



MSCI ESG RATINGS



HBM LUX FUNDS

As at end of November 2023

CCC B BB BBB A AA AAA

# HBM UCITS (LUX) FUNDS - HBM Global Biotechnology Fund A Cap-USD ISIN (LU1540961759)

## INVESTMENT OBJECTIVE

The main investment objective of HBM Global Biotechnology Fund (hereafter the "Sub-Fund") is to achieve long-term capital growth and generate a value trend that exceeds the performance of the NASDAQ Biotechnology Index. No guarantee can be given that the investment objective will be achieved.

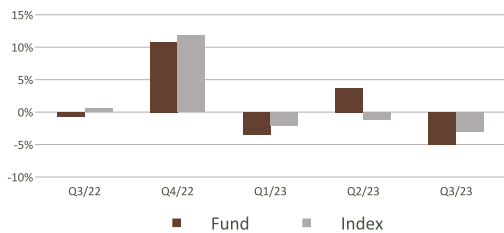
The Sub-Fund invests its assets mainly in equities and equity-related securities (such as depositary receipts) of companies worldwide that are mainly active in the biotechnology and (bio)pharmaceutical industries and/or whose principal activity is to hold or finance interest positions in such companies.

## INDEXED PERFORMANCE



Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

## QUARTERLY PERFORMANCE



Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

## GEOGRAPHICAL BREAKDOWN (as at 30/11/2023)

United States	67.7%
Denmark	7.8%
Netherlands	5.5%
Sweden	4.9%
United Kingdom	3.7%
China	3.2%
France	2.1%
Canada	2.1%
Switzerland	1.1%
Cash and others	1.9%

Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

The above breakdown information is expected to fluctuate over time.

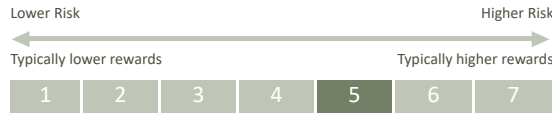
## 10 LARGEST HOLDINGS (as at 30/11/2023)

Vertex Pharmaceuticals	7.0%
Amgen	6.8%
Regeneron Pharmaceuticals	5.7%
Immunogen	5.1%
Genmab	4.4%
Argenx	4.1%
Astrazeneca -Adr Spons.-	3.7%
Zealand Pharma	3.4%
Beigene -Adr Spons.-	3.2%
Cytokinetics	3.1%

Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

The above breakdown information is expected to fluctuate over time.

## RISK LEVEL



The rating is based on historical data and may not be a reliable indication of the future risk profile.

## PERFORMANCE vs Nasdaq Biotechnology Index

	Fund		Index	
	Cumulative	Annualised	Fund	Index
YTD	-3.35%	-8.05%	-	-
1 month	9.45%	4.86%	-	-
3 months	-1.76%	-5.85%	-	-
1 year	-6.91%	-10.82%	-6.91%	-10.82%
3 years	-17.56%	-14.94%	-6.24%	-5.25%
5 years	13.09%	12.97%	2.49%	2.47%
Since inception	285.31%	257.15%	11.97%	11.26%

	Fund		Index	
	Yearly	November to November	Fund	Index
2022	-12.38%	-10.91%	-6.91%	-10.82%
2021	-4.53%	-0.63%	-9.14%	-9.34%
2020	21.59%	25.69%	-2.53%	5.21%
2019	28.38%	24.41%	20.44%	21.29%
2018	-9.28%	-9.32%	13.91%	9.50%

Index calculation started 30/12/2011.

Past performance up to 16/08/2017 is that of the HBM Global Biotechnology Fund, of which the HBM UCITS (LUX) Funds - Biotechnology is an identical successor. Performance is based on the closing prices of the Index and Fund. Past performance must not be considered an indicator or guarantee of future performance. All performance data are based on net performance and take no account of commissions, fees or other costs charged when units are issued and redeemed. The return of the Fund may go down as well as up due to changes in rates of exchange between currencies. Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future

Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

## TECHNICAL INFORMATION\* (as at 30/11/2023)

NAV	USD 385.31	Dividend	Reinvested
AuM (in mio.)	USD 43.23	Number of positions	38
Max. drawup	29.85%	Max. drawdown	-39.03%
Volatility	17.17%	Tracking error	5.89%
Sharpe ratio	-0.50	Information ratio	-0.18
Jensen alpha	-1.28%	Beta	0.97
Correlation	0.94	R-square	0.88
Active Share **	114.00%		

Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

\* Historical statistics are calculated over 3 years.

