

# HBM UCITS (LUX) FUNDS

Open-ended investment fund with multiple compartments

Annual report, including audited financial statements,  
as at December 31, 2022



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# HBM UCITS (LUX) FUNDS

## Organisation

<b>REGISTERED OFFICE</b>	15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>BOARD OF DIRECTORS OF THE COMPANY</b>	
<b>Chairman</b>	Mr Dominique KÜTTEL, Bundesplatz 1, CH-6300 Zug, Switzerland
<b>Members</b>	Mr Mike KARA, 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg Mr Claude NOESEN, 25, um Séintchen, L-8363 Greisch, Grand Duchy of Luxembourg
<b>MANAGEMENT COMPANY</b>	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY</b>	
<b>Chairman</b>	Mr Marc BRIOL, Chief Executive Officer Pictet Asset Services, Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
<b>Members</b>	Mr Dorian JACOB, Managing Director, Chief Executive Officer, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg Mr Geoffroy LINARD DE GUERTECHIN, Independent Director, 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>Members of the Management Committee</b>	Mr Dorian JACOB, Chief Executive Officer, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg Mr Abdellali KHOKHA, Conducting Officer in charge of Risk Management, Conducting Officer in charge of Compliance, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg Mr Pierre BERTRAND, Conducting Officer in charge of Fund Administration of Mainstream Funds and Valuation, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg Mr Frédéric BOCK, Conducting Officer in charge of Fund Administration of Alternative Funds, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>INVESTMENT MANAGER</b>	HBM Partners AG, Bundesplatz 1, CH-6300 Zug, Switzerland

# HBM UCITS (LUX) FUNDS

## Organisation (continued)

<b>DEPOSITARY BANK</b>	Pictet & Cie (Europe) S.A., 15A, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>ADMINISTRATIVE AGENT, PAYING AGENT, TRANSFER AND REGISTER AGENT AND DOMICILIARY AGENT</b>	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>INDEPENDENT AUDITOR</b>	Ernst & Young S.A., 35E, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>LEGAL ADVISER</b>	Maples & Calder SARL, 12E, Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg
<b>COUNTERPARTY ON FORWARD FOREIGN EXCHANGE CONTRACTS (NOTE 13)</b>	Pictet & Cie (Europe) S.A., Luxembourg
<b>COUNTERPARTY ON CONTRACT FOR DIFFERENCE (NOTE 12)</b>	Goldman Sachs International London

# HBM UCITS (LUX) FUNDS

## General information

HBM UCITS (LUX) FUNDS (the "Company") publishes an annual report, including audited financial statements, and an unaudited semi-annual report. These reports include financial information relating to the various sub-funds of the Company as well as the composition and progression of the price of their assets. Each report also contains a consolidated statement of the assets of each sub-fund expressed in US Dollars. Annual reports, including audited financial statements, are published within four months following the close of the financial year. Semi-annual reports are published within two months of the end of the semester. The annual and semi-annual reports include the financial statements of the SICAV and of each of its sub-funds.

All reports are available to shareholders at the registered office of the Company, from the Administrative Agent as well as any appointed distributor or intermediary.

The net asset value ("NAV") per share of each sub-fund as well as the issue and redemption prices are made public at the registered office of the Administrative Agent and of the Company.

The following documents may be consulted free of charge on each Business Day during normal business hours at the Company's registered office:

- The Articles;
- The Prospectus;
- The Key Investor Information Document ("KIID");
- The Key Information Document ("KID")
- The Depositary Bank agreement;
- The Central Administration Agreement;
- The Investment Management Agreement;
- The Management Company Agreement; and
- Annual and semi-annual reports.

A copy of the Articles, the Prospectus and copies of the annual and semi-annual reports of the Company may be requested free of charge from the registered office of the Company.

In addition, the Prospectus and the KIID and KID are available under [www.fundinfo.com](http://www.fundinfo.com).

A detailed schedule of changes in the securities portfolios for all the sub-funds for the year ended December 31, 2022, is available free of charge upon request at the registered office of the Company and from the representative in each country in which the Company is authorised for distribution.



# HBM UCITS (LUX) FUNDS

## Distribution abroad

### Offer in Switzerland

The Company has been authorised in Switzerland as a foreign investment fund.

**Representative** The representative in Switzerland is FundPartner Solutions (Suisse) SA (the "Representative"), 60, route des Acacias, CH-1211 Geneva 73, Switzerland.

**Paying Agent** The paying agent in Switzerland is Banque Pictet & Cie SA with its registered office in 60, route des Acacias, CH-1211 Geneva 73, Switzerland.

**Place of distribution of reference documents** The prospectus and the key investor information documents of the sub-funds distributed in Switzerland, the articles of incorporation and the annual and semi-annual reports are available free of charge from the Representative.

The list of purchases and sales that have taken place during the period under review is available free of charge upon request from the Representative in Switzerland.

# HBM UCITS (LUX) FUNDS

## Management report

### HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND

#### Overview

The NAV of the HBM UCITS (LUX) – HBM GLOBAL BIOTECHNOLOGY FUND main share class declined by 12.4% (USD A Cap, Bloomberg ticker: HBMGACU LX Equity, ISIN: LU1540961759), underperforming its benchmark NASDAQ Biotechnology Index (NBI) by 1.5%. Since inception however, the sub-fund's cumulative outperformance amounts to 16.3% (after fees). The sub-fund net assets reached USD 56.4 following USD 70.6 million at previous year end. Overall, the sub-fund generated a performance of 298.7% versus 282.4% for the index since launch (11 years ago). The sub-fund outperformed its benchmark in 6 out of 11 year periods, while it achieved a positive performance in 7 out of 11 year periods.

The investments underlying this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities - according to Art. 6 of the Sustainable Finance Disclosure Regulation ("SFDR").

#### Sector performance

In 2022, equity markets reached their highest level on the first trading day of the year. From there, a confluence of factors created a challenging backdrop for risk assets, including stocks, bonds and convertible securities. Indeed, it was often noted that there was nowhere to hide. The turbulent environment reflected the market's singular focus on macro considerations, most notably the US Fed's decision to do "whatever it takes" to ensure price stability. This move dealt an especially painful blow to longer duration assets, in particular growth companies. In addition, investors grappled with the implications of the war in Ukraine, COVID lockdowns in China, global supply chain disruptions, US fiscal policy uncertainty and the decades-high inflation. These uncertainties caused markets to swing widely, and only a few companies were able to move against the tides.

Although investors remained jittery, sentiment improved as the year came to a close. During the fourth quarter, global markets advanced, supported by the prospect of slowing inflation later in 2023 and an eventual moderation of rate hikes. Investors also welcomed solid corporate earnings and China's long-awaited loosening of COVID restrictions. Unfortunately, the move resulted in a near-term surge in COVID-19 cases. Overall, Asian markets continued early this year the strong rally that started back in November. Focus remains on improved growth prospects driven by the dramatic shift in COVID policy and economic reopening. While the eurozone remains in a recession, optimism that the recession will not be as deep as initially feared surfaced in December.

The MSCI World Index closed the year with a drop of nearly 18%, the worst result since 2008. 2022 proved historic for markets after the US Fed's aggressive interest rate hikes to rein in inflation sent both stocks and bonds lower in tandem; resulting in the first year where both the 10-year Treasury note and the S&P 500 index lost more than 10% in a given calendar year. Defensive sectors such as energy, utilities, consumer staples and healthcare posted the best (relative) performance, while communication services, consumer discretionary and information technology suffered the most from rising rates and growing concerns of recession. The biggest driver of underperformance for the latter group was multiple compression.

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# HBM UCITS (LUX) FUNDS

## Management report (continued)

The healthcare sector was also a beneficiary on a relative basis, its shares returned -5.0% for the calendar year, resulting in an outperformance of around 13% for the year versus the MSCI World Index. The market shift into defensive and value overgrowth/cyclicals was also mirrored in the healthcare subsectors. Leadership was concentrated in defensive areas of the sector, including pharmaceuticals, large cap biotech, managed care and distributors. These areas tend to outperform during periods of economic uncertainty due to their steady demand, insulation from discretionary consumer spending and from ongoing macroeconomic concerns compared to other segments of the market. Medical devices makers and life sciences tools & services declined substantially as these subsectors are more sensitive to supply chains, FX and labour constraints, while small and mid-sized biotech were laggards amid the negative sentiments towards growth companies.

On the political and regulatory side, the landscape for the healthcare sector remained relatively benign. Healthcare legislation has just passed (in the form of the Inflation Reduction Act "IRA"), which may eliminate the risk of more significant legislation coming up for consideration soon. Politicians are increasingly focused on modifying the healthcare infrastructure as opposed to more drastic repeal and replacement of the Affordable Care Act ("ACA"). Furthermore, the split control of Congress, with Democrats maintaining a Senate majority and Republicans taking a "slim" House majority, this backdrop of political gridlock might support a continuation of the status quo in policy outcomes.

