HBM UCITS (LUX) FUNDS

Open-ended investment fund with multiple compartments

Annual report, including audited financial statements, as at December 31, 2023

R.C.S. Luxembourg B214671

HBM UCITS (LUX) FUNDS

Open-ended investment fund with multiple compartments

Annual report, including audited financial statements, as at December 31, 2023

HBM UCITS (LUX) FUNDS

Annual report, including audited financial statements,
as at December 31, 2023

HBM UCITS (LUX) FUNDS

Table of contents

Organisation

REGISTERED OFFICE	15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
BOARD OF DIRECTORS OF THE COMPANY	
Chairman	Mr Dominique KÜTTEL, Bundesplatz 1, CH-6300 Zug, Switzerland
Members	Mr Mike KARA, 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (until October 20, 2023)
	Mr Claude NOESEN, 25, um Séintchen, L-8363 Greisch, Grand Duchy of Luxembourg
	Mr Xavier SCHMIT, 4, rue Golda Meir, L-8258 Mamer, Grand Duchy of Luxembourg (since October 20, 2023, to be ratified by the annual general meeting)
MANAGEMENT COMPANY	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY	
Chairman	Mr Marc BRIOL, Chief Executive Officer Pictet Asset Services, Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland
Members	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
	Mrs Christel SCHAFF, Independent Director, 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (since April 27, 2023)
	Mr Cédric VERMESSE, Chief Financial Officer Pictet Asset Management, Banque Pictet & Cie SA, 60, route des Acacias, CH-1211 Geneva 73, Switzerland (since November 30, 2023)
	Mr Pierre ETIENNE, Independent Director, 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (since January 1, 2024)

Organisation (continued)

Members of the Management Committee	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 Classic 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 (until June 30, 2023)
	Mr Thomas LABAT, Conducting Officer in charge of the Portfolio Management, FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (since July 26, 2023)
INVESTMENT MANAGER	HBM Partners AG, Bundesplatz 1, CH-6300 Zug, Switzerland
DEPOSITARY BANK	Bank Pictet & Cie (Europe) AG, *succursale de Luxembourg* (formerly Pictet & Cie (Europe) S.A., until May 25, 2023), 15A, avenue J.-F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
ADMINISTRATIVE AGENT, PAYING AGENT, TRANSFER AND REGISTER AGENT AND DOMICILIARY AGENT	FundPartner Solutions (Europe) S.A., 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
INDEPENDENT AUDITOR	Ernst & Young S.A., 35E, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
LEGAL ADVISER	Maples & Calder SARL, 12E, Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg
COUNTERPARTY ON FORWARD FOREIGN EXCHANGE CONTRACTS (NOTE 12)	Bank Pictet & Cie (Europe) AG, *succursale de Luxembourg*

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, the KIID and KID are available under www.fundinfo.com.

A detailed schedule of changes in the securities portfolios for all the sub-funds for the year ended December 31, 2023, 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.

Information on environmental and/or social characteristics and/or sustainable investments are available under the section Other Information to Shareholders (unaudited appendix) of the Annual Report.

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 information documents ("KIDs") 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.

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 increased by 12.4% (USD A Cap, Bloomberg ticker: HBMGACU LX Equity, ISIN: LU1540961759), outperforming its benchmark NASDAQ Biotechnology Index (NBI) by 8.7%. Since inception, the fund’s cumulative outperformance amounts to 51.6% (after fees). The fund’s net assets reached post subscriptions/redemptions USD 25.5 million following USD 56.4 million at previous year end. Overall, the fund generated a performance of 348.3% versus 296.7% for the index since launch (12 years ago). The fund outperformed its benchmark in 7 out of 12 year periods, while it achieved a positive performance in 8 out of 12 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

2023 may be remembered as a groundbreaking period for the healthcare sector, amid the excitement surrounding promising new weight-loss drugs that have quickly become highly sought after worldwide. It may also be remembered as a period that divided major perceived "winners" and "losers" of these developments - with investors rewarding drug developers (Eli Lilly, Novo Nordisk) in the respective area and producers of delivery solutions (e.g. Stevanato) whilst punishing some providers of "conventional" products and procedures ranging from diabetes-related devices, to bariatric surgery and hip replacements. Just as investor excitement over artificial intelligence drove returns in the technology and communication services sectors in the past year, investor excitement around weight-loss drugs was a key driver behind specific healthcare stock returns. Opining at the end of the year, while 2023 was challenging for the healthcare sector (YTD: +2.4%) relative to the MSCI World (+21.8%; underperformance of 19.4%), the sector’s relative performance is far less dramatic looking back over the last 2 years (-2.1%). After outperforming in 2022, the healthcare sector has acted as a source of funds for investors chasing the tech rally for most of 2023.

In addition, an ever changing macroeconomic sentiment throughout the year coupled with a COVID-19 hangover for some subsectors made for a very difficult backdrop for healthcare equites. As a consequence, the sector had not been able to benefit from its defensive growth characteristics for most of the year period. Specifically, a recession did not materialise in 2023, and the economy remained more robust than anticipated. Higher dividend yield stocks from the pharma sector lost their attractiveness vis-a-vis interest-bearing asset classes and rallying stocks from the technology and communication sectors. Further, small and mid-sized biotech companies in development stage had been confronted with higher cost of capital and growing financing expenses. The US Federal Reserve’s ("Fed’s") impact was also felt in other subsectors as debt became more expensive as at the same time equity valuations declined, leaving nowhere to turn for cheap funding. Sponsor M&A activity has been dampened by the heightened cost of capital, and the spectre of a potential recession loomed for much of the year.

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

Management report (continued)

Biotechs were punished in the first ten months of 2023 in an environment dictated by higher interest rates. Given the nature of biotech which heavily invests in R&D, the industry found itself in a challenging position as the Fed continued with hiking rates and thus increasing the cost of capital. And, just as investors were ready to declare the last 12 months as one of the worst years in memory, November brought a rally that has put the sector indices within striking distance of ending the year in the black. The biotech sector experienced a veritable rally during the last two months of the calendar. Biotech shares climbed on the emerging sentiment that interest rate cuts come earlier than expected in 2024. The sector was buoyed by a late-year merger and acquisition ("M&A") bonanza coupled with positive clinical news flow. In December alone, large pharma companies AbbVie, Bristol Myers, AstraZeneca and Roche announced roughlyUSD 25 billion worth of biotech acquisitions.

The announced deals close a strong year of dealmaking in the biopharma industry: USD 122 billion of deals were announced in aggregate last year - the highest total since 2019. Not only the sheer number was astonishing, also the size of the acquisitions. Of the total, there were 29 deals with a value that exceeded USD1 billion, while last year the total was just 17. By far the largest transaction in 2023 was Pfizer’s now closed acquisition of Seagen for USD 43 billion, focused on oncology antibody drug conjugates ("ADCs"). Another landmark M&A deal in 2023 was between AbbVie and Immunogen for USD 10.1 billion, which also led to the acquisition for a first-in-class antibody drug conjugate (ADC) in oncology.

