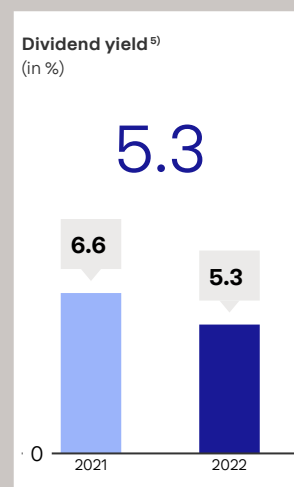
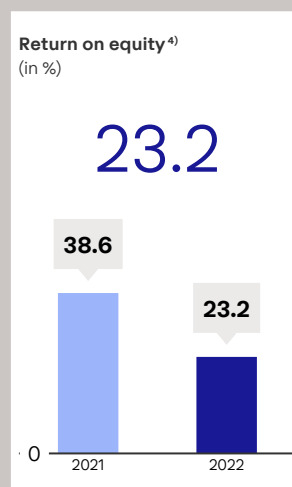
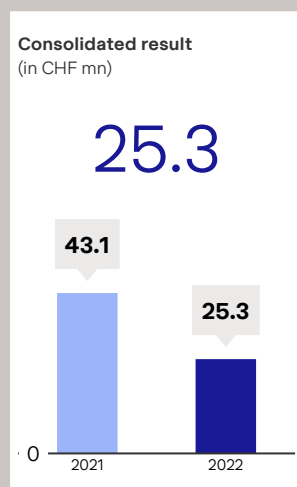
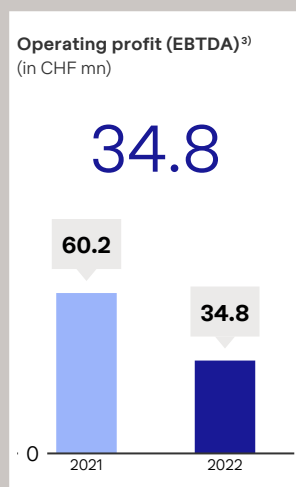
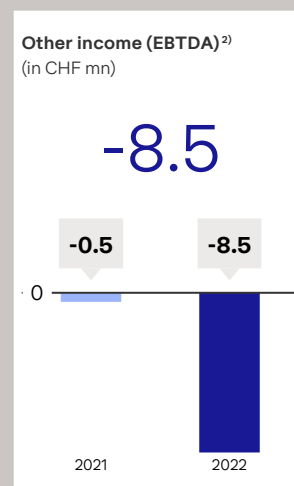
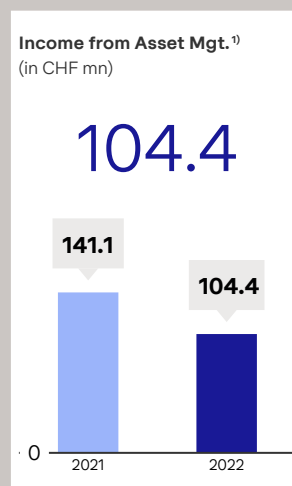
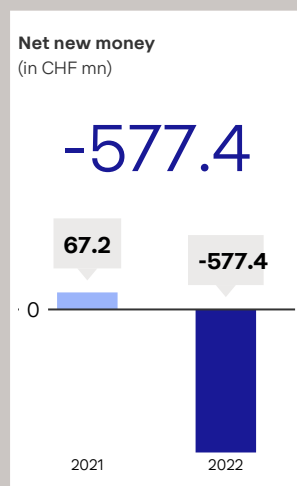
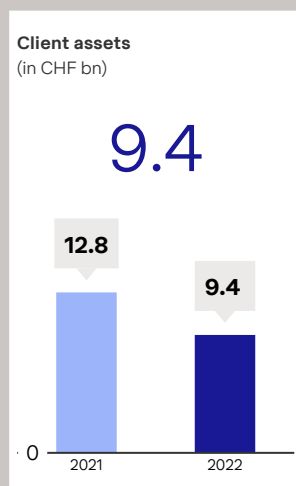




Annual Report 2022

Key figures



¹⁾ Includes net management fees, performance fees and transaction-based revenue

²⁾ Includes book gains/losses on own investments, net financial income (mainly for employee stock ownership plans) and other net income

³⁾ Earnings before depreciation, amortization, impairment losses and taxes

⁴⁾ Based on reported net profit and average equity for the preceding 12-month period after distribution of the respective dividends

⁵⁾ Based on the ordinary dividend of CHF 2.00 and the closing share price on December 31, 2022 (CHF 2.70 and closing share price on December 31, 2021)

Source: Bellevue Group, as at December 31, 2022

Milestones

Consistent strategy execution

- Positioning as a pure-play specialized asset manager established and strengthened
- Selective development and strengthening of core healthcare business are under way
- Constant monitoring and fine-tuning of existing product offering and setup
- Focus is on product innovation and on establishing additional sources of income

Development of expertise and performance

- Ongoing, successful recruitment of proven teams of experts and new talent
- Renewal and upgrading of existing investment tools (new systems in 2023), processes and analytics (incl. Big Data/AI)
- Improved risk management functions and instruments
- Constant monitoring and adjustment to further strengthen and refine performance quality

Anti-cyclical platform investments

- Substantial anti-cyclical investments to ensure future success
- Targeted renewal and expansion in IT and infrastructure areas
- New operating locations in Zug, Frankfurt and Zurich (2024/25)
- Expansion of distribution capabilities, footholds to be established in new target markets
- Ongoing development of ESG as a new market reality

At a glance

	2022	2021	Change
Consolidated income statement (in CHF 1'000)			
Revenues from asset management services	104 383	141 096	- 26.0%
Total operating income	95 862	140 618	- 31.8%
Total operating expenses	- 61 044	- 80 389	- 24.1%
Total operating profit	34 818	60 229	- 42.2%
Group profit before tax from continuing operations	31 194	53 590	- 41.8%
Group net profit	25 300	43 063	- 41.2%
Cost/Income ratio ¹⁾	63.7%	57.2%	-
Undiluted/Diluted earnings per share (in CHF)	+1.90	+3.24	- 41.4%
Asset under management (in CHF million)			
Total managed assets	9 413	12 793	- 26.4%
Net new money	- 577	67	n.m.
Consolidated balance sheet (in CHF 1'000)			
Total assets	185 211	226 622	- 18.3%
Total liabilities	51 324	80 032	- 35.9%
Total shareholders' equity	133 887	146 590	- 8.7%
Total shareholders' equity after the proposed dividend	106 964	110 244	- 3.0%
Equity per share (in CHF)	9.95	10.89	- 8.7%
Return on equity ²⁾	23.2%	38.6%	-
Dividend			
Dividend per share (in CHF) ³⁾	2.00	2.70	- 25.9%
Dividend yield ⁴⁾	5.3%	6.6%	-
Staff (FTE)			
Number of staff at cutoff date	96.9	91.4	+6.0%
Year average number of staff	92.7	93.9	- 1.3%
Share price			
Share price of Bellevue Group registered shares (in CHF) as at 31.12.	37.40	41.20	- 9.2%
Year low / Year high (in CHF) ⁵⁾	28.70 / 43.70	30.40 / 45.60	
Market capitalization (in CHF million)	503	555	- 9.2%

¹⁾ Defined as: operating expenses/operating income

²⁾ Based on group net profit and average shareholders' equity after deduction of the proposed dividend

³⁾ Proposal of the Board of Directors to the Annual General Meeting

⁴⁾ Calculated from share price as at 31.12.

⁵⁾ End of day prices

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Business report

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Shareholder letter



André Rüegg, Chief Executive Officer, and Veit de Maddalena, Chairman of the Board

Dear Shareholders,

2022 was one of the most challenging investment years in more than a decade. Multiple crises surprised experts and investors alike. Escalating geopolitical tension in the wake of the Russian invasion of Ukraine, the unexpectedly sharp rise in interest rates and the unrelenting increase in inflation pressured the world economy. Investor confidence was clearly shaken by the cumulation of events, leading to significant outflows from every asset class.

Against this backdrop, Bellevue Group, like the entire financial sector, was confronted with dramatic downturns across its business landscape. Meanwhile Bellevue's time-tested investment strategy focused on innovative small and mid-sized companies across the global healthcare sector was challenged very early in the year by a sustained correction in these stocks. While that led to significantly lower earnings compared to the exceptional, record-breaking year of 2021, the reported results are comparable with pre-pandemic figures.

Simple, robust, and low-risk business model a sturdy foundation

Since the implementation of its current positioning as a specialized asset manager with internationally recognized core competencies in healthcare, selected traditional niche strategies, and private market investments, Bellevue has operated with a simple and understandable business model. With our high-performing team, we have established a selective focus on investment niches within the healthcare sector that are distinguished by top quality and powerful innovation. Bellevue combines high earnings power with cost agility by virtue of its entrepreneurial compensation model. As a result, it has a robust and low-risk financial profile that has proven its worth in every market situation. Creating value for clients, shareholders and employees has been our ambition from the beginning. An attractive dividend yield is one way of sharing the success we achieve together. Dedicated, highly qualified employees who are invested in the investment strategies they manage are the very

foundation of Bellevue and almost all staff have a financial stake in Bellevue Group as shareholders.

Asset outflows represented less than 5% of client assets under management.

Stable AuM in the second half of the year – loyal clients thanks to acknowledged expertise and strong client relationships

Investor interest in the healthcare sector soared during the COVID-19 pandemic and ultimately led to Bellevue's record earnings in 2021, but market turbulence during the past year under review resulted in a significant contraction in assets under management, particularly during the extremely challenging first half of the year. In the second half, the asset base was fairly stable overall. Pressure from the interest rate front subsided, fueling a brief recovery in stock prices, especially in the small and mid cap segments of the global healthcare sector, but a sustained rebound has not yet been seen. Despite the negative market performance, asset outflows of CHF 577 mn represented less than 5% of client assets under management. Assets under management declined by 26% from the record-high level of 2021 to CHF 9.4 bn. Our investment expertise is acknowledged by our very loyal clientele amid the very difficult market environment and therefore our broad international base of clients has remained very stable.

Product developments 2022

Surging inflation in the US and Europe was a defining aspect of the 2022 investment year. Central banks in the West were compelled to enact a series of aggressive rate moves to tackle high inflation. Stocks and bonds corrected sharply. In the equity market, small and mid cap stocks showed the biggest losses along with growth stocks. Markets began to regain their footing during the second half of 2022, which also benefited Bellevue strategies.



Profitability declines to pre-pandemic level – constructive compensation model

Earnings were clearly impacted by the lower average asset base. Income from asset management services declined by about one-quarter to CHF 104 mn. At the same time, unrealized losses of CHF 10 mn due to market declines were recognized on investments in own investment products and on financial assets related to equity-based employee compensation. Total operating income thus declined by about 32% year-on-year to CHF 95.9 mn.

Thanks to our entrepreneurial compensation model, we quickly brought the cost base into alignment with the general business environment, resulting in a 29% decline in personnel expenses that is comparable with the reduction on the income side. General operating expenses were largely unchanged, resulting in an overall decline in expenses of 24%. The cost/income ratio came in at 64%, bringing a temporary end to the positive multi-year trend in this indicator. Despite last year's increase, the ratio remains within the short-term target range of 60–65%. Consolidated net profit declined by 41% to CHF 25.3 mn. The return on equity is 23.2% (previous year: 38.6%).

Attractive dividend policy maintained, thanks to the Group's financial solidity

Bellevue's equity situation remains strong and its balance sheet is uncomplicated and debt-free. Surplus equity of CHF 39 mn and our confidence in Bellevue's robust business model enable us to maintain a predictable and attractive dividend policy, even after a year that fell short of our ambitions.

Dividend 2023
(proposed)

CHF 2.00

Accordingly, the Board of Directors will propose an ordinary dividend of CHF 2.00 per share at the Annual General Meeting on March 21, 2023. This is well above the pre-pandemic dividend payout and corresponds to a dividend yield of 5.3% based on the 2022 closing price.

Further earnings diversification via steady expansion of «Bellevue Private Markets»

The acquisition of adbodmer AG in 2019 marked the start of Bellevue's efforts to build up its Bellevue Private Markets unit and further diversify its income streams while reducing its reliance on the stock market. In the ensuing three years, we have systematically expanded our activities in the structural growth market of private-market investments and sharpened our profile as a specialized asset manager.

Bellevue Private Markets is now active in the three areas of direct equity investments, co-investment funds, and private equity secondary strategies. Direct investments are made in collaboration with an exclusive «deal-by-deal» group of investors, to which seven new members were admitted in 2022, raising the total number of investors to 30 (entrepreneurs, families and selected institutions). This business activity is focused on minority stakes in successful, privately owned SMEs in the DACH region that support future growth. There are currently 14 active investments in the Private Markets portfolio, representing an investment volume of more than CHF 270 mn. During the past year three new deals were arranged. In view of the maturity of the investments in the portfolio, we realistically expect to realize the initial exits along with attractive earnings potential over the next 6–18 months.

Bellevue offers co-investment vehicles to give a broader range of investors access to the deal flow of the aforementioned investor group as well as other exclusive investment opportunities. The first co-investment fund, «Bellevue Entrepreneur Private I» was launched beginning of 2021 for this purpose. It was successfully closed in the summer of 2022 after raising CHF 63 mn in funds, more than half of which is already invested in seven promising companies based in Switzerland, Germany and Austria. A second fund will be launched as soon as the first co-investment fund is largely invested.

The direct investment and the co-investment franchises are rounded off with scalable special strategies. Leveraging the expertise of our highly experienced team for the private equity secondary market that joined Bellevue in December of last year, we launched «Bellevue Global Private Equity» in January of 2023, a strategy focused on the niche segment of so-called secondaries. This fund is focused on small transactions of less than USD 30 mn within the small- and mid-sized market. In view of the currently record-high deal flow and the attractive market conditions for buyers of top-quality assets with falling valuations (discounts to NAV have been widening), the investment opportunities in this highly specialized segment

are very attractive. The target size of the secondaries fund is USD 200 mn, which is expected to be reached during the first half of 2024. Initial investment transactions are pending.

The steady expansion of the Private Markets activities is intended to enhance the Group's recurring income potential and provide Bellevue with an additional source of performance-based earnings (so-called carry).

Changes in the Board of Directors

We are very pleased to propose Barbara Angehrn Pavik as a new member of the Board of Directors to our shareholders at the Annual General Meeting on March 21, 2023. Barbara Angehrn Pavik has held a number of executive functions across the international healthcare industry for more than 20 years, most recently as Chief Business Officer and a member of the Executive Board at Vifor Pharma Group. Prior to the four years she spent at Vifor Pharma Group, Barbara Angehrn Pavik was the founder and CEO of Stepstone Pharma and she also held executive positions at Exelixis Pharmaceuticals International, San Francisco, Onyx Pharmaceuticals International, Zug, and Amgen International, Zug. Barbara Angehrn Pavik has been on the Board of Directors of Medmix since 2022. Barbara Angehrn Pavik will serve on Bellevue's Board of Directors and further strengthen its expertise. With her many years of international experience, she can give our Group, a leading healthcare investment specialist, additional valuable inputs in the years to come.

After serving as a director for Bellevue Group AG for 16 years, Daniel Sigg has announced that he will not be standing for reelection at the upcoming Annual General Meeting in 2023. Daniel Sigg left a distinctive mark on Bellevue's corporate development and transformation, most recently as Vice Chairman of the Board of Directors. The Board of Directors and the Executive Board thank Daniel Sigg for his dedication and valuable service.

Steady investments in asset management capabilities – healthcare remains a megatrend

In addition to expanding its capabilities and product offering in the «Private Markets» segment, Bellevue is steadily investing in its asset management capabilities as well as in the enhancement of its investment product quality and growth. The recent enlargement of the Investment Team for our flagship product BB Biotech AG through the recruitment of specialists in data analytics and in the therapeutic field of neurology serves as an example here. We are also investing substantially in the modernization of our IT infrastructure and tools. Examples here are the planned implementation of a modern portfolio and risk management tool that will further improve our investment management and monitoring capabilities.

We intend to hire additional sales professionals to strengthen our presence in all segments of our core markets of Switzerland, Germany and the UK. At the same time we will seize opportunities for growth in strategic secondary markets such as Austria, Spain, the Benelux and Scandinavia as well as in selected Latin American countries. Our recently established presence in Singapore bolsters our ability to serve existing clients in the region and target further opportunities for growth in Asia.

Distribution developments 2022

Bellevue's client base in its core markets of Switzerland, Germany and the UK remains strong. In Bellevue's strategic secondary target markets of Austria, the Benelux and Italy, growth dynamics weakened slightly due to the difficult market conditions. Only in Spain did business show above-average growth. After a long delay because of the pandemic, Bellevue's Asia office commenced operations in collaboration with a local partner.



Bellevue expects the general market environment to remain very volatile and challenging. High inflation rates, the prospect of more interest rate hikes, and geopolitical uncertainty are unlikely to brighten investor sentiment in the short term. Healthcare will remain an investment megatrend. We are equally convinced of the viability of Bellevue's business model and its positioning as a specialized asset manager in the attractive healthcare sector and in the fast-growing market for private market investments. As a «House of Investment Ideas», we will act with agility in seizing investment opportunities that benefit the clients we serve. We reiterate our long-term guidance, provided that markets are constructive.

Our general confidence is bolstered by the loyalty of our clients and shareholders and by the tremendous efforts of our employees. All of them were an inspiring and much appreciated constant amid a very challenging business environment. Our claim remains unchanged even in demanding times: create value for our clients and shareholders. Everyone at Bellevue strives to do so every day. On behalf of the Board of Directors and the Group Executive Board, we thank our employees for their extraordinary and greatly appreciated commitment. We also thank our clients and shareholders for their enduring trust.

Handwritten signature of Veit de Maddalena in black ink.

Veit de Maddalena
Chairman of the Board

Handwritten signature of André Rüegg in black ink.

André Rüegg
Chief Executive Officer

A summary of fiscal 2022

How did Bellevue Group perform in a difficult market environment? André Rüegg, CEO, and Michael Hutter, CFO, comment on the 2022 annual results.

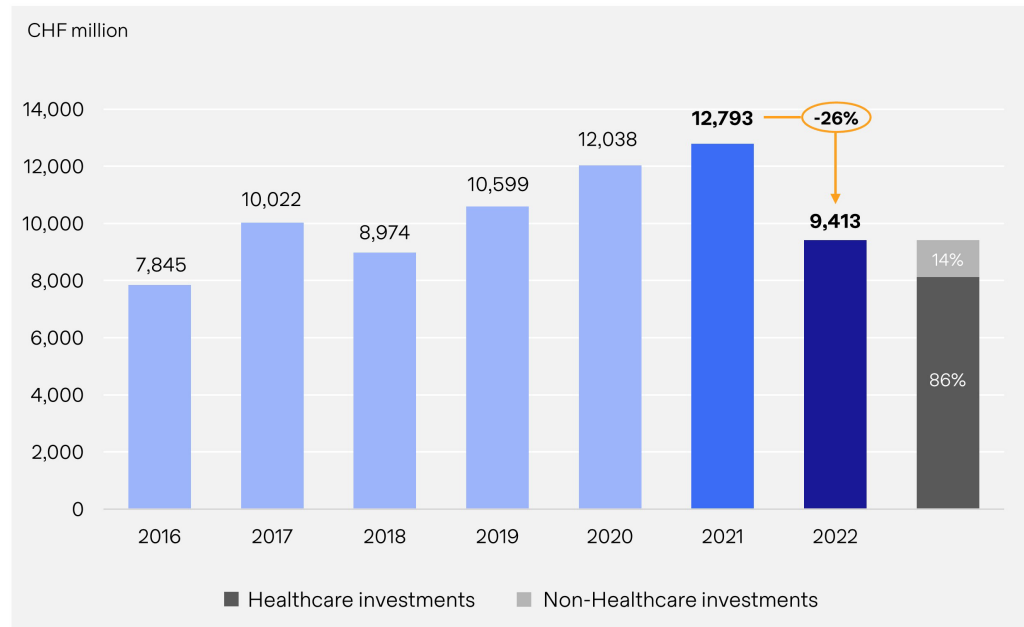


Investor presentation



Contraction in asset base due to market dynamics and positioning

Change in AuM 2016 – 2022



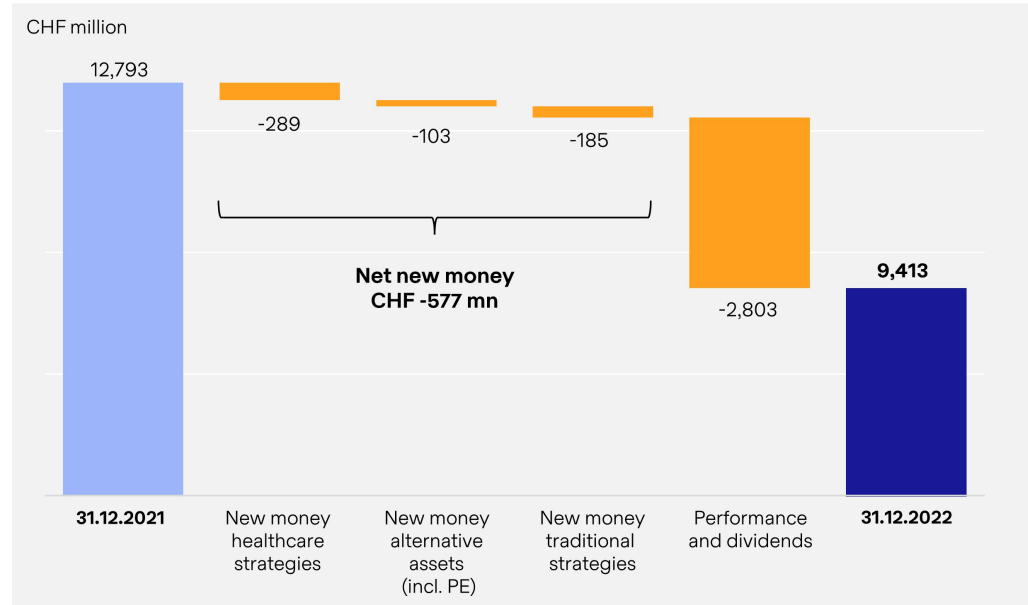
Source: Bellevue Group, as at December 31, 2022

Temporary consolidation after AuM hit all-time highs in 2020/2021

- AuM shows significant decline of nearly CHF 3.4 bn or –26% to CHF 9.4 bn
- Sustained positive growth from 2018–2021 temporarily interrupted by market headwinds and strategic positioning
- The relatively few defensive investment strategies were likewise affected by interest rate developments and were unable to prevent the sharp contraction
- Still solid fundamentals and currently attractive valuations will boost asset growth when markets recover
- Alternative investment strategies (esp. private market investments) and product innovation will remain a priority in 2023

AuM contraction largely attributable to negative market performance

AuM in 2022



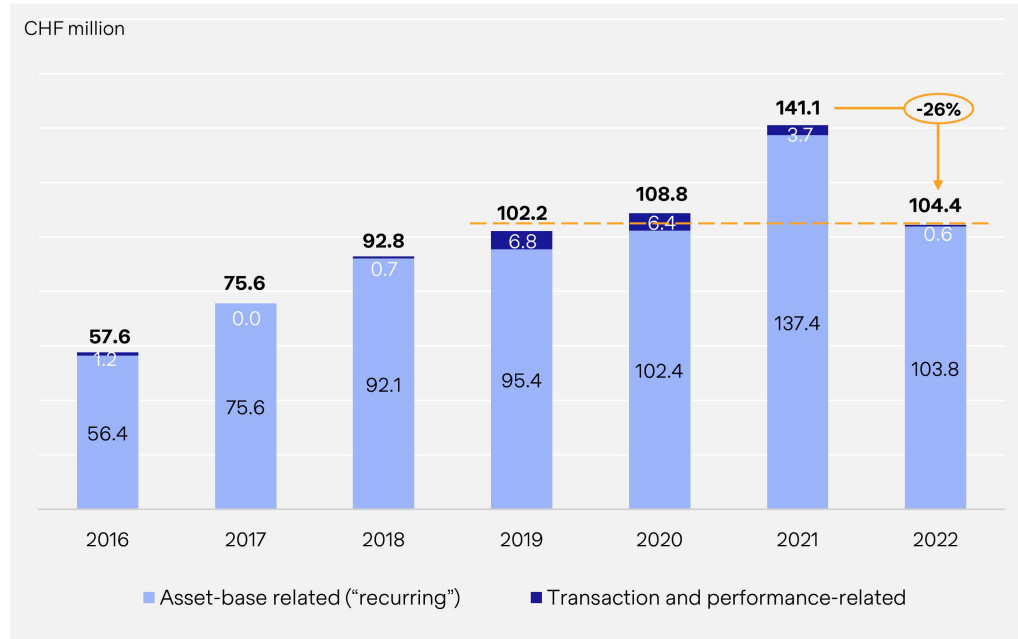
Source: Bellevue Group, as at December 31, 2022

Negative investment performance has wider repercussions – very stable client base an important foundation for future results

- 83% of the decline in AuM attributed to negative market performance
- Despite the significant market volatility, client base remained very stable – outflows represent less than 5% of AuM
- Outflows from alternative investment strategies limited to Global Macro strategy
- Promising developments in the new Private Markets business are not reflected in AuM base (direct investments)

Earnings recede to pre-pandemic levels after «COVID-19 bull-market»

Operating income from asset management activities, 2016 – 2022



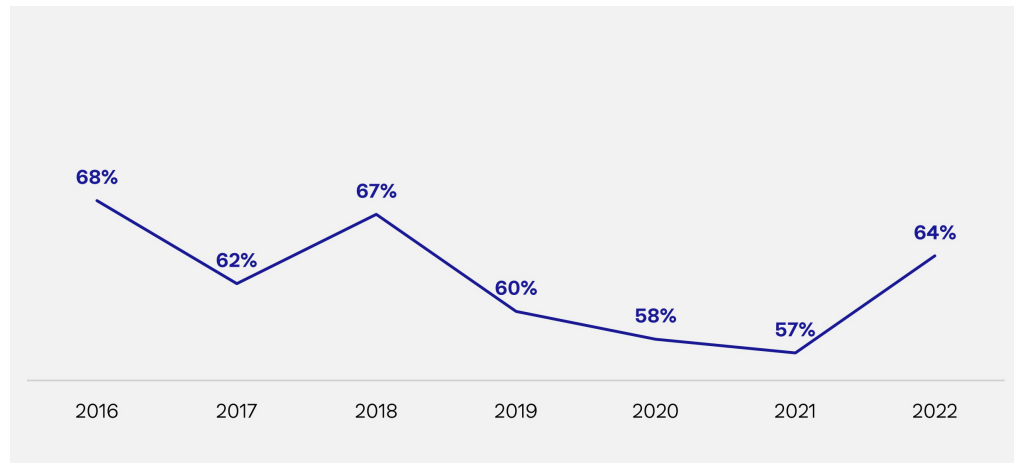
Source: Bellevue Group, as at December 31, 2022

Income from asset management activities declines by 26%, mirroring the decline in AuM

- Earnings have «normalized» around the 2019/20 level after the exceptionally strong performance in 2021
- High percentage of recurring income amounting to more than CHF 100 mn reflects the high-quality AuM base with a stable margin
- Contribution from transaction and performance fees still a low CHF 0.6 mn, which creates upside potential
- A mature portfolio of private market investments has been established as an attractive new source of income («carry income»)

Operating expenses

Cost-income ratio (CIR)
(based on operating profit)

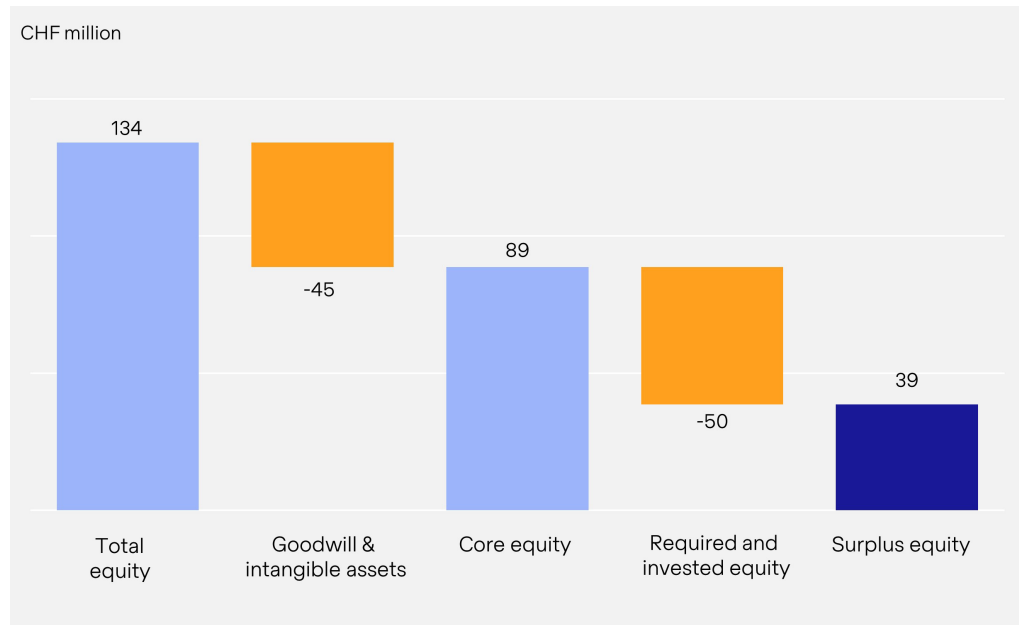


Source: Bellevue Group, as at December 31, 2022

- Temporarily higher CIR of 64%, within the short-term target range of 60–65%
- Positive long-term CIR trend temporarily stalled due to losses on investments in own products and in financial assets
- High scalability of business model intact

Strong equity base

Capital structure and management
As at December 31, 2022 (consolidated)



Source: Bellevue Group, as at December 31, 2022

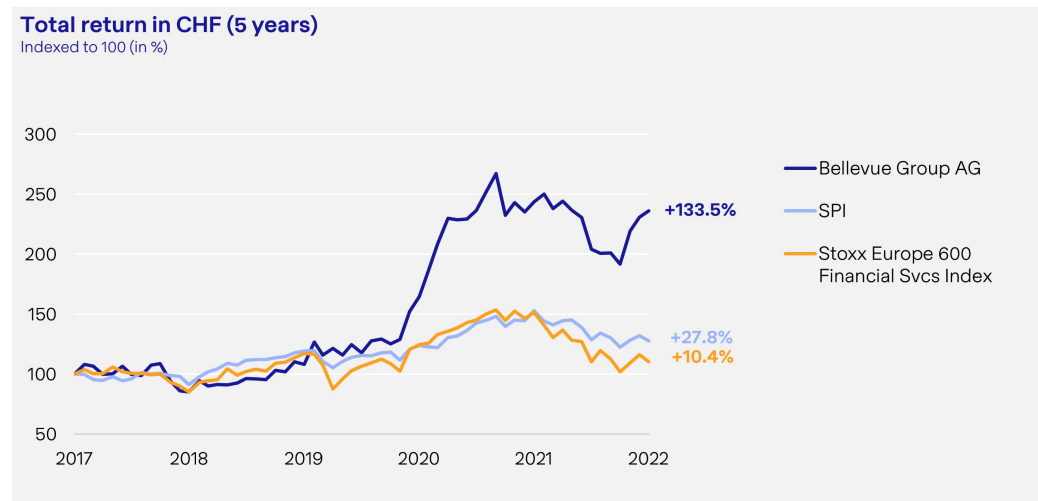
Robust and low-risk financial profile affords flexibility

- Equity capital remains solid thanks to sustained earnings power
- Reduction in goodwill & intangibles (prior year: CHF 48 mn), which reflects ordinary depreciation
- Required level of regulatory minimum capital as a pure asset manager is lower, enabling a very attractive return on equity
- Surplus equity of CHF 39 mn provides leeway for attractive payouts
- Simple and debt-free balance sheet

Share performance

Bellevue Group shares (BBN SW)

Pleasing performance compared to relevant indexes and other asset managers



Source: Bloomberg, Bellevue Group, as at December 31, 2022

Market capitalization

(in mn CHF)

503

as of 31.12.2022

Dividend for 2023

(in CHF)

2.00

Dividend yield

(in %)

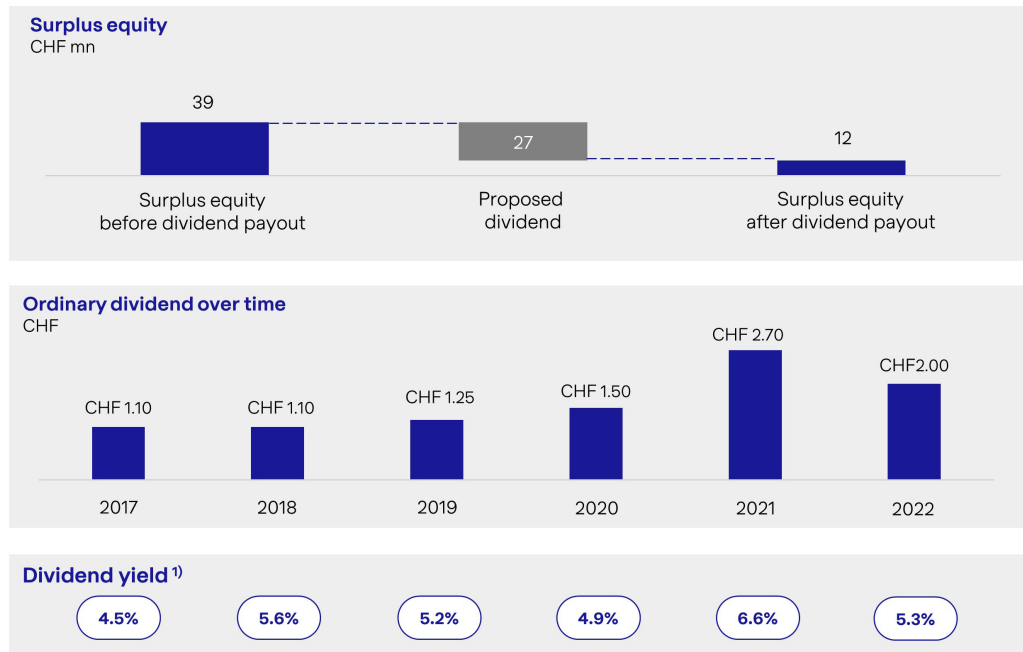
5.3¹⁾

as of 31.12.2022

¹⁾Based on ordinary dividend of CHF 2.00 and share price on December 31, 2022

Attractive value creation for shareholders

Confidence in the business model is reflected in the dividend policy



¹⁾ Based on the ordinary dividend and closing share price at year-end
Source: Bellevue Group, as at December 31, 2022

Proposed dividend of CHF 2.00 per share

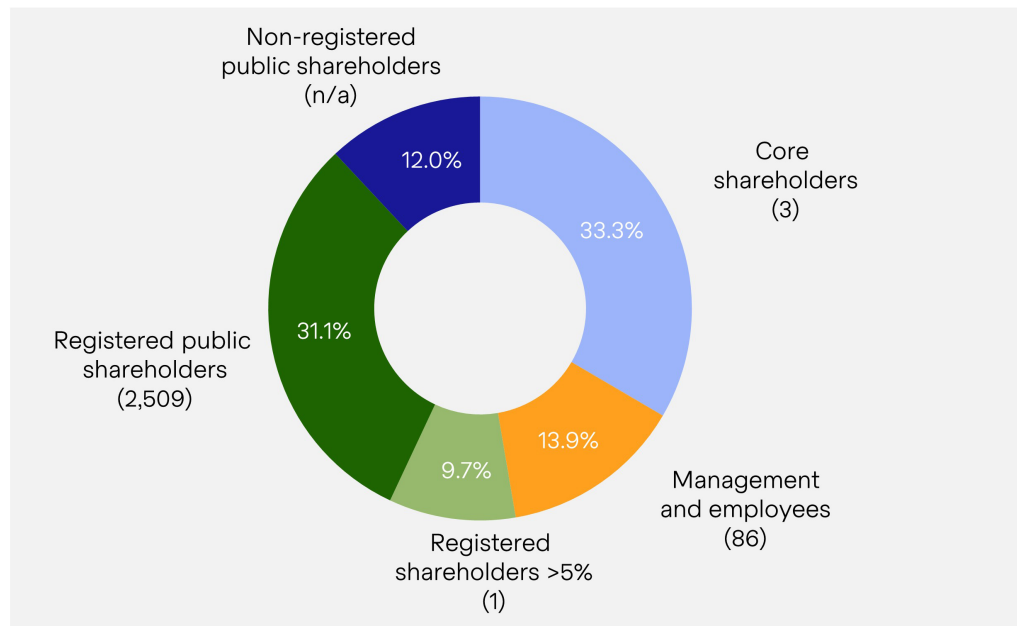
- Dividend proposal of CHF 2.00 per share reflects solid earnings power despite the difficult market environment
- The amount of the payout is based on operating income

Shareholder-friendly dividend policy confirmed

- Steady earnings ensures stable funding of an attractive dividend policy over the long term
- Steady trend reflects steady increase in earnings power (2021 being an exceptional year)
- High payout ratio underlines confidence

Shareholder base

Structure of the shareholder base as of December 31, 2022



Source: Bellevue Group, as at December 31, 2022

Attractive value creation leads to stable shareholder base

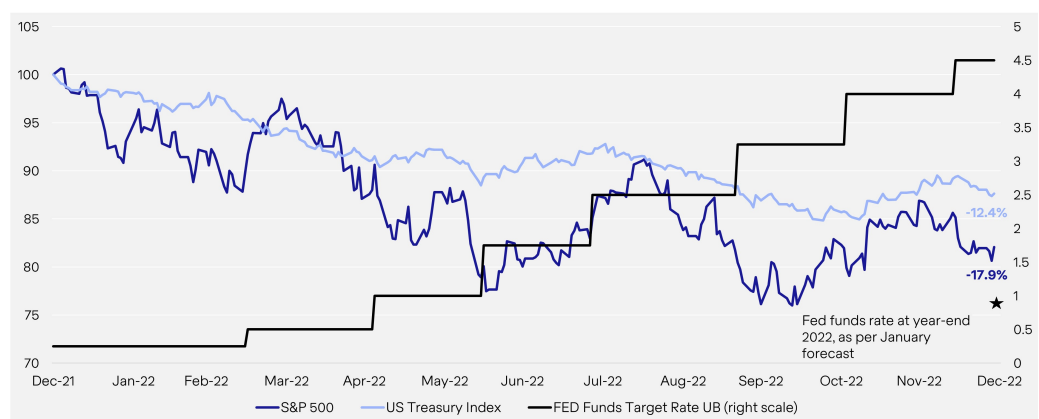
- Strong commitment of core shareholders
- Management/employee shareholders (31.12.2021: 13.7%)
- Hansjörg Wyss, a long-term oriented shareholder (9.7%) won in 2020
- Very transparent shareholder base: 88% registered (2 599 shareholders)
- Shareholder-friendly dividend policy unchanged, strengthening sense of continuity

Product developments

Surging inflation in the US and Europe was a defining aspect of the 2022 investment year. Central banks in the West were compelled to enact a series of aggressive rate moves to tackle high inflation. Stocks and bonds corrected sharply. In the equity market, small and mid cap stocks showed the biggest losses along with growth stocks. Markets began to regain their footing during the second half of 2022, which also benefited Bellevue strategies.