Last year, the number of new drug approvals in the US came down to the lowest level since 2016 (namely 22). A slow start to US approvals translated into an overall weak vintage year 2022, as the pace of FDA green lights only gained steam in the second half and the year ended with 37 new drugs registered. However, innovation did not slow, though: new modalities such as antibody-drug conjugates, bispecific proteins, and cell and gene therapies accounted for about a third of 2022's approvals, helping push biologics approvals ahead of small molecules for the first time. It seems that last years' number was more a "reversion to the norm" after the extraordinary period between 2018 and 2021, where 50+ new drugs had seen their approval. Between 2012 and 2021, the FDA approved on average of 44 drugs per year. Overall, it was a golden decade, with 445 new biologics and small molecule medicines, up 76% from the previous ten years. According to the journal Nature Biotechnology: "The FDA appeared jittery in 2022, but a more positive reading puts it in "reset" mode after a tumultuous two years. Robert Califf, who took on his role in February 2022, faced a huge in-tray. Alongside drug reviews, site inspections and cleaning up "Accelerated Approvals" came an infant formula supply crisis exacerbated by global events and the tail end of COVID-19." (*Nature Biotechnology (January 2023): Fresh from the biotech pipeline: fewer approvals, but biologics gain share*) And in fact there is plenty of scope for US approvals to pick up again in 2023 and beyond: According to BioMedTracker, 130+ active biologic license applications ("BLAs") and new drug applications ("NDAs") seem to be positioned for a market entry. In addition, we saw recently some noteworthy clinical results and approvals for therapies in Alzheimer's, oncology, neurology and immunology diseases with multi-billion-dollar potential.

Macro headwinds took their toll on the healthcare capital markets activity. Most private companies chose to remain private, leading IPO issuance to drop from USD 29 billion in 2021 to USD 2.4 billion in 2022. Follow-on activities on public markets declined by almost the half from ~USD 40 billion to USD19 billion and were mainly catalyst-driven (*Mizuho: Equity capital markets - healthcare: 2022 year in review*).

In the biotechnology sector, defensive large cap names benefitted from the macroeconomic backdrop, while small and mid-sized companies continued to post a subdued performance although their shares saw a remarkable rebound from the bottom reached in the second half of June. However, the SMID-cap biotech-dominated SPDR S&P Biotech ETF ("XBI") is still trading 50% below its peak achieved in mid-February 2021. Investors continued to prefer more mature, revenue generating companies, or at least companies with a clear "line of sight" to such revenues.

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# HBM UCITS (LUX) FUNDS

## Management report (continued)

In a tough year for biotech, clear pipeline success was required to end the year on the stock market leaders' board - some examples were Sarepta, Madrigal, Karuna, Beigene, Alnylam, Viridian and Prometheus. Biotech saw the largest M&A transaction of the year only on December 12, when Amgen revealed it has reached agreement to acquire Horizon Therapeutics for around USD 28 billion. After all, it is the biggest deal in two years, when AstraZeneca announced it was buying Alexion for USD 39 billion. Quite a few experts therefore expect the Amgen deal to be the starting signal for M&As in the sector.

Many companies have benefited from COVID-19 revenue tailwinds over the past several years and balance sheets have never been stronger in the sector. Goldman Sachs estimates that US healthcare companies have nearly USD 1 trillion of M&A capacity, most of which is concentrated in the biopharma industry. Smaller, earlier stage companies with attractive products or interesting platform technologies may find it challenging or unattractive to refinance at their current, depressed market caps. At the same time, large pharma and biotech companies are still interested in replenishing their product pipelines. Thus, they might become tempted to engage in more meaningful M&A than was seen in the recent past.

In contrast to the continued weakness seen in capital markets, biotech delivered a meaningful series of positive clinical trial data in 2022. With this clinical progress, a significant higher number of filings could be up for FDA review in 2023 compared to 2022.

### Portfolio performance

Vertex shares traded higher as the company can still draw from its status as "cleanest story" in biopharma. Investors' enthusiasm continued to build around the next-generation triple combination therapy in cystic fibrosis and additional commercial and clinical opportunities (such as CRISPR-editing cell therapy - Exa-cel in sickle cell disease, VX-548 in acute pain, type 1 diabetes curative cell therapy). Beyond Amgen's defensive appeal in the current environment, shares rose as excitement is building around the potential of obesity drug AMG133 (in early-stage development) for treatment of obesity. AMG133 would potentially compete against Novo Nordisk's Wegovy (semaglutide) and Eli Lilly's Mounjaro (tirzepatide). Shares of Alnylam rallied after positive top-line data from the APOLLO-B phase III trial of Onpattro (patisiran) in the treatment of transthyretin-mediated (ATTR) amyloidosis with cardiomyopathy. The results will likely open up a far larger market for Onpattro, which already generated USD 475 million in revenues last year. Onpattro is currently only approved for treatment of polyneuropathy caused by ATTR, but would, if approved, also be used to treat cardiovascular ("CV") symptoms of the disease.

After several months of sideways trading, Gilead regained ground on the back of a beat-and-raise quarter and the, in our opinion, most comprehensively positive update call in 2+ years. Shares benefited from analyst upgrades, and investors seemed to warm to the prospects of future revenue growth potential. Regeneron surprised investors with better than expected clinical data of their longer acting, high-dose version of blockbuster drug Eylea. Many analysts raised their price target for the company's stock by modeling a longer tail for the current USD 6 billion Eylea franchise. Some observers even speculated that high dose Eylea may be able to delay or avoid price controls passed under the so-called Inflation Reduction Act ("IRA"). Regeneron plans to file a new, separate Biologics License Application ("BLA") for high-dose Eylea, and could thus fend off biosimilar Eylea competition for an even longer period of time. Neurocrine shares traded higher as sales growth for its lead drug Ingrezza re-accelerated after COVID-19 related headwind passed.

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# HBM UCITS (LUX) FUNDS

## Management report (continued)

Biogen and partner Eisai announced positive results for monoclonal antibody Lecanemab in a highly anticipated clinical trial in early-stage Alzheimer's Disease ("AD") patients. Lecanemab was originally developed by Swedish company BioArctic. Specifically, the phase III CLARITY-AD study (with 1,795 patients) showed that treatment with Lecanemab reduced the normally observed decrease in cognition (as measured by the so-called "CDR-SB" scale) in AD patients by 27%, compared to placebo over an 18-month treatment period. Early January, the FDA granted accelerated approval for Leqembi (lecanemab-irmb). Annual pricing for Leqembi was set at USD 26,500, well below that of previously launched Aduhelm (from Biogen). However, Leqembi's marketing launch will, in our view, likely be modest until CMS reimbursement is granted, which is expected around year end. Biogen shares rose on the announcement that the FDA no longer intends to conduct an Advisory Committee Meeting to review the marketing application for Roctavian, its gene therapy treatment for hemophilia A. The assumption is that no advisory committee meeting suggests the FDA is more comfortable with the filing package which might increase the likelihood of a positive decision. Roctavian's EU launch is currently underway. Biogen shares also benefitted from a positive read-across after the FDA approved the gene therapy hemophilia B treatment, Hemgenix, developed by uniQure. Biohaven was purchased by Pfizer for USD 11.6 billion in a deal that turns an existing collaboration on the fast-selling migraine drug, Nurtec, into a full acquisition. Nurtec is one of the most successful new drug launches by a SMID cap biopharma company in the past 5 years.

Shares of COVID-19 vaccine producers Moderna and BioNTech retreated on profit-taking after signs of a rapidly slowing demand. Moderna's shares rebounded from their lows ahead of the presentation of clinical results in cancer and RSV (respiratory syncytial virus). Shares of next-generation sequencing player Illumina prolonged their negative momentum on weak sales development. Guardant Health released disappointing trial results for its blood-based colorectal cancer screening test, Guardant-Shield. Investors were obviously disappointed that the test's sensitivity in the phase III trial was lower than what was previously seen in retrospective analyses of earlier trial data. Mirati experienced a roller-coaster ride. Lately, the company reported muted phase II trial results for Adagrasib in first-line NSCLC (non-small cell lung cancer). Blueprint shares were weak amid concerns about emerging competition. Data of Blueprint's Ayvakit (in indolent systemic mastocytosis "ISM") suggests that Cogent's own KIT inhibitor Bezuclastinib, however earlier in development, has significant room for differentiation in efficacy in this opportunity. Prior data suggests Bezuclastinib (from Cogent) has a potentially wider therapeutic window, improved serum tryptase reduction profile, and lack of certain key side effects like edema and activity on PDGFR $\alpha$ . While the FDA may still see Ayvakit (developed by Blueprint) as approvable based on the statistically significant benefit, we think the limited benefit over placebo might be a concern for clinicians, payors, and patients given the anticipated annual cost of >USD 350 thousand for this chronic use therapy.

The position in Beigene contributed overall negatively to the year-end result. However, the shares saw a nice rebound towards the end of the year. Beigene announced new phase III data showing that its blood cancer drug Brukinsa scored superiority to J&J's Imbruvica in chronic lymphocytic leukemia ("CLL"). In January, the company announced the FDA approval of Brukinsa (Zanubrutinib) for the treatment of adult patients with CLL or small lymphocytic lymphoma. This is a key regulatory milestone for the company, given that CLL represents the largest commercial opportunity among hematological indications currently addressable by BTK inhibitors.

