VF Invest

GSK: We're adding a stable anchor to the portfolio!

Over the past two years, GSK's (formerly GlaxoSmithKline) stock, considering dividends, hasn't significantly moved. However, we believe several factors point towards a positive future investment.

Pharmaceutical Industry Cycles:

Investors often prefer stocks that are currently on an upward trend, leaving a positive impression. However, this trend-based approach doesn't guarantee above-average returns in the long run. Pharmaceutical sector cycles refer to recurring patterns influenced by factors such as product development cycles, patent expirations, regulatory changes, and market demand. GSK, identified by JP Morgan, is currently undergoing a cyclical low but could potentially outperform many American competitors in the medium and long term.

Investing in the Future:

Research and development, along with acquisitions, require substantial investment, crucial for a globally operating pharmaceutical company. On July 10, GSK announced that Arexvy had been authorized by the UK Medicines and Healthcare products Regulatory Agency (MHRA). Manufactured by GSK, this product is designed to aid respiratory issues like RSV. The market for this product is expected to reach nine billion dollars by 2029, with some believing that Arexvy has the best chance to secure a leading position. Arexvy assists in active immunization to prevent lower respiratory tract diseases. GSK also completed the acquisition of the Canadian biotech firm Bellus Health.

Attractive Dividends:

The primary value investors currently derive from investing in GSK comes from its dividends. The payout ratio is just below 40 percent, leaving room for further increases, especially if the debt ratio decreases. The expected yield is just over four percent, making it an attractive opportunity for additional purchases. Keeping the conservative perspective in mind, GSK's role in the LTP is crucial: the stock is a stable anchor, almost independent of economic developments. Depending on the outcome, we anticipate receiving 60 to 100 percent of the investment sum through dividends in ten years, even if the stock doesn't significantly move.

Important to Know:

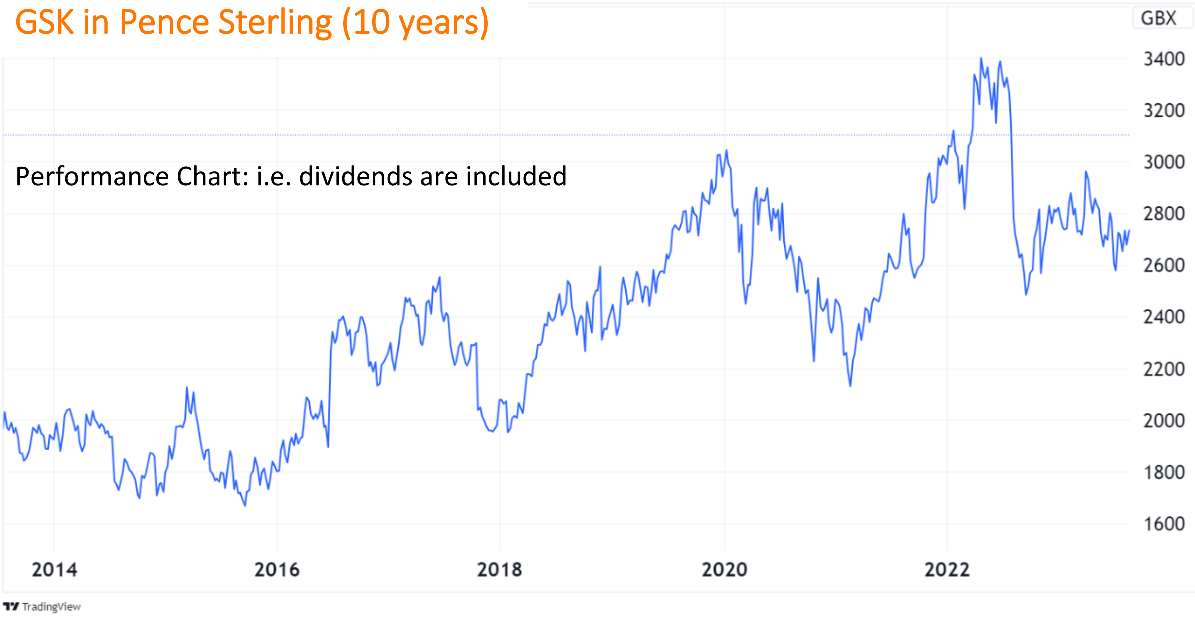
The stock's current lackluster performance on the stock market is partly due to ongoing lawsuits between major corporations over patent infringements. Surprises can occur in both directions. Like JP Morgan, HSBC has emphasized the importance of investments in the product portfolio and issued a buy recommendation for GSK. However, not all approvals are guaranteed, and that's a risk we have to acknowledge.

Long-Term Portfolio: GSK

GSK In Our Stock Check:

Profit Growth:	Average outlook but relatively secure	+ -
Debt:	Healthy balance sheet with a focus on cash flow	+ -
P/E Ratio Evaluation:	Fairly valued considering current growth	+ -
Industry Outlook:	Above-average	+
Technical Analysis:	Volatile sideways trend	-
Market Leader:	Yes, in many areas	+
Management Quality:	Visionary and effective	+
Dividend Yield:	Very good	+
Business Model:	Clear and focused post-Haleon spin-off	+
Insider Buys/Sells:	No notable activities	+

GSK in Pence Sterling (10 years)



GSK https://www.gsk.com

ISIN	GB00BN7SWP63
Current Price	$34.40
Market Capitalization	$70.45 billion
Profit Growth 2023e to 2026e	+28.4%
Dividend 2023e	0,56 GBP
Dividend Yield 2023e	4.1%
Earnings Per Share 2023e	1,48 GBP
P/E Ratio 2023e	9.3

Buy-Order

ISIN	GB00BN7SWP63
Transaction	Buy
Exchange	NYSE
Quantity	29
Current Price	$34.40
Buy-Limit	$34.80

Our conclusion: We adhere to our long-term strategy in the Long-Term Portfolio. With GSK stock, we're not chasing trendy stocks that everyone is buying; instead, we're investing in a value with above-average growth potential. Despite the recent modest performance, we still see this potential in GSK's stock.