2022 was a year of major macroeconomic surprises, especially the readouts on GDP growth in the US, which was much more resilient than generally expected. Inflation therefore remained at high levels and was further stoked by the war in Ukraine and the resulting high energy prices, as well as by supply-chain constraints in China. US inflation as measured by the consumer price index peaked at 9.1% in June.

Financial markets have always shown a strong reaction when actual data clearly diverges from consensus forecasts. Early in 2022, the US Federal Reserve predicted that the Fed funds rate would be around 1% at the end of 2022. However, the Fed was compelled to take repeated action over the course of the year in response to the high inflation, as was the European Central Bank (ECB). It announced seven increases in the Fed funds rate last year, bringing it from 0.25% to 4.5%, while the ECB announced four rate hikes, raising its main lending rate from 0% to 2.5%. Against this backdrop, bond and equity markets corrected sharply in 2022.



Source: Bloomberg, Bellevue Asset Management, Duration US Treasury Index 7.67 years, data as at December 31, 2022

Healthcare – rising interest rates hurt investment performance, initial signs of recovery in second half

Faced with quickly rising interest rates, investors last year flocked to defensive large and mega cap stocks. In the healthcare sector, investors bought up pharmaceutical stocks and

large or mega cap stocks in the managed care and biotech subsectors. The Russell 1000 Healthcare Index, which tracks large/mega caps in the healthcare sector, outperformed the small and mid cap Russell 2000 Healthcare Index by a wide margin for a second year in a row. That is a stark contrast to 2020, when the coronavirus broke out and small and mid cap growth stocks significantly outperformed their larger counterparts.

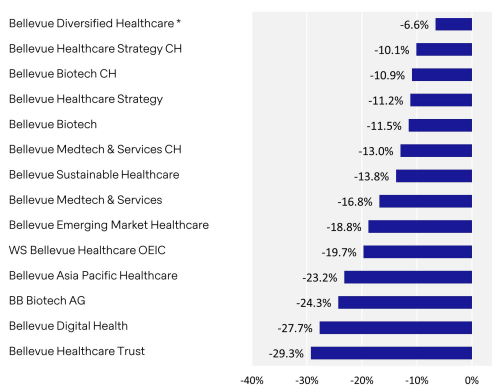
Annualized performance in USD (in %)

	2022	2021	2020
Russell 1000 Healthcare	- 4.0%	23.3%	17.1%
Russell 2000 Healthcare	- 29.0%	- 17.6%	45.3%

Bellevue continues to focus primarily on small and mid cap stocks in its healthcare portfolios, as this market segment clearly displays stronger-than-average growth momentum over time. When interest rates are on the rise, however, stocks like these often experience the greatest selling. With the stabilization of mid- and long-term rates during the second half of 2022, our healthcare strategies began to show initial signs of a recovery.

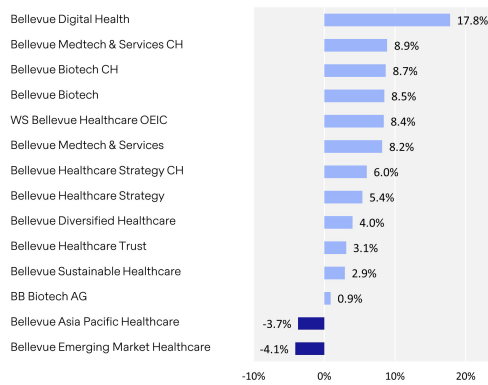
Specialized healthcare strategies

Absolute Performance 2022, in USD



Specialized healthcare strategies

Absolute Performance H2 2022, in USD



*Launched as of March 31, 2022

Source: Bellevue Group, as at December 31, 2022

BB Biotech's NAV declined by 12.1% during the year under review. BB Biotech AG shares corrected far more, down 24.3% yoy, and the share premium therefore receded from 28.8% in the previous year to 12.6% at year-end 2022. Among the large core portfolio positions, Neurocrine (+40.2%), Alnylam (+40.1%), Vertex (+31.5%), Ionis (+24.1%), Incyte (+9.4%) and Argenx (+3.9%) made positive contributions, whereas most of the small and mid cap positions in the portfolio delivered clearly negative returns (performance in USD).

The share price of Bellevue Healthcare Trust also had a negative return in 2022, -29.3% in USD (NAV -20.5%). Like many other UK investment companies, Bellevue Healthcare Trust shares showed a discount to NAV (-8.9%) at year-end 2022, compared to a slight premium of 2.6% a year earlier. Many of the stocks in its portfolio are mid cap growth stocks, which is why the strategy underperformed the MSCI World Healthcare Index.

The Bellevue Medtech & Services Fund (-16.8% in USD) managed to beat its benchmark (MSCI IMI Healthcare Equipment & Supplies; -24.8%) by a wide margin. This outperformance is largely attributable to its investments in US health insurance stocks. In 2022, health insurance companies benefited from rising bond yields and from the general preference for US companies that generate most of their sales in the US market given the escalating geopolitical tension. Health insurance stocks are also a good hedge against inflation because

fixed reimbursement amounts are arranged for many surgery procedures at the beginning of every year, and they are not revised during the year even if actual costs increase. The Bellevue Digital Health Fund corrected sharply in the first half of 2022 (–38.6%) but bounced back in the second half of the year (+17.4%). Its steady focus on high-growth, commercially successful innovation leaders that are not reliant on external sources of capital paid off.

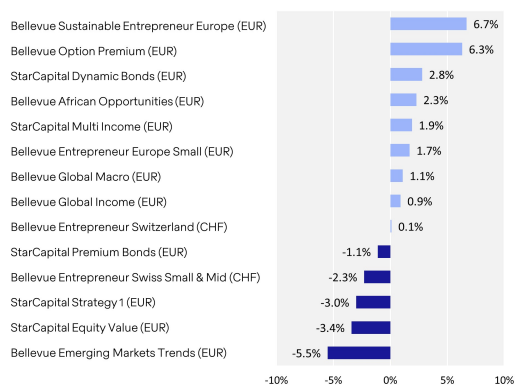
The Bellevue Asia Pacific Healthcare Fund (–23.2% in USD) and the Bellevue Emerging Markets Healthcare Fund (–18.8% in USD) lost considerable terrain in 2022. Chinese stocks experienced the heaviest selling due to China’s rigid zero-COVID policy and the outcome of its Communist Party Congress, which tightened President Xi’s grip on power, causing some China investors to head for the exits. The government’s easing of zero-COVID restrictions late in the year ushered in an initial recovery.

Regional and multi-asset strategies – every asset class hit by the correction

Both equities and bonds lost considerable value last year. With interest rates quickly rising, fixed-income investments were unable to serve their traditional function during a stock-market downturn. This double decline also pushed the full-year returns of multi-asset strategies into the red. During the 2022 investment year, which produced historically weak returns across all asset classes, there truly was "no place to hide".

The Swiss stock market can be used as an example to illustrate this point. After delivering double-digit returns in 2021, the two funds Bellevue Entrepreneur Switzerland (+26.7% in CHF) and Bellevue Entrepreneur Swiss Small & Mid (+25.2% in CHF) swung into negative territory in 2022, retreating 24.6% and 28.7% year-on-year. The pan-European equity strategies Bellevue Entrepreneur Europe Small (–22.9% in EUR) and Bellevue Sustainable Entrepreneur Europe (–13.1% in EUR) also showed negative returns. As already mentioned in the global healthcare space, small and mid cap stocks in Bellevue’s regional strategies lagged the performance of their large cap counterparts.

Regional and multi-asset strategies*
Absolute Performance H2 2022, in based currency



Regional and multi-asset strategies*
Absolute Performance 2022, in base currency



*Only related to liquid investment strategies (excl. Private Equity)

Source: Bellevue Group, as at December 31, 2022

The multi-asset Bellevue Global Macro Fund (–8.9% in EUR) and the fixed-income Bellevue Global Income Fund (–7.2% in EUR) performed much better than the Bloomberg Global Aggregate Bond EUR hedged (–13.3%), an important reference index for such strategies. The Bellevue Option Premium strategy (–8.5% in EUR) launched in 2021, which implements option strategies on the S&P 500, also performed well compared to the S&P 500 Index, especially during the second half of 2022 (+6.3%).

Generally speaking, today's valuation levels offer great opportunities for active equity investors. Bond-market investments have also become more attractive because of the increase in bond yield levels.

Private Markets – momentum in the private equity business

2022 was another year of expansion for Bellevue Private Markets. Bellevue Entrepreneur Private LP («LP») – an investment vehicle for growth investments in SMEs – completed its final closing at mid-year after raising CHF 63 mn. This private equity fund launched in the first quarter of 2021 has already called 51% of committed capital, which attests to the attractive deal pipeline, and is now invested in seven companies.

Bellevue adbodmer's deal sourcing activities are focused on themes and trends such as e-mobility that offer growth with little cyclical sensitivity.

In an exclusive transaction conducted in the second half of the year, the adbodmer investor group and the LP acquired an interest in a German company that is the market and technology leader for specialized, electric-powered personal watercraft. They will support the highly profitable company in accelerating its growth strategy and building up its international reach.

In another proprietary transaction, investor group members and the LP invested in an Austrian SME that produces high-performance wire and cable products for electric motors in automobiles, among other applications. The invested funds will be used to expand production capacity to meet the very high demand and capture the structural market growth as a leading high-tech supplier over the long term.

Despite the challenging environment, most of the companies in the LP's portfolio showed good operating results. The LP's strategic focus on companies with very solid financial positions and little or no debt was clearly an advantage as interest rates marched higher, considering the considerable turmoil that rising rates caused in the venture capital market.

The approximately 30 members of adbodmer's exclusive group of investors play a decisive role in realizing the most compelling opportunities sourced through adbodmer's deal pipeline. Its investor group consists of experienced entrepreneurs (and business families) who can make extremely valuable contributions to an investment target's value creation processes by virtue of their business networks and their know-how in a diverse range of industries. In 2022, seven more prominent entrepreneur investors were admitted to the investor group.

The strategic expansion of Bellevue Private Markets was also advanced during the past calendar year. In December, an experienced and long-standing private equity secondaries team was recruited for Bellevue Private Markets. The three Managing Partners – Steven Kroese, Lars Honegger and Chris Davies – had previously worked side-by-side in the private equity secondaries market at a leading private equity player for more than 10 years, during which time they gained valuable experience and established a first-class network of contacts. The secondaries market is, by its very nature, an extremely attractive market segment and today's very attractive environment makes it all the more enticing.

The timing of a fund launch that is focused exclusively on private equity secondaries therefore appears excellent. Bellevue plans to raise USD 200 mn in capital commitments for the first vintage. The Investment Team will focus on the most attractive market segment, consisting of smaller transactions from USD 1 mn to 30 mn and will build an investment portfolio of top-tier fund shares in top-quality small and mid-market buyout managers.

An umbrella fund structure was established in Luxembourg with reputable partners and service providers with the aim of expanding the investor base beyond the borders of Switzerland.

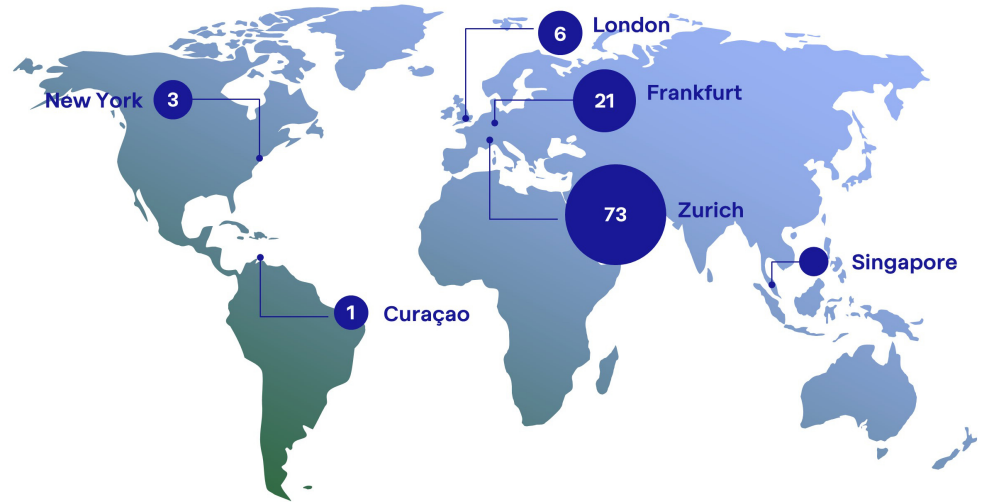
Distribution developments

Bellevue's client base in its core markets of Switzerland, Germany and the UK remains strong. In Bellevue's strategic secondary target markets of Austria, the Benelux and Italy, growth dynamics weakened slightly due to the difficult market conditions. Only in Spain did business show above-average growth. After a long delay because of the pandemic, Bellevue's Asia office commenced operations in collaboration with a local partner.

Steadily expanding international footprint

Switzerland, Germany and the UK remain Bellevue Group's core markets. In Spain, the Group's fourth-largest target market, collaboration with local partner atl Capital continues to function very smoothly. In the UK, Bellevue Healthcare Trust remains the lead product, followed by BB Biotech. In Germany, StarCapital was completely integrated into BAM Deutschland. Both teams were relocated to a fitting location in downtown Frankfurt. In addition to conducting business with large banks and funds of funds, the German unit successfully made inroads into the family office segment. In Austria Bellevue has a solid client base with growth potential. It is steadily growing its presence in the Benelux. After the COVID lockdowns were lifted, local operations in Singapore were started in collaboration with an external business partner. The entire range of Bellevue's Luxembourg funds is available through the local partner and regional client relations as well as prospects are now locally managed and addressed. BB Biotech AG is celebrating its 30-year anniversary in 2023 and it continues to enjoy strong demand in Switzerland, Germany, the UK and Italy.

International reach, locally anchored



Source: Bellevue Group, as at December 31, 2022, number of employees (headcount).

The establishment of distribution and marketing platforms for the Luxembourg family of funds in the most recently designated target markets of Italy and Israel has been delayed by pandemic-related travel restrictions. In the Private Markets space, a new investment vehicle focused on private equity was launched for the Swiss market. The Bellevue Entrepreneur Private Fund provides growth financing to unlisted small- and mid-sized Swiss companies and it has attracted strong interest from prominent investors. A second strategy focusing on private equity secondary transactions was launched in early 2023.

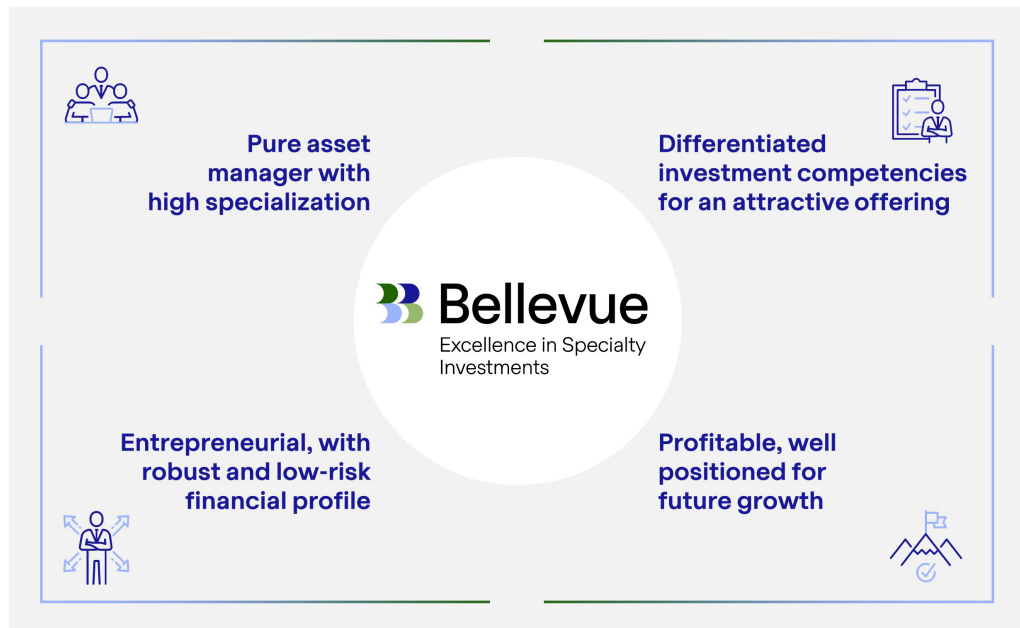
As laid out in its growth strategy, Bellevue aims to selectively develop new markets and client groups, grow its operations and expand its international reach. It is in the process of establishing a foothold in selected Latin American markets such as Chile and Peru through the recruitment of additional sales professionals and via collaboration with local partners.

Business model and strategy

A proudly independent company founded in 1993, Bellevue Group and its approximately 100 employees offer access to attractive and innovative investment ideas that generate value for investors and the company's shareholders. We employ highly qualified investment specialists with many years of experience in the areas that are relevant to us – with a particular focus on healthcare and other growth strategies. As a «House of Investment Ideas», we know that quality and innovation are vital for creating value. We are constantly exploring and exploiting promising opportunities for value growth. Our teams are guided by an entrepreneurial mindset distinguished by mutual trust and creative autonomy at all points of interaction. Our strong convictions in the investment decisions we make is why we also have an active stake in our investments – and thus in the success of the clients we serve.

At a glance

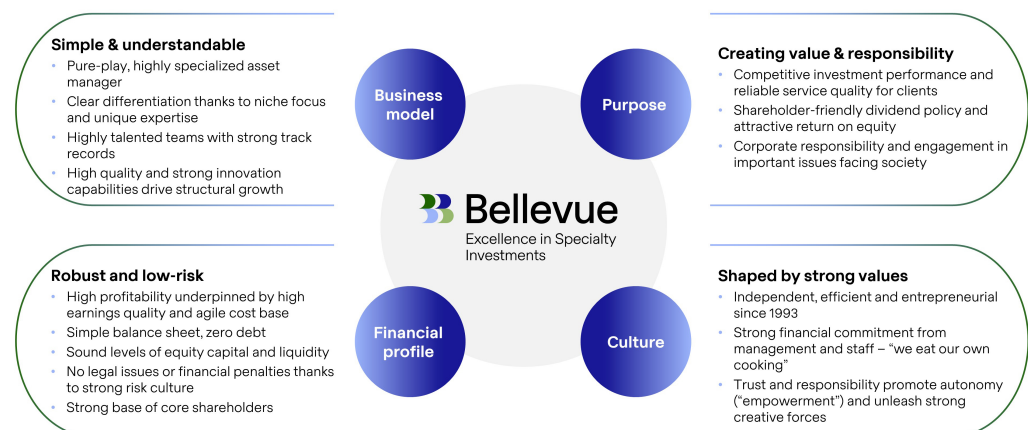
- Bellevue is a pure play, highly specialized asset manager with a distinctive focus on healthcare and other attractive growth strategies
- Expertise and innovation are what make us unique
- Creating value for clients and shareholders is our mission
- Our business model is straightforward, transparent and highly scalable
- Our financial profile is robust and low on risk
- Responsibility towards all employees, business partners and the environment is non-negotiable



Source: Bellevue Group, as at December 31, 2022

Clear-cut strategy and distinctive business profile

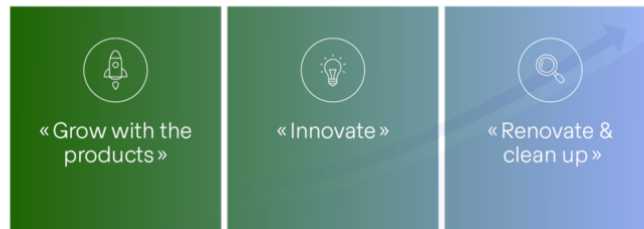
Robust, time-tested foundation engenders trust and confidence during uncertain times



Source: Bellevue Group, as at December 31, 2022

A forward- and growth-oriented strategy focused on profitability

Future growth will primarily be fueled by the investment performance of existing products, the development of interesting new products and the acquisition of new clients. We have a sound platform and clear strategy to grow on all three fronts.



Growing with our established products is a priority. Our existing products offer us substantial growth potential and the best returns. «Grow with the products» is only possible by maintaining and innovating top-quality products. Continuous investment in modern platforms and infrastructure ensures our ability to meet that goal.

A steady expansion of the underlying client base is also needed to grow with the products. Here we are pursuing various strategies to expand already strong positions in existing markets and to establish new positions in strategic secondary markets.

Reliable quality and strong innovation are the basic prerequisites for generating high value for our stakeholders.

Besides quality, innovation is another key growth driver. The development of innovative concepts for non-traditional and traditional products enables us to take full advantage of our business model's growth potential. We therefore strive to expand «Bellevue Private Markets» and in other specialized areas.

The pipeline of ideas and products for the coming years is well-filled. At the same time, existing products or services that no longer have a truly distinctive or sharp competitive edge will be re-positioned or discontinued. We are not seeking growth in and of itself, but rather sustained, quality earnings potential with an attractive cost/income ratio.

Financial Report

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Consolidated income statement

CHF 1 000	Note	1.1.–31.12.2022	1.1.–31.12.2021	Change
Revenues from asset management services	2.1	104 383	141 096	– 36 713
Income from financial investments		– 10 002	– 832	– 9 170
Net other income	2.2	1 481	354	+1 127
Income		95 862	140 618	– 44 756
Personnel expenses	2.3	– 46 988	– 66 045	+19 057
Other operating expenses	2.4	– 14 056	– 14 344	+288
Depreciation and amortization	2.5	– 3 624	– 3 751	+127
Valuation adjustments	2.6	–	– 2 888	+2 888
Expenses		– 64 668	– 87 028	+22 360
Group profit before tax		31 194	53 590	– 22 396
Taxes	2.7	– 5 894	– 10 527	+4 633
Group net profit		25 300	43 063	– 17 763
Earning pro shares				
Undiluted earnings per share (in CHF)	11	+1.90	+3.24	– 1.34
Diluted earnings per share (in CHF)	11	+1.90	+3.24	– 1.34

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021	Change
Group net profit	25 300	43 063	- 17 763
Other comprehensive income			
Items that may be reclassified subsequently to net income			
Currency translation adjustments	- 1 754	- 793	- 961
Items that will not be reclassified subsequently to net income			
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	- 184	677	- 861
Remeasurements of post-employment benefit obligations	- 200	- 3 139	+2 939
Other comprehensive income (net of tax)	- 2 138	- 3 255	+1 117
Total comprehensive income	23 162	39 808	- 16 646

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated balance sheet

CHF 1 000	Note	31.12.2022	31.12.2021	Change
Cash and cash equivalents		64 681	84 363	- 19 682
Trade and other receivables	3.2	12 128	18 221	- 6 093
Financial investments	3.1/3.3	35 380	45 269	- 9 889
Other assets	3.4	8 241	9 462	- 1 221
Current tax assets		276	843	- 567
Current assets		120 706	158 158	- 37 452
Financial investments	3.1/3.3	7 850	7 866	- 16
Property and equipment	3.5	4 187	3 033	+1 154
Goodwill and other intangible assets	3.6	45 371	47 498	- 2 127
Other assets	3.4	6 739	9 566	- 2 827
Deferred tax assets	2.7	358	501	- 143
Non-current assets		64 505	68 464	- 3 959
Assets		185 211	226 622	- 41 411
Trade and other payables	3.7	33 222	50 677	- 17 455
Lease liabilities		1 567	1 466	+101
Other financial liabilities	3.1	27	27	-
Current tax liabilities		1 245	5 831	- 4 586
Current liabilities		36 061	58 001	- 21 940
Trade and other payables	3.7	9 751	15 609	- 5 858
Lease liabilities		1 720	1 087	+633
Deferred tax liabilities	2.7	3 792	5 335	- 1 543
Non-current liabilities		15 263	22 031	- 6 768
Liabilities		51 324	80 032	- 28 708
Share capital	3.9	1 346	1 346	-
Capital reserves		27 340	27 340	-
Unrealized gains and losses recognized in other comprehensive income		- 3 872	- 3 488	- 384
Currency translation adjustments		- 3 438	- 1 684	- 1 754
Retained earnings		120 846	129 155	- 8 309
Treasury shares	3.10	- 8 335	- 6 079	- 2 256
Total shareholders' equity		133 887	146 590	- 12 703
Total liabilities and shareholders' equity		185 211	226 622	- 41 411

The accompanying notes are an integral part of the consolidated financial statements.

Statement of shareholders' equity

CHF 1 000	Share capital	Capital reserves	Gains and losses recognized in other comprehensive income	Currency translation adjustments	Retained earnings	Treasury shares	Total
Balance at 1 January 2022	1 346	27 340	- 3 488	- 1 684	129 155	- 6 079	146 590
Currency translation adjustments	-	-	-	- 1 754	-	-	- 1 754
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	-	-	- 184	-	-	-	- 184
Remeasurement of post-employment benefit obligations	-	-	- 200	-	-	-	- 200
Other comprehensive income	-	-	- 384	- 1 754	-	-	- 2 138
Group net profit	-	-	-	-	25 300	-	25 300
Total comprehensive income	-	-	- 384	- 1 754	25 300	-	23 162
Employee stock ownership plan	-	-	-	-	2 430	-	2 430
Acquisition of own shares	-	-	-	-	-	- 10 069	- 10 069
Disposal of own shares	-	-	-	-	- 226	7 813	7 587
Dividends and other distributions	-	-	-	-	- 35 813	-	- 35 813
Transactions with owners in their capacity as owners	-	-	-	-	- 33 609	- 2 256	- 35 865
Balance at 31 December 2022	1 346	27 340	- 3 872	- 3 438	120 846	- 8 335	133 887

CHF 1000	Share capital	Capital reserves	Gains and losses recognized in other comprehensive income	Currency translation adjustments	Retained earnings	Treasury shares	Total
Balance at 1 January 2021	1 346	27 340	- 814	- 891	141 028	- 2 193	165 816
Currency translation adjustments	-	-	-	- 793	-	-	- 793
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	-	-	677	-	-	-	677
Remeasurement of post-employment benefit obligations	-	-	- 3 139	-	-	-	- 3 139
Reclassification from OCI positions ¹⁾	-	-	- 212	-	212	-	-
Other comprehensive income	-	-	- 2 674	- 793	212	-	- 3 255
Group net profit	-	-	-	-	43 063	-	43 063
Total comprehensive income	-	-	- 2 674	- 793	43 275	-	39 808
Employee stock ownership plan	-	-	-	-	- 3 026	-	- 3 026
Acquisition of own shares	-	-	-	-	-	- 13 948	- 13 948
Disposal of own shares	-	-	-	-	844	10 062	10 906
Dividends and other distributions	-	-	-	-	- 52 966	-	- 52 966
Transactions with owners in their capacity as owners	-	-	-	-	- 55 148	- 3 886	- 59 034
Balance at 31 December 2021	1 346	27 340	- 3 488	- 1 684	129 155	- 6 079	146 590

¹⁾ Reclassification in connection with the sale of financial investments, which were recognized in other comprehensive income.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated cash flow statement

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from operating activities		
Total group profit	25 300	43 063
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results:		
Depreciation and amortization	3 624	3 751
Impairment of goodwill and intangible assets	–	2 888
Income taxes	5 894	10 527
Other non-cash items	1 600	– 3 316
Net (increase) / decrease in operating assets		
Receivables and other assets	9 892	– 758
Financial assets	9 679	980
Net increase / (decrease) in liabilities		
Payables and other financial liabilities	– 17 302	20 775
Paid income taxes	– 11 260	– 8 724
Interest paid	– 7	– 4
Interest received	179	8
Dividend received	570	539
Cash flow from operating activities	28 169	69 729
Cash flow from investing activities		
Purchase of property and equipment	– 974	– 118
Disposal of property and equipment	6	–
Net cash flow from investing activities	– 968	– 118
Cash flow from financing activities		
Dividends paid	– 35 813	– 52 966
Leasing payments	– 1 643	– 1 741
Purchases of treasury shares	– 10 069	– 13 948
Disposal of treasury shares	1 575	916
Net cash flow from investing activities	– 45 950	– 67 739
Currency translation effects	– 933	– 56
Net increase / decrease in cash and cash equivalents	– 19 682	1 816
Cash at the beginning of the period	84 363	82 547
Cash at the end of the period	64 681	84 363

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1 Segment information

The Group Executive Board is the Group's chief operating decision maker and reviews the results from a product-related as well as a geographical perspective. Bellevue Group is focusing exclusively on the Asset Management business unit and therefore reports only one reportable segment. As of December 31, 2022, the segment consists of the operating business units Bellevue Asset Management (since 2022 incl. Bellevue Asset Management (Deutschland) GmbH, formerly StarCapital AG) and Bellevue Private Markets. The offering includes a broad-based range of investment funds as well as investment solutions for institutional, intermediary and private clients. Bellevue Asset Management has a clear focus on managing equity portfolios for selected sector and regional strategies, based on a fundamental and research-driven stock picking approach («bottom up»). A small part of the product range pursues a holistic asset management approach based on quantitative and experience-driven investment approaches with pronounced anti-cyclicality. Bellevue Private Markets specializes in developing exclusive investment opportunities in unlisted companies for its investor group. In addition, it acts as investment advisor for private equity funds. This represents a further diversification of the investment universe with low correlation to the capital markets. The two business units operate in similar regions. Group Management monitors the results of the two business units both on a consolidated basis and separately.

The geographical breakdown of operating income is as follows:

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Income		
Switzerland	81 598	117 932
United Kingdom	10 717	12 272
Germany	4 504	6 268
Other countries	- 957	4 146
Total	95 862	140 618

Non-current assets for this purpose consist of property and equipment as well as goodwill and other intangible assets:

CHF 1 000	31.12.2022	31.12.2021
Non-current assets		
Switzerland	34 805	35 814
Germany	14 730	14 654
Other countries	23	63
Total	49 558	50 531

2 Details on the consolidated income statement

2.1 Revenues from asset management services

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Management fees	103 789	137 418
Performance fees	184	2 326
Other commission income	3 873	2 850
Fee and commission expense	– 3 463	– 1 498
Revenues from asset management services	104 383	141 096

Management fees are generated from asset management mandates with listed investment companies, regulated funds in various countries, private equity funds or institutional counterparties. The fees are mostly collected on a monthly basis.

Various mandates include performance fees. These are only taken into account when the performance period has been completed. For regulated funds, this is the calendar year. In some cases, mandates are invoiced on a quarterly basis. In the case of private equity funds, depending on the partnership agreement, this takes place when the fund is redeemed or dissolved.

Other commission income includes transaction-related fees.

2.2 Net other income

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Dividend income	771	333
Interest income	192	20
Interest expenses	– 49	– 45
Net foreign exchange income/losses	389	– 87
Other	178	133
Total net other income	1 481	354

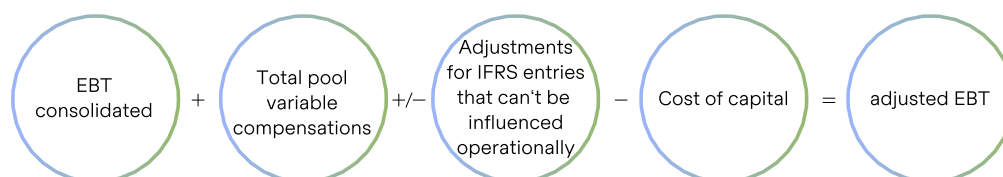
2.3 Personnel expenses

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Fix and variable salaries	41 588	58 649
Pension cost ¹⁾	1 829	2 084
Other social benefits	2 998	4 832
Other personnel expenses	573	480
Total personnel expenses	46 988	66 045

¹⁾ For further details see note [3.8](#).

The compensation system for Bellevue Group employees is conceived to motivate employees at all operating units to do excellent work. It is a compensation model based on «personal ownership» and merit system principles. In setting fixed salaries, a restrained policy prevails from a business point of view. On the other hand, variable compensation is offered under an attractive ownership-oriented profit-sharing plan. This profit-sharing plan is tied directly to Bellevue Group's operating results. Moreover, part of this bonus is paid in the form of restricted stock awards and shares of in-house products («we eat our own cooking»). This system is conducive to a culture of high performance with a long-term horizon.

The basis for calculating Bellevue Group's variable compensation pool is adjusted consolidated earnings before taxes.



A fixed portion of the adjusted Group profit before taxes is allocated to the employees (total pool of variable compensation). Due to the direct link between the Group's results and the total pool of variable compensation, there is a mechanism in place to ensure that variable compensation is commensurate with the Group's operating performance (variabilization of profit-sharing).

2.4 Operating expenses

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Occupancy and maintenance expenses	1 036	801
IT and telecommunications	3 873	3 539
Travel and representation, PR, advertising	3 442	4 254
Consulting and audit fees	2 327	1 992
Research expenses	1 906	2 188
Other operating expenses	1 472	1 570
Total Other operating expenses	14 056	14 344

2.5 Depreciation and amortization

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Depreciation of property and equipment	479	426
Depreciation of rights of use	1 676	1 705
Depreciation of intangible assets	1 469	1 620
Total Depreciation and amortization	3 624	3 751

2.6 Valuation adjustments

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Value adjustment Goodwill (Impairment)	–	2 026
Value adjustment intangible assets (Impairment)	–	862
Total Valuation adjustments	–	2 888

For further details, please refer to the comments under section [3.6](#).

2.7 Tax

2.7.1 Income taxes

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Current income taxes	7 182	10 549
Deferred income taxes	– 1 288	– 22
Total	5 894	10 527
Tax income reconciliation		
Pre-tax result	31 194	53 590
Expected rate of income tax ¹⁾	19%	19%
Expected income tax	5 927	10 182
Reasons for higher/lower amounts:		
Difference between applicable local tax rates and assumed mixed tax rate	– 359	– 81
Non-deductible expenses	261	435
Tax income unrelated to accounting period	–	– 9
Effect change in tax rates	65	–
Total income taxes	5 894	10 527

¹⁾ The expected income tax rate is a mixed tax rate estimated by considering all the different businesses of the Group.

CHF 1 000	1.1.–31.12.2022		
Tax effect of other comprehensive income	Amount before taxes	Tax income/ (expense)	Amount after taxes
Currency translation adjustments	– 1 754	–	– 1 754
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	– 227	43	– 184
Remeasurement of post-employment benefit obligations IAS 19	– 248	48	– 200
Total	– 2 229	91	– 2 138

CHF 1 000	1.1.–31.12.2021		
Tax effect of other comprehensive income	Amount before taxes	Tax income/ (expense)	Amount after taxes
Currency translation adjustments	– 793	–	– 793
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	786	– 109	677
Remeasurement of post-employment benefit obligations IAS 19	– 3 877	738	– 3 139
Total	– 3 884	629	– 3 255

2.7.2 Deferred tax assets

CHF 1 000	Other	Total
Balance as of 1.1.2021	433	433
Credited/(charged)		
to profit or loss	63	63
Currency translation adjustments	5	5
Balance as of 31.12.2021	501	501
Balance as of 1.1.2022	501	501
Credited/(charged)		
to profit or loss	– 107	– 107
Currency translation adjustments	– 36	– 36
Balance as of 31.12.2022	358	358

CHF 1 000	31.12.2022	31.12.2021
Expiry of unrecognized loss carryforwards		
1 to 5 years	629	136
More than 5 years	1 566	759
Total	2 195	895

The non-capitalized loss carryforwards originate mainly from Swiss subsidiaries. It is uncertain whether there will be an income tax benefit for Bellevue Group. Based on this fact, no deferred tax asset was capitalized.

