BioSpectrum
the business of Bio & Health Sciences
ASIA EDITION

BlackRock launches iShares US biotech ETF

October 31, 2017 | News

BlackRock launches iShares US biotech ETF The top five holdings are Biogen, Amgen, Celgene Corp, Gilead Sciences and Regeneron Pharmaceuticals.



Listed on the London Stock Exchange on 23 October, the ETF has a total expense ratio (TER) of 0.35% and will track the Nasdaq Biotechnology index.

The index, which has 161 stocks, is calculated using a modified cap-weighted methodology. The top five constituents are capped at 8% of the total index, while the remaining holdings are capped at 4%.

The top five holdings are Biogen, Amgen, Celgene Corp, Gilead Sciences and Regeneron Pharmaceuticals.

The firm said the market's focus on aging demographics and pricing power via patent protected drugs, the biotech sector's two key drivers, has diminished, causing prices to fall to more attractive entry levels.

BlackRock said: "Biotech's long-term historical drivers and increased merger and acquisition (M&A) activity should lead investors to consider bio-pharma as a portfolio diversifier and driver of longer-term returns."

Last week, BlackRock launched its eleventh ESG ETF product in Europe, the iShares MSCI World SRI UCITS ETF.

The ETF arm of the fund giant also experienced a management reshuffle in September, with iShares' EMEA head Rachel Lord promoted to head of EMEA for the whole firm.