

HTEC Index 1st QTR 2026 Commentary

As of March 31, 2026

The ROBO Global Healthcare Technology and Innovation Index ended the quarter with a return of -7.33% despite a strong start to the year. Global stock markets faced a significant downturn heading into spring, a direct result of the geopolitical escalation in late February. The airstrikes conducted by U.S. and Israeli forces on the 28th led to critical shipping bottlenecks in the Strait of Hormuz and a subsequent surge in energy costs. This "risk-off" environment dominated investor behavior, dragging down overall valuations throughout the month of March.

During a weak period for the broader market and healthcare sector, precision medicine stood out as the single subsector in the green, with **Moderna** posting strong gains (72.26%). Those were primarily driven by the removal of a significant legal overhang via an IP settlement with **Arbutus/Genevant**, coupled with a fundamental pivot toward its non-COVID respiratory and oncology pipeline, as well as the FDA's reversal to review its mRNA-1010 flu vaccine. Other big winners included **Twist Bioscience** (49.81%), **United Therapeutics** (21.70%), and **Bristol-Myers Squibb** (13.37%). These gains come from clinical and financial catalysts that validated the successful scaling and market durability of their respective next-generation platforms.

Masimo Corp's (37.04%) acquisition by **Danaher** at a 38.3% premium to its previous close marked the fourth takeout in the space over the last six months. This transaction aligns with an expected acceleration in sector M&A and underscores the premise that companies within this segment are currently trading at compressed multiples relative to their intrinsic strategic value.

Data analytics (-22.51%) was the worst-performing subsector for the quarter, driven primarily by multiple compressions across its two constituents. **Tempus AI** (-22.51%) suffered from a broader risk-off rotation away from high-beta AI healthcare assets, while **Veeva Systems** (-23.42%) saw softer enterprise software demand prompt profit-taking. The most significant drag on the index came from its largest subsector, medical instruments (-10.38%), anchored by a steep drop in **Boston Scientific Corp** (-34.19%). This decline was driven by unexpected market share shifts in its U.S. electrophysiology business, highlighting the extreme multiple sensitivity currently facing large-cap medtech.

The recent pullback appears disconnected from underlying fundamentals, as the steep drop in valuations was not justified by the solid top- and bottom-line results or the forward guidance delivered during the latest earnings season. The index ended 2025 with a weighted average EPS growth of 56.67% and a weighted average sales and EBITDA growth of 16.44% and 43.99%, respectively. For 2025 Q4 itself, 71% reported positive YoY EPS growth. 91% reported positive YoY sales growth. The index closed 2025 with 81.74% of the companies operating profitably.

Looking ahead, high interest rates and broader market uncertainty could keep driving short-term volatility. However, the long-term trends supporting the companies in this index remain firmly intact. Core industry challenges like aging populations, clinical labor shortages, and rising healthcare costs are only accelerating. HTEC companies are well-positioned to capture long-term value by delivering the specific clinical and technological solutions needed to solve these problems.

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