

PPF - PMG Global Biotech Fund (I)

October 2024

Investment Style

The fund - with daily liquidity - invests worldwide in biotechnology companies with the aim of achieving medium to long-term capital appreciation. Innovation in biotechnology is the basis for the development of best-in-class / first-in-class drugs with direct benefits for patients. Firms with an innovative drug pipeline generally experience an increase in value and attractiveness to be acquired by larger pharmaceutical companies who want to expand their own pipeline. The investment approach focuses on the mapping of the universe of small and medium-sized biotech companies. Stock selection is based on a bottom-up approach. Depending on market assessments, the fund also invests in established, higher-capitalized biotechnology and pharmaceutical companies. Performance is benchmarked against the NASDAQ Biotechnology Index (NBI).

Performance



The predecessor fund, which implemented the same strategy, increased the NAV from USD 10 to USD 24.97 in the period from March 1997 to June 2009. The graph shows the performance since the launch of today's fund (from June 19, 2009). Source: PMG Fund Management AG | Bloomberg

	MTD	YTD	2023	2022	2021	2020
Fund	-3.33%	+1.52%	-4.55%	-26.67%	-7.40%	+21.02%
NBI	-2.47%	+6.39%	+3.74%	-10.91%	-0.63%	+25.69%

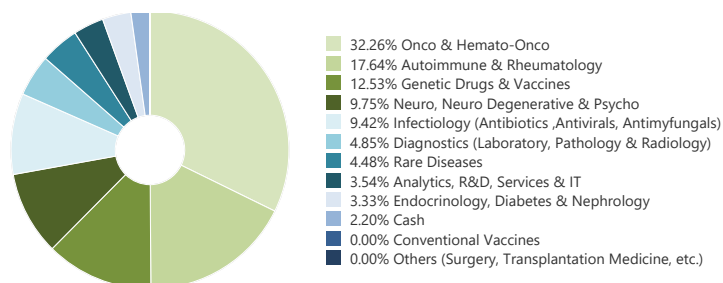
Current Data (31.10.2024)

NAV per Unit	USD 88.84
Fund Assets	USD 17.16 Mio.

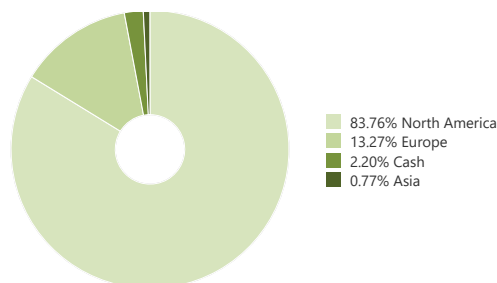
Risk/Reward Profile



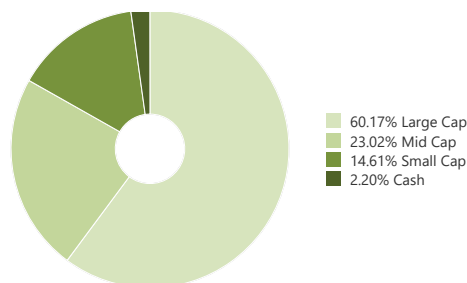
Allocation by Sector



Allocation by Region



Allocation by Market Capitalization



Top 5 Large Caps

Gilead Sciences	8.85%
Amgen	8.41%
Vertex Pharmaceuticals	8.40%
Regeneron Pharmaceuticals	6.54%
Alnylam Pharma	3.53%

Top 5 Small and Mid Caps

Formycon AG	3.06%
Intra-Cellular Therapies	1.76%
Roivant Sciences	1.72%
Adma Biologics	1.57%
Evolus	1.45%

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Report of the Investment Manager

The reporting month of October, a historically weak month that many fear, especially for the biotechnology sector, saw many of our positions move by double-digit percentages at stock level, while numerous indices closed at record highs. Yields on US Treasuries rose sharply (10y US Tsy from approx. 3.7% to 4.3%), further preventing the long-awaited recovery of small and mid-caps (**NBI** Okt -2.47%, YTD +6.39%, **XBI** Okt -1.79%, YTD +8.67%, **S&P 500** Okt -1%, YTD +19.62%, **NASDAQ** Okt -0.52%, YTD +20.54%).

In the pharmaceutical sector, **Ely Lilly**, which missed forecasts with its obesity drugs Zepbound and Mounjaro, recorded some profit taking. Following higher wholesaler inventory levels at the end of 2Q24, sales in 3Q24 were negatively impacted by inventory decreases in the wholesaler channel. Hospital operators also had a difficult time: **HCA Healthcare**, which also missed expectations, fell significantly.

This year's Nobel Prize for Medicine goes to the US-Americans Victor Ambros and Gary Ruvkun for the discovery of micro-RNA and its role in gene regulation, which is proving to be fundamentally important for the development and function of organisms, according to the statement from Stockholm.

Portfolio news:

The Q3 reporting season for biotechnology stocks has just started at the end of the month. Our performance was mainly impacted by the sharp decline in **Regeneron** (Oct -20.27%, YTD -4.56%) on the last trading day, after lower than expected sales of its newer, high-dose drug Eylea that missed consensus numbers and dragged **Formycon** (Oct -14.68%, YTD -17.55%) into company (the stock is trading back up over 7% in the new month). Uncertainty over **Amgens** Eylea biosimilar entry also makes it difficult to quantify the potential impact on 2025 numbers. **Incyte** (Oct +12.13%, YTD +18.04%), on the other hand, is significantly outperforming sales expectations for Jakafi, as is **Madrigals** (Oct +22.20%, YTD +12.08%) Rezdiffra, the recently approved liver drug for NASH. In addition, the broader payer coverage took place earlier than planned.

In a patent dispute over the blockbuster cancer drug Cabometyx, a federal court in Delaware ruled in favour of **Exelixis** (Oct +27.94%, YTD +38.39%), preventing earlier entry of copycat products, which led to a relief rally. Reported drug sales were solid.

At **Intra-Cellular Therapies** (Oct +15.83%, YTD +18.33%), the guidance increase for its fast-growing drug Caplyta, a serotonin receptor antagonist for the treatment of schizophrenia or bipolar depression in adults, was received positively. With its pipeline of antipsychotic drugs, the company would also be a potential candidate for a takeover.

Monte Rosa Therapeutics (Oct +60.38%, YTD +50.44%) jumped after an exclusive development and marketing licence agreement was signed with Novartis. The financial commitment, but above all the vote of confidence in novel drugs based on molecular 'glue degraders', will give their pipeline a sustained boost (see also factsheet commentary August).

Fund Characteristics

Fund Domicile	Luxembourg
Fund Category	UCITS V (FCP)
Legal Registration	CH, DE, LX
Launch Date Share Class	19.06.2009
Fiscal Year End	31.12.
Official Publication	www.swissfunddata.ch
Share Class Distribution Policy	Accumulating
Trading Frequency	daily, till 17:00 (CET)
Settlement	T+1
Subscription Commission	0% (max. 1%)
Redemption Fee	0.25% (in favour of the fund)
Management Fee	1.20%
Performance Fee	20% (subject to High Water Mark and Hurdle Rate)
Benchmark / Hurdle Rate	NASDAQ Biotechnology Index (NBI)
Total Expense Ratio (TER) (2023)	2.12% incl. Performance Fee
Minimum Initial Subscription	USD 5'000
Valor	10173746
ISIN	LU0426487442
WKN	A0RM3H
Bloomberg Code	PMGC PGB LX

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