

The AtonRâ Biotech certificate scopes the right mix between low beta stocks (more mature with declining pricing power) and high beta stocks (fewer and less mature compounds). It seizes triggers such as clinical results and, in the same time tries to have the portfolio's volatility under control.

On the therapeutic front, we believe that genes therapies and personalized medicine will be on investors' agenda as we move into 2019 as newer technologies (including mobile wearables) are now able to capture, analyze, and share clinical data in a very short timeframe.

We also believe that personalized medicine is not far away from becoming ubiquitous as prices for new testing (including DNA analysis) and analysis are coming down sharply

Against this backdrop, we favor Biotech companies exposed to cell and gene therapies, antibodies and rare diseases over the larger market cap names which benefited more from rising drug prices than from volume growth

Main Features

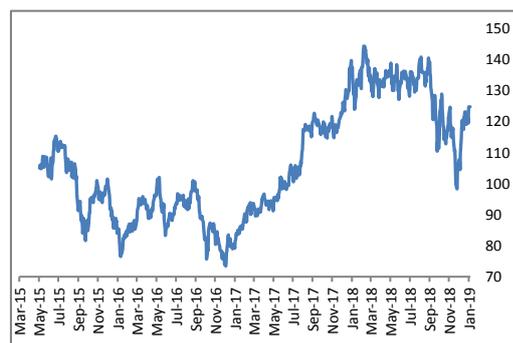
Asset Class	Equity
Inception Date	20-Mar-15
Currency	USD
Type of Return	Total Return
ISIN	CH0275762380
Issuer	UBS
Issue Price	100.0
Last Price	124.7
Sharpe Ratio	0.18
Correlation	0.76
Beta	0.76
Reference index	ARCA BIOTECH

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2019	15.8%												15.8%
2018	11.2%	-3.0%	2.3%	-2.6%	3.8%	-4.2%	-0.2%	7.4%	0.3%	-17.5%	5.9%	-12.3%	-11.8%
2017	10.5%	8.5%	5.2%	2.8%	-4.0%	7.6%	3.4%	13.6%	3.0%	-2.1%	3.7%	0.4%	65.4%
2016	-15.9%	-2.4%	7.6%	2.5%	7.6%	-13.8%	9.2%	-0.8%	6.4%	-16.6%	1.0%	-10.7%	-27.2%
2015			-3.05%	-0.1%	9.6%	-1.0%	6.4%	-2.8%	-15.1%	-7.6%	17.1%	1.6%	1.5%

HIGHS/LOWS

	Price	Date
All Time High	144.4	9-Mar-18
All Time Low	73.4	2-Jan-17



January 2019 highlights

The AtonRâ Biotechnology certificate gained 15.8% in January, in line with the ARCA Biotechnology Index. Year-to-date, it performs in line with its reference index and launch-to-date (March 20, 2015 launch), it outperforms by 9.4%.

The two last years confirmed that gene therapy became a clinical reality with big M&A deals (**AveXis**) and product launches (Luxturna, Kymriah, Yescarta). 2019 will certainly be another exciting year with important catalysts. Besides interesting clinical data readouts this year, the regulatory space is being supportive.

Indeed, the FDA commissioner and the director of the CBER (Center for Biologics Evaluation and Research) announced the new policy and guidelines, to be issued in 2019, for the approval of cell and gene therapies. The FDA expects to receive more than 200 Investigational New Drug applications (INDs) for cell and gene therapies per year by 2020, which will allow 10-20 of these therapies to be approved annually by 2025. To support its plan, the FDA is to hire 50 clinical reviewers to conduct clinical investigations and reviews.

The FDA will support this accelerated growth by providing special recommendations on gene therapy products for inherited blood disorders such as haemophilia and certain neurodegenerative diseases. It may be a turning point for gene and cell therapy in treating diseases with unmet needs.

We believe that companies such as **Bluebird Bio**, which has several gene therapy products for inherited rare blood diseases and T cell-based immunotherapies, could benefit from this new policy. **BioMarin**, **Amicus Therapeutics**, **Sarepta**, **UniQure**, **Spark Therapeutics** also have preclinical and clinical trials on gene therapy products for CNS (Central Nervous System) disorders, blood diseases, and cancers.