\*\* Source: figures calculated from Bloomberg.

# HBM UCITS (LUX) FUNDS - HBM Global Biotechnology Fund A Cap-USD

## ISIN (LU1540961759)

### Overview

In November, global equity markets reversed a three-month losing streak in November, jumping more than 9% to their best monthly return in three years (since November 2020). The rise in equities was fueled by a combination of falling bond yields, subsiding inflation, and lower oil prices. Macroeconomic data and dovish policy statements from the US Fed supported the soft-landing narratives or the so-called “Goldilocks scenario”, in which inflation is tamed without significant job losses and in which a recession is avoided. Wall Street appeared optimistic that the Fed had reached the end of its current interest-rate hike cycle. The rally in equity markets was broad-based, as higher beta and growth stocks outperformed across the globe. In the biotechnology sector, small and mid-sized companies posted a much better performance than large caps. Biopharma M&A activity remained vibrant as large biopharma companies continue to fill their revenue and pipeline gaps via acquisitions of late- or commercial-stage companies. The XBI biotech index, which represents the SMID caps, had its best month since 2020 (+14.0%). The more conservative, NASDAQ Biotechnology Index (NBI), which includes large caps, advanced by 4.9%, vs 5.6% for the MSCI World Health Care Sector Index.

### Portfolio Performance

In November, the NAV of the main share class (A Cap USD) increased by 9.5%, outperforming its benchmark NBI by 4.6%. This result was driven by favorable stock picking among SMID caps. By far the best performing stock was ImmunoGen (+97.5%), following AbbVie’s announcement that it would acquire the company for \$10.1 billion. This is yet another significant deal in the antibody-drug conjugates (ADCs) space, after Pfizer is about to close the acquisition of Seagen for \$43 billion (announced in March 2023). The Immunogen-AbbVie deal was driven by the appeal of ImmunoGen’s cancer therapy ELAHERE, which received accelerated FDA approval for the therapy of advanced ovarian cancer in November 2022, and looks set to obtain full approval in 2024. Shares of Merus (+23.0%), another ADC developer in the portfolio, traded higher following the IMGN-ABBV deal. Other top performers were Crispr (+71.4%), Arcellx (+49.0%), Camurus (+38.1%), Rocket Pharma (+28.9%), Celldex (+28.4%), Biohaven (+25.7%) and Xenon (+18.0%). Shares of these companies were beneficiaries from the overall risk-on sentiment, as part of a broader rally among smaller cap companies. Shares of Arcellx jumped after the company inked an extension of its collaboration with Gilead, which included a \$200 million equity investment at a significant premium of around 30%, compared to Arcellx’s closing price prior to the announcement. Celldex and Xenon both announced large follow-on financing rounds, raising \$200 and \$345 million respectively. Importantly, the UK became the first country to grant regulatory approval to a medical treatment involving the revolutionary CRISPR gene editing tool. The US market approval of the novel treatment, developed by Crispr and Vertex (-2.0%), is expected in early December. From the largest positions, Zealand Pharma (+14.8%), Alnylam (+10.8%) and Regeneron (+5.6%) were the main positive performers, whereas Argenx’s shares lost slightly (-8.3%). Zealand climbed in sympathy with the approval of Lilly’s weight-loss injection Zepbound (tirzepatide). Alnylam achieved robust Q3 revenues of \$313, which were boosted by the successful launch of Amvuttra (vutrisiran) for treatment of transthyretin-mediated amyloidosis with polyneuropathy (hATTR-PN). Investors eagerly await the pivotal trial results of the drug in hATTR with cardiomyopathy (hATTR-CM) in 1H 2024. The hATTR-CM indication represents a much larger commercial opportunity than the currently approved polyneuropathy indication. Regeneron’s blockbuster drug Dupixent showed “overwhelming efficacy” in a second, large phase III trial undertaken to test it as a treatment of chronic obstructive pulmonary disease (COPD). Regeneron and partner Sanofi now plan to seek FDA approval to expand the use of the drug for treatment of COPD. Argenx has been riding high of late, due to buoyant sales growth for its Vyvgart therapy for muscle-wasting disease generalized myasthenia gravis. However, a failed phase III trial in immune thrombocytopenia (ITP) seem to have slightly dented the product’s prospects. The only noteworthy negative performer was Ventyx (-81.2%), which announced disappointing results from phase II trial of their TYK2 inhibitor VTX958 in patients with moderate to severe plaque psoriasis. Although the trial achieved its primary endpoint, the magnitude of efficacy observed did not meet the “internal” target for advancement, given a crowded competitive landscape.

