ETFSector.com

Monthly Insights: September Outlook

Health Care Sector

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Sector Price Action & September Outlook: Health Care

September setup. Health Care (VHT) enters September as one of the cleaner defensive-growth allocations in the ETFSector.com Macro Model. The model ranks Health Care (VHT) tied for first across the 11 sectors with a +1.0 final score and Overweight stance. VHT's 63-day relative strength versus the S&P 500 (VOO) is +14.5%, the strongest sector reading in the model.

Price confirmation. VHT gained +5.0% over the past month and +15.8% over three months, versus +2.7% and +1.1% for the S&P 500 (VOO). Under the surface, 64% of Health Care stocks beat the S&P 500 (VOO) over one month and 73% are above their 50-day moving average, which supports the model's overweight signal.

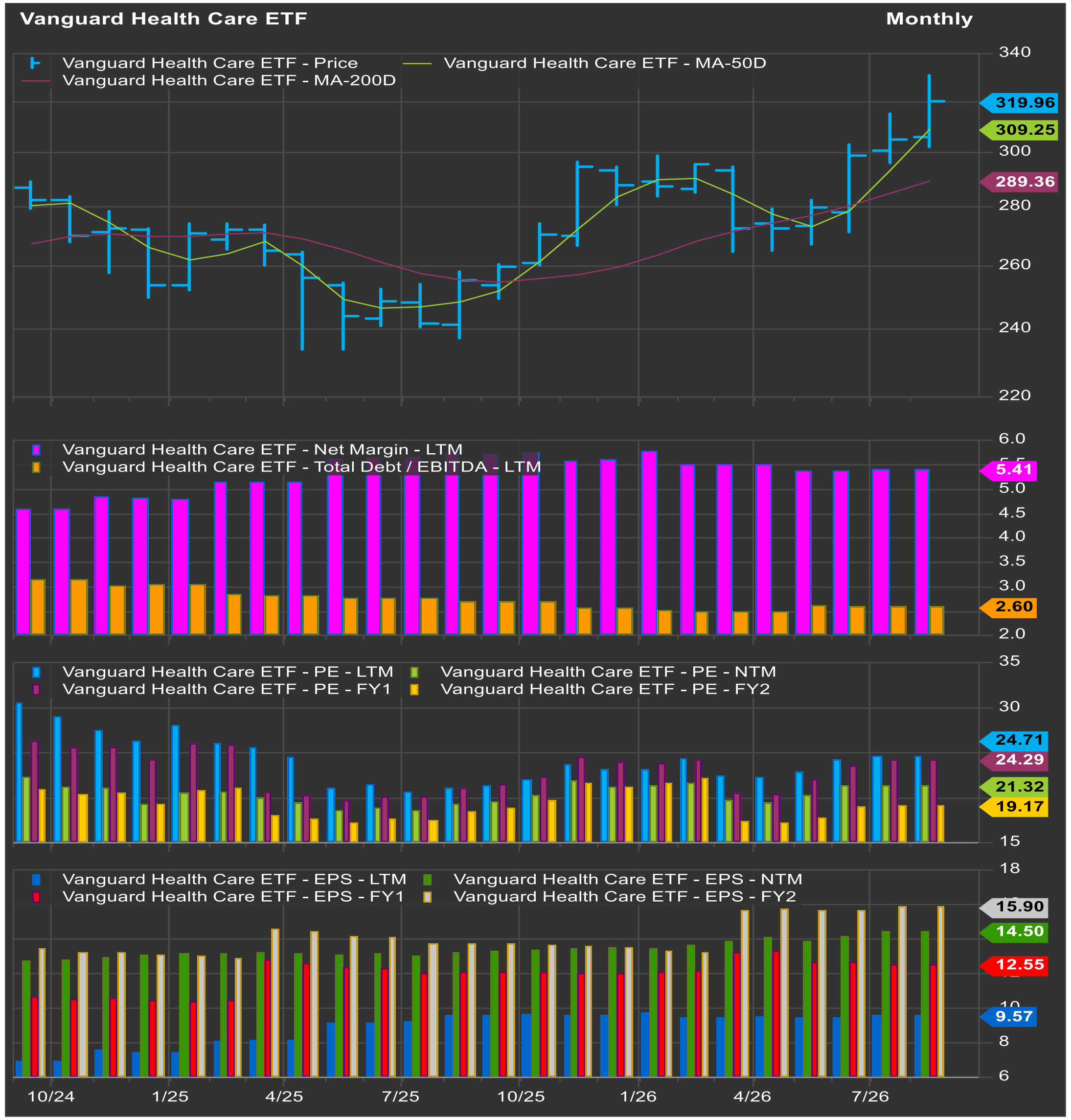
Leadership themes. The strongest September stories are biotechnology recovery, health care software, life-science tools and selective pharmaceuticals. Moderna (MRNA) is the outlier, but Veeva (VEEV), Charles River (CRL), Revvity (RVTY), Vertex (VRTX), Pfizer (PFE), Merck (MRK), Gilead (GILD), IQVIA (IQV) and Becton Dickinson (BDX) show broader evidence of stock-level improvement.

