

**Health Care  
Investment Commentary  
Fourth Quarter 2025**

**Market Overview:**

The relative performance of Health Care equities improved in the fourth quarter of 2025, as the sector participated in a broader market rally that expanded beyond the narrow group of AI beneficiaries. Performance late in the year reflected growing investor interest in previously underappreciated areas such as Biotechnology, MedTech, and Life Sciences Tools. Importantly, this rotation occurred in tandem with early signs of renewed M&A activity, rising clinical visibility, and improving sentiment from generalist investors.

We believe conditions are in place for a durable re-rating in Health Care. Valuations across much of the sector—particularly within SMID-cap and innovation-led subsectors—remain well below historical averages. At the same time, the market environment has turned more favorable: with the Federal Reserve now in the early stages of a rate-cutting cycle, long-duration cash flows are receiving greater investor attention, and defensible growth is gaining relevance in portfolio construction.

Beyond improving sentiment, fundamentals are also beginning to turn. Life Sciences Tools demand appears to be stabilizing, MedTech procedure volumes are normalizing, and commercial-stage Biotechnology continues to deliver on execution. We view these dynamics as early signals of a more constructive cycle—one where Health Care transitions from a source of funds to a source of alpha.

**Portfolio Performance Summary:**

The Westfield Health Care Composite (the “portfolio”) returned 10.32% net of fees during the fourth quarter, trailing the Russell 3000 Growth Health Care Index, which advanced 16.71%. The underperformance was primarily driven by stock selection and relative underexposure to higher-beta names, particularly within development-stage Biotechnology and more speculative areas of MedTech. The portfolio’s emphasis on commercial durability and valuation discipline weighed on short-term results but remains core to our long-term approach.

**Key Contributors and Detractors**

Biotechnology

Revolution Medicines (RVMD) was a top contributor during the quarter. Shares advanced on growing investor conviction in the company’s RAS(ON) inhibitor platform, supported by regulatory momentum for daraxonrasib and greater recognition of its potential across historically undruggable RAS-driven cancers. Subsequent to quarter-end, the strategic value of the platform was underscored by reports of a competitive bidding process to acquire the company. We believe this validates RVMD’s differentiated position in targeted oncology and highlights continued appetite among large biopharma for clinically de-risked innovation.

AbbVie (ABBV), by contrast, traded largely sideways as investors continued to assess its post-patent earnings durability. The portfolio’s meaningful underweight contributed positively to relative results. Following a constructive quarterly update and improved visibility into near-term fundamentals, we modestly reduced the underweight—balancing a more favorable risk-reward outlook with ongoing discipline around opportunity cost relative to higher-beta exposures within Health Care.

Pharmaceuticals

While Eli Lilly (LLY) delivered strong absolute performance—driven by continued GLP-1 demand and the FDA approval of Zepbound—our underweight position in the name was a significant detractor from relative results. The stock’s continued rally, fueled by commercial traction and manufacturing scale-up in obesity and diabetes, contributed heavily to benchmark performance and created a headwind for the portfolio. We remain selective in our large-cap pharma exposure, with a preference for balanced risk-reward and clearer valuation support.

#### Health Care Providers & Services

UnitedHealth Group (UNH) was a notable detractor, as the stock lagged materially during the quarter. Despite broadly in-line earnings and stable commercial performance, investor concern around Medicare Advantage utilization and reimbursement continued to weigh on sentiment. The portfolio’s exposure to UNH, in the context of relative strength among other benchmark constituents in the group, detracted from performance. We continue to view the name as a high-quality compounding with strong fundamentals, but acknowledge that near-term sentiment remains cautious amid regulatory and margin-related uncertainty.

#### Health Care Equipment

Masimo (MASI) was another detractor. Despite a strong core franchise in noninvasive monitoring, shares remained under pressure following management turnover and strategic missteps. Governance changes, including board reconstitution, have yet to restore investor confidence. While the business continues to generate solid free cash flow, the stock lagged as the market awaited more tangible signs of operational and strategic clarity.

#### Outlook

We remain constructive on Health Care entering 2026. Secular drivers—aging demographics, rising system costs, and ongoing innovation—continue to support long-term growth. With macro headwinds easing and market leadership broadening, the sector appears increasingly well positioned for durable alpha.

Biotechnology remains our highest-conviction area. The recent rally in speculative names has widened valuation dispersion, creating attractive entry points in commercial-stage companies with earnings visibility and platform relevance. Early-stage M&A activity supports our view that large-cap pharma will remain active in sourcing external innovation to fill pipeline gaps.

MedTech and Diagnostics also offer compelling opportunities. Despite healthy procedure trends and product-cycle momentum, MedTech valuations remain compressed and Diagnostics continues to benefit from expanding clinical adoption, reimbursement clarity, and the integration of AI, reinforcing its role as a lower-volatility compounding.

Structurally, we believe AI will enhance R&D productivity and capital efficiency across the sector, particularly in biopharma. These gains should improve innovation output and investment returns over time.

In our view, Health Care is entering a more constructive phase—supported by improving sentiment, attractive valuations, and accelerating innovation. Our portfolio remains focused on durable growth, operational execution, and valuation support as key drivers of long-term performance.

