



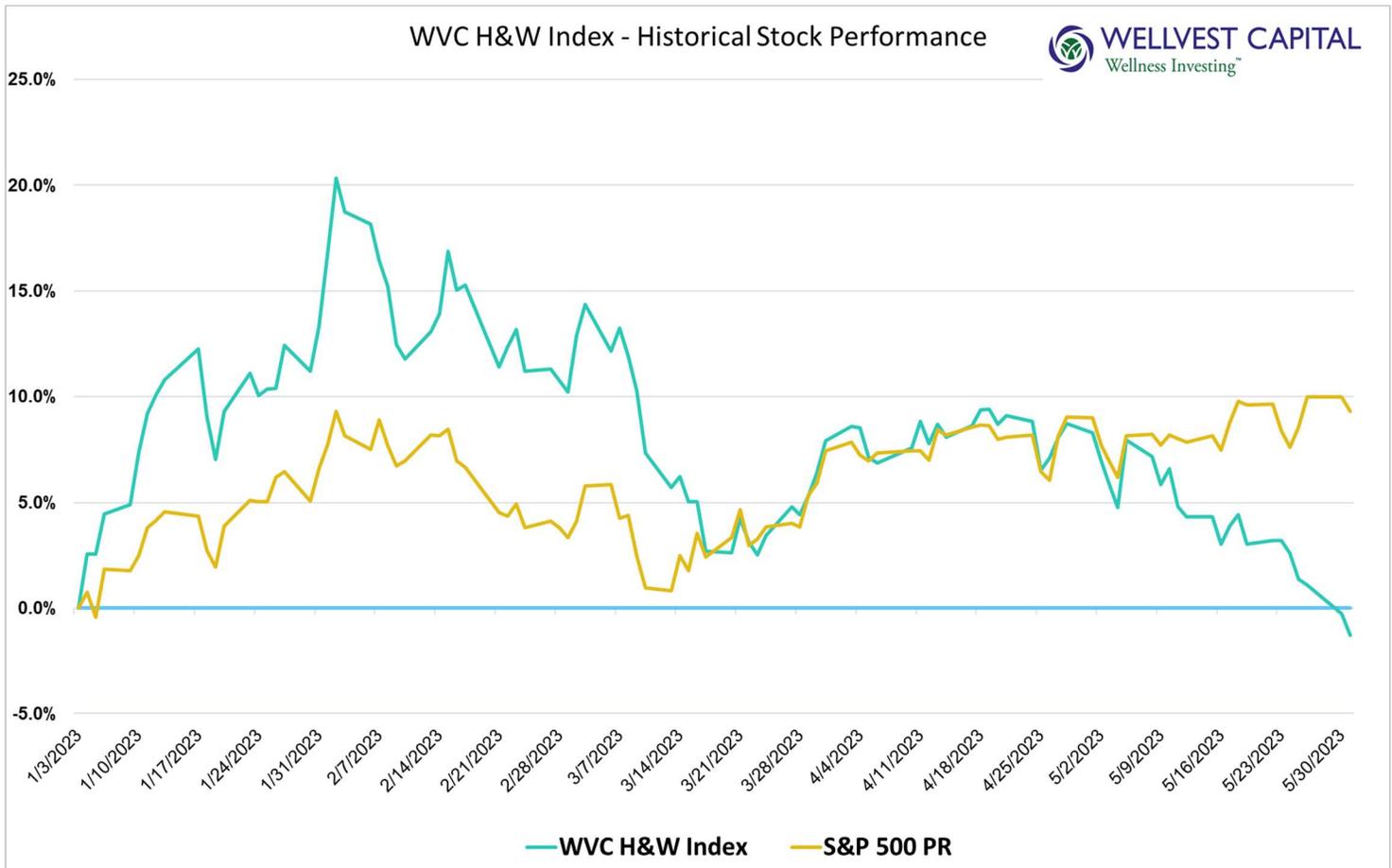
# WELLVEST CAPITAL

Wellness Investing™

## WELLVEST CAPITAL'S HEALTH AND WELLNESS PUBLIC COMPANY INDEX

The WVC H&W Index 2022

May 2023



### HIGHLIGHTS

The WVC H&W Index took a severe downside turn in May. It's tight correlation to the S&P500 in the last few months did not last long, experiencing a significant divergence in May with the S&P returning 9.3% YTD and the WVC H&W Index returning negative 1.26% YTD, excluding dividends. As widely reported the strong YTD performance of the S&P500 and NASDAQ have been driven by a small handful of technology companies with "AI" exposure. Excluding these tech leaders, the rest of the S&P500 is

The drawdown in the WVC H&W Index in May was characterized by losers outpacing gainers by 3 to 1. Only 11 of the index's 46 stocks were up month over month in May. The average loser loss was -12.5% versus a 4.8% average gain for the winners. Macro factors, the debt ceiling debate and the AI narrative are overwhelming the underlying fundamentals in the H&W Index, potentially creating opportunities for nibble long term investors.

up less than 1% YTD, which is slightly ahead of the Russell 2000 Index. While it's unfortunate that the WVC H&W Index could not hold on to its impressive gains from earlier in the year, its performance is generally in-line with the broader market. The index's performance in May and the exuberance around AI is very reminiscent of the beginning of the dot com run-up in the last 1990's.

#### APPAREL AND DURABLES IN FOCUS

The companies in the WVC H&W Index that provide fitness clothing, equipment, wearables, and other related hard goods have experienced tremendous challenges and volatility due to pandemic driven demand spikes, supply chain issues, and inflation. YTD the stock performance of this group has lost 5.2%, excluding dividends, as compared to S&P500 price return of 9.3%. Device maker Garmin has delivered a 11.8% return YTD leading the group. Lululemon Athletica is still up 3.6% through May even after May's drawdown of -12.6%, driven by general weakness in the retail sector as consumers pull back purchasing due to inflation and recession fears. (*News Flash: LULU printed a large earnings beat on June nd2, resulting in a large pop in the stock*) Competitor Under Armour has struggled, the stock is down 29.0% YTD driven by a forward outlook that did not meet investors' expectations. Fitness equipment makers Peloton and Nautilus have not done well given the post-COVID hangover, resulting in losses of 8.3% and 17.0% for the period ending May 31, 2023. Rounded out the sub-category is Shimano and Giant, both bike makers are about flat for the year returning negative 0.4% and positive 3.1% respectively.

#### H&W INDEX WINNERS and LOSERS - YTD

- Top Five Winners
  - WW International (WW) 69.6%
  - Natural Health Trends (NHTC) 62.4
  - Basic-Fit (BFIT) 46.8
  - BellRing Brands (BRBR) 42.8
  - Else Nutrition Holdings (TSX:BABY) 37.7
  
- Top Five Losers
  - Honest Company (HNST) -51.2%
  - Blue Apron (APRN) -31.8
  - Medifast (MED) -31.8
  - United Natural Foods (UNFI) -31.0
  - Under Armour (UAA) -29.0

Data sources: Pitchbook  
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