2.7.3 Deferred tax liabilities

CHF 1 000	Intangible assets	Assets from pension plans	Other ¹⁾	Total
Balance as of 1.1.2021	1 996	957	3 001	5 954
Charged/(credited)				
to profit or loss	- 611	- 46	698	41
to other comprehensive income	-	- 738	109	- 629
Currency translation adjustments	- 28	-	- 3	- 31
Balance as of 31.12.2021	1 357	173	3 805	5 335
Balance as of 1.1.2022	1 357	173	3 805	5 335
Charged/(credited)				
to profit or loss	- 388	8	- 1 015	- 1 395
to other comprehensive income	-	- 48	- 43	- 91
Currency translation adjustments	- 31	-	- 26	- 57
Balance as of 31.12.2022	938	133	2 721	3 792

¹⁾ Other deferred tax assets refer to the result of the adoption of IFRS 2 (share-based payment) and IAS 19 (other long-term employee benefits).

3 Details on the consolidated balance sheet

3.1 Financial assets and financial liabilities

3.1.1 Fair value of financial instruments

CHF 1 000	31.12.2022	31.12.2021
	Book value	Book value
Assets		
Financial investments		
Investments in own products	25 063	28 251
Investments in own products to fulfill long-term incentive plans	12 213	20 287
Derivative financial instruments	–	32
Other investments in equity instruments	878	1 037
Financial assets at fair value through profit and loss	38 154	49 607
Financial investments		
Investments in own products	5 076	3 528
Financial assets with OCI fair value measurement	5 076	3 528
Total financial assets at fair value	43 230	53 135
Liabilities		
Other financial liabilities	27	27
Financial liabilities at fair value through profit and loss	27	27
Total financial liabilities at fair value	27	27

The fair value of other financial instruments measured at amortised cost does not differ significantly from their book value.

3.1.2 Valuation methods of financial instruments

CHF 1 000	Level 1	Level 2	Level 3	Total
31.12.2022				
Assets				
Financial investments				
Investments in own products	87	22 526	7 526	30 139
Investments in own products to fulfill long-term incentive plans	12 213	–	–	12 213
Other investments in equity instruments	554	–	324	878
Financial assets at fair value	12 854	22 526	7 850	43 230
Liabilities				
Other financial liabilities				
	–	27	–	27
Financial liabilities at fair value	–	27	–	27

CHF 1 000	Level 1	Level 2	Level 3	Total
31.12.2021				
Assets				
Financial investments				
Investments in own products	126	24 188	7 465	31 779
Investments in own products to fulfill long-term incentive plans	20 287	–	–	20 287
Derivative financial instruments	–	32	–	32
Other investments in equity instruments	635	–	402	1 037
Financial assets at fair value	21 048	24 220	7 867	53 135
Liabilities				
Other financial liabilities				
	–	–	27	27
Financial liabilities at fair value	–	–	27	27

No transfer between levels of the fair value hierarchy took place in 2022 or in the previous period.

Level 1 instruments

If a financial instrument is traded in an active market, its fair value is based on listed market prices. In the fair value hierarchy prescribed in IFRS 13, this type of financial instrument is classified as a level 1 instrument. The fair value of these positions corresponds to the current price (e.g. settlement price or closing price) multiplied by the number of units of the financial instruments held.

Level 2 instruments

If there is no active market, the fair value is determined on the basis of valuation models or other generally accepted valuation methods (primarily option pricing and discounted cash flow models). If all the significant inputs can be observed directly or indirectly in the market, the instrument is classified as a level 2 instrument. The valuation models take account of the relevant parameters such as contract specifications, the market price of the underlying asset, foreign exchange rates, yield curves, default risks and volatility.

Level 3 instruments

If at least one significant input cannot be observed directly or indirectly in the market, the instrument is classified as a level 3 instrument. These instruments include private-equity funds and unlisted equity instruments, as well as the contingent purchase price liability. The fair value of private equity funds is determined based on the last available net asset values, less necessary value adjustments according to own assessment. The fair value of unlisted equity instruments is determined primarily based on currently available financial information. Secondly, depending on the equity security, different multiples based on currently available financial information are used to verify the valuation. If no multiples are applicable, the net asset value is used. The valuation of the contingent purchase price liability is mainly based on the underlying contractual share purchase terms and conditions.

3.1.3 Level 3 financial instruments

CHF 1 000	31.12.2022	31.12.2021
	Financial investments	Financial investments
Holdings at the beginning of the year as 1.1.	7 867	17 349
Investments	1 775	1 964
Redemptions/Payments	– 38	– 10 947
Losses recognized in the income statement	– 1 527	– 1 389
Losses recognized in other comprehensive income	– 227	–
Gains recognized in the income statement	–	104
Gains recognized in other comprehensive income	–	786
Total book value at balance sheet date	7 850	7 867
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date recorded in the income statement in the period	– 1 527	– 1 285

Key assumptions for the valuation of level 3 financial instruments vary from investment to investment. The following table shows the effect on the valuation when these assumptions are changed:

Sensitivity analysis	Fair value	Key assumption	Changes in key assumption	Change in fair value in CHF 1 000
Private Equity funds	7 850	Net asset value	+ 5 percentage points	393
			– 5 percentage points	– 393

CHF 1 000	31.12.2022	31.12.2021
	Other financial liabilities	Other financial liabilities
Holdings at the beginning of the year	27	80
Payments	–	– 45
Gains recognized in the income statement	– 27	– 8
Total book value at balance sheet date	–	27
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date and recorded in the income statement in the period	–	–

The contingent purchase price payment from the acquisition of REALWERK AG in 2020 is included in the balance sheet item «Other financial liabilities» and represents the remaining

purchase price liability owed. The valuation is mainly based on the underlying share purchase agreement provisions. In the first half-year 2021 a payment of TCHF 45 has taken place. The remaining liability was derecognized in profit or loss in the first half of 2022.

3.1.4 Derivative financial instruments

CHF 1 000	Positive replacement value	Negative replacement value	Contract volume
31.12.2022			
Forward contracts (OTC) ²⁾	–	27	3 861
Futures ¹⁾	–	–	5 004
Total	–	27	8 865
31.12.2021			
Forward contracts (OTC) ²⁾	32	–	5 519
Futures ¹⁾	–	–	3 910
Total	32	–	9 429

¹⁾ Level 1: listed on an active market

²⁾ Level 2: valued on the basis of models with observable input factors

Derivatives are used exclusively for economic hedging purposes and not as speculative investments. However, if derivatives do not meet the criteria for hedge accounting, they are classified as «Financial investments» and recognized at fair value through profit or loss for financial reporting purposes.

3.2 Trade and other receivables

CHF 1 000	31.12.2022	31.12.2021
Trade receivables	10 456	13 445
Prepayments	841	475
Other receivables	831	4 301
Total	12 128	18 221

3.3 Financial investments

CHF 1 000	31.12.2022	31.12.2021
Investments in own products	30 139	31 779
Investments in own products to fulfill long-term incentive plans	12 213	20 287
Derivative financial instruments	–	32
Other investments in equity instruments	878	1 037
Total	43 230	53 135
Current	35 380	45 269
Non-current	7 850	7 866
Total	43 230	53 135

3.4 Other assets

CHF 1 000	31.12.2022	31.12.2021
Assets related to other employee benefits	12 768	16 703
Assets from pension plans	706	913
Other	1 506	1 412
Total	14 980	19 028
Current	8 241	9 462
Non-current	6 739	9 566
Total	14 980	19 028

3.5 Property and equipment

CHF 1 000	IT equipment	Right of use	Other fixed assets	Total
Acquisition cost				
Balance as of 1.1.2021	2 432	8 481	1 995	12 908
Additions	–	76	118	194
Disposals	– 109	– 61	– 15	– 185
Balance as of 31.12.2021	2 323	8 496	2 098	12 917
Additions	–	2 373	974	3 347
Disposals	– 1 463	– 1 897	– 1 720	– 5 080
Foreign currency impact	– 2	– 56	– 8	– 66
Balance as of 31.12.2022	858	8 916	1 344	11 118
Accumulated depreciation				
Balance as of 1.1.2021	– 1 893	– 4 276	– 1 707	– 7 876
Additions	– 289	– 1 705	– 137	– 2 131
Disposals	109	–	15	124
Foreign currency impact	–	– 1	–	– 1
Balance as of 31.12.2021	– 2 073	– 5 982	– 1 829	– 9 884
Additions	– 251	– 1 676	– 228	– 2 155
Disposals	1 464	1 896	1 714	5 074
Foreign currency impact	2	28	4	34
Balance as of 31.12.2022	– 858	– 5 734	– 339	– 6 931
Net carrying values				
Balance as of 1.1.2021	539	4 205	288	5 032
Balance as of 31.12.2021	250	2 514	269	3 033
Balance as of 31.12.2022	–	3 182	1 005	4 187

3.6 Goodwill and other intangible assets

CHF 1 000	31.12.2022	31.12.2021
Goodwill	40 996	41 545
Other intangible assets	4 375	5 953
Total	45 371	47 498

CHF 1 000	Total
Goodwill	
Acquisition cost	
Balance as of 1.1.2021	109 788
Foreign currency effect	- 476
Reclass foreign currency effect	- 679
Balance as of 31.12.2021	108 633
Write-offs	- 1 542
Foreign currency effect	- 1 274
Balance as of 31.12.2022	105 817
Accumulated valuation adjustments	
Balance as of 1.1.2021	- 65 741
Reclass foreign currency effect	679
Additions	- 2 026
Balance as of 31.12.2021	- 67 088
Write-offs	1 542
Foreign currency effect	725
Balance as of 31.12.2022	- 64 821
Net carrying values	
Balance as of 1.1.2021	44 047
Balance as of 31.12.2021	41 545
Balance as of 31.12.2022	40 996

Bellevue Group basically examines the value of the goodwill annually, based on the estimated recoverable amount that can be obtained per each single cash-generating unit, or group of such units (depending on allocation). If events or a change of circumstances indicate a possible impairment, the test is carried out more frequently.

The recoverable amount is determined to be the value-in-use and is calculated using the discounted cash flow method. The projected free cash flows for the respective cash-generating units are estimated based on five-year financial plans. The business plans approved by management serve as the basis for these estimates of projected free cash flows. These cash flows are discounted to present value.

The following key parameters and their single components have been taken into account in the discounted cash flow method:

- Income on the average assets under management and the expected return on assets (management and performance fees);
- Transaction-related income;
- Discount rate.

An impairment test was carried out for all CGUs at the end of December 2022. The discount rate used in these calculations was 12.3% (31.12.2021: 10.0%) and the assumed growth rate was 1% (31.12.2021: between 1% and 2%).

As of December 31, 2022, and December 31, 2021, Bellevue Group did not identify any impairment (as of June 30, 2021, the review of the goodwill of the former StarCapital AG resulted in an impairment of CHF 2.0 million). The goodwill as of December 31, 2022 is attributable to the CGU-groups Bellevue Asset Management (Bellevue Asset Management AG, CHF 23.8 million and Bellevue Asset Management (Deutschland) GmbH, CHF 11.4 million) and Bellevue Private Markets (CHF 5.8 million).

At the time of preparation of the consolidated financial statement, Bellevue Group's management does not assume that a reasonably possible change in a parameter underlying the impairment test would lead to a goodwill impairment.

CHF 1 000	Client base	Brand	Other	Total
Other intangible assets				
Acquisition cost				
Balance as of 1.1.2021	49 200	374	372	49 946
Foreign currency effect	- 96	-	-	- 96
Reclass foreign currency effect	- 845	- 18	-	- 863
Balance as of 31.12.2021	48 259	356	372	48 987
Disposals	- 969	-	-	- 969
Foreign currency effect	- 691	- 12	-	- 703
Balance as of 31.12.2022	46 599	344	372	47 315
Accumulated valuation adjustments				
Balance as of 1.1.2021	- 40 998	- 351	- 66	- 41 415
Additions	- 1 504	- 23	- 93	- 1 620
Impairment	- 862	-	-	- 862
Reclass foreign currency effect	845	18	-	863
Balance as of 31.12.2021	- 42 519	- 356	- 159	- 43 034
Additions	- 1 376	-	- 93	- 1 469
Disposals	969	-	-	969
Foreign currency effect	582	12	-	594
Balance as of 31.12.2022	- 42 344	- 344	- 252	- 42 940
Net carrying values				
Balance as of 1.1.2021	8 202	23	306	8 531
Balance as of 31.12.2021	5 740	-	213	5 953
Balance as of 31.12.2022	4 255	-	120	4 375

The other intangible assets are amortized over a period of 5 to 15 years and are included in the impairment test described under «Goodwill» (see above).

As of December 31, 2022, and December 31, 2021, no impairment was recognized in the review of the residual values (as of June 30, 2021, the review of the residual values of the StarCapital AG client base resulted in an impairment of CHF 0.9 million). The discount rate used for this purpose was currently between 13.5% and 13.8% (December 31, 2021: between 10.0% and 11.5%) and the applied growth rate between 1% and 2% (December 31, 2021: between 1% and 2%).

3.7 Trade and other payables

CHF 1 000	31.12.2022	31.12.2021
Trade payables	567	659
Accrued expenses	41 313	64 204
Other payables	1 093	1 423
Total	42 973	66 286
Current	33 222	50 677
Non-current	9 751	15 609
Total	42 973	66 286

3.8 Employee benefit plans

There are pension plans for most of the employees at Bellevue Group. These plans provide benefits in the event of death, disability, retirement or termination of employment. There were no unfunded liabilities due to employee pension plans as at the balance sheet date (previous year: no liabilities either). In Switzerland, pension contributions are paid equally by the employer and the employee. The foundation board is composed of an equal number of employee and employer representatives. According to Swiss law and the pension regulations, foundation boards are obliged to act solely in the interest of the foundation and its beneficiaries (active workforce and recipients of pensions). Hence, the employer cannot single-handedly determine the benefits and the funding; all resolutions have to be agreed on by both sides. The members of the foundation board are responsible for defining the investment strategy, for deciding on amendments to the pension regulations, and in particular for determining the funding of the pension benefits.

In the events of death and disability, pension benefits are based on the insured salary. In the event of old age, they are based on pension assets. At the time of retirement, insured persons can choose between a life annuity, which includes a prospective spouse pension, and a lump sum payment. Apart from retirement benefits, pension benefits also include disability and surviving spouse or partner pensions. Furthermore, insured persons can improve their pension situation up to the regulatory maximum by paying in additional amounts, or withdraw money early to acquire property that they occupy themselves. At the time of termination of an employment contract, the vested benefits will be transferred to the pension plan of the new employer or a vested benefits scheme. This type of benefit can result in pension payments fluctuating considerably from year to year.

When determining the benefits, the minimum requirements of the Federal Act on Occupational Old Age, Survivors' and Invalidity Pension Provision (OPA) and its implementing provisions must be considered. The LOB defines minimum insured salary and minimum retirement assets. The Federal Council determines the minimum interest on these minimum retirement assets at least every two years. In 2022, it amounts to 1% (previous year: 1%).

Due to the nature of the pension plans and the provisions of the OPA, the employer is exposed to actuarial risks. The risks of death, disability and longevity are largely covered by an insurance policy. The major remaining risks include investment risk, interest risk and the risk of the insurer adjusting the premiums.

All employer and employee contributions are determined by the foundation board. The employer is to bear a minimum of 50% of the required contributions. In the case of underfunding, both employer and employee are entitled to pay in amounts to close the funding gap.

As of December 31, 2022, the extended risk sharing between employee and employer will be applied for the first time. Due to the interest rate development, the employer and also the foundation Board assume that the conversion rates used for the calculation of retirement benefits (2022: age 65, 3.45%) will increase in the future and lead to higher retirement benefits. This circumstance is taken into account in the calculation as of December 31, 2022. It is assumed that the conversion rates will increase by around 30% in the long term. As of December 31, 2022, this resulted in an increase of the dynamic present value of the pension obligations by CHF 1.4 million. This amount is included in the effects of changes in financial assumptions.

CHF 1 000	31.12.2022	31.12.2021
Consolidated balance sheet		
Fair value of plan assets	45 030	46 846
Present value of pension obligations	- 41 758	- 38 747
Assets not available to Company	- 2 566	- 7 186
Asset/Provision for pension obligation	706	913

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Pension cost recognised in the income statement		
Service cost		
Current service cost	- 1 631	- 1 897
Net interest expenses/income	6	12
Administrative expenses	- 53	- 72
Total pension cost for the period	- 1 678	- 1 957

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Revaluation components recorded in other comprehensive income		
Actuarial gains/losses		
Arising from changes in demographical assumptions	–	1 093
Arising from changes in economic assumptions	2 069	576
Arising from experience	– 2 539	– 959
Return on plan assets (excluding amounts included in net interest expenses)	– 4 420	2 380
Changes in asset ceiling	4 643	– 6 967
Total of amounts recognised in other comprehensive income	– 247	– 3 877

CHF 1 000	2022	2021
Development of pension obligations		
At January 1	– 38 747	– 41 622
Current service cost	– 1 631	– 1 897
Employee contributions	– 515	– 358
Interest expenses on the present value of the obligations	– 117	– 79
Pension payments and vested benefits	1 433	6 142
Additions from admissions and voluntary contributions	– 1 711	– 1 643
Actuarial gains/losses	– 470	710
At December 31	– 41 758	– 38 747

Development of plan assets		
At 1 January	46 846	46 875
Interest income	146	91
Plan participants' contribution	515	358
Company contributions	1 718	1 713
Pension payments and vested benefits	– 1 433	– 6 142
Additions from admissions and voluntary contributions	1 711	1 643
Return on plan assets (excluding amounts in net interest)	– 4 420	2 380
Administration expense	– 53	– 72
At December 31	45 030	46 846

Actual return on plan assets	– 4 274	2 471
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CHF 1 000	31.12.2022	31.12.2021
Allocation of plan assets		
Equities		
Listed investments	16 161	19 139
Bonds		
Listed investments	9 025	3 793
Real estate		
Investments in funds	3 223	3 484
Alternative investments	5 372	4 717
Qualified insurance policies	2 050	2 750
Liquidity	9 199	12 963
Total	45 030	46 846

The plan assets allocation as at December 31, 2022, as well as at December 31, 2021, do not include shares of Bellevue Group AG. The foundation board issues investment guidelines for the investment of plan assets. These guidelines include tactical asset allocation and benchmarks for comparing the results with a general investment universe. The plan assets are well diversified. In terms of diversification and security, the Swiss pension plan is subject to the provisions of the OPA. As a rule, bonds receive at least a rating of A.

The foundation board regularly reviews the selected investment strategy as to whether it meets the requirements of the pension plan and whether the risk budget is in line with the demographic structure. Adherence to investment guidelines as well as results achieved by investment advisors are reviewed on a quarterly basis. Furthermore, an external consultancy periodically examines the investment strategy with regard to whether it is effective and appropriate.

Defined-benefit obligations are distributed as follows:

CHF 1 000	31.12.2022	31.12.2021
Active workforce	39 708	35 997
Pensioners	2 050	2 750
Total	41 758	38 747

The maturity of the obligation is 15.8 years as at December 31, 2022 (previous year: 17.6 years).
The expected employer's contributions for 2022 are estimated at CHF 1.9 million.

	31.12.2022	31.12.2021
Actuarial assumptions		
Biometric assumptions	BVG 2020GT	BVG 2020GT
Life expectancy at the age of 65		
Year of birth	1 957	1 956
Men	22.70	22.57
Women	24.48	24.37
Year of birth	1 977	1 976
Men	24.97	24.86
Women	26.49	26.40
Discount rate	2.25%	0.31%
Expected rate of salary increases	2.25%	1.25%
Expected rate of pension increases	0.00%	0.00%
Interest on pension assets	2.25%	1.00%

Changes to the present value of a defined-benefit obligation

CHF 1 000	31.12.2022	31.12.2021
	+ 0.25%	+ 0.25%
Assumed interest rate	– 884	– 1 129
Salary development	176	205
Interest on pension assets	455	547
	+ 1 year	+ 1 year
Development of life expectancy	247	445

The most important factors influencing the development of pension obligations are assumed interest rate, salary development, pension index and development of life expectancy.

3.9 Share capital

	Number of shares	Par value CHF 1 000
Share Capital (registered shares)		
Balance as of 1.1.2021	13 461 428	1 346
Balance as of 31.12.2021	13 461 428	1 346
Balance as of 31.12.2022	13 461 428	1 346
Conditional capital		
Balance as of 1.1.2021	1 000 000	100
Balance as of 31.12.2021	1 000 000	100
Balance as of 31.12.2022	1 000 000	100

The purpose of the conditional capital (in total) according to Art. 3a of the Articles of Association is as follows:

- a sum of up to CHF 50 000 through the exercise of option rights granted to shareholders;
- a sum of up to CHF 50 000 through the exercise of option rights granted to employees and the member of the Board of Directors.

The subscription rights of shareholders are excluded. After acquisition, the new registered shares are subject to the transfer restrictions pursuant to Art. 5 of the Articles of Association.

The conditional capital amounts to a maximum of CHF 100 000 as of the balance sheet date, which represents approximately 7.4% of the existing share capital.

No such optional rights had been granted as of the balance sheet date.

The Company has no authorized capital as at December 31, 2022 and December 31, 2021.

3.10 Treasury shares

	Number	CHF 1 000
Balance as of 1.1.2020	86 142	2 193
Purchases	339 213	13 948
Disposals	– 269 724	– 10 062
Balance as of 31.12.2020	155 631	6 079
Purchases	294 750	10 069
Disposals	– 208 305	– 7 813
Balance as of 31.12.2021	242 076	8 335

4 Significant estimates, assumptions and judgments

4.1 Estimates, assumptions and the exercising of discretion by management

In applying the accounting principles, management must make estimates, assumptions and discretionary decisions that influence the level of reported assets and liabilities, expense and income, as well as the disclosure of contingent assets and liabilities. Bellevue Group is convinced that in all material respects these consolidated financial statements provide a true and fair view of its financial position, its results of operations and its cash flows. Management reviews its estimates and assumptions on an ongoing basis and adjusts them according to new findings and conditions. This may, among other things, have a material impact on the following positions of the consolidated financial statements.

Income taxes

Bellevue Group AG and its subsidiaries are liable for income tax in most related countries. The current tax assets and current tax liabilities reported as at the balance sheet date as well as the resulting current tax expense for the period under review are based on estimates and assumptions and may therefore differ from the amounts determined in the future by the tax authorities.

Provisions

A provision is recorded if, as the result of a past event, Bellevue Group has a current liability as at the balance sheet date that will probably lead to an outflow of funds and if the amount of the liability can be reliably estimated. When determining whether a provision should be recorded and whether the amount is appropriate, best possible estimates and assumptions as at the balance sheet date are applied. These estimates and assumptions may be subject to change according to new findings and conditions.

Level 3 financial instruments (fair value)

Level 3 financial instruments are valued based on the inputs that are not based on observable market data. For details to the valuation methods applied for level 3 financial instruments refer to the notes to the consolidated financial statements on note [3.1.2](#) «Fair value financial instruments».

For details to the effect of significant changes on the assumptions behind the classification method for level 3 financial instruments refer the notes to the consolidated financial statements on note [3.1.3](#) «Level 3 financial instruments».

Pension plan

Management sets the actuarial assumptions and determines whether a pension plan surplus can be capitalized as an economic benefit for Bellevue Group. Pension costs are also subject to estimates and assumptions. The management believes that the assumptions and estimates which have been made are appropriate.

Review of goodwill and other intangible assets for impairment

Bellevue Group basically examines the value of the goodwill annually, based on the estimated recoverable amount that can be obtained per each single cash-generating unit, or group of such units (depending on allocation).

Established that an event or any circumstances cause a reduction in value of the goodwill, examinations will be performed more frequently.

The Group's approach to determine the key assumptions and related growth expectations is based on management's knowledge and reasonable expectations of future business, using internal and external market information, planned business initiatives and other reasonable intentions of management. For that purpose, the Group uses historical information by taking into consideration the current and expected market situations.

Changes in key assumptions: deviations of future actual results achieved vs. forecasted/ planned key assumptions, as well as future changes of any of the key assumptions based on a future different assessment of the development of relevant markets, and/or the businesses, may occur. Such deviations may result from changes in the market environment and the related profitability, required types and intensity of personnel resources, general and company specific driven personnel cost development and/or changes in the implementation of known or addition of new business initiatives and/or other internal and/or external factors. These changes may cause the value of the business to alter and therefore either increase or reduce the difference between the carrying value in the balance sheet and the unit's recoverable amount or may even lead to a partial impairment of goodwill.

5 Risk management and risk control

5.1 Risk evaluation and risk policy

Risk management is based on the evaluation of risks by the Board of Directors and is ensuing risk policy, which is reviewed periodically. Independent risk control bodies monitor the risks at the individual operating unit level and at Group level. The Group Executive Board is informed on a regular basis about the assets, financial positions, liquidity and earnings of the Group and all related risks by means of financial and risk reporting procedures commensurate with each particular level of management. Risk reports are prepared at the individual operating unit level as well as at the Group level.

5.2 Market risk

Market risks arise through fluctuations in market pricing of interest rates, exchange rates and equities as well as the corresponding volatilities. Market risk management entails the identification, measurement, control and regulation of market risk exposure. This exposure primarily pertains to the financial investments.

Market risks are monitored by an independent function on a daily basis. Risk reports are prepared at the individual operating unit level as well as at Group level. Market risks are minimized through constant monitoring of risk.

Price change risks

The Group's exposure to foreign exchange risk arises from financial assets held by the Group, which are either recognized at fair value through profit or loss or directly in equity. To manage the price risk, the Group diversifies the portfolio and partially hedges it with index futures or listed index options. Financial assets are mainly investments in own products (equities, investment funds and private equity funds) and other financial assets (equities, private equity funds and various). Investments in own products for the fulfillment of long-term incentive plans are held to secure liabilities from entitlements of such plans and are therefore considered as economic hedges. All positions in financial assets are valued at fair value. Wherever possible, stock market prices are automatically imported into our systems and used for valuation purposes. The positions are monitored on a daily basis. Any change in price is fully reflected in profit or loss or comprehensive income.

A change in fair value of 10% in relation to the year-end value (net after hedging) would result in a change in equity of CHF 4.3 million (previous year: CHF 5.3 million) for the financial assets measured at fair value, of which CHF 3.8 million (previous year: CHF 5.0 million) would be recognized in profit or loss.

Interest risk

The Group's exposure to interest rate risk is marginal. On the one hand, the Group's cash and cash equivalents available on demand bear interest at market rates and, on the other hand, the influence of debt interest is low due to the high equity ratio. If borrowings are necessary, these are short-term fixed loans that bear interest at market rates.

Currency risk

The Group's exposure to interest rate risk is marginal. On the one hand, the Group's cash and cash equivalents available on demand bear interest at market rates and, on the other hand, the influence of debt interest is low due to the high equity ratio. If borrowings are necessary, these are short-term fixed loans that bear interest at market rates.

CHF 1 000	CHF	EUR	USD	Other
Net position on 31.12.2021		22 736	9 665	177
10% change in fair value	+/- 3258			
Net position on 31.12.2020		21 078	13 231	382
10% change in fair value	+/- 3469			

5.3 Default risk

The Group is exposed to default risk, which is the risk that a counterparty is unable to pay the amount due in full when due. The Group measures default risk and expected default losses based on the probability of default, exposure at default and loss given default. In determining expected default losses, the Group considers both historical analysis and forward-looking information. The Group manages and controls its default risk by maintaining business relationships only with counterparties with an acceptable credit rating.

The following table shows the maximum credit risk exposure of Bellevue Group at the balance sheet date:

CHF 1 000	31.12.2022	31.12.2021
Cash and cash equivalents	64 681	84 363
Trade and other receivables	12 128	18 221
Other assets	1 506	1 412
Total	78 315	103 996

As of December 31, 2022, there are no financial assets that are impaired (December 31, 2021: none) and there are no indications of material adverse effects on the credit quality of financial assets. In 2022, no impairments were identified on financial assets exposed to credit risk.

The following table provides an analysis of the maturity of financial assets with credit risk:

CHF 1 000	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Total
31.12.2022				
Cash and cash equivalents	64 681	–	–	64 681
Trade and other receivables	11 186	942	–	12 128
Other assets	2	–	1 504	1 506
Total	75 869	942	1 504	78 315
31.12.2021				
Cash and cash equivalents	84 363	–	–	84 363
Trade and other receivables	14 173	4 048	–	18 221
Other assets	38	–	1 374	1 412
Total	98 574	4 048	1 374	103 996

As of December 31, 2022 and 2021, the ECL impairment model had no material impact as (i) the majority of financial assets are measured at fair value through profit or loss and the impairment requirements do not apply to such instruments; and (ii) the financial assets «at amortized cost» are mainly current. Consequently, no impairment loss has been recognized based on expected credit losses.

5.4 Liquidity risk

The CFO of Bellevue Group is responsible for managing liquidity and financing risks. Financing risks refer to the risk of Bellevue Group or one of its operating units being unable to refinance its current or anticipated obligations on an ongoing basis at acceptable conditions. Liquidity risks refer to the risk of Bellevue Group or one of its operating units being unable to fulfill its payment obligations when due. Whereas financing risks relate to the ability to finance business operations at all times, liquidity risks primarily concern the ability to ensure sufficient liquidity at any point in time.

Bellevue Group manages its liquidity and financing risks on an integrated basis at the consolidated level. Day-to-day liquidity management is performed at the level of the individual Group companies by functions responsible for this. Financing capacities are managed through appropriate diversification of funding sources and the provision of collateral, thereby reducing liquidity risks.

Risk management ensures that Bellevue Group always has sufficient liquidity to be able to fulfill its payment obligations, even in stress scenarios. The liquidity risk management system therefore comprises functional risk measurement and control systems to ensure its continuous ability to pay its obligations at any time. It also defines strategies and requirements for the management of liquidity risk under stress conditions as part of the defined liquidity risk tolerance. They mainly include risk mitigation measures, the holding of a liquidity buffer comprising highly liquid assets, and a contingency plan to manage any liquidity shortfalls. In the event of an unexpected tightening of liquidity, the Group can also access a portfolio of positions that retain their value and can easily be liquidated and has access to two existing credit lines at different banks.

The maturity structure of financial liabilities is as follows:

CHF 1 000	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Total
31.12.2022				
Trade and other payables	26 283	6 939	9 751	42 973
Leasing liabilities ¹⁾	484	1 130	1 774	3 388
Other financial liabilities	27	–	–	27
Total	26 794	8 069	11 525	46 388

¹⁾ According to IFRS 7 B11D, the undiscounted contractual cash flows relating to the gross lease liabilities must be disclosed. The corresponding undiscounted cash flows differ from the amount recognised in the balance sheet because the amount is based on discounted cash flows.

CHF 1 000	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Total
31.12.2021				
Trade and other payables	37 266	13 411	15 609	66 286
Leasing liabilities ¹⁾	379	1 087	1 041	2 507
Other financial liabilities	14	13	–	27
Total	37 659	14 511	16 650	68 820

¹⁾ According to IFRS 7 B11D, the undiscounted contractual cash flows relating to the gross lease liabilities must be disclosed. The corresponding undiscounted cash flows differ from the amount recognised in the balance sheet because the amount is based on discounted cash flows.

5.5 Operational risk

Operational risks represent the risk of losses resulting from the inadequacy or failure of internal processes, people and systems or from external events.

All business activities entail operational risks, which are prevented, mitigated, transferred or even assumed based on cost/benefit considerations. During this process, potential legal, regulatory and compliance-related risks are taken into account, as are follow-on risks in the form of reputational risks.

The Group-wide process model represents the basis for the management of operational risks. As part of the systematic assessments that are performed annually, the operational risks in all critical processes and process entities are identified and evaluated. In addition, further attention is focused on core security topics such as data protection and business continuity management, which are guaranteed through the use of extra tools.

All measures to control operational risks from part of the Internal Control Systems (ICS).

5.6 Legal and compliance risks

Legal and compliance risks refer to risks related to legal and regulatory issues, primarily liability and default risks. These risks are minimized when processing orders by requiring standardized master agreements and individual agreements. Risk related to the acceptance of client assets and adherence to due diligence obligations are monitored at the respective operating unit level. When appropriate, external attorneys will be consulted to limit legal risks.

6 Major subsidiaries

Company name	Domicile	Purpose	Currency	Share capital/ Nominal capital	31.12.2022		31.12.2021	
					Share of Capital	Voting rights	Share of Capital	Voting rights
Fully consolidated companies								
Bellevue Group AG	Küsnacht, Switzerland	Holding	CHF	1 346 143	Parent company		Parent company	
Bellevue Asset Management AG	Küsnacht, Switzerland	Asset Management	CHF	1 750 000	100%	100%	100%	100%
Bellevue Asset Management (Deutschland) GmbH (previously: StarCapital AG) ¹⁾	Frankfurt am Main, Germany	Asset Management	EUR	540 000	100%	100%	100%	100%
Bellevue Asset Management (UK) Limited	London, UK	Asset Management	GBP	50 000	100%	100%	100%	100%
Asset Management BaB N.V.	Curaçao	Asset Management	USD	6 001	100%	100%	100%	100%
Bellevue Research Inc.	New York, USA	Research	USD	100	100%	100%	100%	100%
BB Biotech Ventures GP	Guernsey	Investment Advisor	GBP	10 000	100%	100%	100%	100%
BB Pureos Bioventures GP Limited	Guernsey	Investment Advisor	GBP	60 000	99%	99%	99%	99%
Bellevue Private Markets AG	Zug, Switzerland	Investment Advisor	CHF	1 000 000	100%	100%	100%	100%
adbodmer AG	Zug, Switzerland	Investment Advisor	CHF	100 000	100%	100%	100%	100%
Bellevue Komplementär AG	Küsnacht, Switzerland	Asset Management	CHF	200 000	100%	100%	100%	100%
Bellevue Private Markets Management I S.à.r.l. ²⁾	Luxembourg	Asset Management	EUR	12 000	100%	100%	0%	0%
Bellevue Asset Management (Deutschland) GmbH (old) ¹⁾	Frankfurt am Main, Germany	Asset Management	EUR	25 000	0%	0%	100%	100%
Realwerk AG ³⁾	Zug, Switzerland	Investment Advisor	CHF	100 000	0%	0%	100%	100%

¹⁾ Bellevue Asset Management (Deutschland) GmbH was absorbed by StarCapital AG as of July 1, 2022. StarCapital AG was subsequently renamed Bellevue Asset Management (Deutschland) GmbH as part of change in legal form.

²⁾ The Company was founded on August 30, 2022.

³⁾ Realwerk was merged with Bellevue Private Markets Ltd as of January 1, 2022.

Minority shareholders' equity ownership of BB Pureos Bioventures GP Limited is 1%. Due to the non-materiality of this ownership with respect to the overall Bellevue Group's equity and comprehensive income, no separate disclosure of minority shareholders has been published on the Group's financial statements.

7 Guarantees and contingent liabilities

CHF 1 000	31.12.2022	31.12.2021
Rent deposit accounts in connection with leasing contracts	1 178	950
Contingent liabilities	4 731	6 465

8 Events after the balance sheet date

No events have occurred since the balance sheet date that would have a material impact on the information provided in the year 2022 consolidated financial statements and would therefore need to be disclosed.

9 Transactions with related companies and persons

9.1 Compensation paid to members of the Board of Directors and to members of the Group Executive Board

CHF 1 000	Fixed compensation paid in cash	Short-term variable compensation paid in cash	Short-term variable compensation paid in shares	Long-term variable compensation paid in shares	Total
Total 1.1.–31.12.2022					
Compensation to members of the Board of Directors	613	–	181	–	794
Compensation to members of the Group Executive Board	1 018	632	1 482	– 110	3 022
Total 1.1.–31.12.2021					
Compensation to members of the Board of Directors	616	–	245	–	861
Compensation to members of the Group Executive Board	1 124	1 547	1 075	150	3 896

The amounts listed for fixed and variable compensation also include any employer contributions to statutory or regulatory social security schemes.

The short-term variable compensation in shares of the Board of Directors consists of the following items:

- TCHF 147 (2021: TCHF 147) in 4 years restricted shares
- TCHF 34 (2021: TCHF 98) in 3 years blocked and discounted shares from participation program (monetary benefit)

The short-term variable compensation in shares of the Group Executive Board consists of the following items:

- TCHF 283 (2021: TCHF 318) in 4 years restricted shares
- TCHF 1 136 (2021: TCHF 592) in 4 years restricted shares with one-year service period and right of redemption (taking into account the service/vesting period in accordance with IFRS 2)
- TCHF 63 (2021: TCHF 165) in 3 years blocked and discounted shares from participation program (monetary benefit)

Members of the Group Executive Board partially participate in an employee stock ownership plan in connection with the asset management mandate of BB Biotech AG. Within the scope of these plans, some of the members of the Group Executive Board are entitled to receive a maximum number of shares in BB Biotech AG. The actual number of shares awarded depends on various conditions. Awarded shares are subject to a three-year vesting period beginning on the date of grant. In addition, the actual number of shares distributed will depend on the achievement of certain performance targets over the subsequent three fiscal years in connection with the respective investment mandates. The cost of this employee program is recognized as long-term variable compensation.

In the financial years 2022 and 2021, no compensation was paid to related parties of members of the Board of Directors and Group Executive Board, nor to former members of the Board of Directors.

9.2 Transactions with related companies and persons

As of December 31, 2022 and 2021, there were neither receivables nor liabilities to related companies and persons.

10 Share-based payments

10.1. Variable compensation (share of profit) with service conditions

According to the rules for the payment of variable compensation set by the Board of Directors, higher variable compensation (>TCHF 200) is partly paid in blocked shares with a 1-year (pro rata) service condition. The cost of this portion of the variable compensation is recognized over the service period from the grant date. In 2022, TCHF 1 140 (2021: TCHF 1 623) of share-based compensation costs were recognized in personnel expenses.