# HBM UCITS (LUX) FUNDS

## Management report (continued)

### Top 10 positive performance contributors\*

Vertex	+1.3%	Neurocrine	+0.5%
Amgen	+1.0%	Bioarctic	+0.5%
Alnylam	+0.9%	Biomarin	+0.4%
Gilead	+0.7%	Biogen	+0.4%
Regeneron	+0.7%	Biohaven	+0.4%

\* contribution in percentage of previous' year-end net assets

### Top 10 negative performance contributors\*

Moderna	-2.1%	Intellia Therapeutics	-0.9%
Illumina	-1.8%	Beigene	-0.9%
Guardant Health	-1.5%	Hutchison China Meditech	-0.9%
Mirati Therapeutics	-1.5%	Arrowhead	-0.8%
Blueprint Medicines	-1.2%	BioNTech	-0.8%

\* contribution in percentage of previous' year-end net assets

### Outlook

After the strong rally in January, the positive momentum in equity markets lost steam in early February (at the time of writing this report), driven by data about a "red-hot" labor market (Friday's jobs report revealed the lowest unemployment rate in 53 years) and some uninspiring earnings results from mega-cap tech stocks. These announcements came just after last weeks' better-than-expected economic growth data, and after the Fed Chair made comments that were more dovish than expected. Several topics, such as the labor market, the strength of the consumer and corporate earnings (which have shown a high degree of resilience so far), make for compelling arguments for both sides of the spectrum (bulls vs. bears). We do not doubt that the current "post-COVID" investment climate will remain challenging.

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# HBM UCITS (LUX) FUNDS

## Management report (continued)

Macro themes and valuations will continue to remain important in 2023, but we anticipate markets to expand their focus to sector and company fundamentals. This "open visor" view should provide a tailwind to our stock picking approach. Some stocks have jumped significantly on positive news, partly due to low valuations. As many biotech companies are still trading below the value of the cash on their balance sheets, we believe the sector's risk-reward ratio is positive. It has been a busy start to 2023 on the biopharma M&A front, with more activity seen in January compared to any of the previous three years. The week of the JP Morgan Healthcare Conference was particularly eventful on the deals front, although the deals announced were still on the "smallish" side. We see attractive opportunities in the innovative segments of the biotech market and are evaluating companies that are focused on anti-inflammatory and neurology diseases, as well as those that are discovering drugs using new modalities such as messenger RNA, RNA interference, and gene therapy.

Over the recent past, we selectively added to high quality, larger cap names and added exposure to several SMID cap biotech stocks with pipelines in attractive market niches. Although the sentiment towards high growth and long duration stocks remains challenging, we maintain our long-term overweight in select SMID caps and several ex-NBI stocks, versus the larger caps in the NBI. We expect that, barring any unexpected market dislocations, the biotech trading environment will continue to improve throughout 2023.

# HBM UCITS (LUX) FUNDS

## Management report (continued)

### HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND

#### Overview

The NAV of the HBM UCITS (LUX) – HBM GLOBAL HEALTHCARE FUND main share class declined by 16.2% (USD A Cap, Bloomberg ticker: HBMHACU LX Equity, ISIN: LU1540960942), thus resulting in a cumulative performance of 129.4% (after fees) since inception of the sub-fund 11 years ago. Overall, the sub-fund achieved a positive performance in 9 out of 11 year periods. The sub-fund net assets reached USD 54.0 following USD 61.2 million at previous year end.

Net exposure (including derivatives) amounts to 95.8% as of December 31, 2022 (previous year end: 93.9%). Since inception, the sub-fund had an equity exposure of 81.0% on average. The annualised volatility reached 14.2%. The sub-fund generated a positive performance in 81 out of 132 months (61.4%).

The investments underlying this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities-according to Art. 6 of the Sustainable Finance Disclosure Regulation (SFDR).

#### Sector performance

In 2022, equity markets reached their highest level on the first trading day of the year. From there, a confluence of factors created a challenging backdrop for risk assets, including stocks, bonds and convertible securities. Indeed, it was often noted that there was nowhere to hide. The turbulent environment reflected the market's singular focus on macro considerations, most notably the US Fed's decision to do "whatever it takes" to ensure price stability. This move dealt an especially painful blow to longer duration assets, in particular growth companies. In addition, investors grappled with the implications of the war in Ukraine, COVID lockdowns in China, global supply chain disruptions, US fiscal policy uncertainty and the decades-high inflation. These uncertainties caused markets to swing widely, and only a few companies were able to move against the tides.

Although investors remained jittery, sentiment improved as the year came to a close. During the fourth quarter, global markets advanced, supported by the prospect of slowing inflation later in 2023 and an eventual moderation of rate hikes. Investors also welcomed solid corporate earnings and China's long-awaited loosening of COVID restrictions. Unfortunately, the move resulted in a near-term surge in COVID-19 cases. Overall, Asian markets continued early this year the strong rally that started back in November. Focus remains on improved growth prospects driven by the dramatic shift in COVID policy and economic reopening. While the eurozone remains in a recession, optimism that the recession will not be as deep as initially feared surfaced in December.

The MSCI World Index closed the year with a drop of nearly 18%, the worst result since 2008. 2022 proved historic for markets after the US Fed's aggressive interest rate hikes to rein in inflation sent both stocks and bonds lower in tandem; resulting in the first year where both the 10-year Treasury note and the S&P 500 index lost more than 10% in a given calendar year. Defensive sectors such as energy, utilities, consumer staples and healthcare posted the best (relative) performance, while communication services, consumer discretionary and information technology suffered the most from rising rates and growing concerns of recession. The biggest driver of underperformance for the latter group was multiple compression.

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## Management report (continued)

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# HBM UCITS (LUX) FUNDS

## Management report (continued)

Shares of large cap pharmaceutical companies were in investors favour amid the ongoing rotation from growth into value and were able to draw from their perceived status as "safe haven". Although many large pharma's will have their most profitable drug patents expire by 2029, investors felt comfortable with the situation whereby the companies encounter resilient demand and have been able to raise prices in line with or above the rate of inflation. However, the development was uneven during this calendar year. The subsector experienced a very strong fourth quarter, driven by the fading of Zantac litigation risk (Sanofi, GSK, Pfizer), Amgen's buyout of Horizon and growing expectations about the obesity market opportunity (Eli Lilly, Novo Nordisk, Amgen) and potential of the about to be launched Alzheimer's disease treatment Lecanemab (Biogen, Eisai and Bioarctic). During the summer period, pharma as a whole came under pressure following the signing into law of the Inflation Reduction Act ("IRA"). Reforms contained within the act could lead to material negative changes to drug pricing in the longer term. However, many uncertainties remain, and some debated whether this had at least averted a "worst case" scenario for US drug price reform. Meanwhile, newly launched injectable drugs and biosimilars are benefiting distributors, which realize higher profit margins on the complex treatments than with branded oral medicines. Health insurers benefitted from strong fundamentals, lower-than-expected cost trends and defensive nature of their businesses. Further, the stability of the US health insurance market, particularly in the government-exposed Medicare segment, as well as tailwinds from a higher-interest-rate environment will continue to contribute positively to the development of the subsector.

Over the past few years, medical devices and tools & diagnostics has been an area of the health care market that saw the most pronounced dichotomy between companies that benefited from COVID-19 pandemic tailwinds and those that experienced material disruptions to their business. Medical device suppliers are facing higher wages and significant rises in costs for freight, raw materials (eg titanium for the production of orthopaedic implants, or polymer granules for manufacturing disposable medical supplies), semi-finished products and electronic components (particularly semiconductors), as well as bottlenecks in the supply chains. Equipment makers were confronted with postponements in (elective) procedures amid staffing shortages in hospitals and the declining consumer spending (ie dentistry / hearing aid systems). Fortunately, in recent months the prices of oil, gas, various raw materials and freight costs declined considerably from their peaks. Also comments from managements during their financial results presentations pointed to an improving sentiment. Recent surveys of hospital executives indicate that utilization of inpatient and outpatient services are expected to exceed pre-COVID levels this year. In addition, expectations for 2023 were adjusted lower during the second half of last year and investors seem to be encouraged by this setup and believe that companies are thus positioned to beat-and-raise their earnings estimates this year. Performance of bioprocessing stocks, CROs, CDMOs and tools companies lagged on macro related trading behaviour and uncertainties on the near-term impact to profits from slowing COVID-19 related revenues as project customers started to re-adjust inventory and ordering patterns to the post COVID world. Early 2023, the companies confidently re-iterated their expectation that COVID related customer inventory disruption will normalize by mid-2023 and underlying demand remains very strong.

In the biotechnology sector, defensive large cap names benefitted from the macroeconomic backdrop, while small and mid-sized companies continued to post a subdued performance although their shares saw a remarkable rebound from the bottom reached in the second half of June. However, the SMID-cap biotech-dominated SPDR S&P Biotech ETF ("XBI") is still trading 50% below its peak achieved in mid-February 2021. Investors continued to prefer more mature, revenue generating companies, or at least companies with a clear "line of sight" to such revenues.

