- **Eli Lilly** (+20 bps): Shares declined 4% and we are underweight vs the index
- **Thermo Fisher** (+19 bps): Beat-and-raise quarter

The largest detractors vs the index were:

- **Alnylam** (-29 bps): Q2 results missed expectations and guidance was lowered, primarily driven by Amvuttra. Management attributed the change in guidance to a normalization in second-line volume following the fulfillment of pent-up demand from patients awaiting a new therapy
- **AstraZeneca** (-22 bps): The mid-July sell-off was primarily driven by the Phase 3 failure of Wainua in transthyretin amyloid cardiomyopathy (ATTR-CM). Sentiment weakened further after a broker downgraded the stock. Shares partially recovered following Q2 results, with core EPS ahead of expectations on strong oncology performance, while management reiterated full-year guidance and reaffirmed its 2030 USD 80bn sales target despite the Wainua setback
- **Bristol-Myers Squibb** (-19 bps): Not invested.

Review Tareno Impact Healthcare Fund

In the last month, no new position was initiated, and no positions were exited. In July, the fund returned 0.76%.

The largest positive contributors were:

- **Tandem** (+89 bps): Tandem was supported by strong positive read-throughs, driven by Abbott's strong Q2 results and robust FreeStyle Libre performance, while Dexcom's strong results further validated CGM demand trends
- **Dexcom** (+66 bps): Reported a beat-and-raise quarter and struck a bullish tone during the call
- **Ambu** (+63 bps): Performance was driven by a positive Q3 pre-close update, short covering, and continued share buyback activity.

The largest negative contributors were:

- **Teladoc** (-50 bps): Shares fell after Q2 results and a FY revenue guidance cut, driven by accelerating weakness in BetterHelp's cash-pay business
- **Axsome** (-38 bps): No company-specific news
- **Sandoz** (-33 bps): Shares sold off on news of potential US tariffs on generic drugs. The stock partially recovered after Brazil approved Sandoz's semaglutide treatment.

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

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.