10.2. Voluntary employee stock ownership plan

In 2022, the Board of Directors approved a voluntary employee stock option program for a total of 100 000 shares (2021: 200 000 shares). Depending on the management level, the Board of Directors, Executive Board and employees were offered a certain number of Bellevue Group AG shares at a discounted purchase price of CHF 23.75 per share (2021: CHF 31.75 per share). This corresponded to a discount of almost 25% on the volume-weighted average price of the quarter prior to the grant date of the entitlements. The difference between the market value at the effective grant date and the purchase price corresponds to a monetary benefit of CHF 0.6 million (2021: CHF 1.2 Mio.), which was recognized in personnel expenses. 66 310 rights (2021: 133 241 rights) were exercised (thereof 4 500 (2021: 10 000) by the Board of Directors and 8 200 (2021: 16 755) by the Group Executive Board).

11 Earnings per share

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Group net profit	25 300	43 063
Weighted average number of issued registered shares	13 461 428	13 461 428
Less weighted average number of treasury shares	– 170 904	– 157 909
Weighted average number of shares outstanding (undiluted)	13 290 524	13 303 519
Weighted average number of shares outstanding (diluted)	13 290 524	13 303 519
Earning pro shares		
Undiluted earnings per share (in CHF)	1.90	3.24
Diluted earnings per share (in CHF)	1.90	3.24

12 Dividend payment

The Board of Directors will propose a dividend distribution of CHF 2.00 per registered share to the Annual General Meeting of Bellevue Group AG on March 21, 2023. This corresponds to a total distribution of CHF 26.9 million.

13 Approval of the consolidated financial statements

The Audit & Risk Committee discussed and approved the consolidated financial statements at its meeting on February 20, 2023, and the Board of Directors at its meeting on February 21, 2023. The consolidated financial statement will be submitted to the Annual General Meeting on March 21, 2023, for approval.

14 Summary of significant accounting policies

14.1. Company and business activity

Bellevue Group AG is a public limited company listed on the SIX Swiss Exchange and has its registered office at Seestrasse 16, 8700 Küsnacht/Switzerland. The company acts as a pure asset manager with a multi-boutique approach and specializes in investment themes that require an active investment style.

14.2 Accounting principles

The consolidated financial statements of Bellevue Group AG have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the listing regulations of the Swiss Stock Exchange.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The application of the underlying principles is unchanged from the previous year, with the exception of the accounting standards newly applied in item [14.3](#).

14.3 New accounting standards used

The following new or revised standards and interpretations did not have any material impact on Bellevue Group when they were applied for the first time as of January 1, 2022:

	To be applied as of
IFRS 3 Amendments: Reference to the Conceptual Framework	01.01.2022
IAS 16 Amendments: Property, Plant and Equipment: Proceeds before Intended Use	01.01.2022
IAS 37 Amendments: Onerous Contracts - Costs of Fulfilling a Contract -	01.01.2022

14.4 International Financial Reporting Standards and interpretations which will be introduced in 2023 or later

Based on early stage analysis, the following new standards and/or standards' updates will not have a significant effect on Bellevue Group's financial statements:

	To be applied as of
IFRS 17: Insurance Contracts	01.01.2023
IAS 1 Amendments: Classification of Liabilities as Current or Non-current	01.01.2023
IAS 8 Amendments: Definition of Accounting Estimates	01.01.2023

14.5 Important accounting principles

14.5.1 Consolidation principles

Fully consolidated companies

The annual consolidated financial statements comprise the annual accounts of Bellevue Group AG and its subsidiaries. All companies that are directly or indirectly controlled by Bellevue Group AG are consolidated. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and deconsolidated from the date when control ceases.

Method of consolidation

The Group applies the acquisition method to account for business combinations. Under this method, the book value of the participation held by the parent company is offset against its share of the shareholders' equity of the subsidiary at the time of the acquisition. The effects of intercompany transactions are eliminated during the preparation of the consolidated financial statements.

Business combinations

In a business combination, the acquirer obtains control of the net assets of one or more businesses. The business combination is accounted for using the acquisition method. This requires the recognition of the identifiable assets acquired, including previously unrecognized intangible assets, and liabilities assumed of the acquired business at their fair values at the acquisition date. Any excess of the consideration transferred over the net identifiable assets acquired is recognized as goodwill. Consideration transferred is assets or equity instruments issued that are measured at fair value at the acquisition date. Transaction costs are immediately charged to the income statement.

Contingent consideration, which is accounted for as part of the consideration transferred for the acquiree, is measured at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration are recognized in the income statement in accordance with IFRS 9.

14.5.2 General principles

Foreign currency translation

The items included in the financial accounts of each of the Group's company are measured using the currency of the primary economic environment, in which the company operates (functional currency). The consolidated financial statements are presented in Swiss Francs, which is also the functional and presentation currency of Bellevue Group AG.

Assets and liabilities denominated in foreign currencies at foreign group member companies are converted into Swiss francs using the applicable exchange rates for the balance sheet date. For the income and cash flow statements, year-average exchange rates are used. The differences resulting from consolidation are booked directly in other comprehensive income.

In the individual year-end accounts of group member companies transactions are booked in foreign currency at the respective daily exchange rates. Monetary assets are translated at the respective daily exchange rate and any gains or losses are recognized in the income statement. Monetary items carried on the balance sheet at historical cost in a foreign currency are translated at the historical exchange rate.

The following exchange rates apply to the translation of significant currencies:

	2022		2021	
	Year-end rate	Average rate	Year-end rate	Average rate
EUR	0.98956	1.00295	1.03740	1.07929
USD	0.92450	0.95344	0.91290	0.91271
GBP	1.11870	1.17416	1.23390	1.25362

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current accounts as well as call money at banks with a maturity of less than three months. These are measured at nominal value, which corresponds to fair value due to the short-term maturities.

Accrual of income

The Group's revenue consists mainly of asset management fees. A distinction is made between the following fees: Management fees result from the management of collective capital contributions and institutional asset management mandates. Performance fees are only recognized when all performance criteria have been met. Interest is accrued on an accrual basis.

14.5.3 Financial instruments

Initial recognition

Purchases and disposals of financial assets are recognized in the balance sheet on the trade date. At the time of initial recognition, financial assets or financial liabilities are classified in the respective category according to criteria set forth in IFRS 9 and measured at the fair value of the consideration given or received, including directly attributable transaction costs. In the case of trading portfolio assets and other financial instruments carried at fair value, transaction costs are immediately recognized in the income statement, except of value changes of financial instruments, which are recorded in the comprehensive income.

Determination of fair value

At initial recognition, the fair value of financial instruments is ascertained from quoted market prices provided that the financial instrument is traded on an active market (level 1). Whenever possible, the fair value of other financial instruments is determined using generally recognized valuation models (level 2). These models are based on input parameters other than level 1 that can be observed on the market. For a residue of financial instruments, there are no available market listings or valuation models or methods based on market prices. For

such instruments, in-house valuation methods or models are used (level 3). In such cases, the fairness of the valuation is assured by clearly defined methods and processes and by independent checks.

Financial investments at amortized costs

Investments whereby the objective is to hold financial assets to collect contractual cash flows and for which the contractually agreed cash flows comprise only interest and the repayment of parts of the nominal value are entered on the balance sheet as amortised costs using the effective interest method. Any expected credit losses are deducted from the book value of the item.

Financial assets and liabilities from financial assets

Financial instruments that do not meet the criteria for recognition at amortized cost are recognized at fair value. The resulting income is reported under the item «Income from financial investments». Liabilities from financial assets are reported under the item «Other financial liabilities».

Investments at fair value with fair value changes recognized in other comprehensive income

Investments in equity instruments that are not held for trading purposes are carried fair value in the balance sheet. Changes in value are recognised in the income statement except in cases where Bellevue Group has irrevocably decided to recognised them at fair value through other comprehensive income.

Derivative financial instruments

Derivative financial instruments are recognized in the balance sheet under «Financial assets» or «Other financial liabilities». No offsetting takes place on the basis of master netting agreements. Realized and unrealized gains and losses are recognized in «Income from financial investments».

14.5.4 Other principles

Treasury shares and derivatives on treasury shares

Bellevue Group AG shares held by Bellevue Group are designated as treasury shares and are deducted from shareholders' equity at weighted average cost. Changes in fair value are not recognized. The difference between the sales proceeds of treasury shares and the corresponding acquisition cost is recorded in retained earnings.

Derivatives on own shares that must be settled in cash or that offer a choice of settlement method are treated as derivative financial instruments.

Share-based payments

Bellevue Group maintains various share-based payment plans in the form of share plans for selected employees. When such payments are made to these employees, the fair value of these payments at grant date serves as the basis for calculating the personnel expenses. Share-based payments that are not subject to any further conditions are expensed immediately at grant date. Share-based payments that are subject to the completion of a service period or to other vesting conditions are expensed over the respective vesting period starting at grant date. The amount recognised as an expense is adjusted to reflect the number of share awards for which the related services and non-market performance vesting conditions are expected to be met.

Property and equipment

Property and equipment include leasehold improvements, information technology and telecommunications equipment, capitalized right of use from leases and other fixed assets. The acquisition or production costs of property and equipment are capitalized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Bellevue Group mainly acts as a lessee in the context of the leasing of business premises. At the lease commencement date, a lease liability corresponding to the present value of lease payments over the lease term is recognized. The lease term basically corresponds to the non-cancellable period during which Bellevue Group has the right to use the business premises but it also takes account of the period covered by an option to extend the lease if Bellevue Group is reasonably certain to exercise that option, and the period covered by an option to terminate the lease if Bellevue Group is reasonably certain not to exercise that option.

At the same time as the lease liability is recognized, a right to use the underlying asset, which corresponds to the lease liability plus prepaid lease payments, directly attributable costs and any reinstatement obligations, is capitalised. After initial recognition, the interest component on the lease liability is accrued in the period in which it is incurred using the effective interest method and is recognized in «Net other income». The lease liability is adjusted to reflect interest recognized and lease payments made. The right-of-use asset is depreciated on a straight-line basis over the lease term. The depreciation charge and any impairment charge are recognized in the income statement in «Depreciation and amortization».

If there is any change to the lease term or if lease payments are adjusted to an index, the lease liability is remeasured. In the first case, the current incremental borrowing rate is used to calculate the present value; in the second case, the original incremental borrowing rate is used. The amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset. Right-of-use assets are recognized in the balance sheet item «Property and equipment». The carrying amount of the right-of-use assets and changes in that value are shown in note 3.5. Lease liabilities related to leased office space are recognized in the balance sheet item «Lease liabilities». Bellevue Group applies the accounting exceptions for short-term leases and leased assets of low value. Neither a lease liability nor a right-of-use asset is recognized for these leases.

Property and equipment are depreciated on a straight-line basis over their estimated useful life as follows:

Leasehold improvements	max. 10 years
Information technology and communications equipment	max. 5 years
Rights of use	over leasing contract duration
Other fixed assets	max. 5 years

Property and equipment are reviewed for impairment if events or circumstances indicate that the carrying amount may be impaired. If the carrying amount exceeds the realizable amount, an impairment loss is charged. Any reversals of impairments at a later date will be recognized in the income statement.

Goodwill and other intangible assets

Goodwill arises from the acquisition of subsidiaries and represents the future economic benefits from other assets acquired in a business combination that are not individually identified and are recognised separately. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs (cash generating unit) or group's of CGUs, that is expected to benefit for synergies from combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the level of the CGU respectively group of CGU's, taking into account the internal reporting and management structure. Goodwill is capitalized and tested for impairment at least on an annual basis, or if events or changed circumstances indicate a potential impairment. The test is carried out more frequently to determine whether the book value exceeds its recoverable

amount. The recoverable amount is the higher of fair value less costs to sell and the value in use. If the book value exceeds the recoverable amount an impairment loss is recorded.

Other intangible assets include client relationships and brands acquired during business combination as well as softwares. Such intangible assets are capitalized if their fair value can be reliably determined. They are amortized on a straight-line basis over their useful life of not more than 5 years (software), 10 to 15 years (client relationships) or 5 years (brands). Other intangible assets are reviewed for impairment if events or circumstances indicate that the carrying amount may not be recoverable. If the carrying amount exceeds the realizable amount, an impairment loss is charged. Any reversals of impairments at later date will be recognized in the income statement. At present, there are no other intangible assets with an indefinite useful life capitalized in Bellevue Group's balance sheet.

Income taxes

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantially enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income and recognized as expense in the period in which the related profits are made. Receivables or liabilities related to current income taxes are reported in the balance sheet in the items «Current tax assets» or «Current tax liabilities». Tax effects arising from temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their corresponding tax values are recognized as «Deferred tax assets» and «Deferred tax liabilities» respectively. Deferred tax assets arising from temporary differences and from tax loss carry forwards can be offset. Deferred tax assets and deferred tax liabilities are calculated at the tax rates expected to apply in the period in which the tax assets will be realized, or the tax liabilities settled. Tax receivables and tax liabilities are offset when they refer to the same taxable entity, fall under the same jurisdiction, and the enforceable rights to offset exists.

Current and deferred taxes are credited or charged directly to shareholders' equity if the taxes are related to items that are credited or charged under other comprehensive income in the same or a different period.

Provisions

A provision is recognized if Bellevue Group has, as a result of a past event, a current liability at the balance sheet date that will probably lead to an outflow of funds and whose amount can be reliably estimated. If an outflow of funds is unlikely to occur, or the amount of the liability cannot be reliably estimated, a contingent liability is shown. If there is, as a result of a past event, a possible liability as at the balance sheet date whose existence depends on future developments that are not fully under Bellevue Group's control, a contingent liability is likewise shown. The recognition and reversal of provisions are recognized under «Valuation adjustments and provisions» except for changes in actuarial pension provisions, which are recognized under «Other comprehensive income», with the exception of changes in actuarial provisions which are recorded in the income statement.

Pension funds

Bellevue Group maintains in Switzerland a defined-contribution pension plan. The pension fund is set up in accordance with Swiss defined-contribution regulations, but does not meet all of the criteria of a defined-contribution plan as defined by IAS 19. Therefore, this plan is treated as a defined-benefit plan.

Pension obligations are met exclusively with pension fund assets held by a pension foundation legally separated from and independent of Bellevue Group. It is managed by a Board of Trustees, consisting in equal parts of representatives of management and employees. The organization, operational management and financing of the pension fund are conducted in accordance with legal regulations, the foundation's charter and applicable pension fund regulations. Employees and pensioners, or their survivors, receive legally

determined benefits upon leaving the Company, during retirement, at death, and in the event of invalidity. These benefits are financed by employee's and employer's contributions.

For defined-benefit plans, pension costs are determined on the basis of different economic and demographic assumptions using the projected unit credit method. This method uses the number of service years until the key date. The assumptions to be evaluated by the Group include expectations of future salary development, long-term interest on retirement assets, retirement trends and life expectancy. The valuations are carried out by independent actuaries every year. The pension assets are valued annually at fair value.

Pension cost is composed of three components:

- Service cost, which is recorded as personnel expenses in the income statement;
- Net interest expenses, which are recorded in the position «Other financial income» in the income statement; and
- Revaluation components, which are recognised in the statement of comprehensive income.

Service cost encompasses the current service cost, past service cost, and gains and losses from non-routine plan settlements. Gains and losses from plan curtailments are treated the same way as past service cost. Employee contributions and third-party contributions reduce the service cost and are deducted from it, provided they are required by the benefit regulations or are the result of a factual obligation.

Net interest expenses are the result of the assumed interest rate multiplied by the pension obligations or the pension assets. Capital flows and changes of less than a year are included on a weighted basis.

Revaluation components include actuarial gains and losses from changes in the net present value of the pension obligations and the pension assets. Actuarial gains and losses are calculated on the basis of changes in assumptions and experience adjustments. Gains and losses on assets are the result of income on assets less the amounts contained in net interest expenses. The revaluation component also includes changes in unrecognised assets less effects included in net interest expenses. Revaluation components are recorded in the statement of comprehensive income and cannot be recycled. Amounts recorded in the statement of comprehensive income can be reallocated within equity.

Pension obligations or assets recorded in the consolidated financial statements correspond to the funding surplus or shortfall of the defined-benefit plans. However, pension assets are restricted to the net present value of the Group's economic benefit from future curtailments or repayments. Pension obligations in Swiss benefit plans are currently valued on the basis of employers and employees sharing the risk.

15 Alternative Performance Indicators (unaudited)

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021	Change
Income	95 862	140 618	- 44 756
Personnel expenses	- 46 988	- 66 045	+19 057
Other operating expenses	- 14 056	- 14 344	+288
Operating expenses	- 61 044	- 80 389	+19 345
Operating profit	34 818	60 229	- 25 411
Depreciation and amortization	- 3 624	- 3 751	+127
Valuation adjustments	-	- 2 888	+2 888
Group profit before tax	31 194	53 590	- 22 396
Taxes	- 5 894	- 10 527	+4 633
Group net profit	25 300	43 063	- 17 763

Report of the statutory auditor to the General Meeting of Bellevue Group AG Küsnacht

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bellevue Group AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, consolidated statement of comprehensive income, statement of shareholders' equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

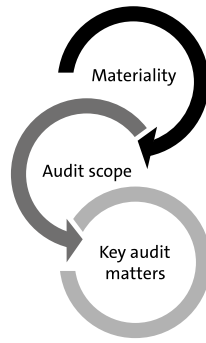
In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach Overview



Overall Group materiality: CHF 950 000

We concluded full scope audit work at Bellevue Group AG and three group entities in three countries. For additional two group entities (one domiciled in Switzerland and one domiciled abroad), we have performed specified audit procedures in relation to account balances and types of business transactions.

In addition, analytical procedures were conducted at a further six group entities in four countries. We assess the coverage of the balance sheet total and the net sales of the group as sufficient.

As key audit matter the following area of focus has been identified:

Impairment of goodwill and other intangible assets

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality

CHF 950 000

Benchmark applied

Income

Rationale for the materiality benchmark applied

We chose the income as the benchmark because in our view, the income represents a generally recognized benchmark for materiality considerations for asset managers and accordingly depicts the economic and operational performance of the Group without the influence of volatile value adjustments.

We agreed with the Audit & Risk Committee that we would report to them misstatements above CHF 47 500 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our audit planning is based on determining materiality and assessing the risks of material misstatement of the consolidated financial statements. In doing so, we took particular account of those areas in which discretionary decisions were made. This applies, for example, to significant accounting estimates that involve making assumptions and which depend on future events that are inherently uncertain. As in all audits, we considered the risk of management's circumvention of internal controls and, among other aspects, possible indications of a risk of intentional misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and other intangible assets

Key audit matter

Goodwill in the amount of CHF 41.0 million and other intangible assets in the amount of CHF 4.4 million have been recognized in the financial statements under «Goodwill and other intangible assets».

Bellevue Group AG uses the discounted cash flow method in order to test goodwill and other intangible assets for impairment. The valuation is calculated based on the expected future cash flows to the investor.

We consider the assessment of the impairment of goodwill and other intangible assets as a key audit matter because the Board of Directors has to apply significant judgement in setting the assumptions relating to future business results and the discount rate to be applied on the fore-casted cash flows; significant estimation uncertainty exists and material impairments have been recognized in past financial years.

Please refer to note [4.1](#) Estimates, assumptions and the exercise of discretion by management and note [3.6](#) Goodwill and other intangible assets as well as note [14.5](#) important accounting principles.

How our audit addressed the key audit matter

We have analyzed and assessed the assumptions applied by the Board of Directors to the valuation of the goodwill and other intangible assets in the consolidated financial statements of Bellevue Group AG.

Management adheres to a documented process in forecasting cash flows. The Board of Directors monitored this process and regularly challenged the assumptions that were used. We assessed the appropriateness and proper application of the valuation method used to determine the value of the goodwill and other intangible assets.

We compared the business results of the year under review with the year's budgeted results, in order to retrospectively assess the accuracy of assumptions used in the forecasting of the cash flows.

We compared Management's assumptions concerning revenue growth and long-term growth rates with economic and industry-specific developments.

We compared the discount rate with the cost of capital of the Group and of comparable enterprises, taking into account country-specific particularities.

We assess the process of the impairment assessment and the determination of impairment applied by the Board of Directors as appropriate. The process ensured an analysis of the valuation factors and represented an appropriate and sufficient basis for the assessment of the recoverability of the goodwill and other intangible assets.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's 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 either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or the Audit & Risk committee 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.

We also provide the Board of Directors or the Audit & Risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or the Audit & Risk committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and SA-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Philippe Bingert

Licensed audit expert
Auditor in charge

Roland Holl

Licensed audit expert

Zürich, 24 February 2023

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Profit and loss account

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Dividend income from participations	38 000	40 208
Other ordinary income	50	34
Net revenue from operating activities	38 050	40 242
Personnel expenses	- 2 488	- 3 011
Other operating expenses	- 968	- 1 210
Operating expenses	- 3 456	- 4 221
Operating profit before financial result, taxes, depreciation and valuation adjustments	34 594	36 021
Impairments on participations	-	- 3 413
Depreciation and impairments	-	- 3 413
Operating profit before financial result and taxes	34 594	32 608
Finance income	15	881
Finance expense	- 306	- 56
Profit for the year before taxes	34 303	33 433
Direct taxes	- 24	- 21
Profit for the year	34 279	33 412

Balance Sheet

CHF 1 000	31.12.2022	31.12.2021
Assets		
Current assets		
Cash and cash equivalent	1 239	3 777
Other short-term receivables	3 522	5 065
Prepaid expenses and accrued income	230	235
Total current assets	4 991	9 077
Non-current assets		
Financial investments	323	402
Participations	109 279	109 166
Total non-current assets	109 602	109 568
Total assets	114 593	118 645
Liabilities and shareholders' equity		
Short-term liabilities		
Other short-term liabilities	94	34
Accrued expenses and deferred income	1 097	1 418
Total short-term liabilities	1 191	1 452
Shareholders' equity		
Share capital	1 346	1 346
Legal capital reserves	644	644
– Reserves from capital contributions	644	644
Legal retained earnings	2 225	2 225
– General legal retained earnings reserves	2 225	2 225
Voluntary retained earnings	19 506	19 506
Total disposable profit	98 017	99 551
– Profit brought forward	63 738	66 139
– Profit for the year	34 279	33 412
Treasury shares	– 8 336	– 6 079
Total shareholders' equity	113 402	117 193
Total liabilities and shareholders' equity	114 593	118 645

Notes to the financial statements

1 Accounting Principles

General approach

The annual financial statements of Bellevue Group AG were prepared in accordance with the guidelines of the Swiss Code of Obligations. Balance sheet items are valued at historical costs.

Cash and cash equivalents, receivables and liabilities

Assets are recognised at acquisition costs and liabilities are recognised at their nominal value. Specific valuation adjustments are made for identifiable risks of loan losses.

Property, plant and equipment

Property, plant and equipment are valued at acquisition or production cost less accumulated depreciation and less value adjustments. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. If there are indications of overvaluation, the book values are reviewed and adjusted if necessary.

Participations

Participations are recognised at acquisition costs less impairments necessary for commercial reasons.

Accruals and deferrals

Accruals and deferrals are expenditures of the current financial year, which are recognized as expenses in the subsequent financial year as well as revenues of the current financial year, which are recognised as income in the subsequent financial year.

Treasury shares

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognised through the income statement as profit or loss. For treasury shares held by subsidiaries, a reserve for treasury shares is booked to the value of the acquisition price.

Waiver of cash flow statement, management report and additional disclosures in the notes

As Bellevue Group AG has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS), it has decided to waive the disclosure of additional information on interest-bearing liabilities and audit fees in the notes, the management report as well as a the cash flow statement in accordance with the law.

2 Notes to the financial statements

Cash and cash equivalent

CHF 1 000	31.12.2022	31.12.2021
Due from banks	1 239	3 777
Total	1 239	3 777

Other short-term receivables

CHF 1 000	31.12.2022	31.12.2021
Due from group companies	3 500	5 000
Due from third parties	22	65
Total	3 522	5 065

Other short-term receivables from group companies include short-term loans and bore interest of 0.25% in the financial year and in the comparative period. The recorded interest is shown in the position «finance income».

Participations

Company	Domicile	Purpose	Currency	Share capital/ Nominal capital	31.12.2022		31.12.2021	
					Capital	Voting rights	Capital	Voting rights
Bellevue Asset Management AG	Küsnacht, Switzerland	Asset Management	CHF	1 750 000	100%	100%	100%	100%
Bellevue Asset Management (Deutschland) GmbH (previously: StarCapital AG) ¹⁾	Frankfurt am Main, Germany	Asset Management	EUR	540 000	100%	100%	100%	100%
Bellevue Asset Management (UK) Limited	London, UK	Asset Management	GBP	50 000	100%	100%	100%	100%
Asset Management BaB N.V.	Curaçao	Asset Management	USD	6 001	100%	100%	100%	100%
Bellevue Research Inc.	New York, USA	Research	USD	100	100%	100%	100%	100%
BB Biotech Ventures GP	Guernsey	Investment Advisor	GBP	10 000	100%	100%	100%	100%
BB Pureos Bioventures GP Limited	Guernsey	Investment Advisor	GBP	60 000	99%	99%	99%	99%
Bellevue Private Markets AG	Zug, Switzerland	Investment Advisor	CHF	1 000 000	100%	100%	100%	100%
adbodmer AG	Zug, Switzerland	Investment Advisor	CHF	100 000	100%	100%	100%	100%
Bellevue Komplementär AG	Küsnacht, Switzerland	Asset Management	CHF	200 000	100%	100%	100%	100%
Bellevue Private Markets Management I S.à.r.l. ²⁾	Luxembourg	Asset Management	EUR	12 000	100%	100%	0%	0%
Bellevue Asset Management (Deutschland) GmbH (old) ¹⁾	Frankfurt am Main, Germany	Asset Management	EUR	25 000	0%	0%	100%	100%
Realwerk AG ³⁾	Zug, Switzerland	Investment Advisor	CHF	100 000	0%	0%	100%	100%

¹⁾ Bellevue Asset Management (Deutschland) GmbH was absorbed by StarCapital AG as of July 1, 2022. StarCapital AG was subsequently renamed Bellevue Asset Management (Deutschland) GmbH as part of change in legal form.

²⁾ The Company was founded on August 30, 2022.

³⁾ Realwerk was merged with Bellevue Private Markets Ltd as of January 1, 2022.

As a rule, participations are valued individually. For participations that are already managed and assessed together as an economic business unit within the company, the impairment test of the participations is performed analogously to the IFRS consolidated financial statements at the level of the economic business units.

Lower business volumes and an overall reduction in profitability at StarCapital AG had led to the need to adjust the carrying amount of the investment in StarCapital AG by CHF 3.4 million in the 2021 reporting year.

Other short-term liabilities

CHF 1 000	31.12.2022	31.12.2021
Due to third parties	94	34
Total	94	34

Treasury Shares

Treasury shares are held directly by the Company. All transactions are carried out at market prices.

	Average price in CHF	Number of shares
Balance as of 1.1.2021		86 142
Purchases Bellevue Group AG	41.1181	339 213
Disposals Bellevue Group AG	40.4754	– 269 724
Balance as of 31.12.2021		155 631
Purchases Bellevue Group AG	34.1625	294 750
Disposals Bellevue Group AG	36.4208	– 208 305
Balance as of 31.12.2022		242 076

3 Additional Information

Company name, legal form and domicile

The Bellevue Group AG is a joint stock company under the Swiss Code of Obligations and is domiciled in Küsnacht at Seestrasse 16.

Declaration on FTEs

The annual average of full-time employees has not exceeded 10 in the current financial year (previous year: not exceeded 10).

Information on shareholdings of members of the Board of Directors and the Group Executive Board

	31.12.2022	31.12.2021
	Shares	Shares
Share-holdings of members of the Board of Directors		
Veit de Maddalena, Chairman	287 024	304 579
Daniel Sigg, Member	51 705	50 760
Urs Schenker, Member	21 769	19 372
Katrin Wehr-Seiter, Member	14 958	12 513
Share-holdings of members of the Group Executive Board		
André Rüegg, CEO and CEO Bellevue Asset Management AG	300 000	289 982
Michael Hutter, CFO	71 162	80 000
Jan Kollros, CEO Bellevue Private Markets AG and CEO adbodmer AG ¹⁾	n/a	72 603

¹⁾ Jan Kollros has left the Group Executive Board as of August 31, 2022.

Events after the balance sheet date

No events have occurred since the balance sheet date that would have a material impact on the information provided in the year 2022 financial statements and would therefore need to be disclosed.

Information on major shareholders

Based on the notifications received and published by Bellevue Group AG, each of the following parties owns a significant voting rights:

Shareholder or beneficial owner	31.12.2022		31.12.2021	
	Voting rights held	Number of Shares	Voting rights held	Number of Shares
Martin Bisang, Küsnacht	20.43%	2 750 000	20.43%	2 750 000
Hans Jörg Wyss, Cambridge MA (USA)	9.66%	1 300 000	9.66%	1 300 000
Jürg and Manuela Schächli, Rapperswil-Jona	9.05%	1 217 799	9.05%	1 217 799

The shareholders Martin Bisang (Küsnacht), as well as Jürg and Manuela Schächli (Jona) signed a shareholder agreement on October 25, 2018. Martin Bisang will represent the Group and controls 29.48% of the voting rights by December 31, 2022 (December 31, 2021: 29.48%).

4 Proposal to the Annual General Meeting

CHF 1 000	Proposal of the Board of Directors 2023	Resolution of the AGM 2022
Profit for the year	34 279	33 412
Balance brought forward from previous year	63 738	66 139
Total Profit	98 017	99 551
Dividend on eligible capital ¹⁾	– 26 923	– 35 813
Balance carried forward to new financial year	71 094	63 738

¹⁾ Including treasury shares possibly held directly by Bellevue Group AG.

Upon approval of this proposal, the dividend of CHF 2.00 per registered share of CHF 0.10 will be paid less the federal withholding tax of 35%.

Report of the statutory auditor to the General Meeting of Bellevue Group AG Küssnacht

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bellevue Group AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

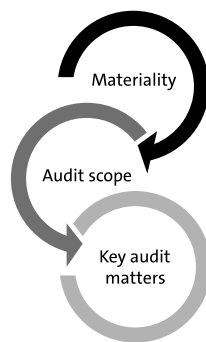
In our opinion, the accompanying financial statements comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach Overview



Overall materiality: CHF 950 000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Impairment of participations

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality

CHF 950 000

Benchmark applied

Equity

Rationale for the materiality benchmark applied

We chose equity as the benchmark because the company considered for itself is conducting limited operational activities and, in our view, the equity is a generally accepted benchmark for holding companies.

We agreed with the Audit & Risk Committee that we would report to them misstatements above CHF 47 500 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of participations

Key audit matter

The shares of the capital of subsidiaries held by the Company are recognized in the financial statements under «Participations» (TCHF 109 279).

Participations are recognized at acquisition cost less any economically necessary impairments.

Bellevue Group AG uses the discounted cash flow method for selected subsidiaries in order to test whether any impairments are necessary. For other subsidiaries, the net-asset value method respectively the net realizable-value method is used for the impairment assessment. The valuation is calculated based on the expected future cash flows to the investor respectively by comparing the book value of the participation to the equity of the respective subsidiary. For participations that are already managed and assessed internally as an economic business unit, the impairment of the participations is tested at the level of the economic business unit.

We consider the assessment of the impairment of participations as a key audit matter because the Board of Directors has to apply judgement in setting the assumptions relating to future business results and the discount rate to be applied on the forecasted cash flows; significant estimation uncertainty exists and moreover, participations represent a significant amount on the balance sheet (95% of total assets).

We refer to [note 1](#) (Accounting principles) and [note 2](#) (Notes to the financial statements).

How our audit addressed the key audit matter

We have analysed and assessed the assumptions applied by the Board of Directors to the valuation of the participations in the financial statements of Bellevue Group AG.

Management adheres to a documented process in forecasting cash flows. The Board of Directors monitors this process and regularly challenges the assumptions that are used. We assessed the appropriateness and proper application of the valuation method used to determine the value of the participations.

We compared the business results of the year under review with the year's budgeted results, in order to retrospectively assess the accuracy of assumptions used in the forecasting of the cash flows.

We compared Management's assumptions concerning revenue growth and long-term growth rates with economic and industry-specific developments.

We compared the discount rate with the cost of capital of the company and of comparable enterprises, taking into account country-specific particularities.

In respect of the analysis of the net asset value, we compared the book value of the participations recorded in the balance sheet with the proportionate equity of the subsidiaries.

Further, we assessed whether the subsidiaries had prepared their financial statements based on the assumption of continuing as going concern and whether this was appropriate.

We assess the process of the examination of recoverability and determination of value adjustments of participations as appropriate.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors 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 is responsible for assessing the Company's 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH 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 Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism 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.

- Conclude on the appropriateness of the Board of Directors' 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or the Audit & Risk committee 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.

We also provide the Board of Directors or the Audit & Risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or the Audit & Risk committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and SA-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Philippe Bingert
Licensed audit expert
Auditor in charge

Roland Holl
Licensed audit expert

Zurich, 24 February 2023

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Corporate Governance

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Information relating to Corporate Governance

Bellevue Group views good corporate governance as a challenge that must be met and an essential precondition for achieving strategic company goals and for creating sustainable value for the Company's shareholder and all other stakeholders. Bellevue Group is committed to open and consistent information policies and procedures.

As a listed company, Bellevue Group reports annually on matters relating to corporate governance in accordance with the Directive on Information relating to Corporate Governance (DCG). A Remuneration Report that is audited by independent auditors provides information on compensation paid to the members of the Board of Directors and the Group Executive Board. The four-member Board of Directors is international and interdisciplinary in its composition and has profound knowledge in various subjects.

A clearly defined, balanced separation of roles and responsibilities between the Board of Directors and the Group Executive Board is an important element of corporate governance. All country-specific legal requirements are adhered to.

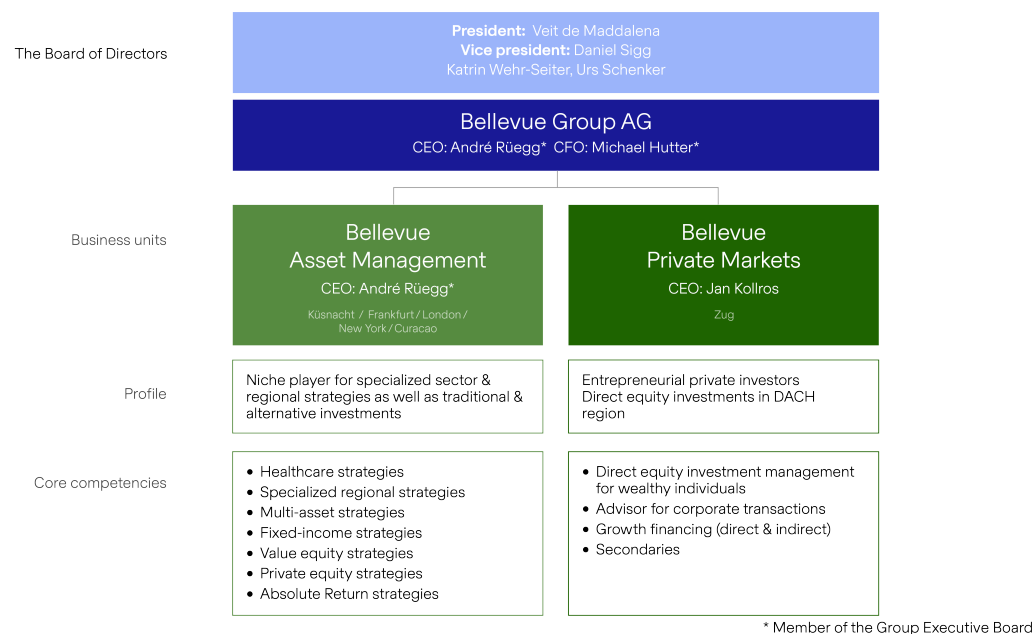
Law and regulations

Bellevue Group is subject to Swiss law, in particular to stock corporation and stock exchange law, the regulations of the Swiss stock exchange (SIX Swiss Exchange).

The Swiss stock exchange SIX Swiss Exchange Ltd has published a Directive on Information Relating to Corporate Governance for the first time with effect from July 1, 2002. The following information complies with the requirements of this directive (in the current version dated October 1, 2021) taking into account the SIX commentary last updated as of April 10, 2017, including the requirements that are defined by reference to the Ordinance against Excessive Compensation in Listed Companies (OEC), the content of which was transferred to the Swiss Code of Obligations (CO) on January 1, 2023. If the information required by the directive is disclosed in the notes to the financial statements, reference is made to the corresponding note in the notes.

Group structure and shareholders

Corporate structure as December 31, 2022



Source: Bellevue Group, as of December 31, 2022

Scope of consolidation

Bellevue Group AG is the only listed company within the Group. The investment companies we manage, BB Biotech AG and Bellevue Healthcare Trust, are independent companies listed on their respective stock exchanges. The companies consolidated by Bellevue Group are listed, together with information regarding their domicile and share capital and the interest held by the Group, in the notes to the consolidated financial statements, note 6 «Major subsidiaries».

Major shareholders

Based on the notifications received and published by Bellevue Group AG, the following parties hold significant voting rights:

Shareholder or beneficial owner	31.12.2022 Voting rights held	31.12.2022 Number of shares held	31.12.2021 Voting rights held	31.12.2021 Number of shares held
Martin Bisang, Küsnacht	20.43%	2 750 000	20.43%	2 750 000
Hans Jörg Wyss, Cambridge MA (USA)	9.66%	1 300 000	9.66%	1 300 000
Jürg und Manuela Schächli, Rapperswil-Jona	9.05%	1 217 799	9.05%	1 217 799

The shareholders Martin Bisang (Küsnacht), as well as Jürg und Manuela Schächli (Jona) signed a shareholder agreement on October 25, 2018. Martin Bisang will represent the Group and controls 29.48% of the voting rights by December 31, 2022 (December 31, 2021: 29.48%).