# HBM UCITS (LUX) FUNDS

## Management report (continued)

In a tough year for biotech, clear pipeline success was required to end the year on the stock market leaders' board - some examples were Sarepta, Madrigal, Karuna, Beigene, Alnylam, Viridian and Prometheus. Biotech saw the largest M&A transaction of the year only on December 12, when Amgen revealed it has reached agreement to acquire Horizon Therapeutics for around USD 28 billion. After all, it is the biggest deal in two years, when AstraZeneca announced it was buying Alexion for USD 39 billion. Quite a few experts therefore expect the Amgen deal to be the starting signal for M&As in the sector.

Many companies have benefited from COVID-19 revenue tailwinds over the past several years and balance sheets have never been stronger in the sector. Goldman Sachs estimates that US healthcare companies have nearly USD 1 trillion of M&A capacity, most of which is concentrated in the biopharma industry. Smaller, earlier stage companies with attractive products or interesting platform technologies may find it challenging or unattractive to refinance at their current, depressed market caps. At the same time, large pharma and biotech companies are still interested in replenishing their product pipelines. Thus, they might become tempted to engage in more meaningful M&A than was seen in the recent past.

In contrast to the continued weakness seen in capital markets, biotech delivered a meaningful series of positive clinical trial data in 2022. With this clinical progress, a significant higher number of filings could be up for FDA review in 2023 compared to 2022.

### Portfolio performance

Merck & Co notched its best yearly gain in more than two decades, making it the top-performing large pharma company in the S&P 500 in 2022 as investors rewarded the company for better-than-expected earnings driven by cancer immunotherapy Keytruda and HPV vaccine Gardasil, promising clinical trial data and as China granted conditional approval for the import of the company's COVID-19 antiviral therapy Lagevrio (Molnupiravir). The stock has gained 45% this year and is trading near a record high level. Merck announced positive top-line data from a phase III trial for the drug sotatercept (purchased through the Acceleron acquisition) as treatment for pulmonary arterial hypertension. Eli Lilly shares were strong in May largely due to the FDA approval for Tirzepatide, known as Mounjaro, their new diabetes treatment. Mounjaro is the first drug of a new class that activates two metabolic receptors, GIP and GLP-1. This novel approach should allow Eli Lilly to again compete more evenly with Novo Nordisk in the diabetes treatment market. Eli Lilly will also be hoping to expand into the obesity market where Novo Nordisk has recently begun to have great success with its GLP-1 agonist treatment. Shares of Eli Lilly rose upon the positive phase III data publication for Bioarctic/Biogen/Eisai's Alzheimer's therapy, Lecanemab. Eli Lilly has its own investigational Alzheimer's treatments, with somewhat similar mechanisms of action to Lecanemab, in phase III development. Towards the end of the year, shares of Eli Lilly started to retreat on profit-taking after the strong run. From a more fundamental perspective, the company did provide initial guidance for 2023 that included higher than expected revenue growth but also higher than expected cost growth, leading to some downgrades to earnings forecasts. Early January, Eli Lilly experienced a small regulatory setback when trying to receive an accelerated approval for its potential Alzheimer's therapy donanemab. The FDA issued a complete response letter and requested that Eli Lilly provide data from at least 100 patients who received a minimum of 12 months of continued treatment on donanemab. While we now anticipate a slight delay for donanemab to potentially enter the market in 2024, we do not believe this news has any impact on the competitive Alzheimer's landscape until TRAILBLAZER-ALZ 2 trial reads out. Topline data read-out is still expected in second quarter of 2023. Shares of Novo Nordisk prolonged their positive momentum as excitement is building around Novo's type 2 diabetes and obesity treatments.

*Past performance is not an indicator of current or future returns.*

# HBM UCITS (LUX) FUNDS

## Management report (continued)

Vertex shares traded higher as the company continues to benefit from its status as one of the cleanest growth stories in the healthcare sector. Furthermore, the market is now beginning to focus on the pipeline opportunities that should improve the diversity and sustainability of its revenue growth. Health insurer United Health, pharma stocks AbbVie and BristolMyers were among the top performers amid rotational flows from growth into value. AstraZeneca did provide a piece of positive fundamental news with its announcement of encouraging results from a phase III trial of its antibody drug conjugate ("ADC") cancer drug, Enhertu (partnered with Japanese firm Daiichi Sankyo) in patients with so called HER2-low breast cancer. A large proportion of breast cancers (around 50%) are classified as HER2-low and there has been limited advancement in treatment options beyond chemotherapy. The update from AstraZeneca is therefore extremely encouraging and Enhertu is building into an extremely important drug for cancer patients and the company. Turning Point and Biohaven shares jumped following acquisition announcements. Turning Point climbed on the back of the USD 4.1 billion acquisition by Bristol Myers Squibb. The acquisition price was a premium of 122% over the closing prior day share price. Biohaven was purchased by Pfizer for USD 11.6 billion in a deal that turns an existing collaboration on the fast-selling migraine drug, Nurtec, into a full acquisition. Nurtec is one of the most successful new drug launches by a SMID cap biopharma company in the past 5 years.

Growth segments (eg bioprocessing stocks, CROs, CDMOs), hospital equipment suppliers and sectors more exposed to consumer cycles (elective care) were among the detractors from performance (as described above). In contrast, all the bioprocessing stocks had a strong start to the new year. The market tailwind from rotation into higher growth stocks certainly helped. But more importantly, all the companies confidently re-iterated their expectation that COVID related customer inventory disruption will normalize by mid-2023 and underlying demand remains very strong. Lonza reported FY2022 results and, most importantly, provided 2023 and longer-term guidance updates. Consistent with the dynamic across the broad bioprocessing industry, the market was happy to focus on Lonza's upbeat longer-term outlook while accepting 2023 will see a final year of COVID related headwinds.

### Top 10 positive performance contributors\*

Merck & Co	+1.0%	AbbVie	+0.4%
Eli Lilly	+0.7%	AstraZeneca	+0.4%
Novo Nordisk	+0.7%	BristolMyers	+0.3%
Vertex	+0.7%	Turning Point Therapeutics	+0.3%
United Health	+0.4%	Biohaven	+0.3%

\* contribution in percentage of previous' year-end net assets

Past performance is not an indicator of current or future returns.

# HBM UCITS (LUX) FUNDS

## Management report (continued)

### Top 10 negative performance contributors\*

Bio Rad	-1.4%	Avantor	-1.0%
Lonza	-1.2%	Straumann	-1.0%
Neogenomics	-1.2%	Sartorius	-0.9%
Masimo	-1.1%	Repligen	-0.8%
ThermoFisher	-1.0%	Medtronic	-0.8%

\* contribution in percentage of previous' year-end net assets

### Outlook

At the time of writing this report, markets are consolidating and giving back a little of the very strong January performance. The recent US jobs report was exceptional, with the lowest recorded unemployment rate in 53 years, while some mega cap technology companies have published uninspiring FY results and outlooks. These latest data points give some pause to the thought that the macro road is all clear. The point is that uncertainty remains. No doubt there will be more market volatility. However, it does feel like company valuations and forward earnings estimates are becoming more reasonable and there are reasons to be optimistic. Regardless of the macro path forward, the fundamental outlook for many healthcare subsectors and companies remains very positive and valuations look attractive.

We see attractive opportunities in the innovative segments of the healthcare markets such as biotech and medical devices. We are evaluating companies that are focused on anti-inflammatory and neurology diseases, as well as those that are discovering drugs using new modalities such as messenger RNA, RNA interference, and gene therapy. In medtech, we see progress in new diabetes devices, TAVR (transcatheter aortic valve replacement) and mitral valve therapies, robotic surgery, bioproduction consumables, and genetic sequencing/diagnostics. In addition, it has been a busy start to 2023 on the biopharma M&A front, with more activities than in January of any of the previous three years. The week of the JP Morgan Healthcare Conference was particularly eventful on the deals front, although the deals announced were still on the "smallish" side.

Over the longer term, healthcare stands to benefit from several driving forces: even as COVID eases, healthcare stands starkly at the forefront as we all want to live longer, better and healthier. New data reported last July highlight the need for progress: in 2020, the US national health expenditure grew to USD 4.1 trillion, or 19.7% of GDP, up from 13.3% in 2000. With most European countries spending between 11% and 13% of GDP, and growing by 3% year-on-year, the evidenced trend is the same: global health expenditure is on the rise. At the same time, investment in medical and health research in the US has remained weak, reaching USD 245 billion in 2020, or 1.2% of GDP. This significant imbalance reflects a unique and much-needed opportunity for new treatments that improve patient outcomes, reduce the need for time-consuming follow-up care and speed up recovery. We believe that the answer lies in the availability of efficient medical treatments and care as well as in the improvement of technology.

*Past performance is not an indicator of current or future returns.*

# HBM UCITS (LUX) FUNDS

## Management report (continued)

We continue to believe that the healthcare sector offers plenty compelling investment opportunities both in the near and long term. We expect continued outperformance of the sector and feel more confident in positive absolute performance in 2023. Overall, we continue to hold a balanced portfolio and remain optimistic on the prospects for positive returns for the sector and the sub-fund.