The uptick in merger and acquisition ("M&A") activity could act as a tailwind as capital constraints put pressure on smaller or early-stage companies, in particularly when conventional financing avenues (such as follow-ons and PIPEs) on the public market as well as IPOs became no longer an option at least over short-to-mid-term. The collapse of the Silicon Valley Bank in March, a major financier of biotech firms, further exacerbated the funding shortage. Some uncertainty had been created when the Federal Trade Commission ("FTC") initially blocked Amgen’s acquisition of Horizon. The issue was ultimately resolved and the deal closed early September, however the regulatory scrutiny continues to exist. As a result, we may see a shift away from large-scale deals (USD 15 billion+) involving commercial-stage targets with significant product sales in favor of smaller scale later-stage, clinically de-risked transactions.

The NASDAQ Biotechnology Index, which includes large caps, advanced by 3.7%, whereas the SPDR S&P Biotech ETF (XBI) - with small and mid-sized company holdings - managed to turn in green and closed 7.6% higher at year-end.

Cash-rich large pharma as well as large pharmaceutical companies attempt to fill revenue and pipeline gaps via acquisitions of late stage development or commercial-stage companies. Big Pharma is facing a significant patent cliff, with more than USD 200 billion in annual revenues at risk by 2030. Unlike previous patent expiry waves, many of the branded drugs set to lose exclusivity are biologics rather than the small-molecule synthesized drugs that previously dominated the market. (*Bionure (February 2023): Biopharma's Next Frontier: Adapting to Patent Expirations and Embracing Disruptive Innovation with Cell and Gene Therapies)*. Also, the approaching Inflation Reduction Act ("IRA") threaten future revenue. The IRA enables Medicare, the largest public health program in the US - providing insurance for the elderly and disabled persons - for the first time to negotiate directly with pharma companies on pricing for a certain focused set of blockbuster drugs. The pharmaceutical industry had since filed ten lawsuits in 2023 seeking to strike down the measure before the first price reductions can take effect in 2026.

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

Management report (continued)

For individual companies within the sector, the pace of innovation appears to be ramping up just as the COVID hangover goes away. As the spectacular performance of GLP-1's in 2023 highlight, investors will still reward innovation. Biopharma companies kept the Food and Drug Administration ("FDA") busy: the regulatory authority approved no less than 55 novel drugs (38 small molecules and 17 biologics) in 2023, a number surpassing that of 2022 by almost 50%. Indeed, 2023 became the year with the largest number of approvals in 30 years. Many of these newly approved drugs target large disease categories such as obesity, autoimmune disease, cancer and Alzheimer's. These drug launches could represent the start of major product cycles, driving revenue growth through the next decade. A common theme in all these cases are the critical roles played by both basic and translational research. Furthermore, the FDA also granted the green light to 34 cell and gene therapies. Last years' most groundbreaking achievement was the FDA approval of the world's first CRISPR-Cas9 gene-editing therapy ever (CASGEVY developed by Crispr Therapeutics and Vertex), for sickle cell disease. It also aims to cure transfusion-dependent β-thalassemia, where the approval hereto arrived in January 2024. There is a rising gap in terms of the drugs launched in the US and those available to patients in the largest European countries, with 113 drugs (42%) launched in the US in the past five years that are not in Europe, while there are only 11 (6%) European launches not in the US. *(IQVIA (February 2024): Global Trends in R&D 2024. Activity, Productivity, and enablers).*

Portfolio performance

Shares of ImmunoGen jumped following AbbVie's announcement that it would acquire the company. The Immunogen-AbbVie deal was driven by the appeal of ImmunoGen's cancer therapy ELAHERE, which received accelerated FDA approval for the therapy of advanced ovarian cancer in November 2022, and looks set to obtain full approval in 2024. Seagen was another acquisition in the ADC space. The long-rumored purchase was finally announced in March. However, it was not long-time suitor Merck & Co that closed the deal, but rather fellow US pharma giant Pfizer. The price represented a roughly 45% premium to the stock price as it traded before acquisition rumours surfaced in early summer 2022. ADCs are fast-growing, innovative biopharmaceutical products that specifically target cancer cells, while protecting the healthy cells and thus improving a treatment's effectiveness. In April, Merck announced its intention to acquire immunology company Prometheus Biosciences for USD10.8 billion in enterprise value, driving the stock up 70%. Prometheus' lead candidate, PRA023, targets Crohn's disease and ulcerative colitis. The company announced positive results from phase II studies in both indications in December 2022. The high price paid for a mid-stage asset highlights Merck's drive to augment its (near-commercial) pipeline. Its leading Keytruda franchise generates >40% of the company's revenue, but loss of exclusivity is expected by 2029.

In December, Vertex shares climbed to record high levels on the back of positive mid-stage trial results of its pain drug, VX-548. Data suggests clinically meaningful reductions in (chronic) pain intensity in people with diabetic peripheral neuropathy, a type of nerve damage that can affect people with diabetes. It also reported for the same drug, VX-548, encouraging new phase III data as a potential therapy for acute pain. Vertex plans to file for FDA approval by mid-2024. Analysts estimate multi-billion dollar sales potential, if the drug is approved for the treatment of both acute and neuropathic (chronic) pain. In addition, the company reported positive results from late-stage studies of its vanzacaftor triple-drug combo in treating cystic fibrosis ("CF"). Data of the vanzacaftor triple suggests that the drug has the benefit of once-daily oral dosing. Once approved, it could further improve the profitability of Vertex business as it brings a substantially reduced royalty burden relative to Trikafta, the key franchise combo-therapy Vertex currently markets.

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

Management report (continued)

Camurus, a biotech company mainly associated with treating opioid dependance, updated their guidance for the FY2023 in late October. Shares of Danish firm Zealand Pharma traded higher on the GLP-1 hype. Zealand may hold unique advantages for investors looking to jump on the obesity bandwagon. Its lead Amylin asset is based on an amylin analog, not on the GLP-1 gut hormone most obesity drugs, including Wegovy, are targeting. This could potentially result in better safety or at least a very different profile from using a different mechanism.

By far the best performing stock, outside the "M&A wave", was Cytokinetics following the company reports that its heart drug Aficamten achieved all of its main goals in a late-stage trial. Once approved, Cytokinetics's treatment could compete against BMS' Camzyos (Mavacamten) - the first and only treatment that targets the underlying source of obstructive hypertrophic cardiomyopathy ("HCM"). Aficamten showed better safety and efficacy than Camzyos, prompting analysts to say it could potentially be the "best-in-class" and a driver of a potential Cytokinetics takeover. They estimated US peak sales to be around USD 2 billion. Regeneron's shares traded higher in the wake of the faster-than-anticipated FDA approval of high-dose version of its eye disease drug Eylea. Shares of Insmed traded higher following the announcement of positive top-line results from the phase III ARISE study, which evaluated the potential of label expansion for lead drug Arikayce from a refractory setting for nontuberculous mycobacteria ("NTM") lung disease to a front-line/1L setting. Based on the strength of the results of ARISE, the company plans to explore with global regulators accelerating the filing for approval of Arikayce in newly infected patients with mycobacterium avium complex ("MAC") lung disease, although Insmed will continue to conduct their (registrational) ENCORE trial as planned. Shares of Biohaven rallied with growing expectations for the company's broad pipeline of various neurology drug candidates. In particular, in September the company shared preclinical data on their novel IgG degrader drug which could have broad application in autoimmune conditions. In early October, the company closed a follow-on financing of around USD 260 million.