Disclosure notifications are retrievable from the SIX Swiss Exchange website at: <https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/>

Cross-shareholdings

There are no cross-shareholdings between Bellevue Group AG or its subsidiaries and other corporations.

Capital structure

Capital

The share capital of Bellevue Group AG amounts to CHF 1 346 143 and is divided into 13 461 428 registered, fully paid-in unit shares with a par value of CHF 0.10. The registered shares of Bellevue Group AG (Valor 2 842 210, ISIN CH0028422100) are listed on the SIX Swiss Exchange. The market capitalization as of December 31, 2022, was CHF 503.5 million.

Bellevue Group AG does not have any participation certificates or non-voting equity certificates outstanding nor has it issued any.

Conditional capital and authorized capital

Information on conditional and authorized capital is provided in the Notes to the Consolidated Financial Statements, «[Share capital](#)».

The Board of Directors is of the opinion that in the medium term the Company has no need for the use of conditional capital and is likely to repeal the relevant provision (Art. 3a) in the the current Articles of Association.

Capital changes

Information on the composition of capital, changes in capital over the last two years, and conditional and authorized capital is provided in the [statement of changes in equity](#) and in the notes to the consolidated financial statements, «[Share capital](#)». For information dating back further, please refer to the Annual Report 2021 ([statement of change in equity and note to the consolidated financial statements](#), note 3.9 «Share capital/Conditional capital/Authorized capital»).

Restriction of the transferability and nominee registrations

The restrictions on transfer and the rules concerning nominee registrations are governed by Art. 5 of the current [Articles of Association](#). The relevant provisions of the [Articles of Association](#) may be amended by the General Meetings of Shareholders with the quorum pursuant to Art. 12 of the current [Articles of Association](#) or with a higher legal quorum, if any.

Board of Directors

The Board of Directors of Bellevue Group AG consists of the following persons as per December 31, 2022:

Name	Function	Nationality	Member of Board Committee ¹⁾	First elected	Elected until
Veit de Maddalena	Chairman	CH	CC	2018	2023
Dr. Daniel H. Sigg	Member	CH	ARC ²⁾	2007	2023
Prof. Dr. Urs Schenker	Member	CH	ARC/CC	2019	2023
Katrin Wehr-Seiter	Member	DE	ARC/CC ³⁾	2019	2023

¹⁾ Further information on the committees is given below under «[Internal organization](#)».

²⁾ Chair Audit & Risk Committee.

³⁾ Chair Compensation Committee.

No member of the Board of Directors of Bellevue Group AG had any operational management responsibilities for the company or a subsidiary in 2022 or in the three preceding financial years, nor do they maintain any significant business relationships with the company or a subsidiary.



CHAIRMAN OF THE BOARD

Veit de Maddalena

Veit de Maddalena is lic.rer.pol. (Economics) from the University of Berne and MSc/Master in Finance from the London Business School. He has many years of leadership experience in the financial industry and is now exclusively active as an independent director on the boards of several family-owned companies. He was elected to the Board of Directors of Bellevue Group in 2018 and has served as its chairman since 2019. Earlier in his career Veit de Maddalena was a Global Partner and Executive Board member with Rothschild & Co Group, where he was responsible for its global private banking business. He concurrently acted as CEO of Rothschild & Co Bank AG, Switzerland. He began his professional career at Credit Suisse.

MEMBER OF THE BOARD

Dr. Daniel H. Sigg

Daniel Sigg holds a doctorate in law (Dr. iur.) from the University of Zurich and held various senior management positions in asset management and consulting. As Global Head at UBS, Daniel Sigg was responsible for institutional asset management before joining the board of Times Square Capital Management in New York in 2000. Today, he is active in financial advisory services as a Principal of DHS International Advisors LLC. In 2007, he joined the Board of Directors of Bellevue Group.

**MEMBER OF THE BOARD**

Prof. Dr. Urs Schenker

Urs Schenker holds a doctorate in law from the University of Zurich (Dr. iur.) and Harvard (LLM). He is a titular professor at the University of St. Gallen and an attorney at Walder Wyss in Zurich, where he specializes in corporate, finance and capital markets law. Prior to that he worked for approx. 20 years as a lawyer (14 years as a partner) for Baker & McKenzie in Zurich. Urs Schenker has been a member of the Board of Directors of Bellevue Group since 2019.

MEMBER OF THE BOARD**Katrin Wehr-Seiter**

Katrin Wehr-Seiter holds a degree in engineering from the Technical University of Chemnitz/DE as well as MBA from INSEAD Business School, Fontainebleau/FR. Katrin Wehr-Seiter is Partner and Managing Director of BIP Capital Partners and BIP Investment Partners SA, Luxembourg. Previously, she was a Principal at the international private equity firm Permira and worked as an independent advisor for medium-sized companies and as a Senior Advisor for the financial investor Bridgepoint. She started her professional career at Siemens AG. Since 2019, she has been a member of the Board of Directors of Bellevue Group.



The other mandates of the members of the Board of Directors are shown in the [Compensation Report](#).

Election procedures

All members of the Board are elected individually by the general meeting of shareholders. The Board of Directors constitutes itself. The members of the Board of Directors are elected to a term of one year and may be reelected. There is no restriction in the number of reelections.

Statutory rules in relation to the number of permissible activities of the Board of Directors pursuant to Art. 62(2)(1) CO (previously Article 12(1)(1) OEC)

Pursuant to Article 32 of the current [Articles of Association](#), the members of the Board of Directors may each execute a maximum of 20 activities, of which a maximum of five in listed companies. Excluded from this are activities in legal entities controlled by the company or which control the company. Also excluded from the restrictions are activities in foundations, charitable institutions and employee pension funds; however, these are restricted to a maximum of ten such activities.

The term activity in the meaning of this provision describes according to Article 32 of the current [Articles of Association](#) the membership in the supreme managerial and administrative bodies of legal entities which are obliged to register themselves in the commercial register or in a corresponding foreign register. Several activities in legal entities which are under unitary control or under the control of the same beneficial owner are considered to be one activity.

Internal organization

The Board of Directors meets as often as necessary to perform its duties but at least once per quarter. The Board of Directors constitutes a quorum when an absolute majority of its members is present. Board resolutions and elections are decided in accordance with the internal rules and regulations by an absolute majority of the votes cast. In the event of a tie vote, the Chairman has the casting vote. Decisions by way of circular letter need to be passed by majority of all members of the Board of Directors. The Board of Directors carries out an annual self-assessment of its work and that of its committees.

The following table provides an overview of the meetings, conference calls and circular resolutions of the Board of Directors in 2022:

	Meetings	Conference calls	Circular resolutions
Total	4	3	-
Average duration (in hours)	3:23	0:53	-
Participation:			
Veit de Maddalena, Chairman	4	3	-
Dr. Daniel H. Sigg	4	3	-
Prof. Dr. Urs Schenker	4	3	-
Katrin Wehr-Seiter	4	3	-

The Board of Directors can delegate some of its duties to committees. The standing committees are as follows: Compensation Committee (CC) and Audit & Risk Committee (ARC).

Compensation Committee (CC)

The CC assists the Board of Directors in the definition and implementation of the compensation principles. It is the applicant in regards of the compensation policy for the Board of Directors and the Executive Board. Furthermore, it is responsible for the employment conditions for senior executives and for the shares and profit sharing plans. It takes position on all compensation related affairs, which are situated in the decision making authority of the Board of Directors. The Compensation Committee meets as often as business requires, at least every six months.

The following table provides an overview of the meetings, conference calls and circular resolutions of the Compensation Committee in 2022.

	Meetings	Conference calls	Circular resolutions
Total	5	-	-
Average duration (in hours)	1:34	-	-
Participation:			
Katrin Wehr-Seiter, Chairwoman	5	-	-
Veit de Maddalena	5	-	-
Prof. Dr. Urs Schenker	5	-	-

Audit & Risk Committee (ARC)

The ARC examines whether all systems created to monitor compliance with legal and statutory provisions are appropriate and whether they are being applied properly. It reports to the Board of Directors and makes recommendations to the same.

The ARC also monitors and evaluates the integrity of the financial reports, internal controls, the effectiveness of the external auditor and the Internal Audit as well as risk management and compliance, taking into consideration the risk profile of Bellevue Group. It guides and monitors the activities of the Internal Audit, maintains Board level contact with the external auditors and monitors their performance and independence as well as their collaboration with the Internal Audit.

All members of the ARC are independent. The ARC meets at least once a quarter.

The following table provides an overview of the meetings, conference calls and circular resolutions of the Audit & Risk Committee in 2022.

	Meetings	Conference calls	Circular resolutions
Total	4	1	-
Average duration (in hours)	1:40	0:35	-
Participation:			
Dr. Daniel H. Sigg, Chairman	4	1	-
Prof. Dr. Urs Schenker	4	1	-
Katrin Wehr-Seiter	4	1	-

Internal Audit

PEQ GmbH has been assigned the function of Internal Audit by the Board of Directors since the 2008 fiscal year. The Internal Audit helps the Board of Directors to exercise its statutory supervisory duties within Bellevue Group and it performs the audit functions assigned to it. It has an unlimited right of inspection within all Group companies and may inspect any and all business documents at any time. The Internal Audit coordinates its activities with the external auditors and reports directly to the Chairman of the Board of Directors.

Definition of powers of authorization

Board of Directors

The Board of Directors is responsible for the ultimate direction of the company and the supervision and oversight of Bellevue Group. It passes and periodically revises Company strategy, issues directives and guidelines as necessary and determines Bellevue Group's organizational structure and risk policies. It also receives reports about the existence, appropriateness and effectiveness of the internal control system. It supervises and monitors persons entrusted with executive management duties. The Board of Directors is responsible for appointing and dismissing the CEO. It approves the appointment, promotion, and dismissal of Bellevue Group's senior management. Furthermore, it performs the duties assigned to it by law (Art. 716a CO). The delegation of powers between the Board of Directors, its committees, the CEO and the Group Executive Board is specified in Bellevue Group's regulations. The competencies of the Board of Directors include the purchase and disposal of shareholdings, the establishment of group subsidiaries and regional offices, securing loans, issuing bonds as well as granting credit above certain limits. Investment plans and other decisions having an impact on cash flows must likewise be approved by the Board of Directors above a certain threshold.

Group Executive Board

The Group Executive Board is Bellevue Group's executive body and reports to the Board of Directors. It is responsible for all Group issues that do not expressly fall within the remit of the Board of Directors of Bellevue Group AG or of a Group company according to legislation, the Articles of Association or the internal rules and regulations. It functions as a committee and all decisions have to be reached by the entire body. It is responsible, in particular, for developing a Group-wide business strategy for presentation to the Board of Directors, implementing the decisions reached by the Board of Directors within the Group, monitoring the execution of these decisions, and managing and supervising Bellevue Group's everyday operations, which must be effected within the scope of the financial plan, annual objectives, annual budget and risk policy and in accordance with the other regulations and instructions issued by the Board of Directors. It is responsible for ensuring compliance with legal and regulatory requirements as well as applicable industry standards.

Its responsibilities also include drawing up and application of the annual budget and defining annual targets for Bellevue Group. The Group Executive Board is responsible for issuing rules and regulations relating to the implementation of the risk policy, i.e. governing the basic aspects of risk responsibility, risk management and risk control. It reports to the Board of Directors and the ARC about the existence, appropriateness and effectiveness of the internal controls and issues corresponding directives as necessary. It is responsible for issuing directives regarding compliance. Its competencies include granting loans in accordance with the powers of authorization defined in the internal rules and regulations as well as entering proprietary trading positions within the defined limits. The Group Executive Board can delegate the permissible limits to the competent divisions and units within Bellevue Group.

Information and control instruments relating to the Group Executive Board

The Board of Directors meets at least four times a year as specified in the internal rules and regulations. The ordinary meetings usually last half a day. The members of the Group Executive Board attend these meetings. The Board of Directors receives monthly reports about the course of business and is periodically informed about risk exposure developments as well as the adherence to legal, regulatory and internal rules and regulations. Its control instruments include the semi-annual reporting requirements, the annual budget process and the internal and external audits.

During the meetings of the Board of Directors, every director can request other board members or the CEO to provide them with information about any matters relating to Bellevue Group. In the interim between meetings every Board member can request information about the course of business from the CEO and can also, upon approval by the Board Chairman, receive information about specific business transactions and inspect business documents.

Group Executive Board

The Group Executive Board comprised the following persons as at December 31, 2022:

Name	Function	Nationality
André Rüegg	CEO Bellevue Group AG CEO Bellevue Asset Management AG	CH
Michael Hutter	CFO Bellevue Group AG	CH

Jan Kollros (CH, CEO Bellevue Private Markets AG) resigned from the Group Executive Board at the end of August 2022 to focus on the on the development of the private Market business.

Additional information on the members of the Group Executive Board:



CEO BELLEVUE GROUP

André Rüegg

André Rüegg holds an MBA from the Universities of Zurich and Columbia New York/USA and attended various Leadership-, Executive and Senior-Executive Programs at IMD Lausanne. He has held senior positions in asset management since 1995. He built up global distribution at Julius Bär and led the unit for more than a decade, also as a member of the extended Executive Board. In 2009, he joined Bellevue Asset Management and was instrumental in driving its strategic repositioning. Since 2012, he has been responsible for its business as CEO. Since 2016 he has been CEO of Bellevue Group.

CFO BELLEVUE GROUP

Michael Hutter

Michael Hutter is a certified public accountant and Business Economist HWV. He has held the position of CFO, COO and CRO at Bellevue Asset Management and its investment companies since 2008. Since 2020, he has been CFO of Bellevue Group. Prior to that, he worked for ten years as a senior manager in the audit division at PricewaterhouseCoopers.



Further mandates of the members of the Group Executive Board are shown in the compensation report.

Further information on the members who left the Group Executive Board in the 2022 financial year:



CEO BELLEVUE PRIVATE MARKETS

Jan Kollros

Jan Kollros holds a degree from ETH Zurich in mechanical engineering and Production Sciences. He is the CEO of Bellevue Private Markets and managing partner of adbodmer AG. Jan Kollros has been a member of the Bellevue Group Executive Board since 2019. He joined adbodmer AG in 2005, where he became a partner in 2009. He holds a degree in mechanical engineering and business and production sciences from the Swiss Federal Institute of Technology (ETH) Zurich.

Statutory rules in relation to the number of permissible activities of the Executive Board pursuant to Article 626(2)(1) CO previously Article 12(1)(1) OEC)

Pursuant to Article 32 of the current Articles of Association, subject to prior approval of the Board of Directors or the Compensation and Nomination Committee, the members of the Executive Board may each execute a maximum of ten activities, of which a maximum of two in listed companies. Excluded from this are activities in legal entities controlled by the company or which control the company. Also excluded from the restrictions are activities in foundations, charitable institutions and employee pension funds; however, these are restricted to a maximum of ten such activities.

The term activity in the meaning of this provision describes according to Article 32 of the current Articles of Association the membership in the supreme managerial and administrative bodies of legal entities which are obliged to register themselves in the commercial register or in a corresponding foreign register. Several activities in legal entities which are under unitary control or under the control of the same beneficial owner are considered to be one activity.

Compensations, shareholdings and loans

The information on compensation, shareholdings and loans can be found in the Remuneration Report (Board of Directors, Group Executive Board).

Participatory rights of shareholders

Voting rights restrictions and shareholder representation

In relation to the Company, a person entered in the share register is considered to be a shareholder. The shareholder may represent his shares at the General Meeting of Shareholders himself, based on a written or electronic proxy (incl. issuance of instructions), by the independent proxy or electronically (including issuing instructions) by the independent proxy or, based on a written power of attorney, have another shareholder with voting rights represent them. The Board of Directors may specify or supplement the requirements in the invitation to the General Meeting or in general regulations or guidelines. The provisions pursuant to Art. 11 of the current Articles of Association shall apply. The Board of Directors proposes to the Annual General Meeting 2023 to make the rules of representation more flexible in accordance with the new legal requirements.

There are no restrictions on voting rights; each share entitles the holder to one vote (the rules on nominee registrations are governed by Art. 5 of the Articles of Association cf also the above remarks under «Restriction on the Transferability and Nominee registrations»).

Statutory quorums

There are no resolution quorums that are higher than provided for in the law.

Notice convening the general meeting of shareholders

The notice convening the general meeting of shareholders shall be in conformity with Article 9 of the current Articles of Association. The Board of Directors proposes to the Annual General Meeting 2023 to adapt the rules on convocation to the new legal requirements.

Placing items on the agenda

Shareholders who represent at least two per cent of the share capital may request an item to be added to the agenda. The agenda must be sent in writing at least fifty days before the meeting, including a list of agenda items to be discussed and the shareholder's motions to be voted on.

No resolutions may be adopted regarding motions on agenda items which have not been properly announced. This does not include motions for convening an Extraordinary General Meeting, for the performance of a special audit and for the election of an auditor at the request of a shareholder. Prior notice is not required for the submission of motions in relation to the agenda items or for deliberations not resulting in the adoption of resolutions.

The Board of Directors proposes to the Annual General Meeting 2023 to adapt the rules on agenda items to the new legal requirements.

Entry in the share register

In the invitation to the General Meeting of Shareholders, the Board of Directors announces the cut-off date of the entry in the share register that is decisive for the right to attend and vote. Normally, for administrative reasons, the share register is blocked eight to ten days before the General Meeting.

Change of control and defense measures

Mandatory public offer («opting out»)

Persons who purchase or acquire Bellevue Group AG shares are not required to issue a public offer as stipulated by Art. 135 FMIA («opting out» to Art. 125 FMIA).

Change of control clause

Members of the Board of Directors, executive Board members and employees of Bellevue Group are not contractually entitled to any severance payments. Employment contracts of Bellevue Group employees may be terminated within a maximum period of six months.

Statutory auditor

Duration of mandate and term of office of Lead auditor

The financial statements and the consolidated financial statements of Bellevue Group AG are audited by PricewaterhouseCoopers (PwC). In addition, most of the subsidiaries are also audited by PwC. As the responsible Group auditor, PwC ensures an appropriate and sufficient audit of the consolidated companies.

The group and statutory auditor of Bellevue Group AG is elected for a one-year period at the general meeting of shareholders. PwC was elected for the first time for the 1999 fiscal year. The auditor in charge is Philippe Bingert. He has exercised this function since the 2021 fiscal year. The rotation period for this function is seven years.

Fees paid to auditor

CHF 1 000	1.1.–31.12.2022	1.1.–31.12.2021
Auditing fees	421	401
– thereof PwC	376	342

In the business years 2022 and 2021 no additional fees were charged by the auditor.

If an auditor is considered for additional mandates, there is no prescribed catalogue of criteria that has to be consulted when approving these types of additional mandates. The Audit & Risk Committee (ARC) decides on an individual basis whether the issuing of an additional mandate would impact on the auditor's independence.

Instruments for supervising and monitoring the auditors

The Board of Directors is responsible for the supervision and control of the statutory auditor and the group auditor and it is supported in this function by the Audit & Risk Committee (ARC). The ARC receives and evaluates reports from representatives of the external auditors on a regular basis. It confers regularly with the head auditor about the effectiveness of the internal control systems taking into consideration Bellevue Group's risk profile. In addition, the ARC reviews the scope of the auditing work, the quality of the work performed and the independence of the external auditors. The external auditors have direct access to the ARC at all times. The external auditors usually attend meetings of the Audit & Risk Committee (ARC) twice a year. The external auditors attended three ARC meetings in the reporting year. The internal auditors usually attend meetings of the ARC once or twice a year. In the reporting year, the internal auditors attended all meetings of the ARC.

Trading blackout periods

Bellevue Group has defined recurring trading blackout periods and may introduce additional trading blackout periods at any time.

During the semi-annual trading blackout periods, transactions in securities and/or related financial instruments of Bellevue Group are prohibited for the company, all employees and members of the Board of Directors of Bellevue Group as well as their related parties.

Exceptions to this rule are share allocations (no market transactions) to employees under «Long-Term Incentive Plans».

The trading blackout periods are communicated by «Legal & Compliance» to all persons involved.

The trading blackout periods begin at least 30 days before publication of the annual or interim financial statements and end on the day of publication of the financial results. The trading blackout periods are set out in Bellevue Group's Regulations on employee transactions.

The trading blackout periods start on December 24 for the annual financial statements and 30 days before publication for the interim financial statements.

Bellevue Group will generally implement special trading blackout periods when the Company is aware of material developments that have not yet been disclosed to the public. For example, the Company may institute a special trading blackout period in anticipation of the announcement of a preliminary earnings forecast or a significant transaction or business development. However, special trading blackout periods may be implemented for any reason.

Bellevue Group will notify those persons subject to a special trading blackout period. Any person so identified and notified by the Company shall not engage in any transactions in securities and/or related financial instruments of the Company unless otherwise instructed by «Legal & Compliance».

Information policy

As a company listed on the stock exchange, Bellevue Group AG pursues a consistent and transparent information policy in relation to its shareholders, clients and employees as well as to the financial community and the general public. Its regular reporting activities and venues comprise the publication of the annual and semi-annual reports and letters to shareholders as well as a media conference on the annual results and the general meeting of shareholders. When important events occur, the above-mentioned stakeholders will be concurrently informed by way of press releases.

Information to shareholders

28.02.2023: Reporting Year-end Results

21.03.2023: Annual General Meeting

27.07.2023: Reporting Half-Year Results

Additional information regarding Bellevue Group AG for ad hoc publicity can be found at the following websites:

Media Releases

Ad hoc Releases

Newsletter

Contact

Remuneration Report

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1. Introduction

The Remuneration Report provides an overview of Bellevue Group's compensation policy and stock ownership plans. It describes the method used to calculate compensation and provides detailed information on the compensation paid to the members of Board of Directors and the Group Executive Board in the 2022 financial year. The report presents the information shareholders need in order to make informed decisions regarding the votes on the compensation of the Board of Directors and the Group Executive Board at the Annual General Meeting 2023.

The content and scope of this Remuneration Report are based on Articles 734 et seq. of the Swiss Code of Obligations (SCO), the Directive on Information Relating to Corporate Governance (DCG) issued by the SIX Swiss Exchange, as well as the Swiss Code of Best Practice for Corporate Governance. The compensation report thus contains the information required by Art. 734 et seq. SCO and therefore also covers the requirements of the Ordinance against Excessive Compensation in listed companies (OEC), which will cease to apply on January 1, 2023.

2. Compensation policy

2.1 Basic principles

The following basic compensation principles apply throughout Bellevue Group:

- The methods used to determine compensation for the Board of Directors and the Group Executive Board and for all Company employees are transparent, understandable, fair and reasonable.
- All pay packages are well balanced and take into consideration the operational and strategic responsibilities of each individual role as well as individual performance levels and the demands placed on each individual.
- Compensation is commensurate with the position held and should reflect individual achievement of specific quantitative as well as qualitative goals as well as the operating results of Bellevue Group and the relevant Group companies.
- Pay packages should be appropriate and competitive compared to the compensation offered by companies operating in the same field and labor market, and they must be sound and sustainable irrespective of the current course of business.
- Variable compensation will be reduced or forfeited in the event of serious violations of internal or external rules, regulations or the law (incl. ESG/sustainability).

All governing bodies and individuals at Bellevue Group with the authority to make decisions concerning compensation policies and payouts must abide by and uphold these basic compensation principles.

2.2 Pay-for-performance principle

The compensation system for Bellevue Group employees is conceived to motivate employees at all operating units to do excellent work. It is a compensation model based on «personal ownership» and merit system principles. In setting fixed salaries, a restrained policy prevails from a business point of view. On the other hand, variable compensation is offered under an attractive ownership-oriented profit-sharing plan. This profit-sharing plan is tied directly to Bellevue Group's operating results. Moreover, part of this bonus is paid in the form of restricted stock awards and shares of in-house products («we eat our own cooking»). This system is conducive to a culture of high performance with a long-term horizon.

3. Determination of compensations

3.1 Articles of Association

As required by the OR, the compensation system for the members of the Board of Directors and the Group Executive Board is presented in the Company's current Articles of Association. They include the following provisions:

- Compensation paid to the Board of Directors that is subject to approval of shareholders at the Annual General Meeting (Art. 26)
- Compensation paid to the Group Executive Board that is subject to approval of shareholders at the Annual General Meeting (Art. 27)
- Basic principles of performance-based variable compensation (Art. 28)
- An additional amount of compensation for persons who are promoted or appointed to the Group Executive Board after the Annual General Meeting (Art. 29)
- Reimbursement of business expenses (Art. 30)
- Loans, credit lines and other benefits (Art. 31)

The provisions of the Articles of Association are formulated in general terms to give the Board of Directors the flexibility to adjust compensation levels, the compensation policy and employee stock ownership plans if and when necessary.

3.2 Compensation Committee

In accordance with the Company's Articles of Association and organizational regulations, the Compensation Committee supports the Board of Directors in the performance of its duties pertaining to compensation and personnel policy. These include:

- Formulation of compensation policy for the members of the Board of Directors and the Group Executive Board and presentation thereof to the Board of Directors for approval
- Monitoring of compliance with the compensation principles of Bellevue Group AG (the «Company») and Bellevue Group and advising and informing the Board of Directors on all matters relating to compensation policy and issues
- Presenting proposals regarding the maximum aggregate fixed compensation for the Board of Directors and the Group Executive Board and the aggregate variable compensation for the Board of Directors and the Group Executive Board that will subsequently be submitted to the Annual General Meeting for approval
- Presenting proposals to the Board of Directors regarding the approval of individual compensation paid to members of the Board of Directors and the Group Executive Board, subject to and based on the aggregate compensation approved by the Annual General Meeting
- Presenting proposals to the Board of Directors regarding changes to the Articles of Association concerning compensation policy that will be subsequently submitted to the Annual General Meeting for approval
- Preparation of the Remuneration Report and presentation thereof to the Board of Directors for approval
- Formulating bonus guidelines for variable compensation elements in accordance with the provisions of the Articles of Association and presentation of the bonus guidelines to the Board of Directors for approval

Power and authority regarding compensation matters:

Decision on	CEO	CompC	BOD	AGM
Compensation policy and guidelines	–	Proposal	Approval	–
Maximum total compensation of the Board of Directors	–	Proposal	Review	Approval
Individual compensation of the members of the Board of Directors	–	Proposal	Approval	–
Maximum total compensation of the Group Executive Board	–	Proposal	Review	Approval
Individual compensation of the CEO	–	Proposal	Approval	–
Individual compensation of the other members of the Group Executive Board	Proposal	Review	Approval	–
Remuneration Report	–	Proposal	Approval	–

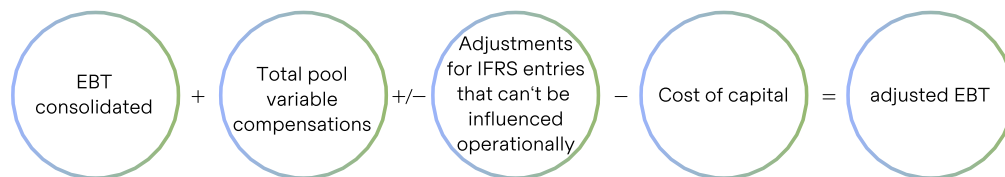
The Compensation Committee holds at least four meetings a year and consists exclusively of independent, non-executive Board members who are elected to one-year terms by shareholders at the Annual General Meeting. Katrin Wehr-Seiter (chair), Urs Schenker and Veit de Maddalena have been elected at the Annual General Meeting 2022 as members of the Compensation Committee. All members were present at every meeting during the period under review. In principle, all Compensation Committee members, the CEO, the CFO and the head of Human Resources attend the meetings of the Compensation Committee – unless their own compensation is being discussed. The committee chair may invite other employees to attend the meetings if necessary.

3.3 Say-on-pay

In accordance with the [Articles of Association](#) and the SCO (or formerly OEC), the proposed compensation for the members of the Board of Directors and the Group Executive Committee is computed by Bellevue Group as an annual figure and submitted to a vote at the Annual General Meeting. If one or more compensation proposals are rejected at the Annual General Meeting, the Board of Directors may submit new proposals at the same Annual General Meeting. If it does not submit any new proposals or if these are likewise rejected, the Board of Directors may either convene an Extraordinary General Meeting or submit new aggregate compensation proposals at the next scheduled Annual General Meeting. The following table summarizes the results of shareholder votes on compensation matters at the last three Annual General Meetings:

	FOR votes AGM 2022	FOR votes AGM 2021	FOR votes AGM 2020
Maximum total amount of fixed compensation for the Board of Directors (prospective)	97.44%	95.78%	94.79%
Total amount of variable compensation for the Board of Directors (retrospective)	81.35%	80.87%	83.42%
Maximum total amount of fixed compensation and long-term variable compensation for the Group Executive Board (in part prospective)	88.62%	97.86%	87.85%
Total amount of short-term variable compensation for the Group Executive Board (retrospective)	86.09%	84.20%	86.66%

3.4 Pool for variable compensation



The basis for calculating Bellevue Group's variable compensation pool is adjusted consolidated earnings before taxes. It is derived by adding the total pool of variable compensations (share of profit) to the earnings before taxes (according to the audited IFRS financial statements), eliminating adjustments for IFRS entries that cannot be influenced operationally and by deducting the cost of capital employed. The interest rate for the cost of capital is determined annually by the Board of Directors. For the business year 2022 the rate amounted to 10% (2021: 10%). A fixed proportion of the adjusted consolidated earnings before taxes (total pool of variable compensation) is allocated to employees. This is understood to be the employee share of the Company's financial results.

The adjusted consolidated earnings before taxes is an important internal indicator of the performance of Bellevue Group and is considered by the Compensation Committee to be a reliable metric. It already reflects the effects of other key indicators such as the cost/income ratio and changes in AuM or net new money.

The Compensation Committee also prepares a qualitative performance review for the Group Executive Board. This covers issues such as conduct, leadership and corporate development.

The allocation of the total bonus pool among the subsidiaries is determined by taking into consideration the contribution of each operating unit and team to the bonus pool.

4. Compensation system framework

4.1 Board of Directors

4.1.1 Fixed compensation

Each member of the Board of Directors receives an equal amount of fixed compensation (exception: chairman), which is prospectively determined by the annual general meeting. The chairman is paid a higher amount of fixed compensation due to his additional duties in leading the Board of Directors and his function as a link between the Company's operational and strategic management. The amount of fixed compensation paid is determined at the Board's own discretion, in compliance with the general compensation principles (see section [2.1](#) above).

In addition to this base compensation, the members of the Board of Directors receive fees for services as directors on the boards of Group subsidiaries and associated companies, and for services on Board committees and as the chair of Board committees. The compensation system thus takes into account the responsibility and roles assigned to individual members of the Board of Directors.

The base compensation of every member of the Board of Directors is determined annually and paid out in cash on a quarterly basis. If a director leaves the board before their term of office expires, the fixed compensation will be calculated on a pro rata basis to the end of the quarter of separation.

4.1.2 Variable compensation

The variable compensation of the Board of Directors is based on performance criteria that support the achievement of the strategic goals of the Company, the Group or parts of the Group.

In the year under review, the variable compensation was determined at the Board's own discretion, in compliance with the general compensation principles (see section [2.1](#) above).

The variable compensation of the Board of Directors is paid in the form of shares of the Company, and are subject to a four-year lock-up period. The shares will be awarded only after the corresponding amount of compensation has been approved by shareholders at the Annual General Meeting.

The Board of Directors proposes to the Annual General Meeting an amendment to the Articles of Incorporation and thus an adjustment of the compensation system according to which the members of the Board of Directors will no longer be paid variable compensation (see section [7.1](#) below).

4.1.3 Business expenses

Members of the Board of Directors do not receive fixed expense allowances; the actual expenses incurred are reimbursed.

4.1.4 Pension plan coverage

The members of the Board of Directors are not covered by the Company's pension plan.

4.1.5 Voluntary employee stock ownership plan

The Board of Directors occasionally offers voluntary employee stock ownership plans under which members of the Board of Directors may also be entitled to purchase Company shares at a discount to the given market price. The maximum discount on the date of the offer is 25%. The difference between the 10-day VWAP at the time the shares are transferred and the purchase price corresponds to the monetary benefit.

4.1.6 Advisory services

Subject to approval at the Annual General Meeting, members of the Board of Directors can be compensated in cash at standard market rates for advisory services benefiting the Company or a Group subsidiary that go beyond their duties and responsibilities as a director.

4.2 Group Executive Board

The components of compensation paid to the Group Executive Board are as follows:

Functions	Fixed compensation	Variable compensation			
	Criteria	Assessment criteria and distribution		Payout	
				in cash	in shares
Members of the Group Executive Board (CEOs of the operating units and CFO)	<ul style="list-style-type: none"> • Management/functional responsibility • Seniority • Regional location 	CEO Group	<ul style="list-style-type: none"> • Profit contribution of the directly managed operating unit • Individual performance assessment based on Group KPIs 	50%	50%
		Other CEOs of the operating units	<ul style="list-style-type: none"> • Profit contribution of the directly managed operating unit • Individual performance assessment 	50%	50%
		CFO Group	<ul style="list-style-type: none"> • Discretionary compensation based on market standards • Individual performance assessment 	50%	50%

4.2.1 Fixed compensation

The members of the Group Executive Board receive a fixed amount of base compensation that is determined annually for each financial year and that is partially prospectively approved by the Annual General Meeting. The payout is in cash. These amounts are determined individually at the Board's own discretion in compliance with the general compensation principles (see section 2.1 above), taking into account the duties and responsibilities assigned to each member of the Group Executive Board.

The fixed compensation for every financial year is subject to approval by shareholders at the Annual General Meeting, in a prospective vote to some extent.

4.2.2 Variable compensation (share of profit)

The variable compensation of the members of the Group Executive Board is based on a performance review, measured against goals and expectations that are fixed in advance annually. This process takes into account each individual's role, experience and personal performance as well as the market environment. The weighting of these elements is determined individually.

In addition, the variable compensation of the members of the Group Executive Board is part of the overall variable compensation that has been determined for the individual operating units for which the various Group Executive Board members are responsible and for the entire Company. Aggregate variable compensation is thus also aligned with the value each operating unit creates for Company shareholders.

However, the individual performance review process for the members of the Group Executive Board who are responsible for monitoring and control functions cannot include any components directly related to income items. Instead, the Board uses its discretion in determining the variable compensation for these individuals.

Variable compensation is basically structured and paid out as follows:

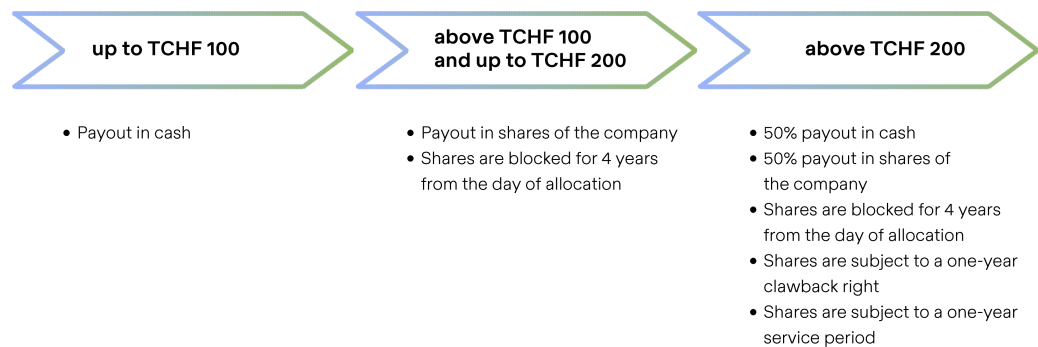
- Short-term variable compensation in cash
- Short-term variable compensation in the form of restricted shares
- Short-term variable compensation in the form of restricted shares with a vesting period and clawback provisions
- Other short-term variable compensation
- Long-term variable compensation

The structure of the variable compensation and the lock-up, vesting and clawback provisions are determined by the Board of Directors or its Compensation Committee, depending on the role and the amount of the designated individual variable compensation.

Variable compensation in the form of restricted shares is reported as short-term compensation despite the long-term nature of such compensation. This is because there are no stock option plans that confer a right to acquire shares of the Company; Company stock awards are exclusively direct grants of shares.

Short-term variable compensation components are subject to retrospective approval by the Annual General Meeting, while the long-term variable compensation components are partially subject to a prospective vote.

The following provisions apply with respect to the payment of short-term variable compensation:



Long-term variable compensation is paid out in shares.

4.2.3 Business expenses

Members of the Group Executive Board do not receive fixed expense allowances; the actual expenses incurred are reimbursed.

4.2.4 Pension plan coverage

The members of the Group Executive Board are enrolled in the standard pension plan offered to all employees in Switzerland. This pension plan only covers the base pay of all employees.

4.2.5 Long-term incentive plans at investment companies

BB Biotech AG and Bellevue Healthcare Trust, Bellevue Group's investment companies, are independent companies listed on multiple stock exchanges and they are managed and overseen by their own independent Board of Directors. Among the requirements stipulated by the boards of these companies with respect to the investment teams at Bellevue Group that have been retained by these companies was the establishment of long-term incentive plans that are in alignment with the expectations and interests of the shareholders of the investment companies.

