

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.

After a very tough 2016 marked notably by political rhetoric on drug pricing and a very low level of drug approvals by the FDA, and a sharp recovery that followed in 2017, we believe the current rerating of the Biotechnology sector is likely to gain steam as we move into 2018. We see M&A as a very powerful catalyst to support sector's undemanding valuations.

On the therapeutic front we believe that genes therapies and personalized medicine will be on investors agenda as we move into 2018 as newer technologies (including mobile wearables) are now able to capture, analyze, and share clinical data in a very short timeframe. With the new US tax code and the huge incentive it has on investments (expense of amortizations), Capex is likely to get a boost and is likely to benefit the "hardware" players.

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	107.7
Sharpe Ratio	0.05
Correlation	0.76
Beta	0.75
Reference index	ARCA BIOTECH

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
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



December 2018 highlights

The AtonRâ Biotechnology certificate fell 12.3% in December, underperforming the ARCA Biotechnology Index by 1.0%. In 2018, it underperformed its reference index by 11.8% and launch-to-date (March 20, 2015 launch), it outperforms by 8.2%.

The year 2018 was marked by a record of biotech IPOs. The \$8.2B raised during 2018 broke the previous \$6.5B record of 2014.

Allogene Therapeutics and **Moderna Therapeutics** were two record-breakers. Moderna has become the biggest biotech IPO with more than \$600M raised. Its pipeline is based on molecules called messenger RNA, mRNA, used to translate DNA into proteins.

The fundamental idea behind mRNA is rather simple and straightforward; instead of giving a protein to a patient, the body is given instructions to produce its own proteins as a therapeutic vaccine which are then sent to the various parts of the body.

No mRNA therapies have ever been approved by FDA and this innovation could represent a breakthrough technology in the field of medicine. However, the company is still years away from commercialization with currently 10 mRNA-based early-stage clinical trials for infectious disease, oncology, cardiovascular disease, and rare genetic diseases.

Moderna is not alone in this field as German-based CureVac notably, which made the initial discovery that the RNA biomolecule could be administered directly into tissue once the biological properties of the molecule are appropriately modified, also raised \$420M to date.

Even if those drugs could transform the biotechnology space from an industry based on selling drugs to an industry which would sell information which is used to code the drugs, it is still very speculative, but one where the newsflow is likely to get richer in the quarters and years to come.

The rise of technology platform companies is driving a new wave of IPOs in the biotech sector. Indeed, through platforms, even if one drug doesn't succeed, there are still many other potential drug targets that can succeed. The strong appetite from the market for high-risk biotech companies and the enthusiasm of regulators to facilitate the approval of new therapies have also pushed companies to go public.

What should we expect for 2019 in terms of key clinical data?

We believe that 2019 will be the year of NASH, the most severe type of the non-alcoholic fatty liver disease (NAFLD), which is an abnormal accumulation of fat in the liver leading to liver cirrhosis or liver cancer. NASH is a chronic and silent disease with no approved treatment.

This market is estimated to reach \$18B by 2026 according to GlobalData. NASH represents an attractive market for pharma and biotech companies with a high M&A and strategic alliance activity.

Intercept Pharmaceuticals will certainly be the first in 2019 to present key data from its two ongoing Phase 3 clinical trials for OCA. **Genfit** on the other side received this month a new positive recommendation from the Data Safety Monitoring Board (DSMB) for the continuation of the RESOLVE-IT Phase 3 clinical trial evaluating Elafibranor in NASH without any modifications. Genfit will also present key data on Elafibranor in H2-2019.

Top 3 Contributors

Name

ABIOMED INC
BLUEPRINT MEDICINES CORP
EXELIXIS INC

Worst 3 Contributors

Name

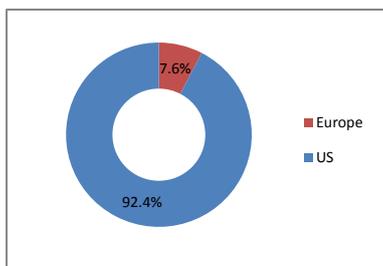
BIOTELEMETRY INC
NEKTAR THERAPEUTICS
NEUROCRINE BIOSCIENCES INC

Top 3 Holdings

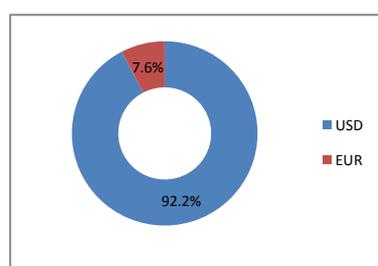
Name

BIOTELEMETRY INC
PACIFIC BIOSCIENCES OF CALIF
NEKTAR THERAPEUTICS

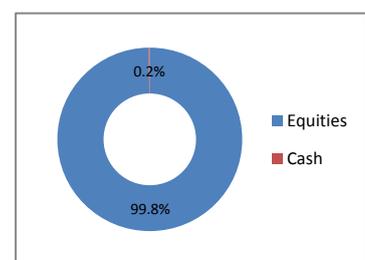
Geographical Breakdown



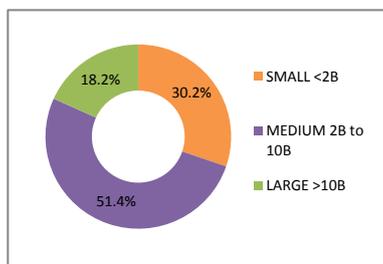
Currency exposure



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.

Although AtonRâ Partners SA believes that the information provided in this document is based on reliable sources, it cannot assume responsibility for the quality, correctness, timeliness or completeness of the information contained in this report.

The information contained in these publications is sent to you by way of information and cannot be divulged to a third party without the prior consent of AtonRâ Partners. It cannot be considered under any circumstances as an offer to sell, or a solicitation of any offer to buy financial instruments.

Any indices cited herein are provided only as examples of general market performance and no index is directly comparable to the past or future performance of the Certificate.

It should not be assumed that the Certificate will invest in any specific securities that comprise any index, nor should it be understood to mean that there is a correlation between the Certificate's returns and any index returns.

Any material provided to you is intended only for discussion purposes and is not intended as an offer or solicitation with respect to the purchase or sale of any security and should not be relied upon by you in evaluating the merits of investing in any securities.