



TAKING STOCK: HEALTHCARE ORGANIZATIONS MAINTAIN ECONOMIC OPTIMISM DESPITE GEOPOLITICAL CONCERNS

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Investors in the healthcare industry maintain an optimistic outlook on the economy and their sector even though the United States economy is in the late stage of the market cycle, according to NEPC's 2019 Healthcare Operating Funds Survey.

Only one in four respondents believe the economy is in a worse position compared to a year earlier, while one in three say their healthcare organization is better positioned in 2019.

Despite their optimism, the Survey's respondents—primarily chief financial officers, treasurers and investment-related staff in healthcare organizations—have increased their holdings of fixed income assets while reducing exposure to alternative investments on the heels of the volatility that rocked markets in the fourth quarter of 2018. Despite the fact that 84% of the respondents expect US equities to gain at least 6% this year, 72% said that they are unlikely to change their investment strategies. Their continued caution underscores the concerns around geopolitical risks, ranging from the ongoing trade dispute between the US and China, to heightening uncertainty in the Middle East.

The volatile landscape makes it essential for healthcare organizations to pay close attention to their investment portfolios to ensure that investment risk aligns with broader organizational goals and objectives. This linkage is key to their sustainability and their ability to achieve their mission and improve patient care.

NEPC's annual Healthcare Operating Funds Survey gauges healthcare organizations' outlook on the economy and examines how healthcare operating pools are invested. There were 68 respondents who participated in the Survey this year. For questions on the Survey or your investment portfolio, please contact your NEPC consultant.

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