In contrast, COVID-winner Moderna saw its share price further declining as the company had to reduce the guidance post-COVID several times. Ventyx shares lost as phase II results in ulcerative colitis failed to convince investors. In addition, shares tumbled further after the company announced disappointing results from phase II trial of their TYK2 inhibitor VTX958 in patients with moderate to severe plaque psoriasis. Although the trial achieved its primary endpoint, the magnitude of efficacy observed did not meet the "internal" target for advancement, given a crowded competitive landscape. Genmab shares retreated after lower-than-expected Darzalex sales numbers. Early in 2024, Genmab lost its appeal in the second arbitration with J&J's Janssen unit over the duo's multiple myeloma therapy Darzalex Faspro. The FDA issued a complete response letter to Alnylam's siRNA therapy Onpattro (patisiran) for the treatment of ATTR-associated cardiomyopathy ("ATTR-CM"). The regulatory decision now caused Alnylam to stop seeking further indications for Onpattro in this disease. We think Alnylam shares now reflect more caution around the likelihood of success for follow-up compound Amvuttra (vutrisiran) in the same indication, as its HELIOS-B phase III trial will read out in 1H 2024. Investors eagerly await the pivotal trial results of the drug in hATTR with cardiomyopathy ("hATTR-CM") in 1H 2024. The hATTR-CM indication represents a much larger commercial opportunity than the currently approved polyneuropathy indication. Shares of Incyte, United Therapeutics and Gilead retreated on uninspiring company updates during the year. Sarepta slumped after a phase III confirmatory study of its drug Elevidys (EMBARK trial), for the treatment of Duchenne muscular dystrophy ("DMD"), failed to meet its primary endpoint. This outcome reduces the chances of a full approval of the drug in all DMD patients, irrespective of age, or ambulatory status. Ascendis shares suffered on a regulatory delay. Beigene contributed negatively to the fund's NAV due to the continued weak sentiment towards Chinese market.

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

Management report (continued)

Top 10 positive performance contributors*

Immunogen	+2.3%	Zealand Pharma	+1.1%
Seagen	+2.3%	Cytokinetics	+1.1%
Prometheus	+2.2%	Regeneron	+0.9%
Vertex	+1.9%	Insmed	+0.8%
Camurus	+1.4%	Biohaven	+0.8%

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

Top 10 negative performance contributors*

Moderna	-1.7%	Sarepta Therapeutics	-0.8%
Ventyx	-1.6%	Ascendis Pharma	-0.7%
Genmab	-1.3%	Beigene (US ADR)	-0.7%
Alnylam	-1.0%	United Therapeutics	-0.5%
Incyte	-0.8%	Gilead	-0.5%

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

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

Management report (continued)

Outlook

In general, markets continued their march higher in January, albeit at a slower pace and with less breadth than through the end of 2023. Somewhat similar was the situation in February. Investors seem to be comfortable in coming to the realisation that the Fed cuts to short-term interest rates might be less aggressive than initially thought and not become reality until the second half of the year. Despite the overall trend, volatility is never far away as exemplified on the last day of the month of January. Markets sold off sharply following comments of Fed Chair Powell (at the Federal Open Market Committee FOMC meeting) experiencing its worst single day return since September 2023, erasing much of January's gains. In his press conference, Powell said that he would like to see more progress on the inflation front and threw some cold water on sentiment that the Fed will pivot at the March FOMC meeting and begin cutting rates. With a "hotter" January inflation reading relative to expectations (CPI was 3.1%; core inflation (CPI minus food and energy) was 3.9%), a "bumpier" journey to lower inflation and interest rates is evident. Markets are now recalibrating their views on the timing of rate cuts. The question we posed to start the year is "will central banks cut rates because they can (owing to inflation falling back towards target) or because they have to (activity slows, threatening a recession)? So far, and by far the preferred outcome for investors, it is very much the former case, although the effects of rising interest rates may yet have to be felt in meaningful ways in the major economies.

Until the path of the US economy becomes clearer, we expect market volatility to stay elevated, especially in high-beta sectors like biotechnology. In our sector, we have previously highlighted the separation between the "haves" and "have-nots", that has manifested itself so clearly over the last 3 years. Companies that deliver meaningful clinical results are richly rewarded by the market, whereas the others continue to be left behind. At present, we see the valuations of many SMID-cap companies as becoming increasingly attractive. As mentioned, M&A activity, both in terms of count and dollar size, has notably improved. We believe the uptick in M&A activity is sustainable, as cash-rich, larger cap biopharma companies continue to look to replace the potential loss of USD 200 billion in revenues from those commercial drugs, that will be subject to "loss of exclusivity" in the coming years. Furthermore, we expect that fundamental defensive qualities of large-cap biopharma can be an asset in a potentially recessionary environment. The current market environment should provide a good backdrop for our stock picking approach as evidenced by the funds' outperformance since inception of the fund as of December 30, 2011 (51.6%).

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

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 increased by 6.7% (USD A Cap, Bloomberg ticker: HBMHACU LX Equity, ISIN: LU1540960942), thus resulting in a cumulative performance of 144.8% (after fees) since inception of the fund 12 years ago. Overall, the fund achieved a positive performance in 10 out of 12 year periods. The fund net assets reached, net of subscriptions/redemptions, USD 17.1 million following USD 54.0 million at previous year end.

Net exposure (including derivatives) amounts to 88.6% as of 31 December 2022 (previous year end: 95.8%). Since inception, the fund had an equity exposure of 82.2% on average. The annualised volatility reached 13.9%. The fund generated a positive performance in 88 out of 144 months (61.1%).

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

2023 may be remembered as a groundbreaking period for the healthcare sector, amid the excitement surrounding promising new weight-loss drugs that have quickly become highly sought after worldwide. It may also be remembered as a period that divided major perceived "winners" and "losers" of these developments - with investors rewarding drug developers (Eli Lilly, Novo Nordisk) in the respective area and producers of delivery solutions (e.g. Stevanato) whilst punishing some providers of "conventional" products and procedures ranging from diabetes-related devices, to bariatric surgery and hip replacements. Just as investor excitement over artificial intelligence drove returns in the technology and communication services sectors in the past year, investor excitement around weight-loss drugs was a key driver behind specific healthcare stock returns. Opining at the end of the year, while 2023 was challenging for the healthcare sector (YTD: +2.4%) relative to the MSCI World (+21.8%; underperformance of 19.4%), the sector’s relative performance is far less dramatic looking back over the last 2 years (-2.1%). After outperforming in 2022, the healthcare sector has acted as a source of funds for investors chasing the tech rally for most of 2023.