Team members in the operating units who provide services related to mandates from the listed investment companies participate in employee stock ownership plans that have been set up in conjunction with the asset management mandates of BB Biotech AG and Bellevue Healthcare Trust. Within the scope of these plans, some of the members of the Group Executive Board can be entitled to receive a maximum number of shares in BB Biotech AG and/or Bellevue Healthcare Trust. The actual number of shares awarded depends on various conditions. Awarded shares are subject to a three-year vesting period beginning on the date of grant. In addition, the actual number of shares distributed will depend on the achievement of certain performance targets over the subsequent three fiscal years in connection with the respective investment mandates. The maximum number of shares will be distributed only if the absolute performance of the respective mandates during the subsequent three years exceeds the mark of 10% p.a. and the relative performance of the respective mandates is better than that of the relevant indexes. There could be no entitlement to the maximum number of shares if the absolute performance of the respective investment mandates during the three-year period is less than 5% p.a. and does not exceed the performance of at least one of the relevant indexes.

The long-term incentive plans in place at the investment companies are treated as long-term variable compensation.

4.2.6 Voluntary employee stock ownership plan

The Board of Directors occasionally offers voluntary employee stock ownership plans under which all Company employees are entitled to purchase Company shares at a discount to the market price. The maximum discount on the date of the offer is 25%. The difference between the 10-day VWAP at the time the shares are transferred and the purchase price corresponds to the monetary benefit.

In essence, the voluntary employee stock ownership plans described above are not elements of the Company's compensation policy.

4.2.7 Employment conditions

Members of the Group Executive Board have permanent employment contracts with a notice period of three months. Members of the Group Executive Board are not entitled to severance pay.

4.3 Management and employees

Compensation components paid to management and other employees are as follows:

Functions	Fixed compensation	Variable compensation		Payout ^{t)}	
	Criteria	Assessment criteria and distribution	in cash	in shares ^{2) 3)}	
Member of Executive Board of operating Units (excl. Lead PM)	<ul style="list-style-type: none"> • Specialization • Management/ functional responsibility • Seniority • Regional location 	<ul style="list-style-type: none"> • Executive Board Members with monitoring and control functions: discretionary compensation based on market standards. • Individual performance assessment 	50%	50%	
PM Teams	<ul style="list-style-type: none"> • Specialization • Management/ functional responsibility • Seniority • Regional location 	Investment companies	50%	50%	
		Funds & mandates	50%	50%	
Other Management & Staff	<ul style="list-style-type: none"> • Specialization • Management/ functional responsibility • Seniority • Regional location 	<ul style="list-style-type: none"> • Bandwidth based on functional responsibility and Seniority • Individual performance assessment 	50%	50%	

¹⁾ For Swiss employees the first CHF 100 000 are paid out in cash. For amounts in excess of this, the 50/50 split comes into effect.

²⁾ Portfolio Managers have the choice between shares of the company or funds, which are managed by the team.

³⁾ Employees from foreign subsidiaries receive also this part in cash, with a one-year deferral.

As with the Group Executive Board, a restrained policy applies to the determination of fixed compensation for management and employees from an entrepreneurial point of view. For further details on the compensation system for middle management and other employees, please refer to section 4.2, as it does not differ from the compensation system in place for the Group Executive Board.

5. Board of Directors: Compensation, loans and stock ownership

5.1 Compensation

CHF	Veit de Maddalena	Daniel Sigg	Katrin Wehr-Seiter	Urs Schenker	Total
1.1. –31.12.2022					
Fixed compensation in cash	193 500	76 500	76 500	76 500	423 000
Fixed compensation in cash for services in committees	12 000	20 000	29 000	26 000	87 000
Fixed compensation in cash for services in subsidiaries and associated companies	22 000	51 354	10 000	12 000	95 354
Subtotal	227 500	147 854	115 500	114 500	605 354
Social insurance contributions on fixed compensation	–	–	–	7 831	7 831
Total fixed compensation	227 500	147 854	115 500	122 331	613 185
Variable compensation in restricted shares ¹⁾	36 000	36 000	36 000	36 000	144 000
Variable compensation in restricted and discounted shares from voluntary employee participation program ^{2) 3)}	11 267	–	11 267	11 267	33 801
Social insurance contributions on variable compensation	277	–	–	3 148	3 425
Total variable compensation	47 544	36 000	47 267	50 415	181 226
Total compensation	275 044	183 854	162 767	172 746	794 411

CHF	Veit de Maddalena	Daniel Sigg	Katrin Wehr-Seiter	Urs Schenker	Total
1.1. –31.12.2021					
Fixed compensation in cash	192 625	77 375	77 375	77 375	424 750
Fixed compensation in cash for services in committees	11 500	20 000	27 750	25 000	84 250
Fixed compensation in cash for services in subsidiaries and associated companies	22 500	53 341	10 500	12 000	98 341
Subtotal	226 625	150 716	115 625	114 375	607 341
Social insurance contributions on fixed compensation	–	–	–	8 930	8 930
Total fixed compensation	226 625	150 716	115 625	123 305	616 271
Variable compensation in restricted shares ¹⁾	36 000	36 000	36 000	36 000	144 000
Variable compensation in restricted and discounted shares from voluntary employee participation program ^{2) 3)}	19 242	–	38 484	38 484	96 210
Social insurance contributions on variable compensation	450	–	–	3 890	4 340
Total variable compensation	55 692	36 000	74 484	78 374	244 550
Total compensation	282 317	186 716	190 109	201 679	860 821

¹⁾ Compulsory employee contributions to social insurance plans on the amounts above were settled in cash, not in the form of shares.

²⁾ This is the amount of the monetary benefit which reflects the difference between the discounted purchase price and the 10-day VWAP for the effective share allocation.

In compliance with Art. 8 para. 1, section 1 of the Articles of Association, fixed compensation must be approved by the Annual General Meeting for the term of office extending to the next scheduled Annual General Meeting. Fixed compensation of CHF 618 000 (2020/2021: CHF 661 000) was approved for the period from the 2020 AGM to the 2021 AGM. The actual amount paid (including compulsory employer contributions to social insurance plans) for the aforementioned period was CHF 615 795 (2020/2021: CHF 609 440). For the period from 2022 AGM to the 2023 AGM an amount of CHF 618 000 was approved.

The reported variable compensation for the business year 2022 totaling CHF 181 226 must be approved by the 2023 Annual General Meeting in compliance with Art. 8 para. 1 section 2 of the Articles of Association.

Subject to approval, the payment of the variable compensation in restricted shares of CHF 144 000 (plus compulsory employer contributions to social insurance plans in the amount of CHF 3 000) will be made in the form of Company shares at fair value in the first half-year 2023. The fair value of the shares is calculated based on the volume-weighted average prices paid during a 10-day period preceding the respective date of transfer. The shares are blocked for a period of four years from the date of transfer.

In 2022 and 2021, the Board of Directors authorized a voluntary employee stock ownership plan. The members of the Board of Directors were allocated to purchase 4 500 shares (2021: 10 000 shares) of the Company from the given pool at a discounted price of CHF 23.75 per share (2021: CHF 31.75 per share). This represented a discount of approximately 25% on the quarterly VWAP prior to the date the purchase right was granted. The difference between the 10-day VWAP on the date the shares are actually transferred and the purchase price corresponds to the monetary benefit. This cash compensation is subject to the approval of shareholders at the AGM. The shares were blocked for three years from the date of transfer.

The compensation of the Board of Directors has not changed significantly compared to the previous year. The changes shown are related to the valuation of the shares allocated or acquired under the voluntary participation programs.

In fiscal year 2022, nor in the preceding year no amounts were paid for consulting services by members of the Board of Directors or related companies of the members of the Board of Directors.

No compensation was paid to former members of the Board of Directors after their resignation in the 2022 financial year, nor in the preceding year.

The percentage ratio of fixed compensation to variable compensation for the entire Board of Directors is 77% fixed compensation and 23% variable compensation (2021: 72% fixed and 28% variable).

5.2 Loans

As of the end of 2022 and 2021, no loans had been granted either to members of the Board of Directors or to former members of the Board of Directors.

5.3 Holdings of shares in the Company

The number of shares in the Company held by the members of the Board of Directors at the end of 2022 and 2021 were as follows:

Number of shares	31.12.2022	31.12.2021
Veit de Maddalena, Chairman	287 024	304 579
Daniel Sigg, Member	51 705	50 760
Urs Schenker, Member	21 769	19 372
Katrin Wehr-Seiter, Member	14 958	12 513

5.4 Activities in other companies

Veit de Maddalena, Chairman

Klosters-Madrisa Bergbahnen AG	Switzerland	Chairman of the Board of Directors	Private
de Maddalena & Co. AG	Switzerland	Chairman of the Board of Directors	Private
Loft Dynamics AG	Switzerland	Chairman of the Board of Directors	Private
BG Suisse AG	Switzerland	Chairman of the Board of Directors	Private
Marigin AG	Switzerland	Member of the Board of Directors	Private
Quattro Stelle SA SICAF-SIF ¹⁾	Luxemburg	Member of the Board of Directors	Private
Candor Board Services GmbH	Switzerland	Partner	Private

¹⁾ Veit de Maddalena has resigned from the Board of Directors of Quattro Stelle SA SICAF-SIF as of December 31, 2022. The de-registration from the Luxemburg Commercial Register is still pending.

Daniel Sigg, Member

Laguna Trustee Ltd.	Jersey	Chairman of the Board of Directors	Private
Hirschmann Family Holding Ltd.	Jersey	Chairman of the Board of Directors	Private
2Xideas US Inc.	USA	Chairman of the Board of Directors	Private
Bellevue Funds (Lux) SICAV	Luxemburg	Member of the Board of Directors	Private
2Xideas Global Mid Cap 130/30 Fund LLC	Cayman Islands	Member of the Board of Directors	Private
Metropolitan Partners Group	USA	Member of the Advisory Board	Private

Urs Schenker, Member

Swisa Holding AG	Switzerland	Chairman of the Board of Directors	Private
EBV Immobilien AG	Switzerland	Chairman of the Board of Directors	Private
Geschäftshaus City AG Dübendorf	Switzerland	Chairman of the Board of Directors	Private
Invico Asset Management AG	Switzerland	Chairman of the Board of Directors	Private
Meyer Burger Technology AG	Switzerland	Member of the Board of Directors	Listed
DSA AG ¹⁾	Switzerland	Member of the Board of Directors	Private
Capital Dynamics Holding AG ¹⁾	Switzerland	Member of the Board of Directors	Private
Ornak AG	Switzerland	Member of the Board of Directors	Private
Indicium Technologies AG	Switzerland	Member of the Board of Directors	Private
Ufenau Capital Partners AG	Switzerland	Member of the Board of Directors	Private
Pfizer Personalvorsorgestiftung	Switzerland	Chairman of the Board of Trustees	Private

¹⁾ Capital Dynamics Holding AG is a 100% subsidiary of DSA AG.

Katrin Wehr-Seiter, Member

SES S.A.	Luxemburg	Member of the Board of Directors	Listed
Meyer Burger Technology AG	Schweiz	Member of the Board of Directors	Listed
BIP (GP) Sarl ¹⁾	Luxemburg	Member of Board of Managers	Private
BIP Interim (GP) Sarl ²⁾	Luxemburg	Member of Board of Managers	Private
The Simpleshow Company S.A.	Luxemburg	Member of the Board of Directors	Private
Unite Holding SE ³⁾	Germany	Member of the Supervisory Board	Private
Unite Network SE ³⁾	Germany	Member of the Supervisory Board	Private
Mercateo Deutschland AG ³⁾	Germany	Member of the Supervisory Board	Private
Wellcosan Beteiligungs GmbH	Germany	Member of the Advisory Board	Private

¹⁾ GP of BIP Fund (SCA), SICAR; with 100% subsidiary Coquelicots Holdings sarl as holding vehicle.

²⁾ GP of BIP Interim SCSp; with 100% subsidiary Bleuets Holdings sarl as holding vehicle.

³⁾ Unite Network SE and Mercateo Deutschland AG are 100% subsidiaries of Unite Holding SE.

6. Group Executive Board: Compensation, loans and stock ownership

6.1 Goals and achievement of goals

For the 2022 financial year, the following goals were defined for the Group Executive Board and assessed by the Compensation Committee:

Quantitative targets		Assessment
KPIs	– Recurring revenue	Performance below expectation
	– Assets under management	Performance below expectation
	– Cost-Income ratio	Expected Performance
	– Operating profit	Expected Performance
	– Return on equity	Performance above expectation
Qualitative targets		
KPIs	– Performance quality of products	Performance below expectation
	– ESG	Expected Performance

After an extraordinarily successful 2021, 2022 was a very challenging year for the company and its employees, marked by market upheavals as a result of geopolitical crises, inflation and significant interest rate increases. Bellevue was exposed to the ongoing market turmoil in almost all areas and could not escape the trend in the capital markets. In addition, investment performance against benchmarks decreased in 2022. In the overall evaluation, the performance of the Group Executive Board falls short of expectations against the backdrop of a significantly reduced revenue base and net profit. It should be emphasized, however, that despite the challenging environment, the broad-based customer base has proved stable and it has also succeeded in cushioning the impact of the lower revenue base by significantly reducing the cost base, among other things by means of the entrepreneurial compensation model. In addition, the Executive Board used the year 2022 to further concretize important strategies for the future and implement organizational changes. The development of activities in the Private Markets area was encouraging. The establishment of a private equity secondaries team and the launch of the first secondaries fund in particular open up new growth prospects. In addition, the focus was primarily on the further development of existing products. For example, with the addition of further experts to the investment team of the «flagship product» BB Biotech AG, additional competencies were built up, for example in the field of neurology. In addition, various new product ideas were positioned and will be further developed in 2023. The integration of the German Subsidiaries into the business unit Bellevue Asset Management was successfully completed and the strengthening of the team also created the basis for more intensive market development in Germany. The focus on sustainable, value-oriented and responsible further development of the Group and its investment solutions, taking into account sustainability and ESG criteria, was intensified and will be driven forward in 2023, particularly in the recruitment of new investment experts with a view to diversity and inclusion.

6.2 Compensation

CHF	1.1. –31.12.2022		1.1. –31.12.2021	
	André Rüegg CEO ¹⁾	Total ²⁾	André Rüegg CEO ¹⁾	Total ³⁾
Fixed compensation in cash	350 000	805 000	350 000	890 000
Social insurance contributions ⁴⁾	93 404	212 634	93 501	234 190
Total fixed compensation	443 404	1 017 634	443 501	1 124 190
Short-term variable compensation (profit-based compensation)	675 000	1 181 667	1 600 000	2 900 000
– in shares	337 500	590 834	800 000	1 450 000
– of which in restricted shares ⁵⁾	100 000	266 667	100 000	300 000
– of which in restricted shares with a vesting period and clawback right provisions ^{5) 6)}	237 500	324 167	700 000	1 150 000
– in cash	337 500	590 833	800 000	1 450 000
Other short-term variable compensation	30 046	61 594	48 200	161 400
– in shares	30 046	61 594	48 200	161 400
– of which in restricted and discounted shares purchased through stock ownership plan ⁷⁾	30 046	61 594	48 200	161 400
Social insurance contributions ⁸⁾	44 680	79 694	106 016	194 405
Total short-term variable compensation	749 726	1 322 955	1 754 216	3 255 805
Long-term variable compensation	131 200	131 200	127 000	127 000
– in shares	131 200	131 200	127 000	127 000
– of which long-term incentive plans, investment companies ⁹⁾	131 200	131 200	127 000	127 000
Social insurance contributions ⁸⁾	9 800	9 800	9 100	9 100
Total long-term variable compensation	141 000	141 000	136 100	136 100
Total compensation	1 334 130	2 481 589	2 333 817	4 516 095

¹⁾ André Rüegg is the CEO of Bellevue Group AG and Bellevue Asset Management AG.

²⁾ As of December 31, 2021, the Group Executive Board consisted of André Rüegg, CEO and CEO Bellevue Asset Management AG, and Michael Hutter, CFO. Jan Kollros, CEO adbodmer AG and Bellevue Private Markets AG, has left the Group Executive Board as of August 31, 2022.

³⁾ As of December 31, 2020, the Group Executive Board consisted of André Rüegg, CEO and CEO Bellevue Asset Management AG, Michael Hutter, CFO, and Jan Kollros, CEO adbodmer AG and CEO Bellevue Private Markets AG.

⁴⁾ The social insurance contributions include compulsory employer contributions to social insurance plans, employer contributions to pension plans and employer contributions to health and accident insurance plans.

⁵⁾ All shares of the Company were or are valued at market value (volume-weighted average prices during the 10-day trading preceding the date of grant). Compulsory employee contributions to social insurance plans on these amounts were settled in cash, not in the form of shares.

⁶⁾ The shares are subject to a one-year service period and a one-year clawback right clause.

⁷⁾ This is the amount of the monetary benefit which reflects the difference between the discounted purchase price and the 10-day VWAP for the effective share allocation.

⁸⁾ The social insurance contributions include compulsory employer contributions to social insurance plans. With respect to variable compensation that has not yet been paid out, a prospective rate of 6.5% is used to calculate prospective employer contributions to social insurance plans and rounded up. The actual amount due (in the subsequent year) may be lower. Pension plan contributions are not levied on any components of variable compensation, which is not included in the respective insurance coverage.

⁹⁾ Entitlement to a maximum of 1 700 shares of BB Biotech (2021: 1 700 shares of BB Biotech), valued at fair value (closing price on 31.12.2021 and 31.12.2020, respectively).

In compliance with Art. 8 para. 1, section 1 of the Articles of Association, fixed compensation for the current financial year is subject to approval by the Annual General Meeting. Fixed compensation of CHF 1 175 000 (2021: CHF 1 166 500) was approved for the 2022 financial year. The actual payout for the aforementioned financial year (including compulsory employer contributions to social insurance plans) was CHF 1 017 634 (2021: CHF 1 124 190).

The reported short-term variable compensation totaling CHF 1 322 955 must be approved by the 2023 Annual General Meeting in compliance with Art. 8 para. 1 section 4 of the Articles of Association.

Subject to approval, the variable compensation of CHF 1 322 955 will be paid out in the first half of 2023 in accordance with the explanations under 4.2.2. For the portion paid out in shares, the fair value of the shares is calculated based on the volume-weighted average prices paid during a 10-day period preceding the respective date of transfer. The shares are blocked for a period of four years (voluntary employee stock ownership plan three years) from the date of transfer.

In 2022 and 2021, the Board of Directors authorized a voluntary employee stock ownership plan. The members of the Group Executive Board were allocated to purchase 8 200 shares (2021: 16 755 shares) of the Company from the given pool at a discounted price of CHF 23.75 per share (2021: 31.75 per share). This represented a discount of approximately 25% on the quarterly VWAP prior to the date the purchase right was granted. The difference between the 10-day VWAP on the date the shares are actually transferred and the purchase price corresponds to the monetary benefit. This benefit is subject to the approval of shareholders at the pending Annual General Meeting. The shares were blocked for three years from the date of transfer.

The short-term variable compensation (profit-sharing) of the Group Executive Board decreased by approximately 60% in the financial year compared to the previous year due to the reduced operating performance of the company.

The percentage ratio of fixed compensation to variable compensation for the entire Group Executive Board is 41% fixed compensation and 59% variable compensation (2021: 25% fix and 75% variable). For the CEO, the total amount of fixed compensation amounts to 33% and the variable compensation is 67% (2021: 19% fix and 81% variable).

The values in the table above differ in certain respects from the Remuneration Reported in note 9 «Transactions with related companies and persons» of the consolidated financial statements 2022 of Bellevue Group AG, which were prepared in accordance with the International Financial Reporting Standards (IFRS). The differences relate to the valuation date of stock awards in connection with the bonus and the individual long-term incentive plans, which are subject to service period conditions. Under IFRS, their value is spread over the future vesting period («service period»), but for the purposes of this report, the amount granted is fully recognized on the date of grant.

During the reporting year, no compensation was paid to related parties of members of the Group Executive Board.

6.3 Loans

At the end of 2022 and 2021, no loans had been granted either to the members of the Group Executive Board or former members of the Group Executive Board.

6.4 Holdings of shares in the Company

The members of the Group Executive Board owned the following Company shares at the end of 2022 and 2021:

Number of shares	31.12.2022	31.12.2021
André Rüegg, CEO and CEO Bellevue Asset Management AG	300 000	289 982
Michael Hutter, CFO	71 162	80 000
Jan Kollros, CEO Bellevue Private Markets AG and CEO adbodmer AG ¹⁾	82 555	72 603

¹⁾ Jan Kollros has left the Group Executive Board as of August 31, 2022.

6.5 Activities in other companies

André Rüegg, CEO

Bellevue Funds (Lux) SICAV	Luxemburg	Chairman of the Board of Directors	Private
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Michael Hutter, CFO

Ascend Sport Technology AG	Switzerland	Alternative Board of Directors	Private
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7. Compensation of the Board of Directors and Executive Board subject to approval at the Annual General Meeting in 2023

7.1 Approval of maximum total fixed compensation for the Board of Directors

In the past, the Board of Directors received fixed compensation in cash and variable compensation in the form of Company shares as the Articles of Association did not permit stock-based fixed compensation for directors. Upon and subject to approval of the amendments to the Articles of Association proposed under item [6.2](#), directors' fixed compensation can be paid in cash and/or shares of the Company. Consequently, variable compensation will no longer be paid to the Board of Directors as of the 2023 fiscal year. In addition, fixed compensation will include the option of a non-monetary benefit that can be applied toward voluntary stock purchase programs (restricted shares) that allow participants to purchase stock at a discount. The total amount compensation of the Board of Directors will not change significantly. The changes detailed in the compensation report are related to the assumptions used to determine the imputed maximum value of the non-monetary benefit of the shares that could be allocated under the voluntary stock purchase programs. The comparative figures have been adjusted for this paragraph. Maximum total compensation thus consists of the following components:

- Maximum fixed compensation of CHF 742 000 (previous period: CHF 751 341, thereof fixed compensation of CHF 607 341 and variable compensation of CHF 144 000);
- Maximum non-monetary benefit of CHF 114 000 applicable toward voluntary stock purchase programs (previous period: CHF 33 801);
- Maximum employer contributions of CHF 24 000 for compulsory social insurance schemes (previous period: CHF 11 684).

The Board of Directors proposes approval of maximum total compensation of CHF 880 000 (previous period: CHF 796 826) for the Board of Directors for the term of office ending with the conclusion of the next Annual General Meeting. The payment will be made partly in Company shares, which are subject to a three- respectively four-year lock-up period, and in cash.

7.2 Approval of the maximum total variable compensation for the Board of Directors

In order for the members of the Board of Directors to be paid compensation in the form of Company shares in accordance with the current Articles of Association, the Board of Directors will receive variable compensation in the form of Company shares that is not aligned with reported results. The calculation of the variable compensation for the Board of Directors is described in section [4.1](#) and disclosed in section [5.1](#).

The Board of Directors proposes the approval of total variable compensation of CHF 181 226 (2021: CHF 244 550) for the Board of Directors for the 2022 financial year. Payment will be made in the form of shares of the Company, subject to a four-year lock-up period.

7.3 Approval of the maximum total fixed compensation and long-term variable compensation for the Group Executive Board

The Board of Directors reviewed the fixed compensation paid to the Group Executive Board and did not change the amount of fixed compensation paid to the board's previous members compared to the previous year. Analogous to the Board of Directors, fixed compensation includes the option of non-monetary benefit that can be applied toward voluntary stock purchase programs (restricted shares) that allow participants to purchase stock at a discount. Fixed compensation thus consists of the following components:

- Maximum fixed compensation of CHF 620 000 (2022: CHF 805 000);
- Maximum non-monetary benefit of CHF 270 000 applicable toward voluntary stock purchase programs (2022: CHF 61 594);
- Maximum employer contributions of CHF 182 400 for compulsory social insurance schemes, as well as other insurance schemes and pension plans (2022: CHF 214 028).

The proposed amount of fixed compensation for the Group Executive Board for the 2023 financial year is thus CHF 1 072 400 (2022: CHF 1 080 622).

The changes shown are related to the retirement of Jan Kollros from the Group Executive Board as well as to the assumptions used to determine the maximum value of the monetary benefit of the shares potentially allocated under the voluntary participation programs.

The Group CEO participates in a Long-Term Incentive Plan in connection with the asset management mandate of BB Biotech AG. In 2023 he is entitled to receive a maximum of 1 700 shares (2022: 1 700 shares) of BB Biotech AG. Based on the closing price as of December 31, 2022, this corresponds to a maximum compensation of CHF 93 900 (2022: 131 200) plus compulsory social security contributions of CHF 7 000 (2022: 9 800). This corresponds to a maximum total amount of CHF 100 900 (2022: CHF 141 000).

The Board of Directors proposes the approval of maximum total fixed and long-term variable compensation of CHF 1 173 300 (2022: CHF 1 221 622) that can be awarded and paid to the members of the Group Executive Board during the current 2023 fiscal year.

7.4 Approval of the total short-term variable compensation for the Group Executive Board

Subject to approval by the Annual General Meeting, the members of the Group Executive Board will be paid short-term variable compensation related to performance based on annually agreed targets and expectation. The following proposal is based on performance and target achievement in the 2022 fiscal year. The components and the calculation of the variable compensation for the Group Executive Board are described in section [4.2](#) and disclosed in section [6.2](#).

The Board of Directors proposes the approval of total short-term variable compensation of CHF 1 322 955 (2021: CHF 3 255 805) for the Group Executive Board for the 2022 financial year.

Report of the statutory auditor to the general meeting of Bellevue Group AG Küsnacht

Report on the audit of the remuneration report

Opinion

We have audited the remuneration report of Bellevue Group AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the chapters 5 and 6 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the accompanying remuneration report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these 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 is responsible for the other information. The other information comprises the information included in the annual report but does not include the audited information in the chapters 5 and 6 of the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

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

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report 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 that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH 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 this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, 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.

We communicate with the Board of Directors or the Audit & Risk committee 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.

We also provide the Board of Directors or the Audit & Risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

Philippe Bingert

Licensed audit expert
Auditor in charge

Roland Holl

Licensed audit expert

Zurich, 24. February 2023

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ESG

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Foreword

Sustainability – both a responsibility and an opportunity

Sustainable business practices combine social and environmental responsibility with successful business results. ESG criteria are playing an increasingly important role in Bellevue's business practices and policies. As a pure play asset manager with a global reach, our daily ambition is to create value for all our stakeholders. Our guiding principles of «independence, entrepreneurship and commitment» form the cornerstone of our sustainable and responsible actions as a company.

This ESG Report, which is part of Bellevue's annual report, provides you with detailed information on our Group's sustainability and governance policies as well as its material topics. We also report on Bellevue's progress towards its ESG goals as well as ongoing projects and initiatives, both at corporate and product level.

In 2022 we were again certified carbon neutral at Group level, for fiscal 2021. We also conducted a Group-wide employee survey to obtain insights about employee attitudes and motivation levels and about the general work climate. We are also pleased to have started a partnership with Swiss Sustainable Finance (SSF) in October 2022. Through this partnership, we are supporting SSF's mission of strengthening Switzerland's position as a leading advocate for sustainable finance and thus contributing to a green and prosperous Swiss economy.

At the portfolio level, we continue to apply our ESG framework, which represents our various sustainability approaches. We are committed to the UN Principles for Responsible Investment (UN PRI) and continuously adapt our ESG investment guidelines to meet the latest requirements. As a responsible investor with a long-term focus, Bellevue supports all measures and initiatives that increase the value of the companies we invest in over the long term in the interests of shareholders and investors. These include engagement activities and the exercise of voting rights at general shareholder meetings. We intensified and documented these activities during the past year. In the report, you will find selected ESG engagement case studies that highlight the close contact our portfolio managers and analysts maintain with company representatives and how they strive to encourage the best possible corporate developments also with regard to sustainability factors within the framework of a constructive dialog. In 2022, our portfolio managers attended 583 general meetings and voted on approximately 7 000 proposals.

The following report was produced utilizing the «GRI index with reference» for the first time.

Sustainable and responsible business conduct is imperative and at the same time an opportunity to actively address the challenges that lie ahead in coming years – in the interests of our clients, shareholders, and employees and of society in general.



Veit de Maddalena
Chairman of the Board of Directors



André Rüegg
Chief Executive Officer

About Bellevue

As a specialty investment manager, we create attractive returns and performance for our clients and shareholders. We apply our expertise and competence to important issues of our times and are a responsible corporate citizen.

What sets us apart?

Our most valuable asset are our talented experts, who stand for team spirit, superior performance and a high level of continuity. The reliable quality of our work and strong innovation skills are the basic building blocks for creating solid value for our stakeholders.

Our strong convictions in the investment decisions we make is why we also have a stake in our products – and thus in the success of the clients we serve.

Creating value with specialty investments backed by expertise and innovation.

Independent – entrepreneurial – committed.

Our philosophy and values

Philosophy

Bellevue – House of investment ideas

Specialized, an entrepreneurial-driven culture and proudly independent: Those qualities guide us to sustained growth themes and enable us to unlock exceptional upside potential. Our strategies are benchmark-agnostic and establish a sound bridge between promising investment themes and diversification for our investors. To achieve that, we sometimes have to swim against the current and we have to always be on the lookout for new innovations. As a pure-play asset manager we specialize in investment themes that require an active investing strategy.

Our commitment to active asset management

Active management means: Investing with conviction. We know exactly what we are investing in and are highly disciplined investors. Investment ideas don't have to be run past any high-level investment committees or a CIO. Our expert investment teams within the various product areas operate autonomously while maintaining high standards of responsibility, mutual respect and visionary leadership. And our employees are investment experts and entrepreneurs at the same time and have a personal stake in the success of their clients. All this has kept us and our clients one step ahead of the market since 1993. Creating value for our clients, employees and shareholders is our mission.

Expertise and quality

We employ the best investment specialists with vast experience in the fields of healthcare, specialized regional and multi asset strategies and private market investments. Top know-how combined with team continuity ensure the consistently high quality of the work we do and the products and services we offer. Professional client management is a top priority. We maintain close contact with our clients, embrace transparency and provide expert advice for complex issues. Rapid response to client inquiries, competent relationship management and reliable outcomes are also givens.

Values

As a pure asset manager with around 100 employees, we are highly specialised. Expertise and innovative strength enable us to create value and tap into new return potential. We think and act entrepreneurially and are also actively involved in investments ourselves.

Independent

Our most valuable asset are our expert professionals. We work in small, agile teams that are characterized by high levels of personal responsibility and short decision-making pathways. Portfolio management teams are given as much autonomy and responsibility as possible to unlock their visionary potential. Thanks to this autonomy, they can determine the best way to get the job done and flexibly address client needs.

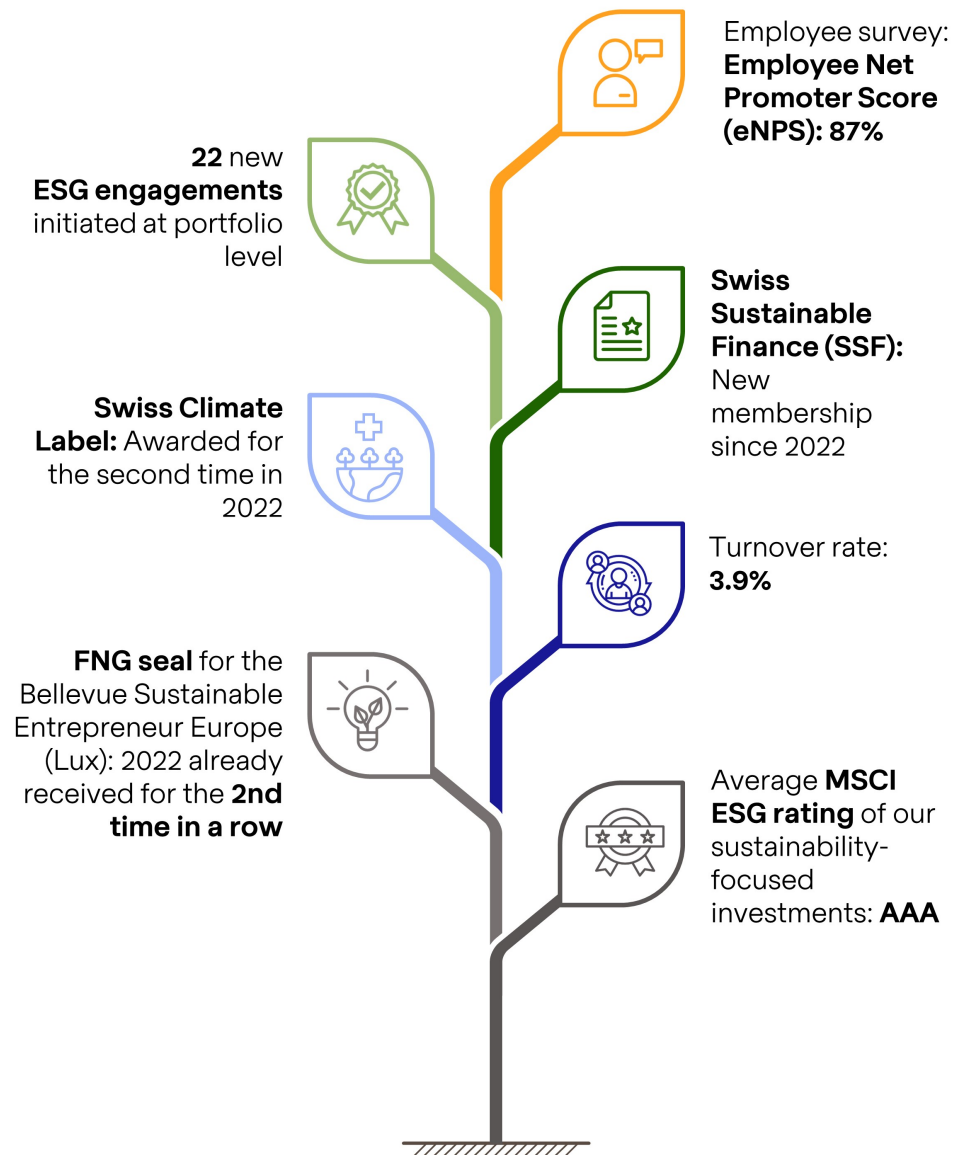
Entrepreneurial

Our strong convictions in the investment decisions we make is why we also have an active stake in our investments – and thus in the success of the clients we serve: «We eat our own cooking.» Strong alignment with the interests of investors promotes discipline and an entrepreneurial mindset.

Committed

We are performance-driven and passionate about working together towards common goals and embrace the power of respectful collaboration. We apply our expertise and competence to address important social issues and act responsibly.

Sustainability achievements 2022



Sustainability strategy

Sustainability is an important factor in the Bellevue Group's business strategy. It is the key to securing our long-term success and at the same time creating value for all of our stakeholders. In line with the «triple bottom line» principle, we seek to generate growth while simultaneously taking into account the needs of the environment and society. As an independent asset manager, we are in a position to promote sustainable development to the benefit of all of our stakeholders.

Our sustainability thrusts 2030 support our aspiration and was developed as part of our stakeholder engagement process, which also incorporated a materiality assessment.

Sustainability thrusts 2030



Integrating sustainability into our business strategy

Preserving the carbon neutrality of our business operations and initiating the net zero process



Improving gender diversity and fostering inclusion

Anchoring sustainability throughout the investment process



Integrating sustainability into our business strategy

The importance of ESG and sustainable investing is now widely recognized. Bellevue Group endeavors to continuously increase and integrate sustainability at corporate as well as portfolio level. Bellevue's distinctive profile is shaped by its core values – independent, entrepreneurial and committed. They lay the foundation for the sustainable, responsible and values-driven business practices that guide our employees every day and they are absolutely essential for creating long-term value for our stakeholders. Based on these core values, we have established clearly defined, transparent ESG policies and corresponding investment guidelines that integrate binding environmental, social and governance aspects into our standards and conduct.

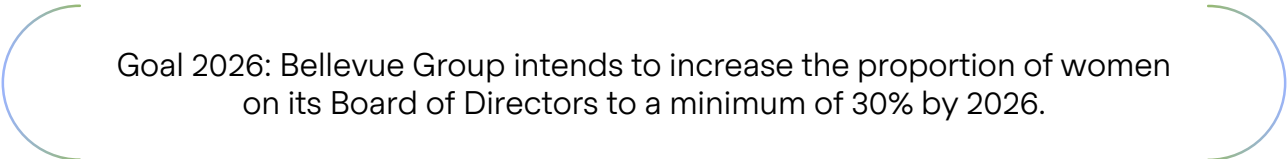
Preserving the carbon neutrality of our business operations and initiating the net zero process

At the company level, we measured Bellevue's carbon footprint for the first time in 2021. Business travel, commuting, heating and electricity are the main sources of our carbon emissions, and we have therefore introduced eco-friendly measures in all of these areas. For example, video conferences are now a prioritized form of communication; we give

employees financial incentives to commute by public transport; and we use lake water to cool or heat our company headquarters in Küsnacht. Having offset its carbon emissions by supporting top-quality climate projects in Switzerland, Bellevue was certified as a climate neutral company for a second time in 2022. We are also committed to achieving net zero by 2050 and our 2030 climate strategy therefore includes a pledge to reduce our carbon emissions per employee (FTE) by 30%.

Improving gender diversity and fostering inclusion

Bellevue Group values employee diversity and believes this is an integral part of its success as a business. Our approach is founded upon mutual respect and a collaborative work culture across languages, cultures and nationalities. This variety of perspectives and approaches, experiences, ideas and talents leads to innovation and underpins Bellevue's success on a lasting basis – including its ability to attract qualified specialist personnel.