February 2023

Established by the Investment Manager

Approved by the Board of Directors of the SICAV

## Independent auditor's report

To the Shareholders of  
HBM UCITS (LUX) FUNDS  
15, avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### Opinion

We have audited the accompanying financial statements of HBM UCITS (LUX) FUNDS (the "Company") and of each of its sub-funds, which comprise the statement of net assets and the statement of investments and other net assets as at December 31, 2022, and the statement of operations and changes in net assets for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and of each of its sub-funds as at December 31, 2022, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016, on the audit profession (the "Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of July 23, 2016, and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standard Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors of the Company and those charged with governance for the financial statements**

The Board of Directors of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Company is responsible for assessing the Company's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Company either intends to liquidate the Company and each of its sub-funds or to cease operations, or has no realistic alternative but to do so.

### **Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016, and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of July 23, 2016, and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Company.



- Conclude on the appropriateness of the Board of Directors of the Company use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and each of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company and each of its sub-funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Isabelle Nicks

# HBM UCITS (LUX) FUNDS

## Statement of net assets as at December 31, 2022

	COMBINED	HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND	HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND
	USD	USD	USD
<b>ASSETS</b>			
Investments in securities at acquisition cost (note 2.d)	100,325,274.62	53,308,484.08	47,016,790.54
Net unrealised gain on investments	7,396,951.54	2,025,888.29	5,371,063.25
Investments in securities at market value (note 2.b)	107,722,226.16	55,334,372.37	52,387,853.79
Cash at banks (note 2.b)	129,044.30	120,125.33	8,918.97
Bank deposits (note 2.b)	3,090,000.00	1,260,000.00	1,830,000.00
Interest receivable, net	321.88	131.25	190.63
Net unrealised gain on forward foreign exchange contracts (notes 2.e, 13)	11,030.34	9,266.17	1,764.17
	110,952,622.68	56,723,895.12	54,228,727.56
<b>LIABILITIES</b>			
Bank overdraft (note 2.b)	117,176.42	114,404.32	2,772.10
Management fees payable (note 5)	378,145.37	184,417.31	193,728.06
"Taxe d'abonnement" payable (note 3)	13,702.96	6,968.27	6,734.69
Other fees payable (note 9)	109,013.74	55,936.00	53,077.74
	618,038.49	361,725.90	256,312.59
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2022</b>	<b>110,334,584.19</b>	<b>56,362,169.22</b>	<b>53,972,414.97</b>
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2021</b>	<b>131,861,298.92</b>	<b>70,626,405.42</b>	<b>61,234,893.50</b>
<b>TOTAL NET ASSETS AS AT DECEMBER 31, 2020</b>	<b>125,364,324.56</b>	<b>75,660,547.50</b>	<b>49,703,777.06</b>

The accompanying notes form an integral part of these financial statements.

# HBM UCITS (LUX) FUNDS

## Statement of operations and changes in net assets for the year ended December 31, 2022

	COMBINED	HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND	HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND
	USD	USD	USD
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	<b>131,861,298.92</b>	<b>70,626,405.42</b>	<b>61,234,893.50</b>
<b>INCOME</b>			
Dividends, net (note 2.f)	760,082.74	237,093.63	522,989.11
Bank interest (note 2.f)	54,419.88	11,053.62	43,366.26
	814,502.62	248,147.25	566,355.37
<b>EXPENSES</b>			
Amortization of formation expenses (note 2.h)	3,347.47	1,953.81	1,393.66
Management fees (note 5)	1,518,804.99	728,491.13	790,313.86
Depository fees, bank charges and interest (note 6)	65,749.55	33,280.13	32,469.42
Professional fees, audit fees and other expenses (note 4)	447,037.40	233,616.90	213,420.50
Administrative and service fees (note 7)	95,288.85	49,668.69	45,620.16
"Taxe d'abonnement" (note 3)	53,102.27	26,734.75	26,367.52
Transaction fees (note 2.g)	101,671.14	59,445.41	42,225.73
	2,285,001.67	1,133,190.82	1,151,810.85
<b>NET INVESTMENT LOSS</b>	<b>-1,470,499.05</b>	<b>-885,043.57</b>	<b>-585,455.48</b>
Net realised gain/loss on sales of investments (note 2.c)	-2,624,586.18	-2,984,822.63	360,236.45
Net realised gain on foreign exchange	30,227.50	22,426.55	7,800.95
Net realised loss on forward foreign exchange contracts	-396,295.16	-333,297.37	-62,997.79
Net realised gain on futures contracts and CFD (note 2.j)	66,443.26	0.00	66,443.26
<b>NET REALISED LOSS</b>	<b>-4,394,709.63</b>	<b>-4,180,737.02</b>	<b>-213,972.61</b>
<b>Change in net unrealised depreciation:</b>			
- on investments	-14,193,590.93	-4,462,136.69	-9,731,454.24
- on forward foreign exchange contracts	-39,993.14	-35,779.41	-4,213.73
<b>DECREASE IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<b>-18,628,293.70</b>	<b>-8,678,653.12</b>	<b>-9,949,640.58</b>
Proceeds from subscriptions of shares	4,757,510.92	1,538,480.79	3,219,030.13
Cost of shares redeemed	-7,146,607.19	-6,674,247.58	-472,359.61
Revaluation difference*	-509,324.76	-449,816.29	-59,508.47
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>110,334,584.19</b>	<b>56,362,169.22</b>	<b>53,972,414.97</b>

\* The difference mentioned above is the result of fluctuations in the exchange rates used to convert the different items related to share classes denominated in a currency other than the currency of the sub-funds into the currency of the related sub-funds between December 31, 2021 and December 31, 2022.

The accompanying notes form an integral part of these financial statements.

# HBM UCITS (LUX) FUNDS

## Statistics

Sub-Funds Class	Currency	Number of shares outstanding 31.12.2022	Net asset value per share 31.12.2022	Net asset value per share 31.12.2021	Net asset value per share 31.12.2020
HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND					
A cap USD	USD	78,293.64	398.68	455.03	476.62
A cap EUR	EUR	9,390.01	109.29	129.35	137.07
P cap USD	USD	53,511.64	406.23	461.78	481.76
P cap EUR	EUR	19,521.01	111.11	130.98	138.24
HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND					
A cap USD	USD	152,426.35	229.45	273.89	238.82
A cap EUR	EUR	5,237.74	117.82	145.63	128.44
P cap USD	USD	79,054.55	231.99	275.81	239.68

The accompanying notes form an integral part of these financial statements.

# HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND

## Statement of investments and other net assets as at December 31, 2022 (expressed in USD)

Description	Currency	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>				
<b>SHARES</b>				
<i>CANADA</i>				
XENON PHARMACEUTICALS	USD	25,000.00	985,750.00	1.75
			985,750.00	1.75
<i>CAYMAN ISLANDS</i>				
BEIGENE ADR-SPONS.-	USD	10,000.00	2,199,400.00	3.90
			2,199,400.00	3.90
<i>DENMARK</i>				
ASCENDIS PHARMA ADR -SPONS.-	USD	10,000.00	1,221,300.00	2.17
GENMAB	DKK	7,000.00	2,954,569.83	5.24
			4,175,869.83	7.41
<i>NETHERLANDS</i>				
AFFIMED	USD	50,000.00	62,000.00	0.11
ARGENX	EUR	7,000.00	2,602,062.23	4.62
MERUS	USD	12,500.00	193,375.00	0.34
			2,857,437.23	5.07
<i>SWEDEN</i>				
BIOARTIC 'B'	SEK	25,000.00	652,622.50	1.16
BIOINVENT	SEK	60,000.00	184,557.81	0.33
			837,180.31	1.49
<i>SWITZERLAND</i>				
CRISPR THERAPEUTICS	USD	12,500.00	508,125.00	0.90
			508,125.00	0.90
<i>UNITED KINGDOM</i>				
ROYALTY PHARMA 'A'	USD	25,000.00	988,000.00	1.75
			988,000.00	1.75
<i>UNITED STATES</i>				
ALNYLAM PHARMACEUTICALS	USD	10,000.00	2,376,500.00	4.22
ALX ONCOLOGY HOLDINGS	USD	20,000.00	225,400.00	0.40
AMGEN	USD	15,000.00	3,939,600.00	6.99
APELLIS PHARMACEUTICALS	USD	20,000.00	1,034,200.00	1.83
ARROWHEAD PHARMACEUTICALS	USD	20,000.00	811,200.00	1.44
AXSOME THERAPEUTICS	USD	10,000.00	771,300.00	1.37
BIOGEN	USD	7,500.00	2,076,900.00	3.68
BIOMARIN PHARMACEUTICALS	USD	20,000.00	2,069,800.00	3.67
CYTOKINETICS	USD	25,000.00	1,145,500.00	2.03
DENALI THERAPEUTICS	USD	17,500.00	486,675.00	0.86
DYNAVAX TECHNOLOGIES	USD	20,000.00	212,800.00	0.38
GILEAD SCIENCES	USD	50,000.00	4,292,500.00	7.63

The accompanying notes form an integral part of these financial statements.

# HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND

## Statement of investments and other net assets as at December 31, 2022 (expressed in USD) (continued)

Description	Currency	Quantity	Market value (note 2)	% of net assets
GUARDANT HEALTH	USD	15,000.00	408,000.00	0.72
ILLUMINA	USD	7,500.00	1,516,500.00	2.69
INCYTE	USD	25,000.00	2,008,000.00	3.56
INSMED	USD	25,000.00	499,500.00	0.89
INTELLIA THERAPEUTICS	USD	12,500.00	436,125.00	0.77
INTRA-CELLULAR THERAPIES	USD	20,000.00	1,058,400.00	1.88
KEROS THERAPEUTICS	USD	5,000.00	240,100.00	0.43
MODERNA	USD	15,000.00	2,694,300.00	4.78
NEUROCRINE BIOSCIENCES	USD	12,500.00	1,493,000.00	2.65
REGENERON PHARMACEUTICALS	USD	5,000.00	3,607,450.00	6.40
SEAGEN	USD	20,000.00	2,570,200.00	4.56
ULTRAGENYX PHARMACEUTICAL	USD	15,000.00	694,950.00	1.23
UNITED THERAPEUTICS	USD	5,000.00	1,390,450.00	2.47
VENTYX BIO	USD	25,000.00	819,750.00	1.45
VERTEX PHARMACEUTICALS	USD	12,000.00	3,465,360.00	6.15
VIRIDIAN THERAPEUTICS	USD	15,000.00	438,150.00	0.78
			<b>42,782,610.00</b>	<b>75.91</b>
<b>TOTAL INVESTMENTS</b>			<b>55,334,372.37</b>	<b>98.18</b>
CASH AT BANKS			120,125.33	0.21
BANK DEPOSITS			1,260,000.00	2.24
BANK OVERDRAFT			-114,404.32	-0.20
OTHER NET LIABILITIES			-237,924.16	-0.43
<b>TOTAL NET ASSETS</b>			<b>56,362,169.22</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements.

# HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND

## Geographical and industrial classification of investments as at December 31, 2022

### Geographical classification

(in % of net assets)	
United States	75.91
Denmark	7.41
Netherlands	5.07
Cayman Islands	3.90
United Kingdom	1.75
Canada	1.75
Sweden	1.49
Switzerland	0.90
	<b>98.18</b>

### Industrial classification

(in % of net assets)	
Biotechnology	59.33
Pharmaceuticals and cosmetics	38.07
Healthcare & social services	0.78
	<b>98.18</b>

# HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND

## Statement of investments and other net assets as at December 31, 2022 (expressed in USD)

Description	Currency	Quantity	Market value (note 2)	% of net assets
<b>TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET</b>				
<b>SHARES</b>				
<i>CAYMAN ISLANDS</i>				
WUXI BIOLOGICS	HKD	70,000.00	536,774.03	0.99
			536,774.03	0.99
<i>DENMARK</i>				
NOVO NORDISK 'B'	DKK	18,000.00	2,423,129.01	4.49
			2,423,129.01	4.49
<i>FRANCE</i>				
SANOFI	EUR	16,500.00	1,582,048.71	2.93
			1,582,048.71	2.93
<i>GERMANY</i>				
SARTORIUS PFD -NVTG-	EUR	2,500.00	985,605.38	1.83
			985,605.38	1.83
<i>IRELAND</i>				
MEDTRONIC	USD	18,000.00	1,398,960.00	2.59
			1,398,960.00	2.59
<i>ITALY</i>				
STEVANATO GROUP	USD	38,000.00	682,860.00	1.27
			682,860.00	1.27
<i>NETHERLANDS</i>				
ARGEN-X ADR-SPONS.-	USD	1,500.00	568,245.00	1.05
			568,245.00	1.05
<i>SWEDEN</i>				
SWEDISH ORPHAN BIOVITRUM	SEK	34,000.00	703,853.37	1.30
			703,853.37	1.30
<i>SWITZERLAND</i>				
LONZA GROUP	CHF	2,400.00	1,175,356.68	2.18
NOVARTIS NOMINAL	CHF	19,000.00	1,716,612.62	3.18
POLYPEPTIDE GROUP	CHF	10,000.00	273,670.56	0.51
ROCHE HOLDING D. RIGHT	CHF	2,500.00	784,965.41	1.45
STRAUMANN HOLDING	CHF	6,000.00	684,824.90	1.27
			4,635,430.17	8.59

The accompanying notes form an integral part of these financial statements.



# HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND

## Statement of investments and other net assets as at December 31, 2022 (expressed in USD) (continued)

Description	Currency	Quantity	Market value (note 2)	% of net assets
<i>UNITED KINGDOM</i>				
ASTRAZENECA	GBP	12,000.00	1,619,295.86	3.00
ERGOMED	GBP	15,000.00	229,513.32	0.43
OXFORD NANOPORE TECHNOLOGIES	GBP	40,000.00	118,605.94	0.22
			<b>1,967,415.12</b>	<b>3.65</b>
<i>UNITED STATES</i>				
ABBOTT LABORATORIES	USD	13,000.00	1,427,270.00	2.64
ABBVIE	USD	7,000.00	1,131,270.00	2.10
ADAPTHEALTH A AKTIE	USD	45,000.00	864,900.00	1.60
AKOYA BIOSCIENCES	USD	25,000.00	239,250.00	0.44
AMEDISYS	USD	3,000.00	250,620.00	0.46
BIOGEN	USD	3,500.00	969,220.00	1.80
BIOMARIN PHARMACEUTICALS	USD	6,000.00	620,940.00	1.15
BIO-RAD LABORATORIES 'A'	USD	2,500.00	1,051,225.00	1.95
BRISTOL MYERS SQUIBB CO	USD	16,000.00	1,151,200.00	2.13
CENTENE	USD	11,500.00	943,115.00	1.75
COOPER COMPANIES	USD	2,000.00	661,340.00	1.23
CYTEK BIOSCIENCES	USD	25,000.00	255,250.00	0.47
CYTOKINETICS	USD	16,000.00	733,120.00	1.36
DANAHER	USD	4,800.00	1,274,016.00	2.36
DEXCOM	USD	10,000.00	1,132,400.00	2.10
ELI LILLY	USD	4,500.00	1,646,280.00	3.05
EXACT SCIENCES	USD	8,000.00	396,080.00	0.73
GUARDANT HEALTH	USD	4,000.00	108,800.00	0.20
ILLUMINA	USD	2,500.00	505,500.00	0.94
INTRA-CELLULAR THERAPIES	USD	11,000.00	582,120.00	1.08
JOHNSON & JOHNSON	USD	18,000.00	3,179,700.00	5.88
MASIMO	USD	4,700.00	695,365.00	1.29
MCKESSON	USD	3,500.00	1,312,920.00	2.43
MERCK & CO	USD	19,000.00	2,108,050.00	3.91
NATERA	USD	26,000.00	1,044,420.00	1.94
NEOGENOMICS	USD	29,000.00	267,960.00	0.50
PENUMBRA	USD	2,500.00	556,150.00	1.03
PFIZER	USD	28,000.00	1,434,720.00	2.66
REPLIGEN	USD	4,900.00	829,619.00	1.54
ROCKET PHARMACEUTICALS	USD	12,000.00	234,840.00	0.44
STRYKER	USD	5,000.00	1,222,450.00	2.26
THERMO FISHER SCIENTIFIC	USD	2,300.00	1,266,587.00	2.35
UNITEDHEALTH GROUP	USD	9,200.00	4,877,656.00	9.03
VERTEX PHARMACEUTICALS	USD	6,000.00	1,732,680.00	3.21
ZYMEWORKS	USD	25,000.00	196,500.00	0.36
			<b>36,903,533.00</b>	<b>68.37</b>
<b>TOTAL INVESTMENTS</b>			<b>52,387,853.79</b>	<b>97.06</b>
CASH AT BANKS			8,918.97	0.02
BANK DEPOSITS			1,830,000.00	3.39
BANK OVERDRAFT			-2,772.10	-0.01
OTHER NET LIABILITIES			-251,585.69	-0.46
<b>TOTAL NET ASSETS</b>			<b>53,972,414.97</b>	<b>100.00</b>

The accompanying notes form an integral part of these financial statements.

# HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND

## Geographical and industrial classification of investments as at December 31, 2022

### Geographical classification

(in % of net assets)

United States	68.37
Switzerland	8.59
Denmark	4.49
United Kingdom	3.65
France	2.93
Ireland	2.59
Germany	1.83
Sweden	1.30
Italy	1.27
Netherlands	1.05
Cayman Islands	0.99
	<b>97.06</b>

### Industrial classification

(in % of net assets)

Pharmaceuticals and cosmetics	60.22
Biotechnology	13.46
Healthcare & social services	10.78
Machinery and Apparels	4.19
Holding and finance companies	3.38
Electronics and electrical equipment	2.35
Chemicals	2.18
Banks and credit institutions	0.50
	<b>97.06</b>

# HBM UCITS (LUX) FUNDS

## Notes to the financial statements as at December 31, 2022

### NOTE 1

#### GENERAL

HBM UCITS (LUX) FUNDS (the "Company") is an open-ended investment fund with multiple compartments ("*société d'investissement à capital variable*" (SICAV) à *compartiments multiples*) governed by Luxembourg law, established in accordance with the provisions of Part I of the 2010 Law (the "2010 Law").