Weakness themes. The laggards are concentrated in providers, managed care, dental/diabetes medtech and high-expectation services. DaVita (DVA), Insulet (PODD), CVS (CVS), UnitedHealth (UNH), Align (ALGN), Viatris (VTRS), Cigna (CI), Stryker (SYK), IDEXX (IDXX) and Zoetis (ZTS) show where medical-cost risk, pricing pressure, utilization uncertainty and valuation discipline still matter.

September pivots. Health Care (VHT) should benefit if payrolls, retail sales or manufacturing data soften and investors rotate toward quality defensives before CPI and the September 15–16 FOMC. The risk is that a hotter inflation print pushes real yields higher and compresses high-multiple medtech and life-science valuations.

Portfolio read. Favor Health Care (VHT) as an overweight, but implement it selectively. The sector works best as defensive growth with biotech, life-science tools, health care technology and pharma value, not as a blanket bet on managed care or every high-multiple medtech name.

Fundamentals: Health Care Sector



The fundamental backdrop is improving, but the sector is still selective. Health Care (VHT) has one of the strongest three-month relative-strength profiles in the market, yet the earnings picture is uneven across industries. That makes the sector attractive for September risk control, but the strongest opportunities are company and industry specific.

Life-science tools and health care technology are the cleanest growth stories. Veeva (VEEV), Charles River (CRL), Revvity (RVTY), IQVIA (IQV), Agilent (A), Waters (WAT) and Danaher (DHR) show broad one-month excess return and improving 50-day price structure. This matters because research spending, data platforms, regulatory workflow and drug-development productivity are all tied to the AI-enabled biopharma investment cycle.