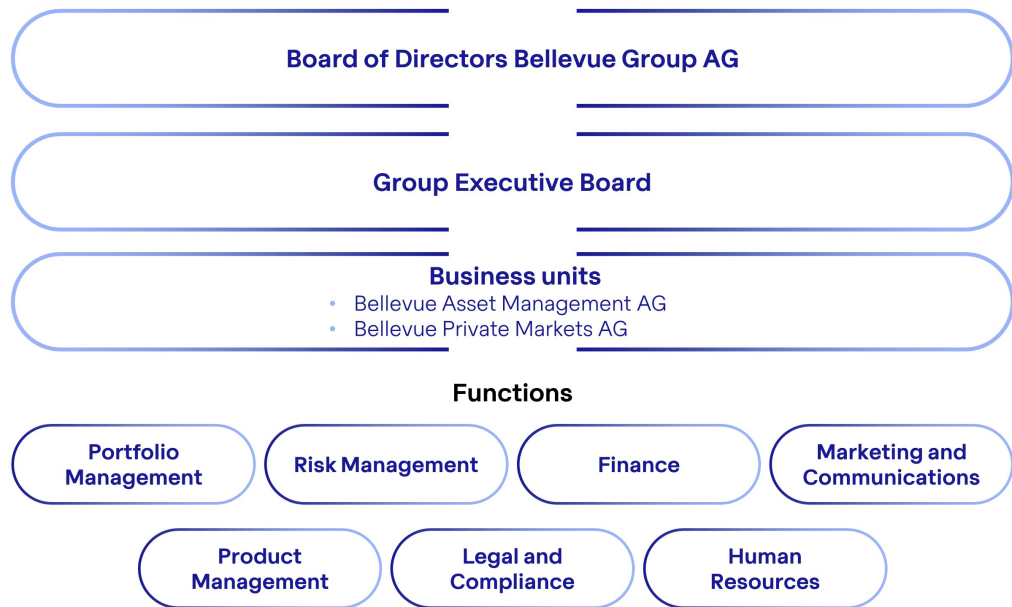
Goal 2026: Bellevue Group intends to increase the proportion of women on its Board of Directors to a minimum of 30% by 2026.

Anchoring sustainability throughout the investment process

Our Group has embraced sustainability at the portfolio level for years. In fact, Bellevue Sustainable Healthcare Fund – our first dedicated ESG strategy – was launched back in 2018. This was followed in 2021 by our second sustainability fund, Bellevue Sustainable Entrepreneur Europe, which is managed in accordance with internationally recognized ESG quality standards. Within the scope of our ESG integration approach, strict exclusion criteria are applied and environmental, social and governance factors are an integral part of our fundamental research and analysis across all portfolios and funds. At the same time, our experts strive to build climate-friendly portfolios and they maintain an active and constructive dialog on ESG aspects with company executives and relevant stakeholders. Bellevue Asset Management AG is firmly committed to the UN Principles for Responsible Investment (UN PRI) and continuously adapts its ESG investment guidelines to reflect the latest findings.

Sustainability governance

Full integration of sustainability within the strategy is one of the objectives of the Sustainability Plan 2030. Sound sustainability governance is essential for ensuring that we continue to embed sustainability within our business practices and product offer, achieve steady progress towards our sustainability targets, and identify potential opportunities and challenges at an early stage. This requires an organizational framework for the management and monitoring of sustainability issues. The Board of Directors of Bellevue Group and the Group Executive Board play an active role in monitoring and implementing the sustainability objectives and measures. The Board of Directors approves the Group's sustainability strategy and plan. The Group Executive Board is responsible for the sustainability strategy.



In addition, the sustainability working group is entrusted with managing the implementation and integration of sustainability across all areas of the business. The working group comprises members from various functions, as shown in the graph above. The group monitors the latest developments on the sustainability front and anticipates their impact on the business model of Bellevue Group. It supports the Group Executive Board with formulating and developing the sustainability strategy. The sustainability working group is therefore additionally responsible for managing and implementing projects within the business areas/functions and areas of activity.

Goal 2023: The organization of sustainability activities is further formalized.

Stakeholder engagement

We believe interaction with our stakeholders is crucial to the identification, analysis, planning, setting of priorities and implementation of our sustainability thrusts 2030, as well as to the underlying objectives and measures. That is why we hold regular discussions with internal as well as external stakeholders.

The following stakeholders were included in 2022:

- Shareholders and analysts
- Employees
- Clients / distribution partners
- Suppliers
- Portfolio companies
- Regulator
- Rating agencies
- Media

Stakeholder	Engagement	Activities 2022	Topics
Shareholders and analysts	<p>Bellevue is in regular contact with its shareholders and analysts, in particular through the publication of its semi-annual and annual results.</p> <p>Investor Relations maintains a constant dialog with investors and analysts through the year. In accordance with the Listing Rules of SIX Exchange Regulation, key business developments are published via media releases or ad-hoc notices on at least two electronic information systems. These announcements are simultaneously published on the corporate website, having been sent to SIX Exchange Regulation in advance.</p> <p>The shareholder notices required under Swiss company law are published in the Swiss Official Gazette of Commerce (SOGC).</p>	<ul style="list-style-type: none"> • Annual general meeting • Conferences and events • Corporate website • Media releases • Annual and interim reports 	<ul style="list-style-type: none"> • Business performance • Share price performance • Sales developments • Product developments • Sustainability
Employees	<p>Employees are given information about business developments, changes within the company and product updates on a regular basis. Communication is via various channels including e-mails and employee information meetings.</p> <p>In addition, Bellevue conducts a group-wide survey every three years to monitor employee satisfaction and commitment as well as ensure employees understand the business.</p> <p>Employee feedback is passed on to the Group Executive Board, which uses the findings to devise concrete measures.</p>	<ul style="list-style-type: none"> • Survey • Training • Talent management 	<ul style="list-style-type: none"> • Health & safety • Sustainability • Strategy • Next generation
Clients and sales partners	<p>Our clients and partners are served by a committed sales team comprising industry experts. Clients and partners have regular personal contact with their key account manager and receive a regular newsletter containing product and business information. They can also subscribe to a free e-mail service.</p>	<ul style="list-style-type: none"> • Key account manager relationships • One-to-one meetings • Conferences and events • Complaint handling 	<ul style="list-style-type: none"> • Products • Sustainable products • Client relationships and satisfaction
Suppliers	<p>Bellevue is in constant contact with its suppliers and service providers. Local suppliers and service providers are preferred where possible. Every supplier or service provider is subject to pre-qualification to ensure compliance with the rules, while correspondence continues throughout the business relationship in order to review requirements, make</p>	<ul style="list-style-type: none"> • Assessments • Direct dialog 	<ul style="list-style-type: none"> • Responsible procurement • Traceability

	payments and negotiate contracts.		
Portfolio companies	In the interests of our investors, best possible corporate performance, role as professional investor, etc. Activities: meetings with company representatives at all levels (top management, board, IR, etc.)	<ul style="list-style-type: none"> • Management meetings (top management, board, IR) • Proxy voting • Sharing of experience 	<ul style="list-style-type: none"> • Sustainability • Innovation • Costs • Capital structure • Corporate governance
ESG rating agencies	Bellevue uses sustainability research produced by ESG rating agencies MSCI ESG and Sustainalytics for the purpose of integrating ESG into investment processes.	<ul style="list-style-type: none"> • Meetings • Survey 	<ul style="list-style-type: none"> • Small vs. large caps • Coverage • Rating methodology
Regulator	In the context of its business activities, Bellevue works with the supervisory authorities to implement updates as well as meet disclosure and regular reporting requirements.	<ul style="list-style-type: none"> • Sharing of experience • Events • Annual and interim reports 	<ul style="list-style-type: none"> • All ESG-related issues, reporting standards
Media	Bellevue's Media Relations unit is engaged in active media relations work with exacting service standards. To ensure balanced reputation management, great importance is attached to the subject of sustainability.	<ul style="list-style-type: none"> • Key account manager relationships • Assessments 	<ul style="list-style-type: none"> • All ESG-related issues • Corporate developments • Product and sector updates

Material topics identified

The materiality analysis supports the Group Executive Board and the management of the subsidiaries in identifying key sustainability issues by considering the expectations and needs of external and internal stakeholders.

The results of the materiality analysis are used to continuously improve sustainability management by sharpening our understanding stakeholders' needs and their shifting perceptions of what they regard as material sustainability issues. The materiality matrix forms the basis for managing corporate processes and helps to identify and manage potential opportunities and risks.

Goal 2023: The Sustainability working group will sharpen the stakeholder engagement process as well as review the materiality issues based on feedback from stakeholders.

Materiality matrix

From the materiality matrix, Bellevue derives eight key topics to which it pays special attention and to which it accords increased transparency in the context of sustainability management:

1) Business performance

Sound finances and long-term profitability ensure that Bellevue Group continues to be a reliable, value-adding partner to all of its stakeholder groups.

2) CO₂ emissions

Bellevue Group places great emphasis on environmental and climate protection. By 2030 we aim to lower carbon emissions from our business operations by 30% per employee (FTE).

3) Corporate governance and corporate ethics

Bellevue Group AG is aware that sound corporate governance and a clear management structure with defined roles and responsibilities are crucial to the long-term success of the business.

4) Transparency

Corporate governance at Bellevue Group AG complies with internationally recognized standards. The fact that we provide transparent information about our governance enables our stakeholders to monitor the quality of the company and helps investors make their investment decisions.

5) Diversity and inclusion

Diversity and equal opportunities are part of the corporate culture that characterizes the Bellevue Group. That is why we encourage the potential as well as the skills and competence of all of our employees irrespective of their age group.

6) Employee development and retention

The corporate culture of Bellevue Group is founded on mutual respect and trusting relationships. Regular feedback and development discussions as well as the recognition and appreciation of achievement are important prerequisites for corporate success.

7) Employee engagement

To gauge employee satisfaction as well as the need for improvement, Bellevue Group conducts a group-wide employee engagement survey every three years.

8) Digitalization and innovation

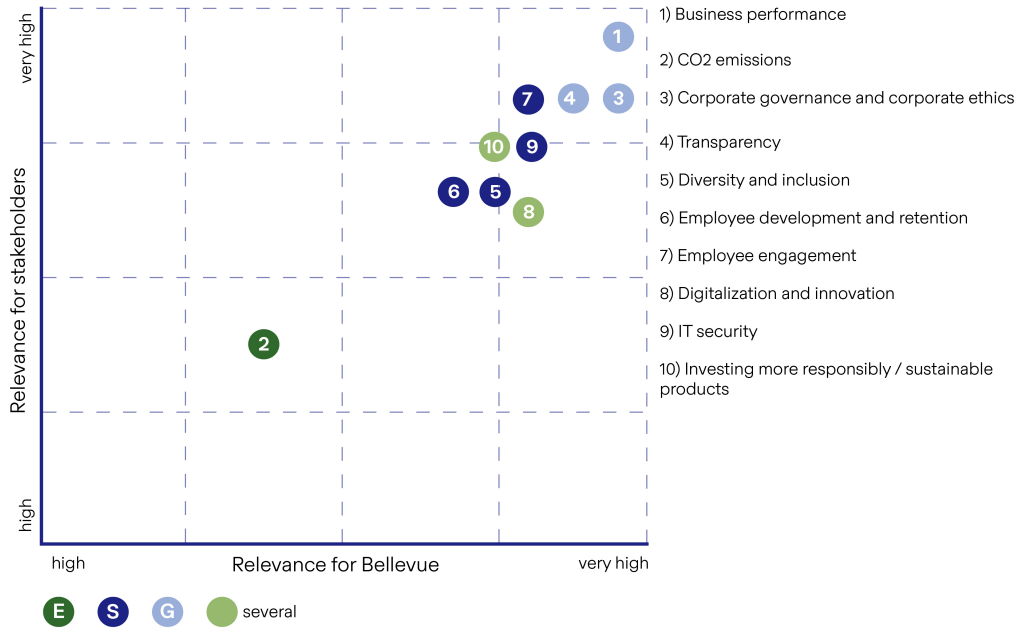
Bellevue Group is pursuing digitalization right across the value chain and implementing it in such a way that significant, sustained added value is created for clients and employees alike.

9) IT security

Group-wide standards apply in relation to IT security. IT security at Bellevue Group is closely tied to respective local data protection regulations such as the Swiss Data Protection Act and the EU General Data Protection Regulation (GDPR).

10) Investing more responsibly / sustainable products

By launching new products that meet stricter rules, are particularly eco-friendly and can be processed more simply and securely, Bellevue aims to help its clients meet ever increasing requirements.



Sustainable Development Goals (SDG)

The UN Sustainable Development Goals are the centerpiece of the Agenda 2030 adopted by the United Nations in autumn 2015. They define the social, economic and environmental milestones that are to be jointly achieved on a worldwide basis by 2030. Companies can make a crucial contribution to Agenda 2030. Bellevue takes its responsibilities seriously; accordingly, the company's sustainability management and core business are as closely aligned with the SDGs as possible.

Entity level

Four SDGs play a central role: quality education (4), gender equality (5), decent work and economic growth (8) and climate action (13). It is in these areas that Bellevue can have the greatest impact at company level.



Source: MSCI ESG Inc.

Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Bellevue supports training for all employees and encourages lifelong learning.

Goal 5: Achieve gender equality and empower all women and girls

Bellevue fosters a culture of gender equality and is committed to ensuring a balanced mixture of gender and age at all hierarchy levels and in all functions of the company.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Bellevue offers attractive, family-friendly working conditions, promotes diversity, operates a competitive pay policy with equal pay for women and men, and is committed to training and development for its employees.

Goal 13: Take urgent action to combat climate change and its impacts

Bellevue ensures that responsible corporate environmentalism contributes to reducing carbon emissions. The remaining emissions are offset through the purchase of CO² emission certificates equivalent to the greenhouse gases emitted annually.

Portfolio level

Bellevue Asset Management manages all investment strategies in accordance with the requirements of Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR). In this connection, the impacts on the 17 UN SDGs are identified for the portfolio companies in the corresponding investment strategies. MSCI ESG Research measures the target contribution of companies to the individual SDGs and categorizes them as «Strongly Aligned», «Aligned», «Neutral», «Misaligned» and «Strongly Misaligned». As soon as there is a positive impact on at least one of the 17 SDGs («Aligned» or «Strongly Aligned») and one or more other SDGs are not negatively impacted at the same time («Misaligned» or «Strongly Misaligned»), Bellevue assumes a positive alignment.

This measurement is undertaken in the context of the definition of a «sustainable investment» within the meaning of the EU Disclosure Regulation 2019/2088 (Art. 2(17)), which is defined as an investment in an economic activity that contributes to an environmental objective and/or a social objective, provided that such investments do not significantly detract from any of those objectives.

The current measurement of the target impact shows that the biggest contributions – viewed across all investment strategies – are in UN Sustainable Development Goals (UN SDGs) no. 1 (no poverty), no. 3 (good health and well-being) and no. 5 (gender equality).

With our investment focus on the global healthcare sector, Bellevue helps ensure good health and well-being for people of all ages. Innovative medications from the biotech industry as well as investments in diagnostics and healthcare service providers can make an important contribution in this regard. The COVID-19 pandemic caused serious impairment of basic health services, shortened life expectancy and exacerbated imbalances in access to basic health services between countries and people, resulting in a risk that years of progress in a number of healthcare areas are being wiped out. In addition, vaccination rates fell for the first time in 10 years and the number of deaths caused by tuberculosis and malaria increased. Urgent, concerted measures are necessary to put the world back on track to achieving goal 3. Products and services from a number of our portfolio companies make an important contribution to achieving this goal.

Portfoliobeispiele

The **Jazz Pharmaceuticals**¹⁾ position, which is represented in various healthcare portfolios, has extended patient access to medications, including through patient assistance programs, product donations to global aid organizations and financial donations to independent charitable organizations. Another example is portfolio company **Danaher**²⁾, whose HemoCue and Cepheid testing systems are dedicated to the diagnosis of highly prevalent diseases such as anemia and tuberculosis. Global pharmaceuticals firm **Daiichi Sankyo**³⁾ promotes a series of projects including research into clinical drug candidates for the treatment of Chagas' disease, which is classified as a «neglected tropical disease» (NTD).

Summary

In conclusion, it is important to note that investment in a company from the healthcare sector does not automatically equate to an alignment with SDG 3. Evidence of contributions to the UN's defined goals and indicators is required in order to be able to demonstrate a positive alignment. Although Bellevue periodically measures the target contributions made by its investment products to the 17 UN SDGs, it does not currently manage an impact strategy that has sustainable investment as its objective pursuant to Article 9 (EU SFDR).

¹⁾ <https://investor.jazzpharma.com/node/19306/html>, <https://sdgs.un.org/goals/goal3>

²⁾ https://www.daiichisankyo.com/sustainability/our_approach/sdgs/sdgs_businessmateriality/

³⁾ <https://www.danaher.com/sustainability>

Sustainability at entity level

Environmental practices

Within the framework of our work processes, we attach importance to environmentally friendly practices and ensure this with the following measures in particular:

Measuring environmental indicators

The environmental indicators were calculated for the second time in 2022 for the 2021 financial year. In the future, the aim is to have the environmental indicators available for the current fiscal years.

Total emissions (in t CO ₂)	2020	2021	Change in %
CO ₂ -emissions scope 1 ¹⁾	32	27	- 15.6
CO ₂ -emissions scope 2 ²⁾	44	28	- 36.4
Co ₂ -emissions scope 3 ³⁾	212	193	- 9
Total CO ₂ -emissions	288	248	- 13.9
CO ₂ -emissions/full-time position	2.7	3.0 ⁴⁾	11.1

¹⁾ Scope 1: Direct greenhouse gas emissions

²⁾ Scope 2: Indirect energy-related greenhouse gas emissions

³⁾ Scope 3: Energy supply (energy-related emissions not received in scope 1 or 2); business travel (external vehicles), commuting, IT equipment, paper, print jobs, waste, water

⁴⁾ Benchmark: Swiss Banks (SC): 2 t CO₂/FTE

Total emissions at a glance

In the future, the 2020 balance with normalized data in the commuter trips and business flights categories will be used as the reference base to assess the efficiency of the measures implemented as part of the climate policy and to show improvements in the CO₂ emissions.

Total emissions (in t CO ₂)	Base year*	2020	2021	Change in % 2020/2021
Business trips	505	99	102	3
Heating	58	58	45	- 22.4
Commuting	130	55	57	3.6
Electricity	32	32	21	34.4
IT equipment (computers, laptops, monitors, cell phones, phones, tablets)	14	14	18	28.6
Waste	2.5	2.5	2.7	8
Water	1.5	1.5	0.9	- 40
Paper and printing	0.9	1.2	1.8	50
Total emissions	801	288	248	- 13.9
Emissions Total / FTE (t CO ₂ /FTE)	8.2	3	2.7	- 10

* Base year: 2020 adjusted for COVID-19 effects (travel / home office).

Bellevue Group's operations include four focus areas related to CO₂ emissions: business travel, commuting, heating and electricity. These account for 93% of emissions. The effects of the measures to contain COVID-19 are particularly evident in business travel. Air travel and commuting account for over 85% of CO₂ emissions in a normal year. Since air travel was

limited as of March 2020 and home-working recommendations/requirements massively reduced commuting, CO₂ emissions in 2020 were reduced by about 65% due to COVID-19. Significantly more business travel is expected again from 2022 onwards.

CO₂ neutrality

Swiss Climate certified Bellevue as a climate neutral company for the second time in 2022 (based on 2020 values). By purchasing CO₂ emission certificates in the amount of the greenhouse gas emissions emitted annually, we support projects that remove the same quantity of emissions released into the atmosphere. Bellevue Group selected a project focusing on «Climate protection and sustainable management in Swiss forests» for climate neutrality in 2021. The project ensures CO₂ storage and sustainable management of 7 279 hectares of forest in the canton of Schwyz. This protects the climate, preserves biodiversity in Swiss forests and enables the production of timber for renewable energy production.

Goal 2030: As part of the certification, Bellevue Group has set a reduction target of 30% of emissions per FTE by 2030. The CO₂ emissions in 2020 adjusted for COVID-19 effects serve as a basis.

Energy consumption

At Bellevue Asset Management's headquarters in Küsnacht/ZH, the building as well as the premises of our data centers are heated and cooled with natural lake water.

When procuring electronic devices such as computers, monitors, printers, etc., we make sure to use energy-efficient equipment. Wherever possible, power consumption settings are configured to automatically switch IT equipment – whether entire groups of systems or individual devices – to stand-by mode at certain times. The buildings are only lit when they are in use. We use additional energy consumers such as air conditioners or radiators only for extreme external weather conditions.

Transportation and mobility

Our locations are very easy to reach by public transport. Employees are motivated to travel by public transport. We actively support this through financial incentives. Parking spaces are not subsidized and are charged at full market rates. Showers and changing rooms are available at company headquarters, which makes commuting to work by bicycle an attractive alternative. Public transport options will become even more attractive when the head office is relocated from Küsnacht to central Zurich in 2025.

International contacts are important given our global investment strategies and distribution activities with employees at different locations. All locations have video conferencing infrastructure. Most of the meetings are through telephone and video conferencing as a substitute for physical meetings to limit travel. Where possible and appropriate, we substitute air travel with public transportation such as train travel and coordinate joint site visits.

The Group Executive Board is regularly informed about the travel activities of the employees.

Goal 2030: Reduce carbon emissions for road and air in order to achieve the 2030 CO₂ target.

Procurement process

When procuring materials, furniture, food, etc., we consider local suppliers and local products wherever possible in order to reduce the environmental impact. Likewise, when selecting suppliers and service providers, their environmental practices are taken into account. When procuring furniture and other office materials, we pay attention to durability.

Goal 2023: As part of the stakeholder engagement process, a survey of external suppliers and service providers will be carried out in 2023 in order to gain a better understanding of their procurement processes and examine their sustainability.

Waste management and recycling

Systems are in place at all sites to collect and recycle a wide range of materials, including cardboard, PET, glass, paper, batteries and IT equipment. We separate waste and dispose of it properly. We take care at the procurement stage to avoid excessive waste or other unnecessary environmental impact. In addition, water filtering devices are installed to reduce PET bottle consumption.

Paper consumption is a significant resource for a service company. We take appropriate measures to ensure that paper consumption is constantly reduced and can be replaced by other means (e.g. client presentations on notebooks/tablets instead of printed handouts, Webex/Zoom for client meetings, annual reports printed on FSC paper, shipping only on request). Print programs are initialized so that printouts are two-page and black and white by default.

Key climate-related memberships (status as at December 31, 2022)



TCFD

The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) introduce uniform, transparent rules for the disclosure of financial climate risks faced by economic actors.

Bellevue is currently working to identify and evaluate climate-related risks that may impact on our business activities. We will be reviewing and likely expanding our reporting on climate-related matters in the years ahead.

The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

Governance	Strategy	Risk Management	Metrics & Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Source: TCFD, 2022

Governance

Climate-related opportunities and risks can potentially affect all areas of Bellevue and its business – in terms of our own business activities as well as the investments (portfolio level) – hence the fact that ultimate responsibility for this issue lies with Bellevue's Board of Directors and/or Group CFO.

The portfolio management team is responsible for implementing the investment strategy, with a focus on sustainability themes as well as overarching principles and policies.

Strategy

Bellevue endorses and is committed to the goals of the Paris Agreement. We can play our part in achieving them through the way we structure our portfolios, as well as by analyzing climate-related risks and showing how they influence our investment decisions. Naturally we apply exclusions for controversial industries (e.g. fracking/oil sands, etc.), maintain an active dialog with companies or other stakeholders regarding their climate strategy, and exercise our voting rights.

At operating level, we disclose the emissions resulting from our own business activities in our Sustainability Report. In the future, we plan to develop a new climate strategy and implement the recommendations of the TCFD. At Bellevue we see sustainability risks as a critical element of our management of risk.

Risk management

Risks arising as a result of distortions and changes affecting Bellevue indirectly, e.g. due to the introduction of climate policy measures involving the transition to a low-carbon economy (e.g. carbon taxes, emission or energy efficiency standards, or restrictions on «non-sustainable» industries such as coal or oil), changes in customer and consumer sentiment, and disruptive technological breakthroughs.

Metrics and targets

Bellevue endorses the goals of the Paris Climate Agreement signed in December 2015 and supports measures to mitigate global warming. Carbon intensity is measured at portfolio level on at least a quarterly basis and compared with the respective investment universe or benchmark for the fund concerned.

Bellevue purchases electricity from renewable sources for all Swiss sites – either directly or indirectly through regional proof of origin. We are currently formulating our net-zero climate

strategy. Our aim is to reduce net greenhouse gas emissions from our business activities to net zero by 2050.

Social Practices

Sustainability as an employer

For a service-sector business like Bellevue Group, employees are the most important asset for the company's long-term success.

We foster a highly entrepreneurial culture that emphasizes personal responsibility and is distinguished by flat hierarchies and flexibility as regards working times, length of working week and place of work.

Bellevue Group	2022	2021	2020
Average length of service of employees	6.7 years	6.4 years	5.7 years
Average age	45.1 years	45 years	44.5 years
Part-time employees	19%	22%	23%
Employee turnover	3.9%	2.9%	2.6%

Employee selection process

The added value that Bellevue creates for its clients is inextricably linked to the expertise, motivation and high level of identification of its employees with the company. Accordingly, we place great emphasis on the careful selection of suitable talent. The suitability of a candidate is usually assessed over several selection stages and assessments. In addition to professional competence, soft skills, team spirit and compatibility with corporate values are also assessed. From the employees' point of view, the manageable size of the company and the resulting personal contacts are a key success factor. Discrimination is not permitted on the basis of criteria such as age, ethnic origin and gender.

Bellevue recruited a total of 15 employees and six interns in 2022 across all sites and had a total of 96.9 FTEs as at December 31, 2022.

Employee development

Employee development is vitally important and an integral element of our Sustainability Plan 2030. Lifelong learning is becoming increasingly important. The company's organization encourages employees to develop and deploy their professional skills in the best interests of the company's stakeholders while taking into account their family or personal situations (e.g. by offering part-time employment contracts, IT infrastructure to enable staff to work from home, support with employee training and development).

Under the supervision of the HR department, employees are offered a variety of opportunities for professional development as well as career and succession planning as part of Bellevue's onboarding and induction process as well as its training and talent management program. Regular, formal employee performance reviews provide the framework for personal assessment and development planning.

On a regular basis, all Bellevue Group employees are required to complete e-learning modules on cybersecurity. Starting in 2023, employees will also receive training on the topic of sustainability including through presentations by external experts.

Fifteen employees completed training programs in 2022.

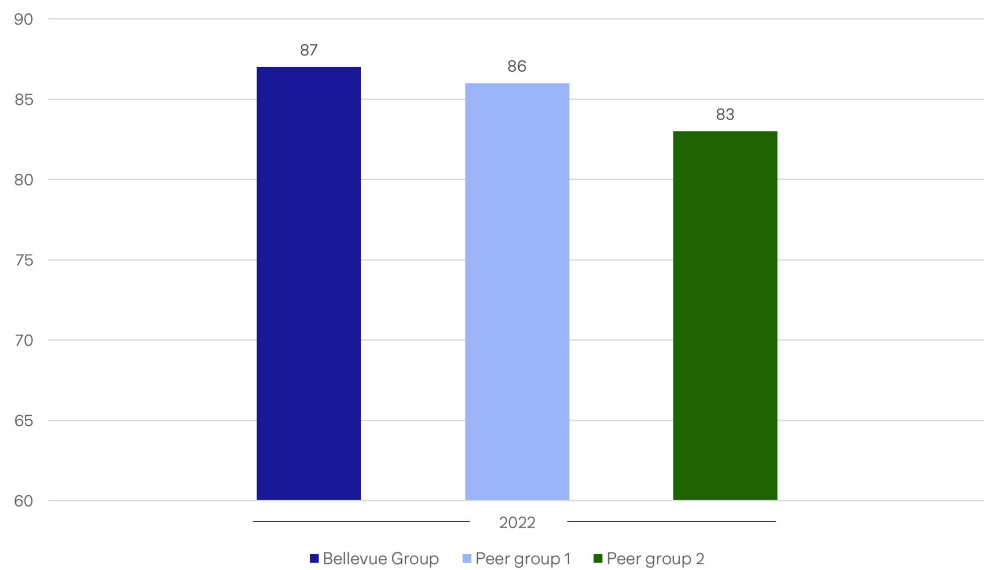
Employee engagement

Bellevue conducted its first Group-wide employee survey in 2022. Carried out in collaboration with independent research institution iCommit, the aim was to gauge employee satisfaction and any attendant need for improvement.

The results were discussed by the Group Executive Board, then at team level with employees. Action points are now being defined jointly with the employees so that improvements can then be brought about.

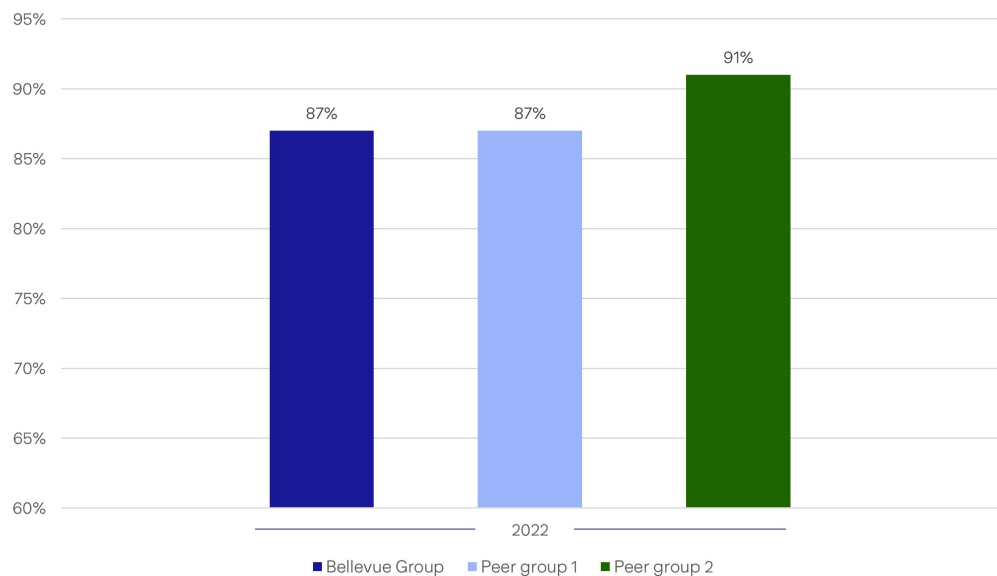
Goal 2025: The response rate to the survey in 2022 was 73%. Bellevue Group has set a target of raising the response rate to at least 80% as well as maintaining the commitment/engagement value.

The extent to which employees are prepared to go the extra mile for Bellevue Group is shown by the commitment/engagement value in the following diagram.



Peer group 1: comparable Swiss financial institutions (with a total of 5 264 respondents); peer group 2: companies participating in the «Swiss Employer Award» presented in Switzerland in 2021/22.

The employee net promoter score (eNPS) measures and tracks employee retention and is therefore of great importance to the success of companies.



Peer group 1: comparable Swiss financial institutions (with a total of 5 264 respondents); peer group 2: companies participating in the «Swiss Employer Award» presented in Switzerland in 2021/22.

Compensation policy

The following basic compensation principles apply throughout Bellevue Group:

Compensation for the Board of Directors and the Group Executive Boards is transparent, comprehensible, fair and appropriate. All pay packages are well-balanced and take into consideration the operational and strategic responsibilities of each individual role as well as individual performance levels and the demands placed on each individual. Compensation is commensurate with the position held and should reflect individual achievement of specific quantitative as well as qualitative goals as well as the operating results of Bellevue Group and of relevant Group companies. Pay packages should be appropriate and competitive compared to the compensation offered by companies operating in the same field and labor market, and they must be sound and sustainable irrespective of the current course of business. Variable compensation will be reduced or forfeited in the event of serious violations of internal or external rules (including ESG/sustainability).

Further information is given in the audited annual [Remuneration Report](#) published by Bellevue Group.

Employee stock ownership plan

In the spirit of identification with the company and the entrepreneurial activities of each employee at his or her level, we give employees across all hierarchical levels a share in the success of their own company.

Part of the variable salary components (profit-sharing) is distributed in the form of treasury shares or fund units which remain blocked for a predefined period. In this way, the interests of employees are to a large extent aligned with the interests of investors, shareholders and other stakeholders.

Furthermore, Bellevue periodically offers an employee share ownership program. From time to time, the Board of Directors offers voluntary employee stock ownership plans under which employees are entitled to purchase company shares at a discount to the market price.

The compensation system for Bellevue Group employees is conceived to motivate employees at all operating units to do excellent work. This is «entrepreneurial compensation with commitment» – a meritocratic model, in other words. It comprises an attractive

entrepreneurial profit-sharing bonus as variable compensation. This profit-sharing is directly linked to the operational financial performance of Bellevue Group. In addition, part of this variable profit-sharing is paid out in the form of blocked shares and commitments in managed products (we believe in «eating our own cooking»). This approach promotes a long-term performance culture. More in-depth information is disclosed in the audited annual [Remuneration Report](#).

Equality (diversity, equal opportunities and non-discrimination)

Bellevue Group provides equal employment and advancement opportunities to all individuals regardless of age, ethnicity, gender, sexuality, disability, religion or other characteristics, as laid down in our internal Employment Regulations. We therefore benefit from a diverse workforce and the competitive advantages that offers: With their different perspectives and approaches, experiences, ideas and skills, employees inspire and learn from each other. As a result, the company gains creativity, innovation and success.

We foster a culture of gender equality and promote a balanced mix of gender and age across all hierarchical levels and functions of the company. Employee compensation is periodically reviewed for unjustified differences and adjusted if necessary. The last analysis was carried out in August 2021 using the standard Swiss analysis tool («Logib»); no gender effect was identified. The next pay analysis will be conducted in 2023.

Both genders should be represented on the Group Executive Board and on the Board of Directors. Any discriminatory behavior will not be tolerated and improper conduct will be punished by line managers. To that end, a whistleblowing policy was approved and an internal reporting system created in 2022.



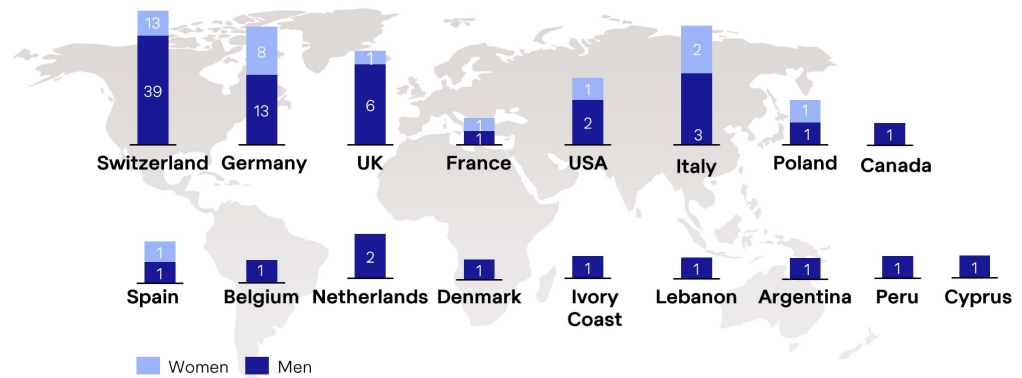
Annual comparison of full time employees

Women		Men	
2021	2022	2021	2022
28%	27%	72%	73%

The Board of Directors has set the goal of continuously increasing the proportion of women at all levels, but particularly at senior levels (Board of Directors and management), by promoting the development and retention of women within the company. In addition, the aim is to use targeted talent attraction measures in order to ensure that vacant positions are filled by women.

Goal 2026: Increase proportion of women on Board of Directors to a minimum of 30% by 2026.

17 Nationalities



Source: Bellevue Group AG, as at December 31, 2022, incl. dual citizenship

Governance practices

Corporate governance, corporate ethics and transparency

As a listed company, we report transparently on governance topics in the Annual Report as part of our compliance with the Corporate Governance Directive (DCG). An independently audited Compensation Report provides information on remuneration paid to the Board of Directors and Group Executive Board. The four-member Board of Directors is international and interdisciplinary in its composition and has in-depth expertise in various areas. An important element of corporate governance is the clearly defined, balanced distribution of responsibilities between the Board of Directors and the Group Executive Board. The country-specific requirements of each location are taken into account. More information is available in the Bellevue Group's Corporate Governance Report.

Digitalization and innovation

Internal processes are optimized and the use of new technologies is promoted to meet the constantly changing demands of clients and employees. The digital transformation leads to new forms of communication, promotes transparency and efficiency, and is intended to make the entire company more agile in order to ensure its long-term competitiveness.

In the course of this ongoing process, a number of projects and initiatives were completed in 2022: launch of a new digital expenses tool, a dedicated tool for the Private Markets team, the ABACUS accounting system for various subsidiaries, as well as the launch of Group-wide communication and work tools.

Goal 2023: Launch of a new integrated portfolio management system offering consistent data management, reporting and risk management on a single platform.

IT security

In an increasingly digitalized world, and in the financial services sector in particular, IT security plays an increasingly crucial role. The fundamental objectives of IT security management at Bellevue include the protection of confidential data, integrity of our systems

and the information they contain as well as the availability of all systems, services and information when they are required by employees, partners and clients. Together with external experts, the in-house IT team ensures system availability and the tackling of cybersecurity incidents. In addition to cutting-edge technical security solutions, protective measures include regular maintenance work, which together with our network is monitored by an external partner as part of a dedicated cyber defense service. Bellevue's IT security concept is rounded off by annual business continuity and penetration tests, together with regular staff training and simulated phishing attacks.

