

## Sunny days, cloudy markets

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June was another tough month for the healthcare space, which lagged the broader market by 2.7%. The lack of newsflow regarding any potential tariffs on pharmaceutical, as well as clarity on new pricing measures continue to weigh on the sector. On top of this, the administration changes at the FDA are increasingly seeming to be disruptive to the approval process.

**Overall**, we remain confident despite the headwinds, which we see mostly as noise. Such conditions of market dislocation are supportive for active management, and we stick to our process.



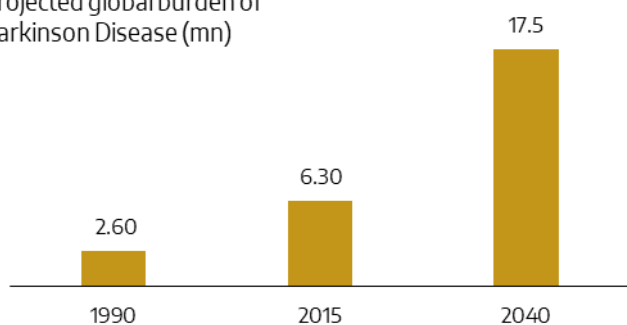
### Tariffs and pricing, where are we?

As we approach the end of the 90-day pause of the tariffs announced in April, there is no clarity on what the tariffs on pharmaceuticals will be. They are exempt per the original EO, but Trump has been threatening additional measures ever since. In addition, there is still little clarity regarding how the «Most-Favored Nation» pricing announced in May should apply, and if that is at all possible. The deadline per which CMS was due to communicate price targets came and went during this month.

We believe that these events have a low likelihood of significantly negatively impacting earnings.

### Chart of the Month

Projected global burden of Parkinson Disease (mn)



Source: Dorsey et al. / Parkinsons Dis 2018, Fig 2

The number of people affected by Parkinson Disease is expected to almost triple from 2015 to 2040, affecting an estimated 17.5 million people worldwide. The expected growth is mainly driven by ageing, as Parkinson's disease affects around 1% of the population above 60 years old.

Therapies in development are now targeting the underlying biology of the disease. These include innovative treatments that have the potential to slow the progression of the condition.

Check out our video on this subject [here](#).



### Major June conferences

Two major medical conferences took place in June, both in Chicago: the American Society of Clinical Oncology annual meeting (ASCO) and the American Diabetes Association Scientific Sessions (ADA).

At ASCO, highly expected data from Summit's PD1xVEGF didn't meet market expectations, and were accompanied by a stricter stance from the FDA regarding approvability. This is a change from previous approvals in the same setting and may hint at a changing bar for oncology drugs.

At ADA, the main highlights were the amount of GLP-1 agents coming from China, as well as the potential of amylin and muscle sparing agents.

### Performance Overview

	1M	3M	YTD	12M
Healthcare	1.1%	-6.3%	0.8%	1.9%
Medtech	1.9%	-1.5%	7.4%	16.6%
Services	3.3%	-8.3%	-4.8%	-12.0%
Pharma	0.0%	-7.3%	1.5%	3.7%
Biotech	-0.3%	-7.5%	3.1%	3.0%
Tools	4.5%	-10.0%	-14.3%	-15.9%
World	3.8%	6.5%	9.5%	29.9%

#### Top 5 this month

1	Illumina	16%	+ve NIH grants rumors
2	Grifols	13%	AGM
3	Cochlear	13%	New product launch
4	IQVIA	12%	No news
5	Orion	11%	No news

#### Bottom 5 this month

1	Daiichi Sankyo	-13%	Earnings,
2	United Therapeutics	-10%	Competitor data
3	Haleon	-8%	No news
4	Olympus	-8%	Partial FDA ban
5	Zoetis	-8%	Competitor launch

Source: Bloomberg Finance L.P., Kieger

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