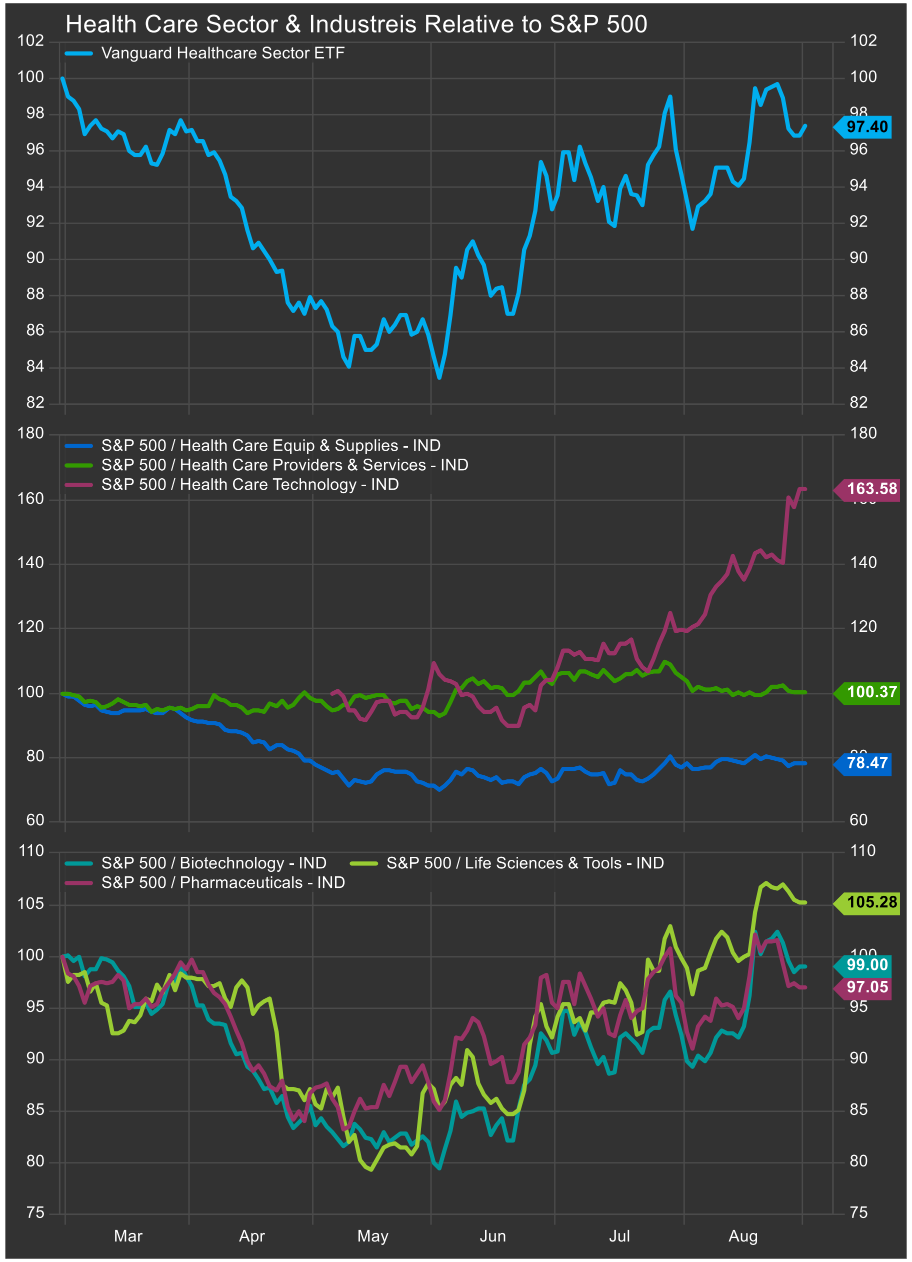
Biotechnology is the highest-reward and highest-event-risk sleeve. Moderna (MRNA) dominates the table with a 153% one-month excess return, but Vertex (VRTX), Gilead (GILD), Amgen (AMGN) and Regeneron (REGN) also confirm that investors are returning to commercial-stage biotech. September exposure should favor companies with visible revenue catalysts over binary trial or regulatory risk.

Pharmaceuticals provide value, dividends and policy risk. Pfizer (PFE), Merck (MRK), Bristol Myers (BMY) and Gilead (GILD) all carry dividend support and reasonable valuation, but drug-pricing policy, patent cliffs and GLP-1 concentration risk still shape the industry narrative. Eli Lilly (LLY) remains a long-term growth franchise, but the September setup favors valuation-supported pharma more than high-expectation growth.

Providers and managed care are the main constraint. UnitedHealth (UNH), CVS (CVS), DaVita (DVA) and Cigna (CI) lagged, showing that medical-cost trends, Medicare Advantage margins, Medicaid/exchange dynamics and utilization remain central risks. The sector can still be overweight, but not through an indiscriminate provider/managed-care basket.

ETF	Price	1D	1W	1M	3M	6M	RSI
VOO	$767.05	-0.3%	+0.5%	+2.7%	+1.1%	+11.8%	54.0
VHT	$319.96	-0.3%	-2.3%	+5.0%	+15.8%	+9.3%	55.0