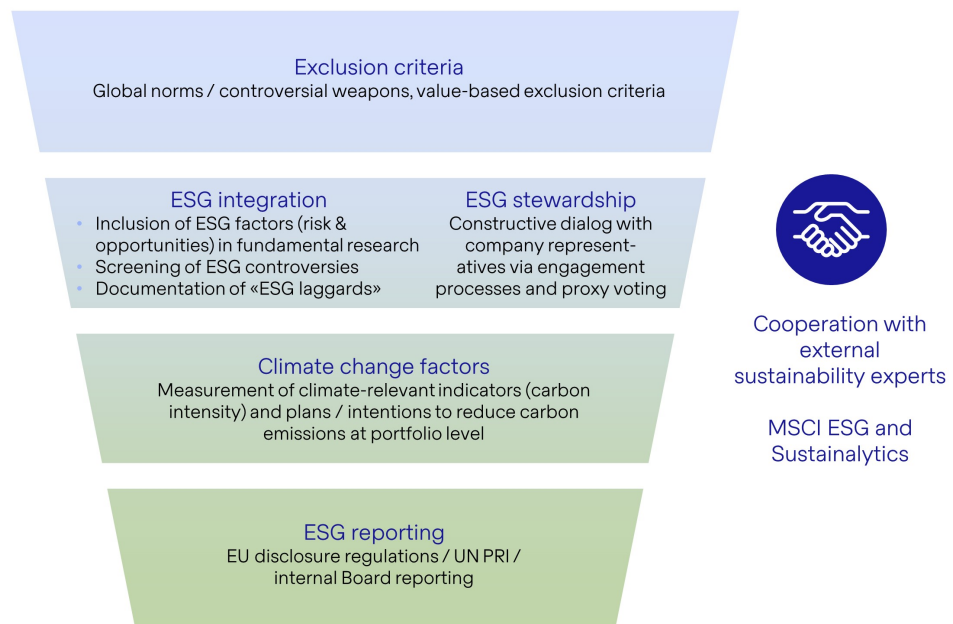
Data protection is part of the remit of the Head of Compliance, who in turn reports directly to the Chief Risk Officer (CRO). Through regular meetings, the Head of IT and his team receive inputs and updates from the Head of Compliance in order to keep abreast of the latest legal requirements.

IT security is on the agenda at both monthly Executive Board meetings, Bellevue Group and Bellevue Asset Management, as well as once a quarter at the Bellevue Audit Committee.

Sustainability at portfolio level

ESG criteria are systematically integrated into investment processes and portfolios, while taking regulatory requirements into account.

Bellevue addresses sustainability at portfolio as well as corporate level. The individual sustainability approaches are summarized as part of our ESG framework, which we systematically implement and continuously develop.



Source: Bellevue Asset Management AG, as at December 31, 2022

The ESG investment guidelines of Bellevue Asset Management AG essentially comprise the following elements:

Exclusion criteria

We are committed to adhering to internationally recognized norms and systematically exclude from the managed investment portfolios any companies that seriously violate human rights, the environment or labor norms, or are involved in corruption. No investments may be made in companies that are implicated in serious environmental, human rights and business ethics issues. Compliance with the principles and guidelines of the UN Global Compact and the UN Guiding Principles for Business and Human Rights, as well as the standards and rights of the International Labour Organization, serves as an indicator in such cases.

In contrast to exclusions based on violations of global principles and standards, value-based exclusions are founded on social, ethical or moral values. Thresholds have been defined for the percentage of overall revenues that can be generated from business areas with high ESG risk scores such as conventional weapons, thermal coal and tobacco production. Companies that exceed the generally accepted annual revenue thresholds in the business areas below are excluded.

Business area	Revenue threshold
Controversial weapons	0%
Conventional weapons	10%
Thermal coal	5%
Fracking/oil sands	5%
Production of tobacco	5%
Sale of tobacco	20%
Adult entertainment	5%
Gambling	5%
Palm oil	5%

Compliance with these revenue thresholds is systematically reviewed, even though in the case of most strategies – particularly healthcare – there is no involvement in these business areas. The set revenue thresholds serve primarily for the practical implementation of the exclusion criteria and are based on empirical values with institutional investors and industry experts. More far-reaching and/or stringent exclusion criteria may be applied for individual strategies with a dedicated sustainability focus.

Bellevue Asset Management maintains an exclusion list, which is updated on a quarterly basis. Based on this list, nearly 900 companies from across our investment universe were excluded from direct investment as at the end of 2022.

ESG integration

Environmental, social and governance factors are integrated into the fundamental analysis of every company through an ESG integration process in which the associated financial risks or opportunities are evaluated with respect to future stock market performance. This approach gives our portfolio managers a holistic picture of an enterprise.

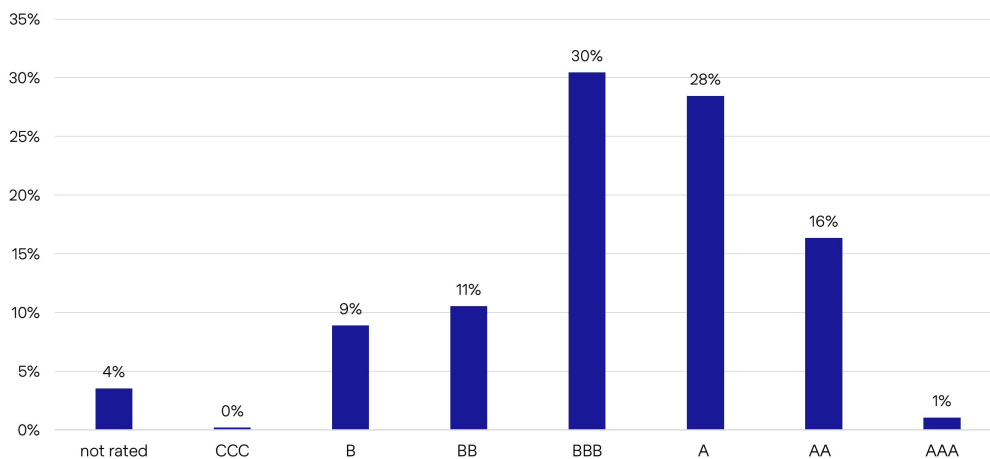
The environment sub-category focused on aspects such as whether a company systematically measures its carbon footprint and discloses the related data. The Social subcategory covers aspects such as product quality, data privacy policies and employee development. Examples of Governance issues are board independence, board compensation and corporate ethics.

A system of ESG ratings forms the basis by which sustainability criteria are integrated into the asset manager's investment decision process. Every issuer of securities in its investment universe is assigned an ESG rating based on various sub-scores. These scores are based on data from independent third-party providers MSCI ESG Research and Morningstar Sustainalytics. Their relevance, and consequently their weightings, can vary sharply depending on the sector in question.

In 2022 it was once again important to interpret ESG scores with caution and a critical eye. Most ESG rating methods are based on a predefined systematic approach that does not always result in an objective or «fair» assessment of risks. In fact, such methods often systematically disadvantage start-ups and small cap companies relative to large cap companies. A lack of manpower and experience in handling ESG issues can result in a company being underrated. That is why our portfolio managers always take a closer look at potential or ostensible «ESG laggards» (CCC, B rating) and reach out to the ESG specialists at our external ESG research providers and at the companies with lagging ESG ratings. Investments in «ESG laggards» must be documented in detail. Bellevue Asset Management does not apply a «best-in-class» approach for the reasons mentioned above, unless otherwise dictated by a specific investment strategy.

Across all liquid investment strategies⁵⁾ of Bellevue Asset Management, this gives the following distribution of invested assets based on MSCI ESG ratings:

Distribution by MSCI ESG rating as at December 31, 2022



Source: Bellevue Asset Management, MSCI ESG Research

⁵⁾ Net invested assets of equity and fixed-income strategies of Bellevue Asset Management excluding cash, private equity, ventures, PF and white label funds/mandates and dedicated derivative strategies.

ESG stewardship

As a responsible long-term investor, Bellevue supports all measures and moves designed to increase the value of portfolio companies over the long term in the interests of shareholders and investors. This includes engagement activities as well as the exercising of voting rights at general meetings of shareholders.

Engagement

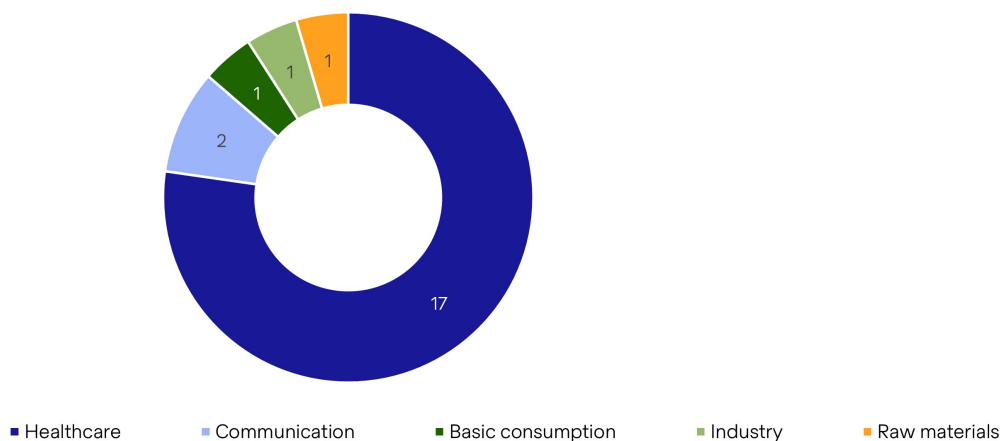
Active management means investing with conviction. We know what we are investing in, and pursue this with great discipline. At Bellevue Group you will not find any overarching investment committees or a CIO. Working independently in their own product areas, the relevant specialist teams are all committed to personal responsibility, respect, and the strength of their own vision. As well as being investment experts, our employees are simultaneously entrepreneurs who participate in the success of clients through their own investments.

This commitment to active investment management also highlights the importance of engagement as a key element in our ESG framework. Portfolio managers are engaged in an active and constructive dialog with the executives and other relevant stakeholders of portfolio companies on environmental, social and governance issues. If there are any indications of a significant controversy related to ESG issues, they are constructively discussed with the company and subsequent developments (e.g. change in strategy or processes, improvement of ESG rating) documented over time. Engagement activities are undertaken in the context of materiality and proportionality considerations. The level of engagement can vary depending (among other things) on the size of the position held by an investment strategy, the market capitalization of the company, and the entity's stage of corporate development.

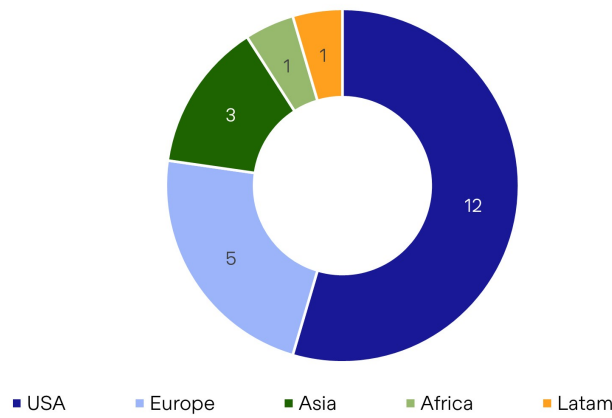
Written records of ESG engagement activities are maintained as part of the regular documentation of conversations with company representatives. In 2022 we also established a proprietary tool in which ESG engagement activities are systematically recorded and subsequent developments documented over time.

22 new ESG engagements were launched in the 2022 financial year. These may affect one or more of the three sustainability criteria of environmental, social and governance, and may be either of a short to medium-term nature or long-term. As a substantial portion of the investments in companies from the healthcare sector are invested in the US, a majority of the engagement activities also occurred in this area.

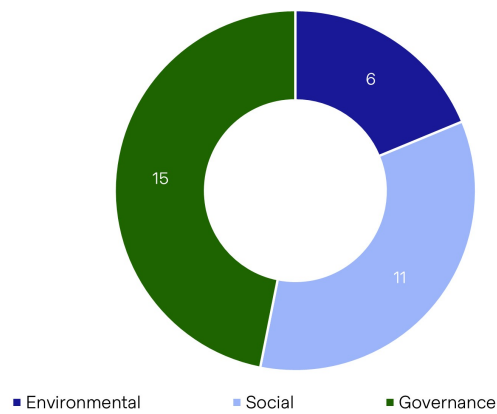
Breakdown of ESG engagements by sector



Breakdown of ESG engagements by region



Breakdown of ESG engagements by ESG criteria (multiple answers possible)



Selected ESG engagement case studies show that our portfolio managers and analysts maintain a very close exchange of views with the companies and through constructive dialog endeavor to bring about the best possible corporate performance in terms of sustainability criteria too. Qualified opinions of third parties such as independent voting-rights representatives are included in the process, although ultimately we always act in the interests of our investors.

Engagement case: Example 1 – PacificBiosciences (US)

Whereas Europe plays a pioneering role in terms of sustainability reporting and transparency requirements, the issue is not yet accorded such a high priority in other markets. Indeed it is not unusual for many US companies to have only recently begun to address sustainability reporting in greater detail.

Details of the engagement

With an MSCI ESG rating of B («Laggard»), PacBio had a below-average sustainability rating at the start of our ESG engagement. On November 8, 2021, we then embarked on an extremely constructive dialog with Christian Henry (CEO) and Todd Friedmann (IR); analysis of the research report from MSCI ESG showed that the ostensible laggard rating was not attributable to poor ESG quality standards but primarily to a lack of sustainability reporting. On 6 December 2021, PacBio informed us that the company had hired an ESG consultant. The top priority was to set up a sustainability website and produce a sustainability report. On February 9, 2022, PacBio confirmed that it had started internal work on its ESG transparency processes as a result of our bilateral exchange of views and engagement. On May 11, 2022, PacBio notified us that the first sustainability report would be published over the course of summer 2022.

Outcome

PacBio's first sustainability report can now be viewed at <https://www.pacb.com/sustainability/>. We are convinced that this is an important step towards greater transparency, as well as strengthening awareness of ESG, and that such efforts are also likely to be reflected in future rating upgrades (now rated BB).

Proxy voting

Bellevue Asset Management also protects the long-term interests of its investors by making active use of its voting rights at the general meetings of shareholders of the companies in its portfolios via proxy voting.

We are supported by International Shareholder Services (ISS), which has many years of experience in relation to proxy voting and employs market-leading practices. However, we are under no obligation to abide by the voting guidelines issued by ISS. Bellevue Asset Management may go against the voting recommendations of third parties if it determines that these are not in the best interests of the investors. As a rule, voting rights are always actively exercised.

We generally vote in line with the recommendations of company boards regarding agenda items that will not have a material impact on the long-term development of the company in question. Agenda items that we believe could have a material impact on the long-term development of the company will be examined in detail before deciding how to vote. Below are typical examples of such items:

- Mergers and acquisitions
- Divestment of business units
- Changes in capital structure or outstanding voting rights
- Corporate governance matters (acquisitions, restructuring projects, etc.)

The responsible portfolio managers will conduct this analysis. The analysis is based on the currently available information from various sources such as analyst reports or media releases and other reports published by the company itself.

Voting rights can be exercised directly through active participation in a general meeting, via an online voting platform, or through one or more representatives/proxy advisory firms.

Overview of voting activities in 2022:

In 2022 our portfolio managers and analysts attended 583 general meetings and cast their votes on a total of 898 resolutions out of a possible 910 – representing a participation rate of 98.7%. This figure can be below 100% because some markets require an equity blocking period in connection with voting, which would in turn restrict trading in the securities concerned. In order to maintain portfolio liquidity, however, no voting takes place in such cases.

Detailed information on voting behavior can be found in the following evaluations:

Meeting overview

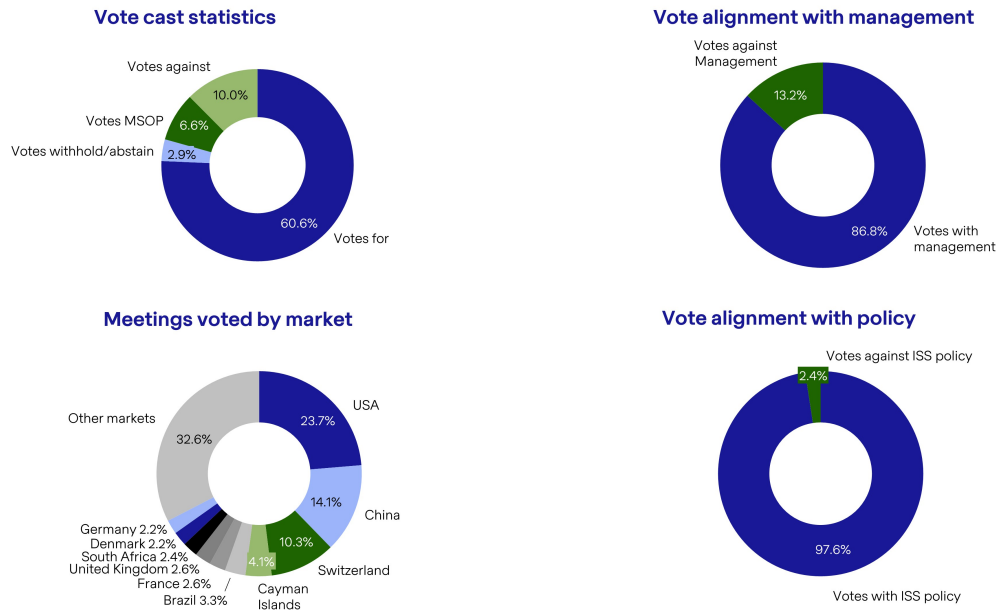
Category	Number	Percentage
Number of votable meetings	593	
Number of meetings voted	583	98.31%
Number of meetings with at least 1 vote against, withhold or abstain	313	52.78%

Ballot overview

Category	Number	Percentage
Number of votable ballots	910	
Number of ballots voted	898	98.68%

Proposal overview

Category	Number	Percentage
Number of votable items	7 069	
Number of items voted	6 938	98.15%
Number of votes FOR	5 612	80.89%
Number of votes AGAINST	693	9.99%
Number of votes ABSTAIN	79	1.14%
Number of votes WITHHOLD	125	1.80%
Number of votes on MSOP	458	6.60%
Number of votes with policy	6 810	98.16%
Number of votes against policy	168	2.42%
Number of votes with management	6 060	87.35%
Number of votes against management	918	13.23%
Number of votes on shareholder proposals	120	1.73%



Engagement case: Example 2 – service provider (advertising, marketing, social research) (France)

Engagement case: Example 2 – service provider (advertising, marketing, social research) (France)

During the main reporting season, it is not unusual for Bellevue Asset Management analysts and portfolio managers to maintain a dialog with the portfolio companies in parallel with the exercising of voting rights.

Details of the engagement

In April 2022 various minority shareholders representing a total of fewer than 5% of the voting rights proposed the nomination of A. Z.* as an independent member of the executive board at the next annual general meeting in mid-May 2022. This was with the aim of improving the company’s governance structure. Although we share the view that governance at the company in question needed to be improved further, following a personal exchange of views with the proposed candidate we were not fully convinced by his profile. We also shared some of the concerns of the minority shareholders, even if in some cases they were clumsily worded. We reported this to the company, as represented by the CEO, CFO and IR. ISS advised voting for the appointment of A. Z.*; however, we voted against the nomination.

Outcome

In May 2022 the nomination of A. Z.* was rejected, to our satisfaction. Nevertheless, the fact that the governance criticisms expressed had now been identified and addressed by the company management was a significantly positive development. In an initial step the CEO/ chairman role was split; in addition, a new CFO was appointed.

* Abbreviation arbitrarily chosen.

Climate change factors

Carbon intensity (tonnes of CO₂ per USD 1 mn of revenues) is regularly measured at portfolio level and scored based on the relevant investment universe or fund benchmark. It should be noted that over 85% of our asset base (as at December 31, 2022) is invested in the healthcare sector, which is naturally exposed to substantially lower carbon emissions than industrial, commodity or energy sectors and broadly diversified global equity indices.

For instance, the five largest investment strategies⁶⁾ show an asset-weighted carbon intensity (scope 1 + 2) of 24.4 tonnes of CO₂ emissions per USD 1 mn of revenues. According to the five-stage scale of MSCI ESG⁶⁾, this represents the second-best category of “Low”. By way of comparison, the MSCI World equity index shows a weighted average carbon intensity of 138.2 tonnes per USD 1 mn of revenues, which is classed as «Moderate».

Calculated across all Bellevue Asset Management’s liquid investment strategies, asset-weighted carbon intensity (scope 1+2) is around 32.8 tonnes of CO₂ per USD 1 mn of revenues.

If a security contributes 10% or more to the intensity of the overall portfolio or the carbon intensity of a particular security is 10% or more than the comparable industry average, we pay particular attention to the principal adverse impacts on sustainability criteria (PAIs) – which can culminate in an engagement.

⁶⁾ BB Biotech AG, Bellevue Medtech & Services (Lux), Bellevue Healthcare Trust, Bellevue Digital Health (Lux), Bellevue Healthcare Strategy (Lux)

⁷⁾ These figures are based on MSCI CarbonMetrics and are calculated as the portfolio-weighted average carbon intensity of the companies. At company level, carbon intensity is the ratio between scope 1 and 2 emissions and annual revenues. The carbon risk is classified as very low (0 to <15), low (15 to <70), moderate (70 to <250), high (250 to <525) and very high (>=525).

ESG reporting

Bellevue Asset Management AG became a signatory of the United Nations Principles for Responsible Investment (UN PRI) on August 19, 2019. PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors. Reporting on our activities and progress in relation to sustainability is one of the six principles of the UN PRI.

We fulfil our responsibilities in relation to ESG reporting via the following channels:

- Fact sheets on individual strategies

As well as information on portfolio positioning and performance, our monthly fact sheets also include summarized ESG data. We will be expanding our reporting in the first half of 2023 and making dedicated sustainability fact sheets available to our investors.

- Bellevue website

On our website at www.bellevue.ch we have created a special page focused on sustainability at both corporate and portfolio level. Advances and news on sustainability matters are posted here on a continuous basis. Information regarding the regulatory requirements (EU SFDR/MiFID II sustainability preferences) is also provided here.

- UN PRI Responsible Investment (RI) report

The UN PRI Report is published annually. This report ensures accountability and transparency regarding the responsible investment activities of the signatories and aids dialog between the signatories' organizations as well as with their clients and other stakeholders. The latest report can be viewed on our website.

- Internal ESG reporting

An ESG report for each investment strategy is submitted to the Group Executive Board and the Board of Directors at least once a quarter. The report is assessed by these bodies and used to derive any targeted measures.

Strategies with a sustainability focus – brief profile

Bellevue Sustainable Healthcare (Lux)

- Track record since June 2018
- Austrian Ecolabel (EL 49)
- Signatory of Eurosif Transparency Code
- MSCI ESG rating: AAA

Bellevue Sustainable Entrepreneur Europe (Lux)

- Awarded FNG label for second time
- Signatory of Eurosif Transparency Code
- MSCI ESG rating: AAA



Implementation of regulatory requirements

The extension of sustainability-related regulatory requirements has created additional obligations. The focus here is on the EU Disclosure Regulation 2019/2088 (regulatory product disclosures, Art. 10) and on Commission Delegated Regulation (EU) 2021/1253 on MiFID II sustainability preferences (Art. 9). In this connection, Bellevue has introduced the two criteria of “investments with sustainable characteristics” and “sustainable investments” and – in the absence of a standard Europe-wide classification system – implemented them in the investment process of the respective strategies with the greatest of care and in good faith based on currently available knowledge and the partially limited availability of data.

Investments with sustainable characteristics (EU SFDR)

All investment strategies of Bellevue Asset Management take into account social, environmental as well as governance-related characteristics (ESG) as part of the implementation of their investment objectives, in accordance with the provisions of Article 8 of the EU Disclosure Regulation 2019/2088 (EU SFDR), but do not have sustainability as their objective. In principle, the aim is to invest all of the assets of the relevant strategies in investments with sustainable characteristics. However, as there is not yet a sufficient amount of ESG data available in every asset class and sector, and given that some companies do not yet have an ESG rating, a minimum allocation of investments with sustainable characteristics has been set as a percentage of total invested assets.

For strategies with a considerable allocation of small and mid cap investments and/or a significant emerging market quota with low ESG research coverage, the minimum allocation for «investments with sustainable characteristics» is 50%. Strategies that are less heavily affected by these factors must adhere to a higher minimum allocation of 75% «investments with sustainable characteristics».

Detailed information on the individual investment strategies as well as the methodology can be found in the product-specific documents available via the following link:

<https://www.bellevue.ch/all-en/all/esg/sustainability/sustainability-portfolio>

Sustainable investments (MiFID II)

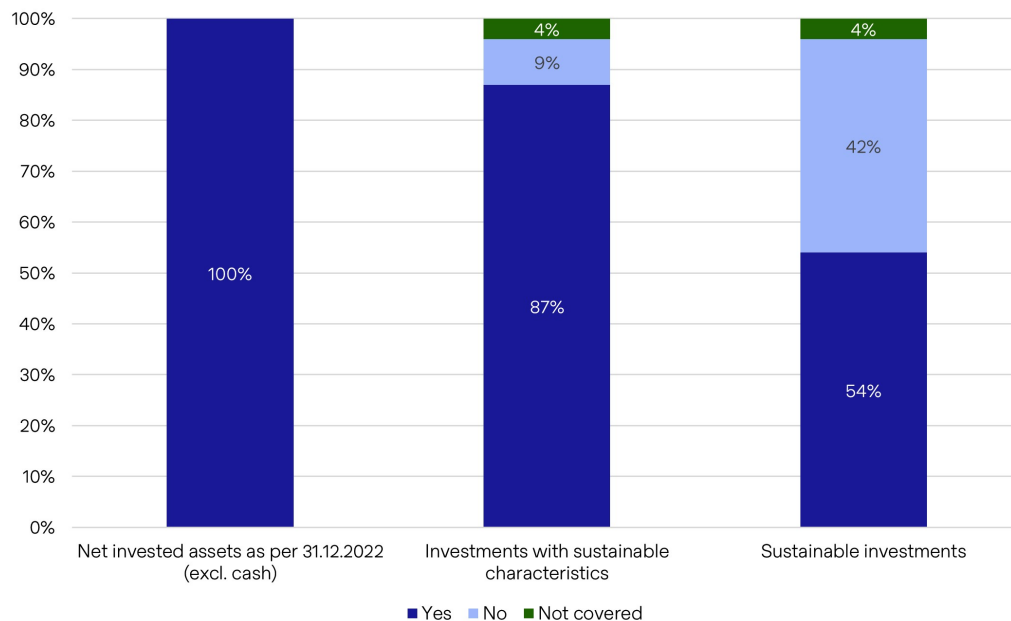
With the amendment of the MiFID II Directive as part of the implementation of the EU Action Plan on Financing Sustainable Growth, it became mandatory from 2 August 2022 to inquire as to clients' sustainability preferences during the investment advisory process. Financial instruments that may target (potential) clients with sustainability-related objectives according to Art. 9(9) sub-para. 1 MiFID II Delegated Regulation are required to apply one or more of the following three concepts:

- a) A financial instrument where the (potential) client determines that a minimum proportion is to be invested in environmentally sustainable investments within the meaning of the Taxonomy Regulation (Art. 2(1))
- b) A financial instrument for which the (potential) client determines that a minimum proportion shall be invested in sustainable investments within the meaning of the Disclosure Regulation 2019/2088 (Art. 2(17))
- c) A financial instrument where the principal adverse impacts on sustainability factors («PAI») are taken into account and where the qualitative or quantitative elements demonstrating this consideration are determined by the (potential) client

In addition to consideration of the principal adverse impacts on sustainability factors (PAI), Bellevue Asset Management has determined that a minimum proportion shall be invested in sustainable investments within the meaning of Disclosure Regulation 2019/2088 (Art. 2(17)). Art. 2(17) defines a «sustainable investment» as an investment in an economic activity that contributes to the achievement of an environmental and/or a social objective while not significantly harming any of these objectives. Furthermore, the investee companies must apply practices of good corporate governance («good governance»).

Investments are assigned to the «sustainable investment» quota if, on the one hand, they exhibit a positive target contribution in terms of the 17 UN Sustainable Development Goals and, on the other hand, they meet the described sustainable investment characteristics. The MSCI ESG methodology is used to measure the target contributions to the UN SDG (see section on relationship to UN SDG). Minimum quotas of 25% and 50% have been defined for the categorization of a sustainable investment. Here too, the existing ESG research coverage as well as the investment focal point (e.g. small and mid-caps) play an important role.

In accordance with the above definitions and applied methodologies, around 87% of the liquid net invested assets⁸⁾ of Bellevue Asset Management qualified as «investments with sustainable characteristics» and 54% as «sustainable investments» in the context of the EU SFDR as at December 31, 2022:



⁸⁾ Net invested assets of equity and fixed-income strategies of Bellevue Asset Management excluding cash, private equity, ventures, PF and white label funds/mandates and dedicated derivative strategies.

It should once again be pointed out that an industry-wide comparison of these allocations is not permitted owing to the current lack of harmonization in the classification grids and valuation methodologies to be used in the context of the EU SFDR.

Principal adverse impacts on sustainability factors (PAI)

Bellevue Asset Management takes the principal adverse impacts (PAI) of its investment decisions into consideration in the course of its investment and portfolio management activities. Implementation may take place through direct decisions within portfolio management, company exclusions, targeted engagements or a combination of the described activities.

Consideration of the principal adverse impacts largely depends on the availability of relevant information. The necessary data is not always available in sufficient quantity and quality for all assets in which Bellevue Asset Management invests. Consequently, the list of PAI indicators considered is continuously being expanded in line with data availability and quality.

GRI

GRI content index with reference

GRI content index		
Statement of use	Bellevue Group AG has reported the information cited in this GRI content index for the period 01.01.2022 – 31.12.2022 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Location in Annual Report
GRI 2: General Disclosures 2021	2-1 Organizational details	About us
	2-2 Entities included in the organization's sustainability reporting	Sustainability Strategy: Sustainability Governance
	2-3 Reporting period, frequency and contact point	Corporate Governance: Information policy
	2-6 Activities, value chain and other business relationships	About us: Organization & profile
	2-7 Employees	Social Practices
	2-9 Governance structure and composition	Corporate Governance
	2-10 Nomination and selection of the highest governance body	Corporate Governance: Board of Directors
	2-11 Chair of the highest governance body	Corporate Governance: Board of Directors
	2-19 Remuneration policies	Remuneration Report: Compensation policy
	2-20 Process to determine remuneration	Remuneration Report: Determination of compensations
	2-22 Statement on sustainable development strategy	Sustainability Strategy
	2-25 Processes to remediate negative impacts	Environmental Practices
	2-26 Mechanisms for seeking advice and raising concerns	Social Practices: Diversity and Inclusion
	2-28 Membership associations	Environmental Practices: Key climate-relevant memberships
GRI 3: Material Topics 2021	2-29 Approach to stakeholder engagement	Stakeholder Engagement and Material ESG Topics
	3-1 Process to determine material topics	Stakeholder Engagement and Material ESG Topics
	3-2 List of material topics	Stakeholder Engagement and Material ESG Topics: Material ESG topics identified
GRI 201: Economic Performance 2016	3-3 Management of material topics	Environmental Practices: Measurement of environmental indicators
	201-1 Direct economic value generated and distributed	Financial report
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Practices: Energy consumption

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Practices: Measurement of environmental indicators
	305-4 GHG emissions intensity	Environmental Practices: Total emissions at a glance
	305-5 Reduction of GHG emissions	Environmental Practices: CO2 emissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Practices: Waste management and recycling
	306-2 Management of significant waste-related impacts	Environmental Practices: Waste management and recycling
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Social Practices
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Practices: Employee development and retention
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Social Practices: Diversity and inclusion

About us

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Board of Directors



CHAIRMAN OF THE BOARD

Veit de Maddalena

Veit de Maddalena is lic.rer.pol. (Economics) from the University of Berne and MSc/Master in Finance from the London Business School. He has many years of leadership experience in the financial industry and is now exclusively active as an independent director on the boards of several family-owned companies. He was elected to the Board of Directors of Bellevue Group in 2018 and has served as its chairman since 2019. Earlier in his career Veit de Maddalena was a Global Partner and Executive Board member with Rothschild & Co Group, where he was responsible for its global private banking business. He concurrently acted as CEO of Rothschild & Co Bank AG, Switzerland. He began his professional career at Credit Suisse.

MEMBER OF THE BOARD

Dr. Daniel H. Sigg

Daniel Sigg holds a doctorate in law (Dr. iur.) from the University of Zurich and held various senior management positions in asset management and consulting. As Global Head at UBS, Daniel Sigg was responsible for institutional asset management before joining the board of Times Square Capital Management in New York in 2000. Today, he is active in financial advisory services as a Principal of DHS International Advisors LLC. In 2007, he joined the Board of Directors of Bellevue Group.





MEMBER OF THE BOARD

Prof. Dr. Urs Schenker

Urs Schenker holds a doctorate in law from the University of Zurich (Dr. iur.) and Harvard (LLM). He is a titular professor at the University of St. Gallen and an attorney at Walder Wyss in Zurich, where he specializes in corporate, finance and capital markets law. Prior to that he worked for approx. 20 years as a lawyer (14 years as a partner) for Baker & McKenzie in Zurich. Urs Schenker has been a member of the Board of Directors of Bellevue Group since 2019.

MEMBER OF THE BOARD

Katrin Wehr-Seiter

Katrin Wehr-Seiter holds a degree in engineering from the Technical University of Chemnitz/DE as well as MBA from INSEAD Business School, Fontainebleau/FR. Katrin Wehr-Seiter is Partner and Managing Director of BIP Capital Partners and BIP Investment Partners SA, Luxembourg. Previously, she was a Principal at the international private equity firm Permira and worked as an independent advisor for medium-sized companies and as a Senior Advisor for the financial investor Bridgepoint. She started her professional career at Siemens AG. Since 2019, she has been a member of the Board of Directors of Bellevue Group.



Group Executive Board



CEO BELLEVUE GROUP

André Rüegg

André Rüegg holds an MBA from the Universities of Zurich and Columbia New York/USA and attended various Leadership-, Executive and Senior-Executive Programs at IMD Lausanne. He has held senior positions in asset management since 1995. He built up global distribution at Julius Bär and led the unit for more than a decade, also as a member of the extended Executive Board. In 2009, he joined Bellevue Asset Management and was instrumental in driving its strategic repositioning. Since 2012, he has been responsible for its business as CEO. Since 2016 he has been CEO of Bellevue Group.

CFO BELLEVUE GROUP

Michael Hutter

Michael Hutter is a certified public accountant and Business Economist HWV. He has held the position of CFO, COO and CRO at Bellevue Asset Management and its investment companies since 2008. Since 2020, he has been CFO of Bellevue Group. Prior to that, he worked for ten years as a senior manager in the audit division at PricewaterhouseCoopers.

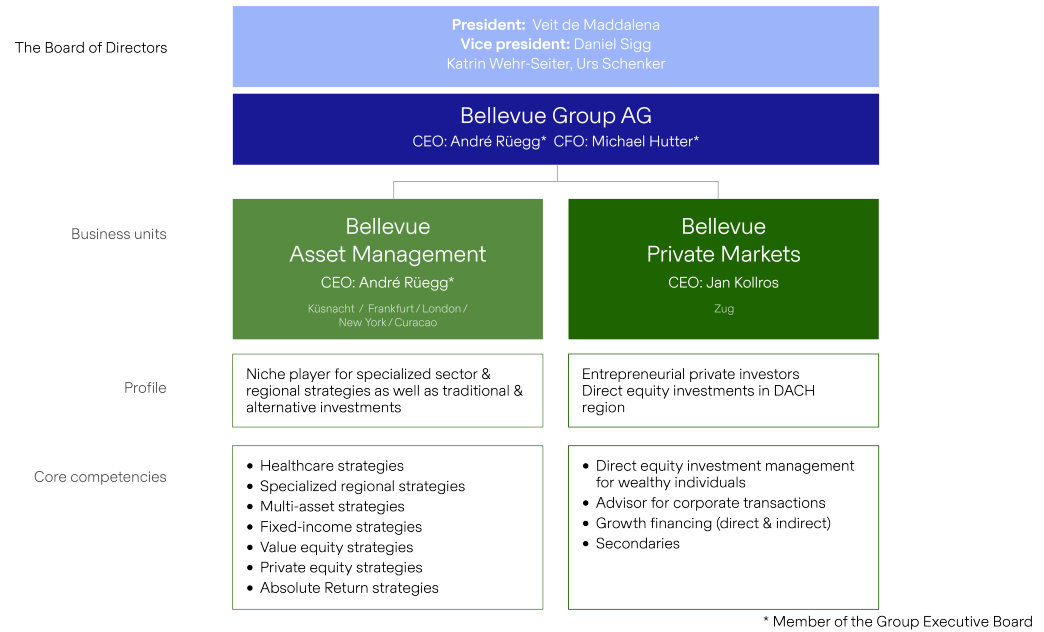


Organization & profile

Reliable quality and skillful innovation are part of everything we do and vital to our ambition to produce high returns and performance for our clients and shareholders. Creating value with specialty investments backed by expertise and innovation.

INDEPENDENT – ENTREPRENEURIAL – COMMITTED

Bellevue as a pure specialized asset manager



Source: Bellevue Group, as of December 31, 2022

Clearly differentiated investment expertise



Contact



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«In case of any deviations resulting from the translation, the German version shall prevail.»

«For reasons of readability, the masculine form is used for gender-specific designations and personal nouns in this annual report. Corresponding terms apply to all genders in line with equal treatment. The abbreviated language form is only for editorial reasons and does not contain any value judgements. All genders may feel equally addressed by this content. We thank you for your understanding.»



Bellevue Group AG

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