The Company was incorporated for an unlimited duration on April 25, 2017. The Articles were published in the *Recueil électronique des sociétés et associations* ("RESA") on May 12, 2017.

The Company is registered with the Luxembourg trade and companies register under number B214671.

The Company's capital is equal to the value of its total net assets. The minimum capital required by law is EUR 1,250,000.

FundPartner Solutions (Europe) S.A. with registered office at 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg was appointed Management Company of the Company as of April 25, 2017. It is a management company within the meaning of chapter 15 of the Law.

#### a) Sub-funds in activity

As at December 31, 2022, the Company includes the following sub-funds:

- HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND, denominated in US Dollar (USD)
- HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND, denominated in US Dollar (USD)

#### b) Significant events and material changes

A new prospectus came into force in January 2022.

In February 2022, a number of countries (including the US, UK and EU) imposed sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against Ukraine on February 24, 2022.

The situation, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and the potential to adversely impact global economies, has driven a sharp increase in volatility across markets.

At the date of this report, the Board of Directors of the Company continues to monitor the evolving situation and its impact on the financial position of the Company and any of its sub-funds.

# HBM UCITS (LUX) FUNDS

Notes to the financial statements as at December 31, 2022 (continued)

## c) Share classes

The Company has the following share classes:

HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND:

- A cap USD
- A cap EUR
- P cap USD
- P cap EUR

HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND:

- A cap USD
- A cap EUR
- P cap USD

## NOTE 2

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Preparation and presentation of financial statements

The financial statements are prepared in accordance with generally accepted accounting principles and presented in accordance with the legal reporting requirements applicable in Luxembourg relating to undertakings for collective investment.

The reference currency of the Company is the USD.

### b) Valuation of assets

The assets of the Company are valued in accordance with the following principles:

1) The value of cash at hand and on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interest declared or due but not yet collected, shall be deemed to be the full value thereof. However, if it is unlikely that this value is received in full, the value thereof is determined deducting the amount the Company considers appropriate to reflect the true value thereof.

2) The value of all transferable securities listed or traded on a stock exchange is determined based on the last available price published on the market considered to be the main market for trading the transferable securities in question.

3) The value of all transferable securities traded on another regulated market, operating regularly, recognised and open to the public are assessed based on the most recent price available.

4) Transferable securities in a portfolio are not traded or listed on a stock exchange or another Regulated Market or if, for securities listed or traded on such an exchange or other market, the price determined in accordance with 2) or 3) above is not representative of the real value of these transferable securities, these are valued based on their probable realisation value, which is estimated in a prudent manner and in good faith.

5) The liquidation value of financial derivative instruments not traded on stock exchanges is determined in accordance with the rules set by the Board of Directors of the Company in a prudent manner and in good faith.

# HBM UCITS (LUX) FUNDS

## Notes to the financial statements as at December 31, 2022 (continued)

6) Undertakings for collective investment are valued at the latest known NAV or sale price in the event that prices are listed.

7) All other securities and assets are valued at their probable realisation value estimated in a prudent manner and in good faith according to procedures established by the Board of Directors of the Company.

### c) Net realised gain/loss on sales of investments

The net realised gain/loss on sales of investments is calculated on the basis of the weighted average cost of the investments sold.

### d) Cost of investment securities

The cost of investment securities in currencies other than the currency of the Company is translated into the currency of the sub-funds at the exchange rate applicable at purchase date.

### e) Forward foreign exchange contracts

The unrealised gains or losses resulting from outstanding forward foreign exchange contracts, if any, are determined on the basis of the forward rates applicable at the end of the year and are recorded in the statement of net assets.

### f) Income

Dividends are recorded at ex-date. Interest is recorded on an accrual basis. Dividends and interests are recorded net of withholding tax.

### g) Transaction fees

The transaction fees represent the costs incurred by the Company in connection with purchases and sales of investments. They include brokerage fees as well as bank commissions, tax, depositary fees and other transaction fees, and are included in the statement of operations and change in net assets.

### h) Formation expenses

Formation expenses are amortised on a straight line basis over a period of 5 years.

### i) Recognition of futures contracts and CFD

At the time of each NAV calculation, the margin call on futures contracts and CFD is recorded directly in the realised gains and losses accounts relating to futures contracts and CFD by the bank account counterparty.

# HBM UCITS (LUX) FUNDS

## Notes to the financial statements as at December 31, 2022 (continued)

### j) Accounting of futures contracts and CFD

Unrealised gains and losses on futures contracts and CFD are settled daily through the reception/payment of a cash amount corresponding to the daily increase/decrease of the market value of each opened future contract or CFD. Such cash amount is recorded under the caption "Cash at banks" in the statement of net assets and the corresponding amount is recorded under the caption "realised gain and loss on futures contracts and CFD" in the statement of operations and changes in net assets.

### NOTE 3

#### TAXATION OF THE COMPANY

The Company is not subject to taxation in Luxembourg on its income, profits or gains.

The Company is not subject to net wealth tax in Luxembourg.

No stamp duty, capital duty or other tax is payable in Luxembourg upon the issue of the shares of the Company.

The Company is subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% per annum based on its NAV at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax rate of 0.01% per annum is applicable to Luxembourg UCITS whose exclusive object is the collective investment in money market instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax rate of 0.01% per annum is also applicable to UCITS, individual compartments thereof, as well as for individual classes of securities issued within a UCITS or within a compartment of a UCITS with multiple compartments, provided that the securities of such compartments or classes are reserved to one or more institutional investors.

Interest and dividend income received by the Company may be subject to non-recoverable withholding tax in the countries of origin. The Company may further be subject to tax on the realised or unrealised capital appreciation of its assets in the countries of origin.

### NOTE 4

#### MANAGEMENT COMPANY FEES

The Management Company is entitled to receive management fees paid out of the assets of the sub-funds for its services at a rate of 0.20% p.a. calculated monthly on the basis of the average NAV of the respective Class. The Management Company is in any case entitled to minimum management fees of USD 90,000. Management Company fees are recorded under the caption "Professional fees, audit fees and other expenses" in the statement of operations and changes in net assets.

# HBM UCITS (LUX) FUNDS

## Notes to the financial statements as at December 31, 2022 (continued)

### NOTE 5 MANAGEMENT FEES

The Investment Manager is entitled to receive fees calculated monthly on the basis of the average NAV at the following annual rates as at December 31, 2022:

<b>Sub-funds</b>	<b>Share classes</b>	<b>Management fees (effective rate)</b>
HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND	A cap USD	1.50%
	A cap EUR	1.50%
	P cap USD	1.10%
	P cap EUR	1.10%
HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND	A cap USD	1.60%
	A cap EUR	1.60%
	P cap USD	1.20%

### NOTE 6 DEPOSITARY FEES

The Depositary Bank is entitled to receive annual depositary bank fees paid out of the assets of the sub-funds for its depositary bank services, which are calculated monthly on the basis of the average NAV of the respective Class and amount to up to 0.20% p.a. The Depositary Bank is in any case entitled to minimum depositary bank fees of USD 25,000 at the sub-fund level.

The effective rate of the depositary fees is declining based on assets under administration, as follows:

<b>Assets under administration (in USD)</b>	<b>Depositary fees</b>
From 0 to 100,000,000	0.080%
From 100,000,000 to 250,000,000	0.070%
Above 250,000,000	0.060%

### NOTE 7 ADMINISTRATIVE AND SERVICE FEES

The Administrative Agent is entitled to receive central administration fees paid out of the assets of the sub-funds for its central administration services up to 0.20% p.a. calculated monthly on the basis of the average NAV of the respective Class. The Administrative Agent is in any case entitled to minimum central administration fees of USD 30,000 at the sub-fund level.

The effective rate of the administrative and service fees is declining based on assets under administration, as follows:

<b>Assets under administration (in USD)</b>	<b>Administrative and service fees</b>
From 0 to 100,000,000	0.060%
From 100,000,000 to 250,000,000	0.055%
Above 250,000,000	0.050%

# HBM UCITS (LUX) FUNDS

## Notes to the financial statements as at December 31, 2022 (continued)

### NOTE 8

#### PERFORMANCE FEES

The Investment Manager receives performance fees, payable on each payment date, based on the outperformance of the NAV per share over the return of a benchmark, in the currency of the benchmark for the sub-fund HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND, and in the respective currency of the share class for the sub-fund HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND, as follows:

Sub-funds	Currency	Fee rate	Benchmark
HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND	USD, CHF, EUR, GBP	15%	NASDAQ Biotechnology Index ("NBI")
HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND	GBP	15%	Sterling Overnight Index Average ("SONIA")
	CHF	15%	Swiss Average Rate Overnight ("SARON")
	EUR	15%	Euro Short-Term Rate ("ESTR")
	USD	15%	Secured Overnight Financing Rate ("SOFR")

The High Watermark principle is used as a basis for calculations. If the Company sustains a value loss, the performance fee will not be owed until the value of the respective share class, less all costs, has reached a new high.