Industry/Sub-Industry Performance and Macro Model Scores



Indicator	Latest Reading	September Message	Investment Interpretation
Macro Model rank	T-1 / 11	Top tier	Health Care (VHT) shares the top model rank with Financials (VFH) and Energy (VDE).
Final score / stance	+1.0 / Overweight	Overweight	The model supports VHT as a September overweight, but sector dispersion argues for selectivity.
63D RS vs S&P 500	+14.5%	Strongest in model	Intermediate relative strength is the main driver of the top model rank.
Regime tilt	+0.0	Neutral	The Mixed / Transition regime does not add a defensive bonus; the signal is relative-strength led.
MRI overlay	+0.0	Neutral	Constructive market conditions keep allocation driven by sector price confirmation.
Risk Gauge	71.0% / Constructive	Constructive	A risk-on tape helps biotech and tools, while a growth scare would support defensive health care demand.
Inflation Gauge	72.2% / High	High	High inflation supports defensives, but wage, supply and real-yield pressure remain risks.
VHT trend	+5.0% / +15.8% / +9.3%	Strong 1M/3M	Short- and intermediate-term performance confirm renewed leadership.
VHT RSI	55.0	Healthy	Momentum is constructive without an extreme overbought signal.
Stock breadth	64% positive / 73% >50DMA	Broadening	More than two-thirds of stocks are above their 50-day average.
Industry leadership	Biotech, HC Tech, Tools	Growth + recovery	Leadership is strongest in event-driven biotech, health care software and life-science services.

Top 10 Stock Level Performers: Health Care

Symbol	Company	Sector	Industry	Pattern	1M Excess	Valuation Rel.	Momentum	Div Yield Rel.	Beta
MRNA	Moderna	Health Care	Biotechnology	Bullish Reversal	+153.3%	N/A	173.8	0.00	0.30
VEEV	Veeva	Health Care	Health Care Technology	Bullish Reversal	+37.5%	1.49	51.3	0.00	0.55
CRL	Charles River	Health Care	Life Sciences Tools & Services	Bullish Reversal	+21.2%	1.21	45.1	0.00	1.36
RVTY	Revvity	Health Care	Life Sciences Tools & Services	Bullish Reversal	+11.6%	1.16	18.0	0.17	1.15
VRTX	Vertex	Health Care	Biotechnology	Bullish Reversal	+11.4%	1.36	12.9	0.00	0.14
RMD	ResMed	Health Care	Health Care Equipment & Supplies	Consolidation	+11.4%	1.00	12.1	0.84	0.57
PFE	Pfizer	Health Care	Pharmaceuticals	Consolidation	+11.1%	0.50	6.6	4.44	0.14
BDX	Becton Dickinson	Health Care	Health Care Equipment & Supplies	Bullish Reversal	+10.9%	0.73	15.9	1.56	-0.11
MRK	Merck	Health Care	Pharmaceuticals	Bullish Reversal	+10.8%	1.04	16.8	1.69	0.02
GILD	Gilead	Health Care	Biotechnology	Bullish Reversal	+9.7%	1.17	4.3	1.62	0.08

The top 10 Health Care list is a biotech, health care technology, life-science tools and pharma-value rebound list. Moderna (MRNA), Veeva (VEEV), Charles River (CRL), Revvity (RVTY), Vertex (VRTX), ResMed (RMD), Pfizer (PFE), Becton Dickinson (BDX), Merck (MRK) and Gilead (GILD) led the sector.

The biggest signal is breadth beyond one mega-cap theme. Moderna (MRNA) is an idiosyncratic outlier, but Veeva (VEEV), Charles River (CRL), Revvity (RVTY), IQVIA (IQV), Agilent (A), Waters (WAT) and Danaher (DHR) show that life-science demand and health care data/software are improving together.

Pharma and commercial-stage biotech add defensive-growth balance. Pfizer (PFE), Merck (MRK), Gilead (GILD), Amgen (AMGN), Vertex (VRTX) and Regeneron (REGN) provide a mix of low valuation, dividend support and product-cycle optionality. That gives the sector more than one way to outperform in September.

The caveat is that some leadership is event-driven. A biotech spike can improve VHT quickly, but it is not the same as broad earnings durability. September exposure should pair biotech upside with tools, data, diagnostics and pharma value.

