

Market commentary, October 12, 2026

Medtech: Strong operating performance, overlooked by investors

By Marcel Fritsch, Head Healthcare Funds & Mandates, Bellevue Asset Management

- **Valuations favour medtech:** The sector looks unusually inexpensive relative to the broader US equity market. Medtech currently trades at a discount of around 5% to the S&P 500, despite benefiting from long-term structural growth and strong innovative capacity.
- **Investor interest is returning:** Medtech gained 2.3% in the third quarter of 2026, outperforming the Nasdaq 100, which rose 0.6%. Early signs of sector rotation are emerging.
- **New applications are driving growth:** Robotics, intelligent diabetes systems and AI-assisted diagnostics are opening up new treatment options.
- **Focus on quality:** Large-cap companies account for more than 97% of the Bellevue Medtech & Services portfolio. We expect our portfolio companies to deliver annual revenue growth of around 8% and earnings-per-share growth of around 13% through 2030.
- **Acquisitions provide an additional boost:** Strategic buyers are taking advantage of lower valuations.

Share prices have suffered, but operations remain strong

Medtech was among the weaker segments of the equity market in the first half of 2026. In our view, its share-price performance largely reflects a change in investor preferences. Enthusiasm for AI attracted substantial capital, partly at the expense of more defensive growth sectors such as medical technology.

Valuations have fallen accordingly. The sector trades at around 18 times expected earnings over the next twelve months. The comparison with the wider market is particularly striking: medtech now trades at a discount of around 5% to the S&P 500, whereas it has historically commanded a premium of roughly 15–20%.

The first signs of a recovery have emerged since early July. Investors are taking profits in technology stocks and rediscovering other sectors such as medtech. For a sustained turnaround, companies will need to back up their growth prospects with results. On this front, the outlook remains positive.

Revenue is growing. Earnings are growing faster.

Medtech combines resilient demand with attractive revenue and earnings growth. We expect the companies held by Bellevue Medtech & Services to achieve average annual revenue growth of around 8% through 2030. Earnings per share are projected to rise by around 13% a year. These figures illustrate the operating potential behind today's lower valuations.

Our portfolio remains firmly focused on established companies: large caps account for more than 97% of holdings. Innovation, a strong market position and management's ability to deliver on its announced targets remain decisive.

AI is expanding medtech's possibilities

Alongside established growth markets, new applications are emerging across medical technology. Areas of particular interest include:

- **Hypertension:** Renal denervation aims to lower blood pressure by disrupting overactive nerves around the renal arteries. Broader reimbursement will be crucial to the market's development.

- **Sensors:** Continuous monitoring sensors may eventually measure potassium as well as glucose, supporting the treatment of patients with kidney and cardiovascular disease.
- **Imaging and robotics:** New tracers and improved imaging could simplify diagnosis and clinical workflows. At the same time, greater competition in surgical robots and other established product categories is creating fresh growth momentum.

Reimbursement and demographics underpin demand

Alongside innovation, reimbursement is a key growth driver. Changes to the US health insurance system and investor concerns about growing competition from China have weighed on medtech recently. The latest quarterly results from medtech companies, hospital groups and US health insurers have eased concerns about the US healthcare landscape in particular. Funding for medical services and hospitals' capital budgets nevertheless remain important factors.

Demographics provide a further tailwind. The first baby boomers turn 80 in 2026, reaching an age at which healthcare spending rises significantly. This is likely to increase procedure volumes in the years ahead.

Competition from China also warrants a more nuanced view. The success of Chinese companies in industries such as automotive cannot simply be extrapolated to medtech. Stringent regulatory requirements make it harder to enter major international markets, while government-driven pricing pressure weighs on suppliers in China's domestic market.

Acquisitions highlight the sector's appeal

Consolidation continues across the sector. Larger companies are acquiring technologies to expand their product ranges, as illustrated by Boston Scientific's acquisition of Penumbra, Abbott's acquisition of Exact Sciences and Danaher's acquisition of Masimo. The prospect of a takeover alone, however, is not sufficient grounds for an investment. The quality of the underlying business remains paramount.

The US is our most important investment market. We see attractive opportunities among both large-cap companies and selected smaller specialists.

Find out more about our investment solution [here](#).

Contact

Bellevue Asset Management AG, Theaterstrasse 12, CH-8001 Zürich,
Fabienne Tresch, Tel. +41 44 267 67 00, fttr@bellevue.ch, www.bellevue.ch

Bellevue – Excellence in Specialty Investments

Bellevue is a specialized asset manager listed on the SIX Swiss Exchange with core competencies covering healthcare strategies, entrepreneur strategies, alternative and traditional investment strategies. Established in 1993, Bellevue, a House of Investment Ideas staffed by 75 professionals, generates attractive investment returns and creates value added for clients and shareholders alike. Bellevue managed CHF4.8 bn in assets as of June 30, 2026.

Disclaimer

This press release is issued by Bellevue Asset Management AG, which is an authorized asset manager subject to the supervision of the Swiss Financial Market Supervisory Authority ("FINMA") and acts as an Investment Manager of the Bellevue Funds (Lux) SICAV. Bellevue Medtech & Services Fund is a subfund of Bellevue Funds (Lux). The information and data presented in this press release are not to be considered as an offer to buy or sell or an invitation to subscribe any securities or financial instruments. For potential investors in Singapore Investment returns may increase or decrease due to exchange rate fluctuations. The fund(s) is not authorized or recognized by the Monetary Authority of Singapore (the "MAS") and its shares are not allowed to be offered to the retail public. The Sub-Fund is a restricted scheme under the Sixth Schedule to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations of Singapore. This press release is not a prospectus as defined in the SFA and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. The MAS assumes no responsibility for the contents of this Information Memorandum. You should consider carefully whether the investment is suitable for you and whether you are permitted (under the SFA, and any laws or regulations that are applicable to you) to make an investment in the Shares. If in doubt, you should consult your legal or professional

advisor. This Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, this Information Memorandum, the Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any persons in Singapore except in accordance with the restrictions and conditions under the SFA. By subscribing for Shares pursuant to the exempt offer under this Information Memorandum, you are required to comply with restrictions and conditions under the SFA in relation to your offer, holding and subsequent transfer of Shares.

Hong Kong: This section has been prepared solely for Hong Kong investors who invest or propose to invest in Shares of Bellevue Funds (Lux) (the "Company") in Hong Kong. Investors in Hong Kong should read this supplement in conjunction with the Prospectus for the Company (the "Prospectus"). References to the Prospectus are to be taken as references to that document as supplemented hereby. In addition, words and expressions defined in the Prospectus, unless otherwise defined below, shall bear the same meaning when used herein.

Prospectus, Key Information Document ("PRIIP-KID"), the articles of association as well as the annual and semi-annual reports of the Bellevue Funds under Luxembourg law are available free of charge from Bellevue Asset Management AG, Theaterstrasse 12, CH-8001 Zürich.