In addition, an ever changing macroeconomic sentiment throughout the year coupled with a COVID-19 hangover for some subsectors made for a very difficult backdrop for healthcare equites. As a consequence, the sector had not been able to benefit from its defensive growth characteristics for most of the year period. Specifically, a recession did not materialise in 2023, and the economy remained more robust than anticipated. Higher dividend yield stocks from the pharma sector lost their attractiveness vis a vis interest-bearing asset classes and rallying stocks from the technology and communication sectors. Further, small and mid-sized biotech companies in development stage had been confronted with higher cost of capital and growing financing expenses. The US Fed’s impact was also felt in other subsectors as debt became more expensive as at the same time equity valuations declined, leaving nowhere to turn for cheap funding. Sponsor M&A activity has been dampened by the heightened cost of capital, and the spectre of a potential recession loomed for much of the year.

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

Management report (continued)

Companies in the life sciences tools & services and diagnostics sectors struggled over tough year-over-year earnings comparisons after a year of pandemic-related tailwinds in 2022. The Biden Administration officially ended the COVID-19 national emergency status in April 2023 which contributed to reduced spending on COVID vaccines, therapeutics and testing equipment. Tools and services companies also suffered from excess inventories built by their clients and followed by massive destocking activities later-on. In pharma, sales of COVID-19 vaccines and therapeutics topped USD 90 billion in 2022, roughly 20 percent of all blockbuster biotech drug sales that year (a blockbuster drug has sales of USD 1 billion or more annually). For 2023, some companies forecast their COVID revenues will drop by as much as 80 percent. (*Janus Henderson (November 2023): Healthcare stocks: Positioned for a smoother ride in 2024?).* Nevertheless, this deceleration was necessary and something investors had expected even though it had a much larger impact on the companies' P&L and took longer to materialize than initially expected.

The healthcare sector has been on a roller-coaster ride. Major part of the sectors' underperformance had been generated just at the beginning of the year, where higher growth and more cyclical subsectors, which generally lagged the year before, posted the strongest returns. The traditionally defensive subsectors, such as large biopharma and insurers, which contribute by far the highest share to the market capitalization of the sector, underperformed. In April, the sector enjoyed a respite from the macro overhangs. During this period, the state of economy was still being debated and markets were stable and moved higher as did healthcare stocks. Biopharma M&A picked up and positive clinical development news flow triggered pleasing individual stock price reactions. This period was followed by subdued (relative) performance during the summer months as the defensive nature of the sector was not rewarded on the thesis of a soft landing, peak interest rates, and inflation falling back to the 2% target without meaningful decline in economic activity. Biotech remained a laggard and basically out-of-favor despite risk-on mood. In August, the interest in healthcare reignited with the better-than-expected disclosure of the cardiovascular benefits of Novo Nordisk's weight-loss drug, Wegovy (semaglutide), although it was partially offset by a broad sell-off in medical technology stocks as a result.

During the worst three months for stock markets of the year (August until end of October), healthcare remained relatively resilient vis-a-vis fast increasing treasury yield and recession fears. However, towards the end of the year as stock market rally started to broaden, healthcare was not able to keep the strong momentum going although small and mid-sized biotechnology, life sciences tools & services and medical devices stocks celebrated a strong comeback. Markets were boosted by a continued waning of concerns that had weighed on sentiment throughout the year. The Fed surprised investors by indicating that it would likely begin to cut interest rates in 2024, alleviating the concerns about a "higher for longer" interest rate regime that had pressured performance in the August to October time frame. Macroeconomic data (resilient job markets and strong consumer demand) and dovish policy statements from the US Fed supported the soft-landing narratives or the so-called "Goldilocks scenario", in which inflation is finally tamed without significant job losses and in which a recession is avoided. Encouraged by the prospect of a soft landing for the economy, investors poured assets into equities.

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

Management report (continued)

Within the healthcare sector, the best performing segments last year were S&P500 distributors, facilities (above 10% YTD) and healthcare equipment & supplies (8%+ YTD). Shares of drug distributors such as McKesson, AmerisourceBergen and Cardinal Health moved higher after strong financial performance. The three operate as a pharmaceutical wholesale and distribution oligopoly, supplying over 90% of the US market. We see a number of tailwinds for the US drug distribution sector, with valuations not demanding, particular considering the high free cash flow generation and return on invested capital profiles. Companies in the facilities and healthcare equipment & supplies sectors attracted renewed interest from investors on the back of growing healthcare utilisation and as patients who delayed surgeries and treatment during the pandemic returned to seek services. Medical devices companies are the main beneficiaries of this dynamic as their products are predominantly consumed in hospitals and other outpatient healthcare facilities. Earlier, shares of medical equipment makers had been pressured post-GLP-1 ("Wegovy") data in August on concerns that demand for "traditional" diabetes- and obesity-related therapies would fall as penetration of GLP-1 treatments increases. November brought some welcome recalibration of expectations regarding the impact GLP-1 drugs could have on medical devices businesses following the presentation of the eagerly awaited full dataset for the SELECT study of Novo Nordisk’s Wegovy. The full data on cardiovascular outcome benefits was in-line with expectations and this was sufficient to trigger the medical device relief rally given how beaten down the stocks had become. In addition, the CEOs of major companies such as Abbott, Stryker, Medtronic and Insulet have made statements clarifying the expected impact of weight-loss drugs on the markets they serve.

The big pharma sector posted a mixed picture. Overall, the performance was flat when considering total return numbers (including dividends). However, companies within this segment displayed a wide disparity of returns. Entering into 2023, investor focus was on Alzheimer’s disease following Biogen’s unexpected success (Lecanemab market approval). While significant strides were made in treating this unmet medical need, the actual benefit to patients and sales thus far are coming up short of expectations. The narrative quickly shifted to weight loss after Novo Nordisk demonstrated a positive impact on heart health through weight loss. For instance, Eli Lilly and Novo Nordisk delivered impressive returns of 60.9% and 55.8% respectively, on the back of a rapidly growing market for GLP-1 drugs or weight-loss drugs. In contrast, Pfizer saw its share price decline by -41.2% in 2023 with the company falling off the Covid sales cliff. In general, European companies underperformed their US peers. A string of negative clinical results and poor operational performance did not help either to improve the sentiment.

Biotechs were punished in the first ten months of 2023 in an environment dictated by higher interest rates. Given the nature of biotech which heavily invests in R&D, the industry found itself in a challenging position as the Fed continued with hiking rates and thus increasing the cost of capital. And, just as investors were ready to declare the last 12 months as one of the worst years in memory, November brought a rally that has put the sector indices within striking distance of ending the year in the black. The biotech sector experienced a veritable rally during the last two months of the calendar. Biotech shares climbed on the emerging sentiment that interest rate cuts come earlier than expected in 2024. The sector was buoyed by a late-year M&A bonanza coupled with positive clinical news flow. In December alone, large pharma companies AbbVie, Bristol Myers, AstraZeneca and Roche announced roughly USD 25 billion worth of biotech acquisitions.

