

# Health Care

First Quarter 2026 · Investment Commentary

**-6.44%**

Portfolio Return (Gross)  
Q1 2026

**-6.61%**

Portfolio Return (Net)  
Q1 2026

**-8.92%**

Benchmark Return  
Russell 3000® Growth Health Care Index

**+231 bps**

Outperformance vs. benchmark

## MARKET BACKDROP

Health Care equities declined during the first quarter of 2026, alongside the broader market, as escalating geopolitical tensions in the Middle East disrupted energy markets and weighed on risk sentiment broadly. Within health care, the investment backdrop was shaped by two dominant themes: a resurgence of biopharmaceutical merger and acquisition activity, accelerated by drug pricing clarity that prompted large pharmaceutical companies to advance dealmaking; and continued pressure on medical technology and managed care, where procedure volume trends and structural policy uncertainty weighed on sentiment.

Biotechnology was the standout sub-industry, driven by clinical data catalysts, robust M&A activity, and improved regulatory visibility for vaccine-focused companies. Pharmaceuticals delivered mixed results, with large-cap drug pricing headwinds offset by selective strength in specialty names. Medical technology and life sciences tools lagged meaningfully as procedure volumes softened and biopharma research and development spending remained under pressure.

We remain constructive on Health Care. The M&A environment for biopharma assets with established commercial franchises is unusually favorable, and we believe the portfolio's emphasis on commercial-stage biopharma and selective medical technology exposure is well-positioned to participate in continued consolidation while managing exposure to the more structurally challenged sub-industries.

## PERFORMANCE OVERVIEW

The Westfield Health Care Composite (the "portfolio") returned -6.61% net of fees during the first quarter of 2026, outperforming the Russell 3000® Growth Health Care Index (the "index"), which declined -8.92%. Relative strength in Biotechnology, Pharmaceuticals, and Health Care Equipment more than offset headwinds from Health Care Services and Managed Health Care. Outperformance in Biotechnology was driven by a combination of overweight positioning and strong stock selection across multiple holdings with meaningful fundamental and M&A catalysts during the quarter. The following discussion reflects relative performance from the representative account.

## TOP CONTRIBUTORS

Biotechnology was the largest contributor to relative performance during the quarter, driven by the portfolio's meaningful overweight to the sub-industry and strong stock selection across several holdings with high-impact catalysts.

Ascendis Pharma A/S (ASND) was the top contributor. The FDA approved Yuviwel (navepegritide) for achondroplasia with a favorable label that includes explicit switching guidance from competing therapies, and 52-week COACH trial data showed patients on the TransCon CNP and human growth hormone combination reaching normal-height growth velocity after one year of therapy, a result we believe positions this regimen as the new standard of care. Yorvipath commercial momentum continued well ahead of consensus, and we trimmed into periods of strength while maintaining strong conviction in the name.

Vaxcyte, Inc. (PCVX) and Revolution Medicines, Inc. (RVMD) were also meaningful contributors. The anti-vaccine regulatory overhang that had weighed on Vaxcyte in 2025 largely dissipated as the administration clarified that pneumococcal vaccines were unaffected by the vaccine review underway, and the company's pivotal adult Phase 3 data remains on track for later this

year. For Revolution Medicines, the quarter was marked by significant M&A-related volatility -- acquisition speculation involving multiple large pharmaceutical acquirers drove a sharp initial move before contradictory reports created turbulent trading conditions. We trimmed position size ahead of the most acute period of binary risk and retained meaningful exposure. The fundamental thesis remains intact, with a pivotal pancreatic cancer data readout expected in the first half of 2026.

Partially offsetting these gains within Biotechnology, our lack of exposure to Amgen Inc. (AMGN), a significant benchmark constituent that held up better than the broader index, and our underweight in AbbVie, Inc. (ABBV), which declined less than the benchmark, were both headwinds to relative performance. We also exited ADMA Biologics, Inc. (ADMA) during the quarter following concerns around rising days sales outstanding, a CFO transition, and a short report that collectively indicated a broken thesis.

The portfolio's underweight to Pharmaceuticals contributed positively during the quarter. Eli Lilly and Company (LLY), the benchmark's largest constituent by a wide margin, declined during the period, and our underweight relative to the index was a meaningful source of positive relative contribution. We maintain LLY as a high-conviction underweight, reflecting our view that drug pricing headwinds and pharmaceutical reimbursement risk present meaningful near-term headwinds to the large-cap pharmaceutical space, and that the risk-adjusted opportunity in commercial-stage biopharma is more compelling at current valuations.

Health Care Equipment contributed positively, driven by our underweight in Intuitive Surgical, Inc. (ISRG), a significant benchmark position that declined sharply amid broad medical technology sector pressure, and by Masimo Corporation (MASI), which was acquired at a meaningful premium during the quarter. The MASI acquisition was a positive outcome as the stock had been underperforming prior to the transaction; we trimmed our position around the announcement and redeployed proceeds within the strategy. Partially offsetting these contributions, our position in Danaher Corporation (DHR), the acquirer of MASI, declined during the quarter and was a modest detractor within Life Sciences Tools.

## **BOTTOM CONTRIBUTORS**

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Health Care Services was the largest detractor from relative performance during the quarter. GeneDx Holdings Corp. (WGS) drove the underperformance, declining sharply as the stock was caught in broader skepticism toward diagnostics-adjacent companies facing artificial intelligence valuation headwinds and weather-driven utilization noise. We believe the Street meaningfully underestimates the company's earnings power, as consensus models appear to extrapolate what was a one-time operating expense ramp in the second half of 2025. We maintained and added to our position, viewing the current valuation as a compelling entry point relative to the company's underlying earnings trajectory.