**Performance Attribution Analysis 4Q25**

Health Care Representative Account vs. Russell 3000® Growth Health Care								30-SEP-2025 to 31-DEC-2025		
Industry	Avg. Port. Weight	Port. Return (Gross)	Port. Contrib.	Avg. Bench. Weight	Bench. Return	Bench. Contrib.	Allocation Effect	Selection Effect	Total Effect	
<b>Total</b>	<b>100.00</b>	<b>10.62</b>	<b>10.62</b>	<b>100.00</b>	<b>16.71</b>	<b>16.71</b>	<b>-3.15</b>	<b>-2.94</b>	<b>-6.09</b>	
Health Care Technology	0.31	-14.91	-0.07	1.77	-27.19	-0.57	0.79	0.04	0.82	
[Cash]	1.04	5.32	0.06	--	--	--	-0.17	--	-0.17	
Biotechnology	49.76	9.03	4.41	40.09	8.84	3.66	-0.62	0.22	-0.40	
Life Sciences Tools & Services	5.99	8.03	0.46	1.44	6.00	0.12	-0.38	-0.08	-0.47	
Health Care Providers & Services	10.47	2.74	0.44	5.08	7.12	0.39	-0.55	-0.45	-1.00	
Pharmaceuticals	19.84	38.60	6.50	34.49	34.70	10.87	-2.48	0.60	-1.88	

**Top 10 Contributors**

Security	Industry	Avg. Port. Weight	Total Effect
AbbVie, Inc.	Biotech	6.37	1.90
Revolution Medicines, Inc.	Biotech	2.92	1.21
Cidara Therapeutics, Inc.	Biotech	0.47	0.58
Vaxcyte, Inc.	Biotech	4.06	0.57
Alnylam Pharmaceuticals, Inc	Biotech	0.45	0.57
Abivax SA Sponsored ADR	Biotech	1.16	0.56
Natera, Inc.	Biotech	2.34	0.26
Adaptive Biotechnologies Corp.	Tools & Services	0.09	0.23
ADMA Biologics, Inc.	Biotech	2.09	0.19
IDEXX Laboratories, Inc.	HC Equipment	1.46	0.12

**Bottom 10 Contributors**

Security	Industry	Avg. Port. Weight	Total Effect
Legend Biotech Corp. Sponsored ADR	Biotech	6.16	-3.84
Eli Lilly and Company	Pharmaceuticals	18.20	-2.51
Masimo Corporation	HC Equipment	4.43	-1.31
Ascendis Pharma A/S Sponsored ADR	Biotech	16.39	-1.28
UnitedHealth Group Incorporated	HC Providers	4.00	-0.96
DexCom, Inc.	HC Equipment	2.49	-0.83
ICON Plc	Tools & Services	1.99	-0.61
HealthEquity Inc	HC Providers	2.07	-0.38
Soleno Therapeutics Inc	Biotech	0.43	-0.31
Merus N.V.	Biotech	1.24	-0.28

**Health Care Composite Trailing Period Returns 4Q25**

	QTD	YTD	1-Yr	3-Yr	SI (10/1/2020)
Health Care Composite - Net	10.32	27.13	27.13	16.82	11.14
Russell 3000® Growth Benchmark - Health Care	16.71	21.87	21.87	13.35	9.09

Source: FactSet Portfolio Analytics as of 12/31/2025

Since we use a representative account, rather than the composite, to perform the attribution analysis above, there may be slight differences between the performance numbers in the commentary and those in the table.

Specific securities identified do not represent all of the securities purchased, sold or recommended. The top 10 and bottom 10 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.

Individual account characteristics and performance may differ depending on factors such as specific client guidelines and restrictions. The representative account has been deemed appropriate by Westfield Capital Management Company, L.P. based on portfolio characteristics. The representative account is an account that has been in the Strategy for no less than one year, had minimal withdrawals or distributions and has similar restrictions to our product guidelines. All accounts in the Strategy are traded in a similar fashion, so that the returns shown are representative of the majority of all participants in the specific Strategy. Another representative account will be substituted if the current account fails to meet the criteria.

The views expressed are those of Westfield Capital Management Company, L.P. as of the date referenced and are subject to change at any time based on market or other conditions. These views are not intended to be and should not be relied upon as investment advice and are not intended to be a forecast of future events or a guarantee of future results. The information provided in this material is not intended to be and should not be considered to be a recommendation or suggestion to engage in or refrain from a particular course of action or to make or hold a particular investment or pursue a particular investment strategy, including whether or not to buy, sell, or hold any of the securities mentioned. It should not be assumed that investments in such securities have been or will be profitable. Nothing set forth in this letter is intended to constitute a recommendation that any person take or refrain from taking any course of action within the meaning of U.S. Department of Labor Regulation §2510.3-21(b)(1), including without limitation buying, selling or continuing to hold any security. No information contained herein should be regarded as a suggestion to engage in or refrain from any investment-related course of action as Westfield is not undertaking to provide investment advice, act as an adviser to any plan or entity subject to the Employee Retirement Income Security Act

of 1974, as amended, individual retirement account or individual retirement annuity, or give advice in a fiduciary capacity with respect to the materials presented herein.

The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data. This piece is intended solely for our clients and prospective clients, is for informational purposes only, and is not individually tailored for or directed to any particular client or prospective client. Existing clients should contact Westfield if there are any changes in their financial situation or investment objectives, or if they wish to delete, add, or modify restrictions to the management of your account. A copy of our Proxy Voting Policy or a report of how proxy ballots for a client account were voted can be obtained by contacting our Compliance Department at [wcmcompliance@wcmgmt.com](mailto:wcmcompliance@wcmgmt.com) or at 617-428-7100.