

TARENO
INDEPENDENT WEALTH & ASSET MANAGER

Tareno Healthcare Funds

Monthly Report October 2026

Healthcare's October Treat: A Rally to Remember

Market review

Healthcare surged 9.9% in October, delivering a standout performance and sharply outperforming global equities, which declined 0.8%. The strong rally also propelled the sector back into year-to-date outperformance, with gains of 15.6% versus 10.9% for the MSCI World. Performance was supported by a pronounced market rotation away from AI and technology stocks, with investors increasingly viewed Healthcare as a potential beneficiary of both political developments and AI adoption. Renewed discussions around expanded government-funded healthcare coverage supported sentiment ahead of the US elections. Growing recognition of AI-driven productivity gains, particularly in drug development and diagnostics, further reinforced the sector's longer-term appeal. Q3 earnings provided further support. So far, 50% of index constituents have reported, with 71% beating revenue expectations and 83% exceeding EPS estimates. The magnitude of earnings surprises has remained broadly in line with Q2. Results broadly confirmed existing trends, with improving biopharma spending benefiting Life Sciences Tools & Services, while softer utilization of higher-acuity procedures weighed on MedTech and hospitals but supported Managed Care insurers through better-than-expected medical loss ratios. On the M&A front, notable transactions exceeding USD 1bn included the USD 5.8bn acquisition of Option Care by private equity investors and McKesson, the USD 5.7bn acquisition of Surgery Partners by HealthSpan, Viatris' USD 1.7bn acquisition of Pacira Biosciences, and Merck KGaA's USD 1.3bn acquisition of Silence Therapeutics.

Pharma gained 11.4%, emerging as one of the main beneficiaries of October's market rotation away from AI and technology stocks and into more defensive sectors. Performance was further supported by strong Q3 earnings from large-cap drugmakers. Clinical updates from the European Society for Medical Oncology (ESMO) Congress also drove share-price movements, with mixed reactions across the sector.

Providers & Services increased 10.4%. Drug distributors (+13.6%) benefited from a broader flight to safety, with McKesson and Cardinal Health receiving an additional boost from the extension of their pharmaceutical distribution agreements with CVS through 2032. Managed Care gained 10.2%, driven by improving medical cost trends and expectations of a more favorable healthcare policy environment following the US midterm elections. Medicare Advantage Star Ratings also influenced performance, with Humana emerging as the clear winner. Facilities rose 9.4% despite softer utilization trends in higher-acuity procedures, as valuations benefited from expectations of potential policy changes following the US elections. Services gained 8.4%, led by high-single- to double-digit gains among laboratory stocks.

Biotech (+9.9%) mirrored Pharma, with large-cap names benefiting from defensive investor positioning, solid Q3 earnings and clinical updates around ESMO 2026. Highlights included encouraging data for Genmab's petosemtamab in combination with Keytruda in



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head and neck cancer and Amgen's Imdelltra in first-line maintenance treatment of small-cell lung cancer.

MedTech (+7.6%) recovered in October despite continued softness among orthopedics companies and disappointing Q3 earnings from several industry bellwethers. Nevertheless, several large-cap names rallied from post-earnings lows as investors increasingly viewed earnings expectations as de-risked and valuations as attractive relative to the broader Healthcare sector. Dental and hearing aid markets showed a mixed picture, although underlying fundamentals remained intact. Hospital equipment providers performed well, pointing to healthy capital expenditure demand.

Life Sciences Tools & Services gained 4.1% in October, taking a breather following a strong rally in recent months. Q3 earnings remained encouraging, with Danaher and Thermo Fisher pointing to robust biopharma demand and better-than-feared academic and government spending. Positive results from CROs also reinforced confidence in a broad-based industry recovery. However, the group fell 3% on the final trading day of October, weighed down by Illumina's earnings report, which failed to meet elevated investor expectations.

Review Tareno Sustainable Healthcare Fund

In the last month, no new position was initiated, and no position was exited. In October, the fund returned 8.3% while the reference index returned 9.9%.

The largest attributors vs. the index were:

- **Genmab** (+42 bps): Shares rose 67% in October, driven by positive Phase 3 trial results for petosemtamab in head and neck cancer, Rina-S in ovarian cancer and epcoritamab in lymphoma.
- **Roche** (+13 bps): Shares benefited from broader pharma strength, solid Q3 results, positive pipeline readouts for CT-996 (oral GLP-1), sefaxersen and divarasib (at ESMO).
- **Illumina** (+12 bps): Not invested.

The largest detractors vs the index were:

- **Eli Lilly** (-42 bps): Shares rose 23% in October, and we are underweight vs the index.
- **Alnylam** (-32 bps): Shares declined following Q3 earnings, as insurance access restrictions, pipeline delays and expectations for full-year TTR revenue at the lower end of guidance weighed on investor sentiment.
- **Dexcom** (-28 bps): Shares lost due to concerns over CGM market growth following weaker-than-expected results from competitor Abbott. Solid Q3 earnings and positive clinical data from the CONNECT study partially offset the weakness.

Review Tareno Impact Healthcare Fund

In the last month, no new position was initiated, and no position was exited. In October, the fund returned 6.1%.

The largest positive contributors were:

- **Eli Lilly** (+76 bps): Overall strength in the pharma sector, regulatory wins (EU CHMP's positive recommendation for Foundayo) and a Q3 earnings beat drove shares higher.
- **Teladoc** (+73 bps): Strong Q3 results.
- **Sandoz** (+61 bps): Shares rose in the days surrounding the CMD and continued to gain thereafter. Q3 sales results, released on October 28, were mixed. Overall, shares gained 16% in October.

The largest negative contributors were:

- **Axsome** (-69 bps): No specific news. Mixed signals regarding Auvelity's ADA launch



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trajectory and multiple downward revisions to broker estimates ahead of earnings.

- **Hypera** (-61 bps): No company-specific news. Shares declined sharply amid a broad Brazilian market sell-off following President Lula's re-election, as concerns over the fiscal outlook triggered a significant repricing of domestic equities.
- **BioNTech** (-21 bps): Presented disappointing Phase 2/3 results for BNT113 in head and neck cancer, which missed its progression-free survival endpoint.

Learn more: Tareno Healthcare Funds



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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.

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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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