Our overweight positions in UnitedHealth Group Incorporated (UNH) and HealthEquity, Inc. (HQY) detracted from relative performance, as both stocks declined more than the benchmark average during the quarter. While we still have conviction in the long-term thesis for UNH, we have concluded that its challenges are longer-duration and more structural than previously assessed and we reduced our exposure during the quarter.

## **OUTLOOK**

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We remain constructive on Health Care and enter the second quarter with our highest conviction concentrated in commercial-stage biopharma. The M&A environment for biopharma assets with established commercial franchises remains unusually active, as pipeline dynamics are becoming more acute for large pharmaceutical companies facing patent cliffs and heightened urgency to replenish growth. The first quarter's M&A hit rate across our portfolio holdings was among the highest we have experienced, and we believe the structural drivers supporting continued dealmaking remain in place.

Biotechnology is our highest-conviction sub-industry. We believe the intersection of maturing commercial pipelines, compressed development-stage valuations, and an improved regulatory environment creates a favorable backdrop for both standalone performance and M&A outcomes. Several portfolio holdings have meaningful clinical data catalysts in the next two to three quarters that we believe could drive significant re-rating. We are selectively adding development-stage exposure with near-term catalysts while maintaining our underweight to non-earning biotech names, which we believe face disproportionate headwinds if rates and inflation remain elevated.

We remain more cautious on Managed Health Care and Life Sciences Tools, where structural challenges are likely to persist. Medical technology is an area of growing opportunity following significant valuation compression, and we initiated a new

position in a best-in-class medical device company during the quarter. In Pharmaceuticals, we maintain a high-conviction underweight in Eli Lilly. Drug pricing headwinds and pharmaceutical reimbursement risk present meaningful near-term headwinds to the large-cap pharmaceutical space, and we see more compelling risk-adjusted opportunities in commercial-stage biopharma. We believe the portfolio is well-positioned to capture biopharma-driven outperformance while maintaining discipline around the sub-industries where we see the most structural headwinds.

# Performance Attribution Analysis

Representative Account vs. Russell 3000® Growth Health Care Index · January 1, 2026 – March 31, 2026

## TOP 5 CONTRIBUTORS

Representative account, Q1 2026

SECURITY	AVG. WT.	TOTAL EFF.
(ASND) Ascendis Pharma A/S Spo...	15.37%	+249 bps
(PCVX) Vaxcyte, Inc.	4.34%	+132 bps
(RVMD) Revolution Medicines, Inc.	2.92%	+112 bps
(MASI) Masimo Corporation	2.17%	+87 bps
(LLY) Eli Lilly and Company	19.11%	+76 bps

## BOTTOM 5 DETRACTORS

Representative account, Q1 2026

SECURITY	AVG. WT.	TOTAL EFF.
(WGS) GeneDx Holdings Corp. C...	1.92%	-95 bps
(AMGN) Amgen Inc.	--	-85 bps
(UNH) UnitedHealth Group Inco...	2.89%	-59 bps
(ADMA) ADMA Biologics, Inc.	2.26%	-49 bps
(ABBV) AbbVie, Inc.	6.94%	-44 bps

## COMPOSITE TRAILING PERFORMANCE

Health Care Composite · As of March 31, 2026 · Annualized for periods greater than one year

	QTD	YTD	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPT.
Health Care Composite - Gross	-6.44%	-6.44%	16.69%	14.36%	8.67%	9.97%
Health Care Composite - Net	-6.61%	-6.61%	15.89%	13.59%	7.95%	9.24%
<b>Russell 3000® Growth Health Care Index</b>	<b>-8.92%</b>	<b>-8.92%</b>	<b>8.53%</b>	<b>10.26%</b>	<b>5.12%</b>	<b>6.83%</b>

Composite inception date: October 1, 2020. Multi-year periods are annualized. Returns are preliminary and unaudited. Past performance is not indicative of future results.  
Source: FactSet.

## Disclosures & Important Information

Specific securities identified do not represent all of the securities purchased, sold or recommended. The top 5 and bottom 5 securities mentioned have been selected by calculating the average weight invested in each holding in the representative account multiplied by the rate of return for that holding during the period noted and then comparing each to the respective benchmark return during the same period to obtain a relative return contribution. A list showing the relative contribution of each holding in the representative account during the period is available by contacting Westfield's Marketing and Client Service department via email at [clientservice@wcmgmt.com](mailto:clientservice@wcmgmt.com) or 617-428-7100.

Past performance is not indicative of future results. Returns are preliminary and unaudited; the attribution table and the relative contribution tables are presented gross of management fees and include the reinvestment of all income and the deduction of transaction costs. Actual net returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. The net return for the time period referenced can be found within the first paragraph of this commentary. Our current disclosure statement and fee schedules are set forth in Part 2A of Form ADV, which is available upon request. A GIPS Compliant Presentation also is available upon request.

The product is evaluated against the Russell 3000® Growth Health Care Index, which is designed to measure the health care segment of the broad U.S. growth equity universe. We have chosen this benchmark as it most closely represents the investment strategy discussed in this commentary. The product's holdings, characteristics, and performance may differ substantially from the benchmark and will therefore have different risk and reward profiles. Stock performance is based on price movement during the quarter or for the time held during the quarter in our representative account. Due to differences in investment restrictions, account holdings, account funding periods, timing and frequency of contributions and withdrawals, as well as other factors, client account performance may differ substantially from the composite performance and/or the representative account performance that is discussed in this commentary. Existing clients can request their account performance and holdings by contacting your Marketing & Client Service representative.

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