The agency has also released guidelines for the manufacturing of CAR-T therapies that advocate for the use of existing technologies as proof of safety and efficacy by avoiding costly new clinical investigations. Contract manufacturers like **Lonza**, as well as drugmakers like **Sarepta**, have invested in expanding production capacity for both cell and gene therapies.

Overall, this statement reinforces our view for more FDA approvals for innovative treatments in the next years after a record in 2018 of 59 approvals, well above the ten-year average of 33 per year. Rare diseases represented more than 50% of all approvals in 2018. This acceleration was mostly due to FDA designations, such as orphan drugs, fast-tracks, breakthrough therapy or priority review, speeding the process to commercialization. Gene and cell therapies and rare disease treatments will definitely boost this number over the long term.

On a separate note, biosimilars are beginning to gain traction in the US. Last year, we saw a record (7) number of approved biosimilars putting the total number of approved biosimilars in the US at 17. Unlike the European market with 57 approved biosimilars, the US market development has always been slow. This month, **Samsung Bioepis** received approval from the FDA for its first US oncology biosimilar (Ontruzant – a copy of **Roche's** Herceptin) and the FDA currently has 70 biosimilar development programs ongoing. The US market should continue to develop and companies will soon face more competition from biosimilars.

Last year, we saw the first wave of **AbbVie's** Humira biosimilars, the world's best-selling drug, entering the European market. Humira suffers from the competition of cheaper biosimilars in Europe, resulting in a 17.5% drop in international Humira sales last quarter. For the US market, which accounts for two-thirds of Humira's worldwide sales, a series of patents has blocked the opening to competition until 2023. More details in the Healthcare M&A report.

Top 3 Contributors

Name

NEKTAR THERAPEUTICS
BIOTELEMETRY INC
NEUROCRINE BIOSCIENCES INC

Worst 3 Contributors

Name

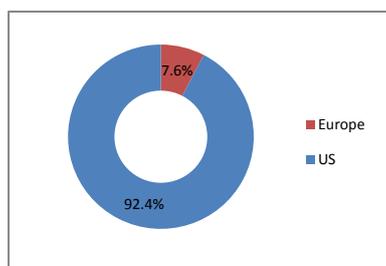
ILLUMINA INC
CELLECTIS
IMMUNOMEDICS INC

Top 3 Holdings

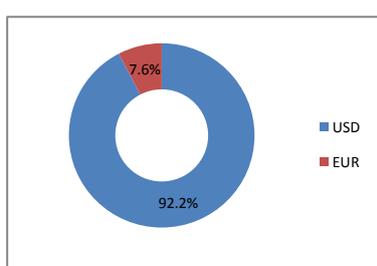
Name

BIOTELEMETRY INC
SPARK THERAPEUTICS INC
EXELIXIS INC

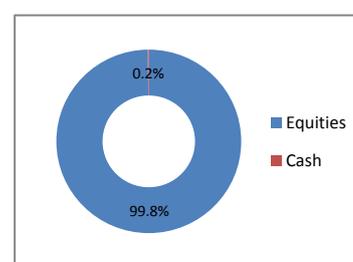
Geographical Breakdown



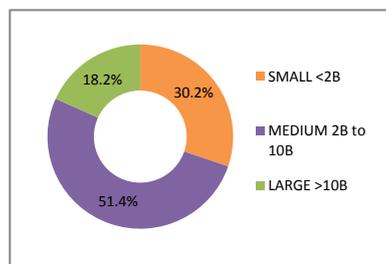
Currency exposure



Asset Allocation



Equity Market Capitalization



Equity Liquidity

1 to 3 days to liquidate*	96%
3 to 5 days to liquidate	4%
More than 5 days to liquidate	0%

*on average daily trading over the last 3M

Important Information

All net estimated returns are based on unaudited, internally prepared assessments and have not been independently verified.

The net estimated returns are subject to adjustments as a result of changes or delays in AtonRâ's calculations of the profit and loss of the portfolio. Any such adjustments could have a material impact on the estimated net returns of the AtonRâ Basket.

Net returns are reported after deduction of AtonRâ's management and/or performance fees.

Past performance is not indicative or a guarantee of future results. Investment losses may occur, and investors could lose some or all of their investment.

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