The announced deals close a strong year of dealmaking in the biopharma industry: USD 122 billion of deals were announced in aggregate last year - the highest total since 2019. Not only the sheer number was astonishing, also the size of the acquisitions. Of the total, there were 29 deals with a value that exceeded USD 1 billion, while last year the total was just 17. By far the largest transaction in 2023 was Pfizer’s now closed acquisition of Seagen for USD 43 billion, focused on oncology antibody drug conjugates ("ADCs"). Another landmark M&A deal in 2023 was between AbbVie and Immunogen for USD 10.1 billion, which also led to the acquisition for a first-in-class antibody drug conjugate ("ADC") in oncology.

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

Management report (continued)

The uptick in merger and acquisition ("M&A") activity could act as a tailwind as capital constraints put pressure on smaller or early-stage companies, in particularly when conventional financing avenues (such as follow-ons and PIPEs) on the public market as well as IPOs became no longer an option at least over short-to-mid-term. The collapse of the Silicon Valley Bank in March, a major financier of biotech firms, further exacerbated the funding shortage. Some uncertainty had been created when the Federal Trade Commission ("FTC") initially blocked Amgen’s acquisition of Horizon. The issue was ultimately resolved and the deal closed early September, however the regulatory scrutiny continues to exist. As a result, we may see a shift away from large-scale deals (USD 15 billion+) involving commercial-stage targets with significant product sales in favor of smaller scale later-stage, clinically de-risked transactions.

Cash-rich large pharma as well as large pharmaceutical companies attempt to fill revenue and pipeline gaps via acquisitions of late stage development or commercial-stage companies. Big Pharma is facing a significant patent cliff, with more than USD 200 billion in annual revenues at risk by 2030. Unlike previous patent expiry waves, many of the branded drugs set to lose exclusivity are biologics rather than the small-molecule synthesized drugs that previously dominated the market. (*Bionure (February 2023): Biopharma's Next Frontier: Adapting to Patent Expirations and Embracing Disruptive Innovation with Cell and Gene Therapies)*. Also, the approaching Inflation Reduction Act ("IRA") threaten future revenue. The IRA enables Medicare, the largest public health program in the US - providing insurance for the elderly and disabled persons - for the first time to negotiate directly with pharma companies on pricing for a certain focused set of blockbuster drugs. The pharmaceutical industry had since filed ten lawsuits in 2023 seeking to strike down the measure before the first price reductions can take effect in 2026.

For individual companies within the sector, the pace of innovation appears to be ramping up just as the COVID hangover goes away. As the spectacular performance of GLP-1’s in 2023 highlight, investors will still reward innovation. Biopharma companies kept the FDA busy: The regulatory authority approved no less than 55 novel drugs (38 small molecules and 17 biologics) in 2023, a number surpassing that of 2022 by almost 50%. Indeed, 2023 became the year with the largest number of approvals in 30 years. Many of these newly approved drugs target large disease categories such as obesity, autoimmune disease, cancer and Alzheimer's. These drug launches could represent the start of major product cycles, driving revenue growth through the next decade. A common theme in all these cases are the critical roles played by both basic and translational research. Furthermore, the FDA also granted the green light to 34 cell and gene therapies. Last years’ most groundbreaking achievement was the FDA approval of the world’s first CRISPR-Cas9 gene-editing therapy ever (CASGEVY developed by Crispr Therapeutics and Vertex), for sickle cell disease. It also aims to cure transfusion-dependent β-thalassemia, where the approval hereto arrived in January 2024. There is a rising gap in terms of the drugs launched in the US and those available to patients in the largest European countries, with 113 drugs (42%) launched in the US in the past five years that are not in Europe, while there are only 11 (6%) European launches not in the US. (*IQVIA (February 2024): Global Trends in R&D 2024. Activity, Productivity, and enablers).*

Shares of health insurers, last year one of the winners vis a vis defensively-oriented investors, were laggards in 2023. Insurers experienced a mediocre development amidst a series of negative expense outlooks (provided towards the end of the year) due to higher utilization trends in healthcare services.

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

Management report (continued)

Portfolio performance

Eli Lilly and Novo Nordisk were the highflyers of the year. In August and November, share price movements had been the largest. As described above, the top-line results from Novo's SELECT trial showed that Wegovy, compared to placebo, reduced the risk of major adverse cardiovascular events (in higher risk patients) by a statistically significant 20%. This result was above market expectations and drove Eli Lilly and Novo Nordisk shares up over 15% in August alone. In November, both regulators in the US and UK approved Lilly's GLP-1 weight-loss injection Zepbound (tirzepatide). Moreover, the drugmaker's Q3 revenue increased by an impressive 37%, driven by the growth of its GLP-1 diabetes treatment Mounjaro and breast cancer drug Verzenio. Shares of ImmunoGen jumped following AbbVie's announcement that it would acquire the company. The Immunogen-AbbVie deal was driven by the appeal of ImmunoGen's cancer therapy ELAHERE, which received accelerated FDA approval for the therapy of advanced ovarian cancer in November 2022, and looks set to obtain full approval in 2024. Natera reported in particular strong Q2 results, upgraded full year guidance and provided a strong message regarding continued high demand and improving profitability for its oncology liquid biopsy test, Signatera.

In December, Vertex shares climbed to record high levels on the back of positive mid-stage trial results of its pain drug, VX-548. Data suggests clinically meaningful reductions in (chronic) pain intensity in people with diabetic peripheral neuropathy, a type of nerve damage that can affect people with diabetes. It also reported for the same drug, VX-548, encouraging new phase III data as a potential therapy for acute pain. Vertex plans to file for FDA approval by mid-2024. Analysts estimate multi-billion dollar sales potential, if the drug is approved for the treatment of both acute and neuropathic (chronic) pain. In addition, the company reported positive results from late-stage studies of its vanzacaftor triple-drug combo in treating cystic fibrosis ("CF"). Data of the vanzacaftor triple suggests that the drug has the benefit of once-daily oral dosing. Once approved, it could further improve the profitability of Vertex business as it brings a substantially reduced royalty burden relative to Trikafta, the key franchise combo-therapy Vertex currently markets. Our medtech holdings Intuitive Surgical and Stryker were among the beneficiaries from higher utilization trends. Rocket Pharmaceuticals reached alignment with the FDA on plans for its pivotal phase II clinical trial evaluating RP-A501, an investigational adeno-associated virus vector-based gene therapy intended to treat Danon disease. Further, investors expect market approval of Rocket's gene therapy in 2024: in LAD-I (Leukocyte Adhesion Deficiency-I) and FA ("Fanconi anemia").

In contrast, the home medical equipment, supplies, and services provider AdaptHealth reported disappointing Q4 and full-year results in February 2023. Home healthcare companies were beneficiaries during the pandemic. Defensive names such as the healthcare conglomerate J&J as well as the pharma company BristolMyers seem unattractively positioned in the current risk-on sentiment and in light of the challenging growth outlook amid loss of market exclusivity of key franchise drugs. Pfizer shares remained under pressure as the company had to reduce the guidance post-COVID several times. Shares of Sino Biopharmaceutical and WuXi Biologics contributed negatively to the fund's NAV due to the continued weak sentiment towards the Chinese market. In contrast, Lonza was a particularly strong performer in January. However, 2023 was overall a disappointing year for the company and so expectations were more modest heading into the FY23 results which triggered something of a relief rally. Shares were also buoyed by the introduction in the US of a new "Biosecure" act which specifically names China based Contract Development and Manufacturing Organization ("CDMO") and competitor to Lonza, WuXi. The geopolitical tensions between the US and China remain a challenging risk to discount, especially in a US Election year. Biogen came under pressure following the sluggish launch of its novel Alzheimers' drug Leqembi. Centene was not able to escape the subdued market sentiment for insurers.

