



As at end of September 2024

Marketing material

# HBM UCITS (Lux) Funds-HBM Global Biotechnology Fund-P Cap-USD ISIN (LU1540962054)

## INVESTMENT OBJECTIVE

The objective of HBM Global Biotechnology Fund (the "Sub-Fund") is to achieve long-term capital growth and a value trend that exceeds the performance of the NASDAQ Biotechnology Index.

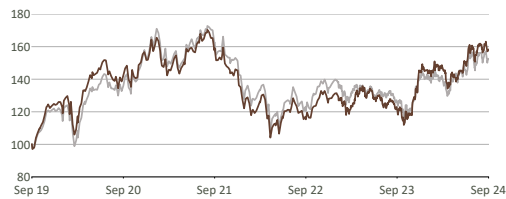
To attain its investment objective, the Sub-Fund invests mainly in equities and equity-related securities of companies worldwide that are mainly active in the biotechnology and (bio)pharmaceutical industries and/or whose principal activity is to hold or finance interest positions in such companies.

The biotechnology industry encompasses the entire biotechnology value chain in which companies produce, develop, exploit, market and/or sell methods, processes, technologies, products, or services. Biotechnology involves the implementation of insights in biology and biochemistry in the form of technical or technically leverageable elements that result in the development of new products and methods, particularly in the domains of healthcare, agriculture, ecology, food production or other industrial processes.

The Sub-Fund intends to mainly invest in small-cap, mid-cap, and blue chip companies from North America and Western Europe.

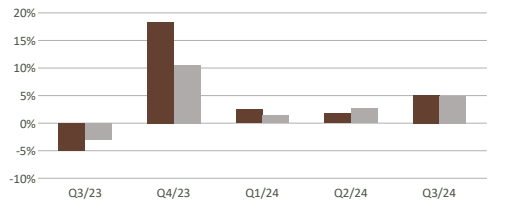
The Sub-Fund may also have an exposure to biotechnology equities via investments in UCIs (up to 10% of its net assets).

## INDEXED PERFORMANCE



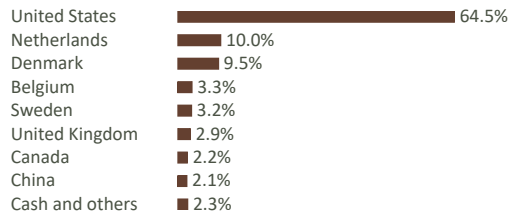
Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

## QUARTERLY PERFORMANCE



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

## GEOGRAPHICAL BREAKDOWN (as at 30/09/2024)



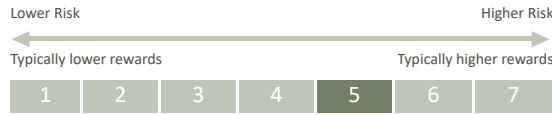
The above breakdown information is expected to fluctuate over time.  
Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

## 10 LARGEST HOLDINGS (as at 30/09/2024)



The above breakdown information is expected to fluctuate over time.  
Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

## RISK LEVEL



The rating is based on historical data and may not be a reliable indication of the future risk profile. The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

## PERFORMANCE vs Nasdaq Biotechnology Index

	Fund		Index	
	Cumulative	Annualised	Fund	Index
YTD	9.49%	9.09%	-	-
1 month	-2.00%	-2.34%	-	-
3 months	5.09%	4.90%	-	-
1 year	29.60%	20.59%	29.60%	20.59%
3 years	-0.60%	-6.24%	-0.20%	-2.12%
5 years	58.16%	52.44%	9.59%	8.79%
Since inception	41.30%	36.20%	5.01%	4.47%

	Fund		Index	
	Yearly	September to September	Fund	Index
2023	12.89%	3.74%	29.60%	20.59%
2022	-12.03%	-10.91%	5.80%	4.94%
2021	-4.15%	-0.63%	-27.51%	-25.91%
2020	21.98%	25.69%	11.66%	19.46%
2019	28.73%	24.41%	42.50%	36.10%

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 30/09/2024)

NAV	USD 502.12	Dividend	Reinvested
AuM (in mio.)	USD 26.71	Number of positions	41
Max. drawup	56.58%	Max. drawdown	-34.69%
Volatility	19.29%	Tracking error	5.89%
Sharpe ratio	-0.19	Information ratio	0.33
Jensen alpha	2.25%	Beta	1.05
Correlation	0.95	R-square	0.91
Active Share **	121.80%		

\* Historical statistics are calculated over 3 years.

\*\* Source: figures calculated from Bloomberg.

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

# HBM UCITS (Lux) Funds-HBM Global Biotechnology Fund-P Cap-USD

## ISIN (LU1540962054)

### Overview

While September has historically been the worst month for stocks, the major indexes bucked the trend this year, with the MSCI World Index (+1.7%) pushing through to new highs at the end of the month - to finish the quarter with a gain of 6.5%. September started no different to August, with some notable selling early on then giving way to a rally later in the month. The negative stock price reaction during the early days was driven by concerns over economic growth after a slew of soft data, especially on the employment market, which showed smaller-than-expected jobs creation, and a continued contraction in manufacturing activity. Overall, investors gained confidence on the US Fed's recent pivot on interest rates and on the belief that the Central Bank might remain quite dovish over the remaining months of 2024 and next year. In a bold move, the US Fed lowered rates by half a percentage point mid-month, a decrease that exceeded earlier expectations. Chair Powell characterised the substantial rate cut as a "recalibration" rather than a hasty response to an emergency. Investors interpreted this as a sign that the Fed is committed to establishing a new "neutral" stance without necessarily being compelled by a weakening economy. The macro backdrop and re-emerging risk-on sentiment last month benefitted growth sectors at the expense of the more defensive segments of the market such as healthcare. Similar dynamic was also present within the healthcare sector. However, the biotechnology sector was not (yet) a beneficiary of the Fed's pivot on interest rates. Clinical and regulatory developments were rather disappointing (e.g. Regeneron, Biomarin) and larger M&A activities remained absent, although confidence in the sector is returning, as reflected in higher levels of financing and tentative signs that the IPO window is re-opening.