The performance fee calculation is adjusted to avoid that this subscription impacts the amount of performance fee accruals. To perform the adjustment in relation with the subscribed shares, the outperformance of the NAV per share against the Reference NAV before the subscription date is not taken into account in the performance fee calculation.

Further details on performance fees and namely on the Benchmark are available in the current prospectus of the Company.

For the year ended December 31, 2022, the performance fees are the following :

#### HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND

ISIN Code	Share Class	Currency	Performance fee	% of net assets*
LU1540961759	A	USD	-	-
LU1540961916	A	EUR	-	-
LU1540962054	P	USD	-	-
LU1540962211	P	EUR	-	-

#### HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND

ISIN Code	Share Class	Currency	Performance fee	% of net assets*
LU1540960942	A	USD	-	-
LU1540961163	A	EUR	-	-
LU1540961247	P	USD	-	-

\* based on the average net asset value of the share class for the year ended December 31, 2022.



# HBM UCITS (LUX) FUNDS

## Notes to the financial statements as at December 31, 2022 (continued)

### NOTE 9 OTHER FEES PAYABLE

As at December 31, 2022, the other fees payable include mainly audit, administration, management company, and depositary fees.

### NOTE 10 SWING PRICING AND DILUTION LEVY

A sub-fund may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and of the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switches in and out of the sub-fund. This is known as "dilution". In order to counter this and to protect shareholders' interests, the Board of Directors of the Company may apply "swing pricing" as part of its daily valuation policy. This will mean that in certain circumstances the Board of Directors may make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

The Board of Directors of the Company may alternatively decide to charge a dilution levy on subscriptions or redemptions, as described below.

The Company has the power to charge a "dilution levy" of up to 1% of the applicable NAV on individual subscriptions or redemptions, such "dilution levy" to accrue to the affected sub-fund. The Company will operate this measure in a fair and consistent manner to reduce dilution and only for that purpose and such dilution levy will not be applied if the swing pricing mechanism is used.

As at December 31, 2022, none of the sub-funds used the swing pricing mechanism nor dilution levy.

### NOTE 11 EXCHANGE RATE

The following exchange rate was used for the conversion of the Company's net assets into USD as at December 31, 2022:

1 USD = 0.9369873 EUR

### NOTE 12 CONTRACT FOR DIFFERENCE ("CFD")

The Company had the following CFD outstanding as at December 31, 2022:

#### HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND

Description	Quantity	Currency	Commitment in USD
Charles River Laboratories International	-1,000	USD	-217,900.00

# HBM UCITS (LUX) FUNDS

Notes to the financial statements as at December 31, 2022 (continued)

## NOTE 13

### FORWARD FOREIGN EXCHANGE CONTRACTS

The Company had the following forward foreign exchange contracts outstanding as at December 31, 2022:

#### HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND

Currency	Purchase	Currency	Sale	Maturity date
EUR	3,234,267.70	USD	3,450,058.04	31/01/2023

The net unrealised gain on this contract as at December 31, 2022 was USD 9,266.17 and is included in the statement of net assets.

#### HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND

Currency	Purchase	Currency	Sale	Maturity date
EUR	615,773.01	USD	656,857.39	31/01/2023

The net unrealised gain on this contract as at December 31, 2022 was USD 1,764.17 and is included in the statement of net assets.

## NOTE 14

### SUBSEQUENT EVENT

Until February 1, 2023, shareholders were permitted to subscribe for, redeem or convert shares in the sub-funds on each Wednesday that was a business day and the last business day of each month, or where any such day was a banking holiday in Luxembourg, the following business day. From February 1, 2023, the Board of Directors of the Company has decided that the shareholders are permitted to subscribe for, redeem or convert shares in the sub-funds on each business day.

A new prospectus came into force in February 2023.

# HBM UCITS (LUX) FUNDS

## Total Expense Ratio ("TER") (unaudited appendix)

Pursuant to the "Guidelines on the calculation and disclosure of the total expense ratio (TER) of collective investment schemes" of May 16, 2008 (version of August 5, 2021) of the Asset Management Association Switzerland ("AMAS"), the Company is obliged to publish a TER for the latest 12-month period.

The TER is defined as the ratio between the total operating expenses (operating charges primarily consist of management and investment advisory fees, depositary fees, bank charges and interest, service fees, performance fees, taxes and duties) and the relevant sub-fund's / share class' average NAV (calculated on the basis of the daily average of the total net assets for the relevant year) expressed in its reference currency.

Moreover, for the new share classes launched during the period, operating fees were annualised as stated in point 8 of the Directive. The amounts were annualised whereas certain fixed costs were not split equally over the period.

For the period from January 1, 2022 to December 31, 2022, the TER was:

<b>Class</b>	<b>Currency</b>	<b>Annualised TER including performance fees</b>	<b>Annualised TER excluding performance fees</b>
HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND			
A cap USD	USD	2.12%	2.12%
A cap EUR	EUR	2.45%	2.45%
P cap USD	USD	1.71%	1.71%
P cap EUR	EUR	2.03%	2.03%
HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND			
A cap USD	USD	2.19%	2.19%
A cap EUR	EUR	2.61%	2.61%
P cap USD	USD	1.80%	1.80%

# HBM UCITS (LUX) FUNDS

## Performance (unaudited appendix)

The performance per share class was calculated by comparing the net assets per share as at December 31, 2022 with the net assets per share as at December 31, 2021.

The performance was calculated by us at the end of each financial year according to the "Guidelines on the calculation and publication of performance data of collective investment schemes" of May 16, 2008 (version of August 5, 2021) of the Asset Management Association Switzerland ("AMAS").

The performance given is based on historical data, which is no guide to current or future performance. Commissions and fees levied for the issue or redemption of shares, as applicable, have not been taken into account in this performance calculation.

As at December 31, 2022, performances were the following:

Class	Currency	Performance for the financial year ending December 31, 2022	Performance for the financial year ending December 31, 2021	Performance for the financial year ending December 31, 2020
HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND				
A cap USD	USD	-12.38%	-4.53%	21.59%
A cap EUR	EUR	-15.51%	-5.63%	19.24%
P cap USD	USD	-12.03%	-4.15%	21.98%
P cap EUR	EUR	-15.17%	-5.25%	19.53%
HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND				
A cap USD	USD	-16.23%	14.68%	16.99%
A cap EUR	EUR	-19.10%	13.38%	14.47%
P cap USD	USD	-15.89%	15.07%	17.39%

# HBM UCITS (LUX) FUNDS

## Other information to Shareholders (unaudited appendix)

### Remuneration policy of the Management Company

The Management Company has adopted a Remuneration Policy which is in accordance with the principles established by the law of May 10, 2016, amending the law of December 17, 2010 (the "2010 Law").

The financial year of the Management Company ends on December 31 of each year.

The table below shows the total amount of the remuneration for the financial year ended as at December 31, 2022, split into fixed and variable remuneration, paid by the Management Company to its staff.

The table has been prepared taking into consideration point 162 of section 14.1 of the European Securities and Market Authority ("ESMA") remuneration guidelines relating to the confidentiality and data protection in presenting the remuneration information.

	Number of beneficiaries	Total remuneration (EUR)	Fixed remuneration (EUR)	Variable remuneration (target or discretionary bonuses, parts remuneration) (EUR)
Total remuneration paid by the Management Company during the year 2022	23	8,301	5,616	2,685

#### Additional explanation :

- The beneficiaries reported are composed of the risk takers (including the 4 Conducting Officers) and the staff of the Management Company dedicated to Management Company activities for all the Funds under management, remunerated by the Management Company. In addition, the Management Company did not remunerate directly the staff of the Investment Manager, but rather ensured that the Investment Manager complies with the Remuneration Policy requirements itself.
- The benefits have been attributed according to criteria such as level of seniority, hierarchic level, or other eligibility criteria, not taking into account performance criteria, and are thus excluded from the fixed or variable remuneration figures provided above.
- Total fixed and variable remuneration disclosed is based on apportionment of Asset Under Management represented by the Company.
- The 2022 annual review outcome showed no exception.
- There have been no changes to the adopted remuneration policy since its implementation.

# HBM UCITS (LUX) FUNDS

Other information to Shareholders (unaudited appendix) (continued)

## **Securities Financing Transactions Regulation ("SFTR")**

As at December 31, 2022, the Company is in the scope of the requirements of the Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse. Nevertheless, no corresponding transactions were carried out during the period referring to the financial statements.

## **Sustainable Finance Disclosure Regulation ("SFDR")**

Within the meaning of SFDR regulation (regulation EU 2019/2088 of November 27, 2019 on sustainability-related disclosures in the financial services sector), the sub-funds do not promote environmental and/or social characteristics nor has a sustainable investment as its objective.

For the purpose of the "taxonomy" regulation (regulation EU 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending the EU regulation 2019/2088), the investments underlying the sub-funds do not take into account the EU criteria for environmentally sustainable economic activities.

## **Information on risk measurement**

The sub-funds' global risk exposure is monitored by using the Commitment approach. In that respect, financial derivatives instruments are converted into their equivalent position in the underlying asset. The global risk exposure shall not exceed the sub-funds' NAV.