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

Management report (continued)

Top 10 positive performance contributors*

Eli Lilly	+2.0%	McKesson	+0.7%
Novo Nordisk	+1.7%	Rocket Pharmaceuticals	+0.6%
Immunogen	+1.1%	Stryker	+0.5%
Natera	+0.9%	Intuitive Surgical	+0.5%
Vertex	+0.9%	Neogenomics	+0.5%

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

Top 10 negative performance contributors*

AdaptHealth	-1.2%	Biogen	-0.4%
J&J	-0.7%	Lonza	-0.4%
Pfizer	-0.6%	Centene	-0.4%
Bio-Rad	-0.5%	WuXi Biologics	-0.4%
Sino Biopharmaceutical	-0.5%	BistrolMyers	-0.4%

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

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

Management report (continued)

Outlook

In general, markets continued their march higher in January, albeit at a slower pace and with less breadth than through the end of 2023. Somewhat similar was the situation in February. Investors seem to be comfortable in coming to the realisation that the Fed cuts to short-term interest rates might be less aggressive than initially thought and not become reality until the second half year. Despite the overall trend, volatility is never far away as exemplified on the last day of the month of January. Markets sold off sharply following comments of Fed Chair Powell (at the Federal Open Market Committee FOMC meeting) experiencing its worst single day return since September 2023, erasing much of January's gains. In his press conference, Powell said that he would like to see more progress on the inflation front and threw some cold water on sentiment that the Fed will pivot at the March FOMC meeting and begin cutting rates. With a "hotter" January inflation reading relative to expectations (CPI was 3.1%; core inflation (CPI minus food and energy) was 3.9%), a "bumpier" journey to lower inflation and interest rates is evident. Markets are now recalibrating their views on the timing of rate cuts. The question we posed to start the year is will central banks cut rates because they can (owing to inflation falling back towards target) or because they have to (activity slows, threatening a recession)? So far, and by far the preferred outcome for investors, it is very much the former case, although the effects of rising interest rates may yet have to be felt in meaningful ways in the major economies.

Despite the macroeconomic challenges and geopolitical events, we believe the outlook for many healthcare subsectors and companies remains positive. The healthcare sector was not in favour in 2023, as investors overlooked this traditionally defensive sector in light of a resilient economy. The sector is experiencing an increase in utilisation rates and sees growing interest in groundbreaking areas where high unmet medical need still exits. With the COVID-related hangover apparently waning, and labour shortages and supply chain issues resolving, sector fundamentals should improve further. Albeit funding in some (earlier-stage and riskier) areas of the market is harder to obtain, healthcare investors continue to raise large amounts of money and actively source and analyze new investment opportunities, which is a testimony to the sectors' resilience and overall importance.

The healthcare sector trades at a discount to the broader equity market and roughly in line with its own long-term average. That is comparatively better than other traditionally defensive sectors, which, as of the end of the year, traded at premiums to their historical valuations. While the fundamental backdrop for the healthcare sector is far from straightforward, we believe there are plenty attractive investment opportunities, driven by dramatic advancements in science and technology, ageing populations and global market demand. For that reason, we continue to remain optimistic on the prospects for positive returns for the sector and the fund as we enter a new year.

February 2024

Established by the Investment Manager

Approved by the Board of Directors of the SICAV

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

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Building a better working world

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, 2023, 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, 2023, 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 Standards 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.

Ernst & Young
Société anonyme

35E, Avenue John F. Kennedy
L-1855 Luxembourg

Tel: +352 42 124 1

www.ey.com/luxembourg

B.P. 780
L-2017 Luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

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

Luxembourg, March 27, 2024

Statement of net assets as at December 31, 2023

	COMBINED	HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND	HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND
	USD	USD	USD
ASSETS			
Investments in securities at acquisition cost (note 2.d)	34,122,986.07	21,499,723.02	12,623,263.05
Net unrealised gain on investments	6,408,842.39	3,724,544.25	2,684,298.14
Investments in securities at market value (note 2.b)	40,531,828.46	25,224,267.27	15,307,561.19
Cash at banks (note 2.b)	193,010.60	152,510.70	40,499.90
Bank deposits (note 2.b)	2,480,000.00	490,000.00	1,990,000.00
Interest receivable, net	661.34	130.67	530.67
	43,205,500.40	25,866,908.64	17,338,591.76
LIABILITIES			
Bank overdraft (note 2.b)	137,008.11	137,008.11	0.00
Management fees payable (note 5)	291,610.04	142,211.89	149,398.15
"Taxe d'abonnement" payable (note 3)	5,405.29	3,239.28	2,166.01
Net unrealised loss on forward foreign exchange contracts (notes 2.e, 12)	1,452.18	1,119.59	332.59
Other fees payable (note 9)	130,767.46	70,284.95	60,482.51
	566,243.08	353,863.82	212,379.26
TOTAL NET ASSETS AS AT DECEMBER 31, 2023	**42,639,257.32**	**25,513,044.82**	**17,126,212.50**
TOTAL NET ASSETS AS AT DECEMBER 31, 2022	**110,334,584.19**	**56,362,169.22**	**53,972,414.97**
TOTAL NET ASSETS AS AT DECEMBER 31, 2021	**131,861,298.92**	**70,626,405.42**	**61,234,893.50**

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

Statement of operations and changes in net assets for the year ended December 31, 2023

	COMBINED	HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND	HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND
	USD	USD	USD
NET ASSETS AT THE BEGINNING OF THE YEAR	**110,334,584.19**	**56,362,169.22**	**53,972,414.97**
INCOME			
Dividends, net (note 2.f)	642,937.19	184,722.63	458,214.56
Bank interest (note 2.f)	157,895.07	38,309.82	119,585.25
	800,832.26	223,032.45	577,799.81
EXPENSES			
Management fees (note 5)	1,433,908.14	691,722.57	742,185.57
Depositary fees, bank charges and interest (note 6)	62,127.40	31,492.36	30,635.04
Professional fees, audit fees and other expenses (note 4)	448,869.15	236,010.22	212,858.93
Administrative and service fees (note 7)	90,595.88	47,378.22	43,217.66
"Taxe d'abonnement" (note 3)	45,300.04	23,273.53	22,026.51
Transaction fees (note 2.g)	202,315.58	121,699.31	80,616.27
	2,283,116.19	1,151,576.21	1,131,539.98
NET INVESTMENT LOSS	**-1,482,283.93**	**-928,543.76**	**-553,740.17**
Net realised gain on sales of investments (note 2.c)	6,642,847.30	2,164,416.89	4,478,430.41
Net realised gain on foreign exchange	71,561.21	55,333.73	16,227.48
Net realised loss on forward foreign exchange contracts	-27,830.44	-14,572.75	-13,257.69
Net realised gain on futures contracts	6,461.17	0.00	6,461.17
NET REALISED GAIN	**5,210,755.31**	**1,276,634.11**	**3,934,121.20**
Change in net unrealised appreciation/depreciation:			
- on investments	-988,109.15	1,698,655.96	-2,686,765.11
- on forward foreign exchange contracts	-12,482.52	-10,385.76	-2,096.76
INCREASE IN NET ASSETS AS A RESULT OF OPERATIONS	**4,210,163.64**	**2,964,904.31**	**1,245,259.33**
Proceeds from subscriptions of shares	350,212.53	339,373.77	10,838.76
Cost of shares redeemed	-72,398,284.73	-34,272,904.45	-38,125,380.28
Revaluation difference*	142,581.69	119,501.97	23,079.72
NET ASSETS AT THE END OF THE YEAR	**42,639,257.32**	**25,513,044.82**	**17,126,212.50**