### Portfolio performance

The NAV of the main share class (A Cap USD) decreased by 2.0%, marginally outperforming the benchmark NASDAQ Biotechnology Index ("NBI"), which closed 2.3% lower for the month. Performance in the portfolio was mixed – single positions moved on stock specific news. Biohaven (+26.8%), Arcellx (+21.5%), Denali (+19.2%) and Beigene (+17.1%) contributed most positively to the funds' NAV. A little more than a year after the FDA refused to review the NDA (new drug application) for Biohaven's drug Troriluzole for the treatment of rare disease spinocerebellar ataxia, new and positive phase III data supposed to have changed the treatment's momentum. The upbeat results came as a surprise to analysts and investors, with the stock escaping from sideways trading and the company prepping an NDA for a Q4 2024 submission. Only a few days later Biohaven closed a \$287.5m follow-on offering. Arcellx shares rose on no specific news. Enthusiasm is building around pipeline candidate anito-cel, a cell therapy in mid-stage clinical testing designed to treat multiple myeloma. Analysts highlight that Arcellx's production method is expected to be faster and more reliable compared to competitors like Legend and J&J's CARVYKTI, an about to be a blockbuster drug. Denali shares moved higher on regulatory progress, while Beigene was a beneficiary from the rapidly improving sentiment towards Chinese market. From the largest positions, Gilead (+6.1%) and Argenx (+3.7%) were the main performers. Shares of Gilead prolonged their momentum lately post quarterly results and with regard of the upcoming launch of PrEP treatment for the prevention of HIV. Argenx benefited from lacklustre data of potential competing drug Uplinza (developed by Amgen) in gMG. In contrast, Regeneron (-11.3%) and AstraZeneca (-11.1%) were detractors from performance. Regeneron shares were down in reaction to a judge denying the company's preliminary injunction against Amgen's Eylea biosimilar. Amgen notes 1) Pavblu does not infringe on Regeneron's patent and was approved in August and 2) they will announce their launch timing in due-course, but did not specify exact timelines. Some analysts expect an at-risk launch. Astra and Daiichi Sankyo's investigational antibody-drug conjugate (ADC) datopotamab deruxtecan suffered a double blow in late-stage trials. It first failed to significantly outperform the standard-of-care chemotherapy docetaxel in treating NSCLC (non-small-cell lung cancer). And then it failed to show notable improvement in overall survival compared to chemotherapy in breast cancer. Analysts had expected datopotamab deruxtecan to potentially become one of Astra's best-selling drugs. Among smaller weighted holdings, Biomarin (-22.9%), Celldex (-17.8%), Rocket Pharma (-13.7%) and Genmab (-13.5%) contributed most negatively to the fund's NAV. Biomarin shares lost around a fifth of their value following solid data from a potential competitor to the achondroplasia drug Voxzogo.

### Portfolio changes

The fund stays 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 invest mostly unconstrained by the fund's benchmark NBI ("active share" around 120%), but remain committed to a "barbell" approach, i.e. sub-index weighted holdings of large cap names are balanced by overweighted SMID cap stocks that have either: a) excellent growth prospects, or b) convincing potential for M&A.

### Fund Outlook

Equity markets delivered an impressive comeback in the second-half of last month. The prospect of lower short-term borrowing rates has lent support to stock valuations. Interestingly, the recently closed third quarter 2024 saw a shift in market leadership. Value stocks and small to mid-cap companies outperformed their growth and large-cap counterparts, potentially signalling a broadening of the market rally beyond the dominant tech sector. A "soft landing" for the US economy, where inflation has largely been tamed from highs without triggering a recession is widely considered the base case scenario. This optimism was bolstered by a healthy growth of the gross domestic product number (GDP). The latest September Job's report showed the labor market remains robust, even amid signs it has cooled. Market participants anticipate further easing, with expectations of another 50 basis point cut before the year's end. However, these expectations may be more aggressive than a "soft landing" scenario typically warrants. We should be aware that this divergence between market expectations and economic realities could potentially lead to volatility if the Fed's actual policy path deviates from these optimistic projections. Overall, we expect biotechnology to be one of the biggest beneficiaries of the lower interest rate environment. While biotech has underperformed the rest of the health care sector YTD, there are signs of improvement, such as funding conditions and increased IPO activity in biotech. Although large-cap pharma takeouts have been limited, this could change in the coming year.

### GENERAL INFORMATION

Fund manager	HBM Partners AG
Custodian Bank	Bank Pictet & Cie (Europe) AG, Succursale de Luxembourg
Legal status	UCITS V Luxembourg Sicav
Country of registration	AT, CH, DE, FR, GB, LI, LU
Inception Date	6 September 2017
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	1.10% p.a.
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	LU1540962054
Bloomberg	HBMGPCU LX
Publication media	www.fundinfo.com
Management Company	FundPartner Solutions (Europe) S.A. – Part of Pictet Group
Domicile	Luxembourg
Base Currency	USD

Not all costs are displayed. For further information, please refer to the prospectus  
Data Source: FundPartner Solutions (Europe) S.A. – Part of Pictet Group

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# HBM UCITS (Lux) Funds-HBM Global Biotechnology Fund-P Cap-USD

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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.

Source and Copyright: Citywire. Ivo Staijen is + rated by Citywire for his 3 year risk adjusted performance for the period 30 September 2021 – 30 September 2024.

#### Morningstar:

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