Bottom 10 Stock Level Performers: Health Care

Symbol	Company	Sector	Industry	Pattern	1M Excess	Valuation Rel.	Momentum	Div Yield Rel.	Beta
DVA	DaVita	Health Care	Health Care Providers & Services	Retracement	-29.4%	0.55	-14.3	0.69	1.26
PODD	Insulet	Health Care	Health Care Equipment & Supplies	Downtrend	-12.8%	1.04	-13.8	0.00	1.49
CVS	CVS	Health Care	Health Care Providers & Services	Bullish Reversal	-12.8%	0.58	-1.4	2.07	0.84
UNH	UnitedHealth	Health Care	Health Care Providers & Services	Bullish Reversal	-8.8%	0.93	2.5	1.69	0.78
ALGN	Align	Health Care	Health Care Equipment & Supplies	Downtrend	-8.3%	0.68	-13.3	0.00	1.80
VTRS	Viatris	Health Care	Pharmaceuticals	Bullish Reversal	-8.0%	0.32	-1.9	2.29	0.93
COO	Cooper	Health Care	Health Care Equipment & Supplies	Consolidation	-5.8%	0.73	-1.0	0.00	0.59
CI	Cigna	Health Care	Health Care Providers & Services	Consolidation	-3.8%	0.44	-5.1	1.62	0.10
MTD	Mettler-Toledo	Health Care	Life Sciences Tools & Services	Consolidation	-3.5%	1.43	5.7	0.00	1.05
SYK	Stryker	Health Care	Health Care Equipment & Supplies	Consolidation	-3.3%	1.03	-4.3	0.81	0.66

The bottom 10 table is concentrated in providers, managed care, diabetes/dental medtech and high-expectation health care services. DaVita (DVA), Insulet (PODD), CVS (CVS), UnitedHealth (UNH), Align (ALGN), Viatris (VTRS), Cooper (COO), Cigna (CI), Mettler-Toledo (MTD) and Stryker (SYK) lagged.

The managed-care/provider message is the main caution. UnitedHealth (UNH), CVS (CVS), Cigna (CI) and DaVita (DVA) show that medical-cost trends, Medicare Advantage utilization, reimbursement risk and payer-mix uncertainty still matter, even as the overall sector improves.

Medtech is not one trade. Insulet (PODD), Align (ALGN), Cooper (COO), Stryker (SYK), IDEXX (IDXX) and Zoetis (ZTS) illustrate pressure in diabetes devices, dental/vision, orthopedic equipment and animal health. Some of these are quality franchises, but the stock file says expectations and valuation remain a filter.

The investment implication is clear: Health Care (VHT) deserves an overweight in September, but implementation should avoid the weakest provider and high-multiple medtech pockets until price structure improves.

Economic & Policy Drivers: Health Care Sector

September pivot calendar. Health Care (VHT) is tied to the same macro sequence driving the broader market: ISM, payrolls, CPI, PPI, the September 15–16 FOMC and retail sales. A softer growth tape should support defensive health care demand. A hotter CPI / higher real-yield outcome would be less friendly for high-multiple medtech, tools and health care technology.

Inflation: Defensive demand, but cost pressure. Health Care revenue is less cyclical than discretionary spending, which helps VHT in a sticky-inflation month. The offset is wage pressure, hospital staffing costs, medical supplies and reimbursement lag. HCA (HCA), UnitedHealth (UNH), CVS (CVS), Cigna (CI) and DaVita (DVA) remain the key places where utilization and medical-cost trend can overwhelm the defensive story.

High oil prices: Indirectly helpful to sector rotation. Oil in the mid-$80s pressures consumers and travel, which can push investors toward less cyclical sectors such as Health Care (VHT). The direct cost impact is smaller than in Industrials (VIS) or Consumer Discretionary (VCR), but higher energy still affects hospital utilities, logistics, plastics and medical-device inputs.

AI disruption: Tools, data and workflow are the opportunity. Veeva (VEEV), IQVIA (IQV), Thermo Fisher (TMO), Danaher (DHR), Agilent (A), Charles River (CRL) and Revvity (RVTY) are the cleaner ways to express AI-enabled research, clinical-trial productivity, regulatory workflow, diagnostics and biopharma data demand. The risk is valuation: higher real yields can quickly pressure long-duration growth stories.

Resource demand and supply-chain policy: Less visible but still important. Health Care is not a direct commodity sector, but it relies on specialized components, sterile packaging, plastics, electronics, isotopes, lab supplies and global pharmaceutical inputs. Tariffs, Middle East logistics stress and reshoring policy can support domestic suppliers but also raise input costs for medtech and hospital systems.

