

The Bionics Index is a long-only, USD-based, actively managed total return index.

Innovations in the fields of medicine, artificial intelligence, robotics and sensors are finally giving a new life to medical technologies and are making human enhancement a reality.

Bionics, which is taking on human body dysfunctions and disabilities and, more globally, helping improve the wellness and lifespan of the world population, will arguably benefit from long-term drivers, notably an ageing world population, a shortage of donated organs, the limit of age for organ transplantation and technological advancements.

The investment universe encompasses next-generation prosthetics, medical wearables and devices, surgical robots, exoskeletons, 3D printing, synthetic biology and artificial intelligence that all play a major role in the emergence of bionics.

Main Features

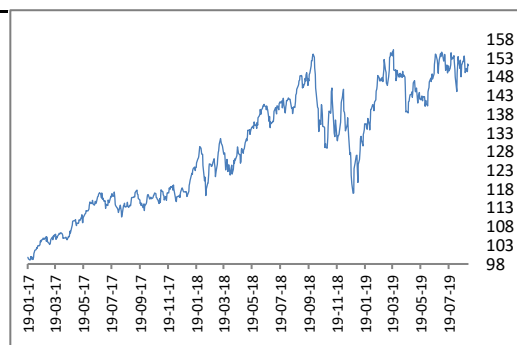
Asset Class	Equity
Inception Date	12-Jan-17
Currency	USD
Type of Return	Total Return
Ticker	NXSRBION
ISIN	XS1317063912
Issuer	NATIXIS
Issue Price	100.0
Last Price	151.0
Sharpe Ratio	0.94
Correlation	0.78
Beta	1.38
Benchmark	MSCI World Health Care

MONTHLY RETURNS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL
2019	9.7%	7.6%	-0.2%	-3.8%	-2.2%	8.3%	-0.3%	-0.7%					18.9%
2018	9.7%	-2.9%	0.7%	2.5%	5.9%	0.2%	3.5%	5.8%	3.9%	-12.5%	5.5%	-10.7%	9.5%
2017	-0.2%	4.3%	2.2%	3.0%	2.9%	2.7%	-2.4%	2.5%	-1.9%	1.7%	3.2%	-2.6%	15.9%

HIGHS/LOWS

	Price	Date
All Time High	155.2	21-Mar-19
All Time Low	99.1	23-Jan-17



August 2019 highlights

The AtonRâ Bionics certificate lost 0.7% in August, underperforming the MSCI World Health Care by 0.7%. Year-to-date, it outperforms its reference index by 10.4% and launch-to-date (January 12, 2017), it outperforms by 20.6%.

Innovative medical devices have traditionally been trapped in the so-called *Valley of Death*, the time gap between product approval and reimbursement.

Under current conditions, companies find challenging to achieve both FDA approval and insurance coverage simultaneously. The difficulty is due to the different requirements demanded by the FDA and Medicare and Medicaid Services (CMS), whose reimbursement decision is typically followed by the other insurance companies. While FDA stresses for safety and efficacy over a legally marketed device, CMS looks for novelty and focuses on the superiority of a product relative to the golden standard.

Receiving a market approval does not indicate whether the device provides a meaningful, therapeutic benefit to most patients under real-world conditions. This benefit is usually examined during post-market assessments in comparison to existing alternatives. Companies must invest additional, often substantial, time and money into cost-effectiveness trials to demonstrate the therapeutic benefit to insurance providers.

In 2002, Medicare introduced the New Technology Add-on Payment (NTAP) Program to provide higher reimbursement for new, cost-effective technologies which show **substantial clinical improvement** over existing technologies. In 2016, the FDA established the Breakthrough Device Program to expedite the development and FDA review of devices that provide for more effective treatment or diagnosis. Under the current NTAP payment policy, CMS requires evidence that devices represent a substantial clinical improvement to qualify for the coverage. It can be challenging to demonstrate this requirement at the time of FDA clearance. As a result, many transformative technologies coming to the market are still not receiving an adequate payment, leading hospital to curtail access to needed therapies.

All this is about to change, as CMS recently announced that it would be bridging the gap. Devices participating in the Breakthrough Device Program will get boosted reimbursement. The adopted proposal aims at:

1. Eliminating the requirement to prove substantial clinical improvement. Breakthrough devices will be considered new and not substantially similar to existing technology, starting in the fiscal year 2021.
2. Increasing reimbursement amount from October 2019 (FY 2020). Such payment will apply to all current and new technologies receiving an add-on payment. However, if the device companies desire to receive this increased payment over time, they will still need to prove the substantial clinical benefit within two years from the granted status.

The consequences of this rule can be significant for the medical device industry. The additional CMS payment will give more patients timely access to the latest device innovations, improving their health outcomes and quality of care. A higher penetration rate of transformative technologies should act as a positive catalyst to existing products on the market. Moreover, since the path to reimbursement for any breakthrough devices gets shorter, innovative companies will face less uncertainty and are incentivized to develop new products.

Top 3 Contributors

Name

INSULET CORP
 GLOBUS MEDICAL INC - A
 BIO-RAD LABORATORIES-A

Worst 3 Contributors

Name

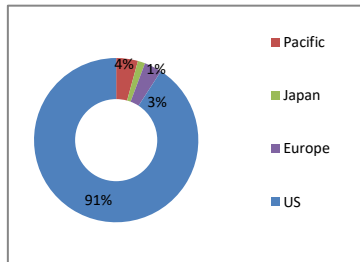
BIOTELEMETRY INC
 ABIOMED INC
 GUARDANT HEALTH INC

Top 3 Holdings

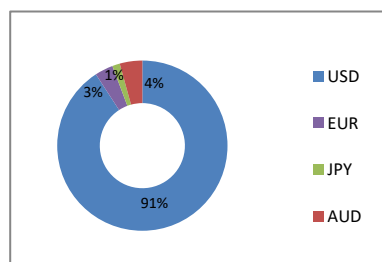
Name

INSULET CORP
 BIOTELEMETRY INC
 THERMO FISHER SCIENTIFIC INC

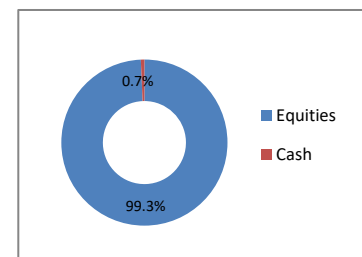
Geographical Breakdown



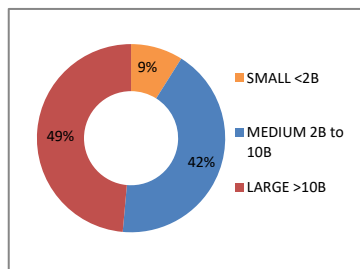
Currency exposure



Asset Allocation



Equity Market Capitalization



Equity Liquidity

1 to 3 days to liquidate*	91%
3 to 5 days to liquidate	0%
More than 5 days to liquidate	9%

*on average daily trading over the last 3M

Important Information

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

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

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

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

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