### Portfolio Changes

The fund remains overweight SMID cap versus large cap biotech as we continue to believe valuations for emerging biotech companies are significantly dislocated, even given prevailing interest rates. We now invest mostly unconstrained by the fund’s benchmark NBI (“active share” >100%), but remain committed to a “barbell” approach, i.e. sub-index weight holdings of large cap names are balanced by SMID cap stocks that have either excellent growth prospects, or convincing potential for M&A.

### Fund Outlook

The market’s rally has broadened of late. The enthusiasm appears to be fueled by rising expectations that inflation is almost under control, and the US Fed will soon be able to reverse course, thus beginning to cut interest rates. As a word of caution, the effects of rising interest rates may yet have to be felt in meaningful ways in the major economies, and we think the advent of a recession in early 2024 is still a possibility. Until the path of the US economy becomes clearer, we expect market volatility to stay elevated, especially in high-beta sectors like biotechnology. In our sector, we have previously highlighted the separation between the “haves” and “have-nots”, that has manifested itself so clearly over the last 3 years. However, at present we see the valuations of many SMID-cap companies as becoming increasingly attractive. Companies that deliver meaningful clinical results are richly rewarded by the market and are increasingly becoming the target of M&A by larger biopharma companies. On the other side, many companies in early-stage development, and companies with flawed business strategies continue to struggle, and several of these may have to exit the market over time. As mentioned, M&A activity, both in terms of count and dollar size, has notably improved. We believe the uptick in M&A activity is sustainable, as cash-rich, larger cap biopharma companies continue to look to replace the potential loss of \$200 billion in revenues from those commercial drugs, that will be subject to “Loss of Exclusivity” in the coming years. Furthermore, we expect that fundamental defensive qualities of large-cap biopharma can be an asset in a potentially recessionary environment.

## GENERAL INFORMATION

Fund manager	HBM Partners AG
Custodian Bank	Pictet & Cie (Europe) S.A.
Legal status	UCITS V Luxembourg Sicav
Country of registration	AT, CH, DE, FR, GB, LI, LU
Inception Date	30 December 2011
Multiclass	A Cap-EUR, A Cap-USD, P Cap-EUR, P Cap-USD
NAV valuation	Daily, “forward pricing”
Order Deadline	T-1 day / 16:00 CET
Management fee	1.50% p.a.
Performance fee	15 % with HWM
TER	2.14% p.a.
Max. subscription fee	3.00% to the benefit of the intermediaries
Max. redemption fee	0.00% to the benefit of the intermediaries
ISIN	LU1540961759
Bloomberg	HBMGACU LX
Publication media	www.fundinfo.com
Management Company	FundPartner Solutions (Europe) S.A. – Part of Pictet Group
Domicile	Luxembourg
Base Currency	USD

Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

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### MSCI:

Source and Copyright: MSCI ESG Rating: Produced by MSCI ESG, Research as of May 31, 2023

### Citywire:

Source and Copyright: Citywire. HBM Partners AG are BRONZE rated in the Biotechnology Sector by Citywire for their rolling risk adjusted performance, across the sector, over the period 30/06/2014 – 30/06/2021.

### Morningstar:

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