** 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, 2022 and December 31, 2023.*

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

Statistics

Sub-Funds Class	Currency	Number of shares outstanding 31.12.2023	Net asset value per share 31.12.2023	Net asset value per share 31.12.2022	Net asset value per share 31.12.2021
HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND					
A cap USD	USD	7,513.64	448.30	398.68	455.03
A cap EUR	EUR	8,316.52	119.10	109.29	129.35
P cap USD	USD	44,737.64	458.60	406.23	461.78
P cap EUR	EUR	3,975.01	121.55	111.11	130.98
HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND					
A cap USD	USD	7,990.67	244.78	229.45	273.89
A cap EUR	EUR	3,410.93	122.11	117.82	145.63
P cap USD	USD	59,202.06	248.47	231.99	275.81

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, 2023 (expressed in USD)

Description	Currency	Quantity	Market value (note 2)	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET				
SHARES				
BRITISH VIRGIN ISLANDS				
BIOHAVEN RESEARCH	USD	15,000.00	642,000.00	2.52
			642,000.00	2.52
CANADA				
XENON PHARMACEUTICALS	USD	15,000.00	690,900.00	2.71
			690,900.00	2.71
CAYMAN ISLANDS				
BEIGENE -ADR SPONS.-	USD	4,000.00	721,440.00	2.83
LEGEND BIOTECH -ADR SPONS.-	USD	10,000.00	601,700.00	2.36
			1,323,140.00	5.19
DENMARK				
GENMAB	DKK	3,000.00	958,011.99	3.75
ZEALAND PHARMA	DKK	15,000.00	829,536.14	3.25
			1,787,548.13	7.00
NETHERLANDS				
ARGENX	EUR	2,500.00	948,618.52	3.72
MERUS	USD	12,500.00	343,750.00	1.35
			1,292,368.52	5.07
SWEDEN				
CAMURUS	SEK	12,500.00	667,305.05	2.62
SWEDISH ORPHAN BIOVITRUM	SEK	17,500.00	463,640.57	1.82
			1,130,945.62	4.44
UNITED KINGDOM				
ASTRAZENECA -ADR SPONS.-	USD	12,500.00	841,875.00	3.30
VERONA PHARMA -ADR SPONS.-	USD	7,500.00	149,100.00	0.58
			990,975.00	3.88
UNITED STATES				
ALNYLAM PHARMACEUTICALS	USD	4,500.00	861,345.00	3.38
AMBRX BIOPHARMA	USD	10,000.00	142,400.00	0.56
AMGEN	USD	5,000.00	1,440,100.00	5.64
APELLIS PHARMACEUTICALS	USD	15,000.00	897,900.00	3.52
APOGEE THERAPEUTICS	USD	5,000.00	139,700.00	0.55
BIOGEN	USD	3,500.00	905,695.00	3.55
BIOMARIN PHARMACEUTICALS	USD	7,500.00	723,150.00	2.83
BLUEPRINT MEDICINES	USD	10,000.00	922,400.00	3.62
BRIDGEBIO PHARMA	USD	15,000.00	605,550.00	2.37
CELLDEX THERAPEUTICS	USD	15,000.00	594,900.00	2.33
CRINETICS PHARMACEUTICALS	USD	10,000.00	355,800.00	1.39

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

Statement of investments and other net assets as at December 31, 2023 (expressed in USD) (continued)

Description	Currency	Quantity	Market value (note 2)	% of net assets
CYMABAY THERAPEUTICS INC	USD	15,000.00	354,300.00	1.39
CYTOKINETICS	USD	20,000.00	1,669,800.00	6.55
GILEAD SCIENCES	USD	7,500.00	607,575.00	2.38
INCYTE	USD	10,000.00	627,900.00	2.46
INSMED	USD	17,500.00	542,325.00	2.13
KARUNA THERAPEUTICS	USD	2,500.00	791,275.00	3.10
NEUROCRINE BIOSCIENCES	USD	7,500.00	988,200.00	3.87
REGENERON PHARMACEUTICALS	USD	1,500.00	1,317,435.00	5.16
ROCKET PHARMACEUTICALS	USD	12,500.00	374,625.00	1.47
SAREPTA THERAPEUTICS	USD	5,000.00	482,150.00	1.89
ULTRAGENYX PHARMACEUTICAL	USD	12,500.00	597,750.00	2.34
VERTEX PHARMACEUTICALS	USD	3,500.00	1,424,115.00	5.58
			17,366,390.00	68.06
TOTAL INVESTMENTS			**25,224,267.27**	**98.87**
CASH AT BANKS			152,510.70	0.60
BANK DEPOSITS			490,000.00	1.92
BANK OVERDRAFT			-137,008.11	-0.54
OTHER NET LIABILITIES			-216,725.04	-0.85
TOTAL NET ASSETS			**25,513,044.82**	**100.00**

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

Geographical and industrial classification of investments as at December 31, 2023

Geographical classification

(in % of net assets)	
United States	68.06
Denmark	7.00
Cayman Islands	5.19
Netherlands	5.07
Sweden	4.44
United Kingdom	3.88
Canada	2.71
British Virgin Islands	2.52
	98.87

Industrial classification

(in % of net assets)	
Biotechnology	51.24
Pharmaceuticals and cosmetics	47.63
	98.87

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, 2023 (expressed in USD)

