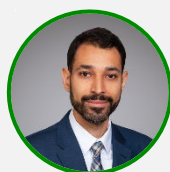




# TD Global Healthcare Leaders Index ETF



As of September 2024



## Analyst Commentary

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After posting strong returns in recent months, the Health Care sector took a breather in September as investors wait for Q3 earnings season to begin in October, in addition to waiting for the results of the U.S. Presidential Election in November. That said, there were healthcare investor conferences in September, along with company investor days, which provided additional insights to investors.

The Life Science Tools industry made some notable updates throughout the month. Starting off on September 19, ThermoFisher Scientific Inc., ("ThermoFisher") hosted their 2024 Annual Analyst Day. ThermoFisher management believes the \$235 billion market for Life Science Tools & Diagnostics will continue to grow at a 4% to 6% Compound Annual Growth Rate ("CAGR") in the years ahead, and that the company can grow 7% to 9% organically, ahead of industry growth. Driving this strong growth are demographic tailwinds, ongoing scientific advances, a growing global drug pipeline including more biologic drugs, and the growing use of artificial intelligence ("AI") to accelerate the speed and success rate of drug development. All-in, Thermo Fisher believes they can deliver mid-teens earnings per share ("EPS") growth over the long-run.

In September, we also got updates from the European Life Science Tools industry at a recent conference. While industry players reiterated the long-term growth outlook for healthcare, there remains some concerns on the near-term quarter-to-quarter growth cadence, especially out of China. This pressured the shares of Sartorius Canada Inc., and the Merck Group ("Merck KGaA"). More details will likely follow on October 17 at the Merck KGaA's Capital Markets Day.

For the full-year 2024, healthcare revenues and earnings are expected to grow approximately 8% and 6% year-over-year ("YoY"), respectively, as we finally lapse the headwind from the loss of COVID-19 pandemic related sales. Looking out over the next few years, we expect growth to normalize to the approximately 9% CAGR seen over the last 30 years.

Second, Intuitive Surgical, Inc., which manufactures soft tissue surgical robots, saw their shares continue to post strong gains in August, following their strong results in July. With the use of their surgical robot, da Vinci, surgical procedures increased 17 YoY, driving +14% YoY revenue growth. Intuitive Surgical, Inc., placed 341 new robots at healthcare facilities, including 70 of their next generation robot, da Vinci 5, ahead of consensus estimates. The TD Global Healthcare Leaders Index ETF ("TDOC") was up 14.0% year-to-date ("YTD") at the end of September 2024. However, returns trailed the broader market with the MSCI World Index up 22.0% YTD, driven by gains in the Technology and Communication Services sectors.

The primary contributors to TDOC performance in September included GE HealthCare Technologies, Inc., (+10.9% month-over-month ("MoM")), Gilead Sciences, Inc., (+7.4% MoM) and Zoetis Inc., (+6.8% MoM). The primary detractors included Daiichi Sankyo Company, Limited., (-20.8% MoM), Novo Nordisk A/S, (-15.2% MoM), and Regeneron Pharmaceuticals, Inc. (-11.0% MoM).

Looking out over the long run, we believe that TDOC continues to be well positioned and will continue to benefit from the many attractive attributes of the Health Care sector including largely inelastic demand, strong volume growth driven by an aging population, as well as historically strong research and development productivity which has repeatedly expanded the addressable market for healthcare. Combined with attractive valuations when compared to the broader market, we believe the Health Care sector remains well positioned to outperform over a multi-year horizon.

## Standard Performance – TD Global Healthcare Leaders Index ETF

Returns as of September 30, 2024	1 Month	3 Months	6 Months	1 Year	Since Inception	Inception Date
TD Global Healthcare Leaders Index ETF	-1.85%	5.58%	5.34%	18.77%	9.12%	04/07/21

Source: TD Asset Management Inc., as of September 30, 2024. Returns for periods greater than one year are annualized.

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