Policy and regulation: September implementation risk is high. Medicare Advantage rates, Medicaid/exchange dynamics, drug-pricing policy, FDA reviews and trial readouts remain active sources of stock-level dispersion. Favor pharma value and commercial-stage biotech with visible catalysts; stay cautious on managed care until medical-cost trends and reimbursement visibility improve.

Sector implication. Health Care (VHT) is a preferred September overweight because it combines model leadership, strong intermediate relative strength and defensive-growth exposure. The best industry mix is life-science tools, health care technology, selected biotechnology and pharma value; the weaker mix is managed care, provider reimbursement risk and high-multiple medtech without earnings confirmation.

Appendix: Sources (all charts sourced from FactSet Research Systems Inc.)

ETFSector.com Macro Model workbook, data through August 31, 2026 — Macro Regime Index, Risk Gauge, Inflation Gauge, sector ranking model and Vanguard ETF proxy return streams.

FactSet / ETFSector.com 20260901_SP50_Stock_Data.xlsx — Health Care stock-level excess return, industry classification, chart pattern, valuation multiple relative to index, momentum score, dividend-yield multiple and beta.

FactSet Earnings Insight, August 2026 — S&P 500 earnings scorecard, sector earnings-growth context, revenue-growth context and forward valuation backdrop.

Bureau of Labor Statistics Employment Situation and JOLTS releases, July/August 2026 — health care employment, labor-market softness, wage and staffing context.

Centers for Medicare & Medicaid Services 2027 Medicare Advantage and Part D rate / policy materials — MA payment, reimbursement, utilization and managed-care policy backdrop.

IQVIA, Thermo Fisher, Danaher, Agilent, Charles River and Revvity earnings materials — life-science tools, research-services demand, bookings, guidance and customer-activity context.

Veeva earnings materials — health care software, data, regulatory workflow and life-science cloud demand.

Abbott, Becton Dickinson, ResMed, Stryker, Insulet, Align, Cooper and Edwards earnings materials — medtech growth, valuation sensitivity and guidance expectations.

Moderna, Regeneron, Vertex, Gilead, Amgen, Pfizer, Merck, Bristol Myers and Eli Lilly earnings / pipeline materials — biotech, pharma value, GLP-1 and event-risk context.

UnitedHealth, CVS, Cigna, DaVita, HCA, Centene, Humana and Elevance earnings materials — medical-cost trend, reimbursement risk, utilization and managed-care/provider dynamics.

Vanguard sector ETF convention: Health Care (VHT), S&P 500 (VOO), Financials (VFH), Energy (VDE), Information Technology (VGT), Industrials (VIS), Consumer Discretionary (VCR).

Appendix: Metric Interpretation/Descriptions

Valuation Multiple Relative to Index
Higher scores correspond to more expensive earnings than the index, lower scores are cheaper

Valuation Multiple Relative to Index
(Company Price/NTM EPS) / (Index Price/NTM EPS)

Dividend Yield Relative to Index
Higher scores correspond to higher company dividend yield relative to the S&P 500 Index dividend Yield

Dividend Yield Relative to Index
Company FY1 Rolling Dividend Yield / Index FY1 Rolling Dividend Yield

Price Structure
We categorize stock chart patterns into 7 categories
Uptrend—Stock exhibits sustained outperformance
Bullish Reversal—Stock has outperformed over the past 3-6 months by > 10% vs. benchmark
Consolidation—Sideways price action, generally a bearish pattern in a bull market
Retracement—A sharp move lower in a previously strong chart
Distributional—A topping pattern
Downtrend—Sustained underperformance, lagging the benchmark by >15% per year
Support—Price has reached a level where major bottom formations or basing has occurred in the past
Basing—A protracted consolidation at long-term support

Momentum
Long higher scores, short lower scores

Momentum (simple mean)
1-Month Excess Total Return (vs. S&P 500) * 0.2
Plus
3-Month Excess Total Return (vs. S&P 500) * 0.5
Plus
6-Month Excess Total Return (vs. S&P 500) * 0.3

ETF convention: The ETFSector.com Macro Model dashboard is translated into Vanguard sector ETF tickers for this publication deck; Health Care is referenced as Health Care (VHT).