Description	Currency	Quantity	Market value (note 2)	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING OR DEALT IN ON ANOTHER REGULATED MARKET				
SHARES				
DENMARK				
GENMAB	DKK	1,100.00	351,271.06	2.05
NOVO NORDISK 'B'	DKK	8,000.00	827,580.10	4.83
			1,178,851.16	6.88
FRANCE				
ABIVAX	EUR	17,000.00	184,410.34	1.08
			184,410.34	1.08
IRELAND				
MEDTRONIC	USD	5,000.00	411,900.00	2.41
			411,900.00	2.41
ITALY				
STEVANATO GROUP	USD	17,000.00	463,930.00	2.71
			463,930.00	2.71
NETHERLANDS				
MERUS	USD	9,000.00	247,500.00	1.45
			247,500.00	1.45
SWEDEN				
SWEDISH ORPHAN BIOVITRUM	SEK	21,000.00	556,368.69	3.25
			556,368.69	3.25
SWITZERLAND				
BACHEM HOLDING	CHF	3,000.00	231,687.76	1.35
LONZA GROUP	CHF	1,000.00	420,245.95	2.45
POLYPEPTIDE GROUP	CHF	13,000.00	270,611.30	1.58
			922,545.01	5.38
UNITED KINGDOM				
ASTRAZENECA	GBP	4,000.00	540,514.99	3.16
			540,514.99	3.16
UNITED STATES				
ABBOTT LABORATORIES	USD	2,500.00	275,175.00	1.61
ABBVIE	USD	4,000.00	619,880.00	3.62
ADAPTHEALTH A AKTIE	USD	30,000.00	218,700.00	1.28
ALLAKOS INC	USD	50,000.00	136,500.00	0.80
BIO-RAD LABORATORIES 'A'	USD	800.00	258,312.00	1.51
COOPER COMPANIES	USD	1,300.00	491,972.00	2.87
CYTOKINETICS	USD	7,000.00	584,430.00	3.41
DEXCOM	USD	5,500.00	682,495.00	3.99
ELI LILLY	USD	1,700.00	990,964.00	5.78

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

Statement of investments and other net assets as at December 31, 2023 (expressed in USD) (continued)

Description	Currency	Quantity	Market value (note 2)	% of net assets
EXACT SCIENCES	USD	7,500.00	554,850.00	3.24
ILLUMINA	USD	800.00	111,392.00	0.65
INTUITIVE SURGICAL	USD	1,300.00	438,568.00	2.56
MCKESSON	USD	1,800.00	833,364.00	4.86
MERCK & CO	USD	3,500.00	381,570.00	2.23
NATERA	USD	10,000.00	626,400.00	3.66
NEOGENOMICS	USD	17,000.00	275,060.00	1.61
ROCKET PHARMACEUTICALS	USD	12,000.00	359,640.00	2.10
STRYKER	USD	2,800.00	838,488.00	4.89
THERMO FISHER SCIENTIFIC	USD	800.00	424,632.00	2.48
UNITEDHEALTH GROUP	USD	2,300.00	1,210,881.00	7.06
VERTEX PHARMACEUTICALS	USD	1,200.00	488,268.00	2.85
			10,801,541.00	63.06
TOTAL INVESTMENTS			**15,307,561.19**	**89.38**
CASH AT BANKS			40,499.90	0.24
BANK DEPOSITS			1,990,000.00	11.62
OTHER NET LIABILITIES			-211,848.59	-1.24
TOTAL NET ASSETS			**17,126,212.50**	**100.00**

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, 2023

Geographical classification

(in % of net assets)	
United States	63.06
Denmark	6.88
Switzerland	5.38
Sweden	3.25
United Kingdom	3.16
Italy	2.71
Ireland	2.41
Netherlands	1.45
France	1.08
	89.38

Industrial classification

(in % of net assets)	
Pharmaceuticals and cosmetics	52.47
Biotechnology	17.74
Healthcare & social services	7.06
Holding and finance companies	5.57
Electronics and electrical equipment	2.48
Chemicals	2.45
Banks and credit institutions	1.61
	89.38

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

Notes to the financial statements as at December 31, 2023

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, 2023, 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 February 2023.

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

Notes to the financial statements as at December 31, 2023 (continued)

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.

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.

Notes to the financial statements as at December 31, 2023 (continued)

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. As of December 31, 2023, the formation expenses have been fully amortised.

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.

Notes to the financial statements as at December 31, 2023 (continued)

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.

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, 2023:

Sub-funds	Share classes	Management fees (effective rate)
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:

Assets under administration (in USD)	Depositary fees
From 0 to 100,000,000	0.060%
From 100,000,000 to 250,000,000	0.055%
Above 250,000,000	0.050%

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:

Assets under administration (in USD)	**Administrative and service fees**
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 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.

Notes to the financial statements as at December 31, 2023 (continued)

For the year ended December 31, 2023, 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, 2023.*

NOTE 9 OTHER FEES PAYABLE

As at December 31, 2023, the other fees payable include mainly audit, administration, Management Company, directors 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, 2023, none of the sub-funds used the swing pricing mechanism nor dilution levy.

Notes to the financial statements as at December 31, 2023 (continued)

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, 2023:

1 USD = 0.90526379 EUR

NOTE 12 FORWARD FOREIGN EXCHANGE CONTRACTS

The Company had the following forward foreign exchange contracts outstanding as at December 31, 2023:

HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND

Currency	Purchase	Currency	Sale	Maturity date
EUR	1,355,425.96	USD	1,500,321.00	31/01/2024

The net unrealised loss on this contract as at December 31, 2023 was USD 1,119.59 and is included in the statement of net assets.

HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND

Currency	Purchase	Currency	Sale	Maturity date
EUR	402,651.25	USD	445,694.67	31/01/2024

The net unrealised loss on this contract as at December 31, 2023 was USD 332.59 and is included in the statement of net assets.

NOTE 13 SUBSEQUENT EVENT

No significant event occurred after the end of the year.

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, 2023 to December 31, 2023, the TER was:

Class	Currency	Annualised TER including performance fees	Annualised TER excluding performance fees
HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND			
A cap USD	USD	2.14%	2.14%
A cap EUR	EUR	2.86%	2.86%
P cap USD	USD	1.77%	1.77%
P cap EUR	EUR	2.27%	2.27%
HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND			
A cap USD	USD	2.22%	2.22%
A cap EUR	EUR	2.70%	2.70%
P cap USD	USD	1.83%	1.83%

Performance (unaudited appendix)

The performance per share class was calculated by comparing the net assets per share as at December 31, 2023 with the net assets per share as at December 31, 2022.

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, 2023, performances were the following:

Class	Currency	Performance for the financial year ending December 31, 2023	Performance for the financial year ending December 31, 2022	Performance for the financial year ending December 31, 2021
HBM UCITS (LUX) FUNDS - HBM GLOBAL BIOTECHNOLOGY FUND				
A cap USD	USD	12.45%	-12.38%	-4.53%
A cap EUR	EUR	8.98%	-15.51%	-5.63%
P cap USD	USD	12.89%	-12.03%	-4.15%
P cap EUR	EUR	9.40%	-15.17%	-5.25%
HBM UCITS (LUX) FUNDS - HBM GLOBAL HEALTHCARE FUND				
A cap USD	USD	6.68%	-16.23%	14.68%
A cap EUR	EUR	3.64%	-19.10%	13.38%
P cap USD	USD	7.10%	-15.89%	15.07%

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 " UCITS 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, 2023, 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 2023	32	4,028	2,860	1,168

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 2023 annual review outcome showed no exception.

- There have been no changes to the adopted remuneration policy since its implementation.

Other information to Shareholders (unaudited appendix) (continued)

Securities Financing Transactions Regulation ("SFTR")

As at December 31, 2023, 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.