



# Business report

Business Report	7–31
Shareholder letter	8
A summary of fiscal 2022	13
Share performance	19
Product developments	22
Distribution developments	27
Business model and strategy	29

# 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.

A handwritten signature in black ink, appearing to read 'Veit de Maddalena'.

**Veit de Maddalena**  
Chairman of the Board

A handwritten signature in black ink, appearing to read 'André Rüegg'.

**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.

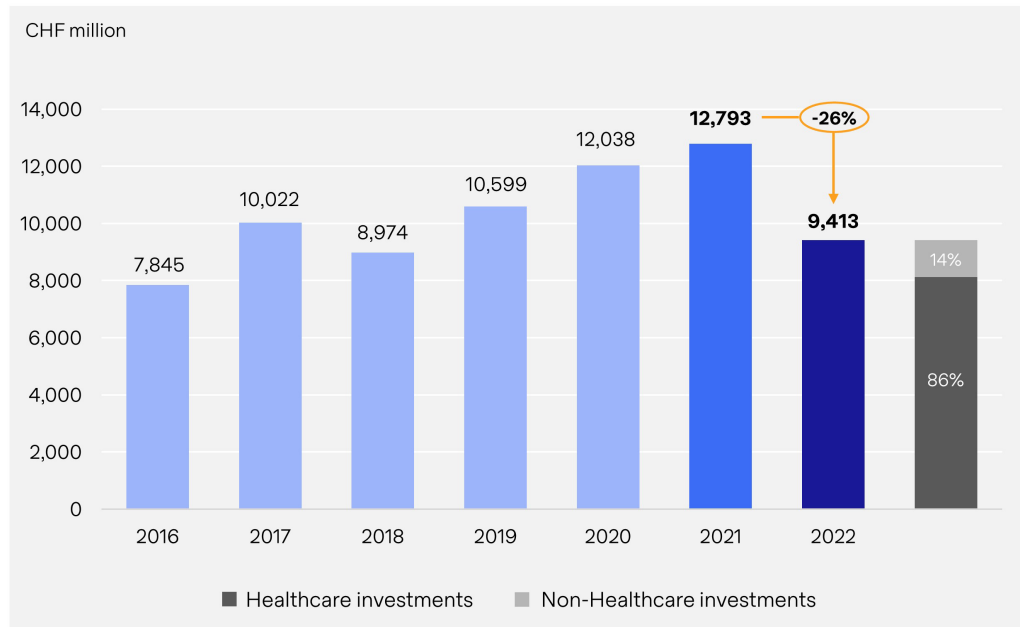


Investor presentation



## Contraction in asset base due to market dynamics and positioning

Change in AuM 2016 – 2022



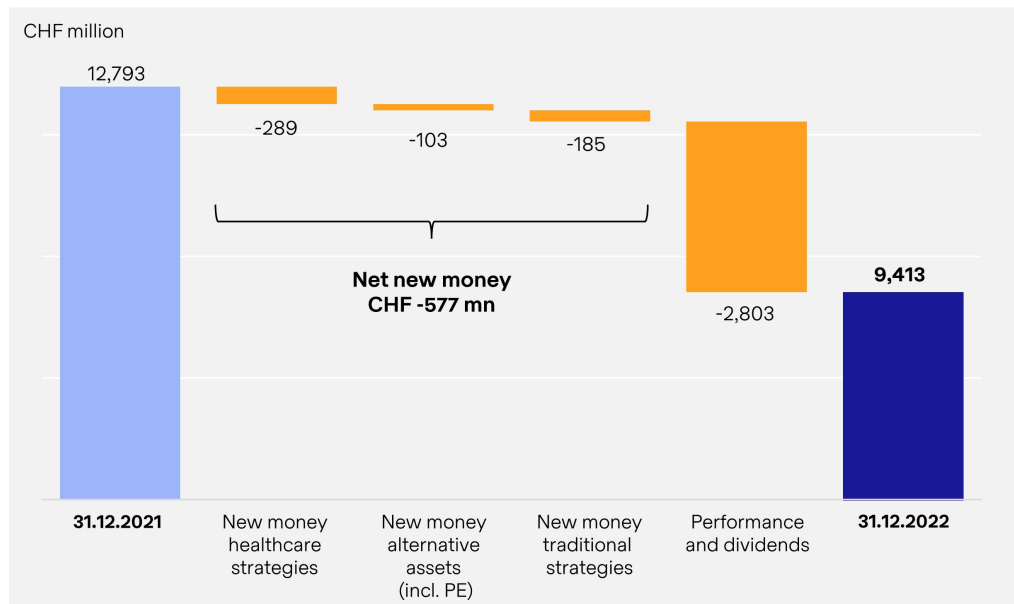
Source: Bellevue Group, as at December 31, 2022

### 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



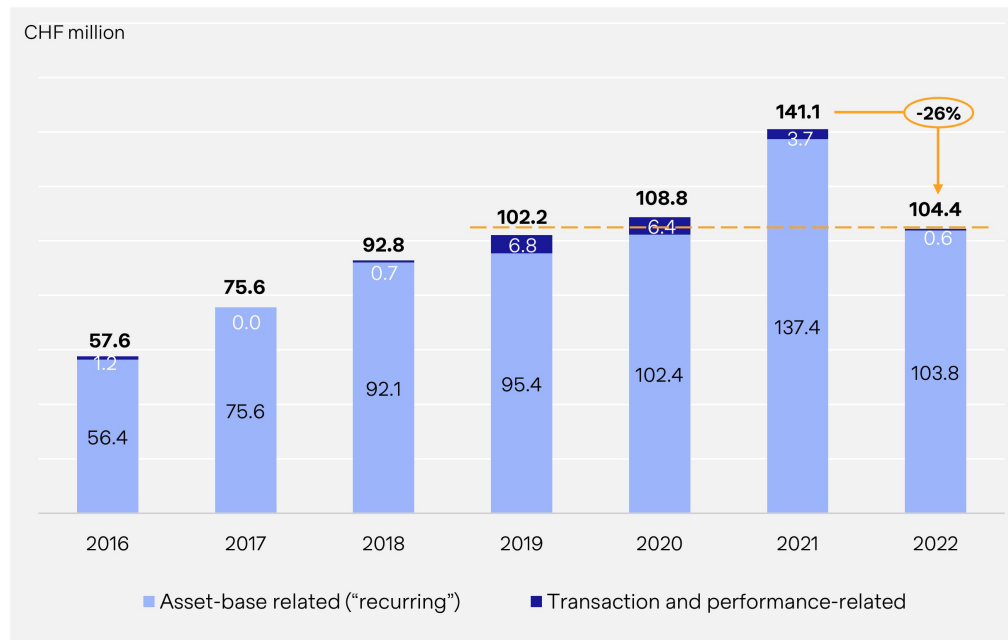
Source: Bellevue Group, as at December 31, 2022

### 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



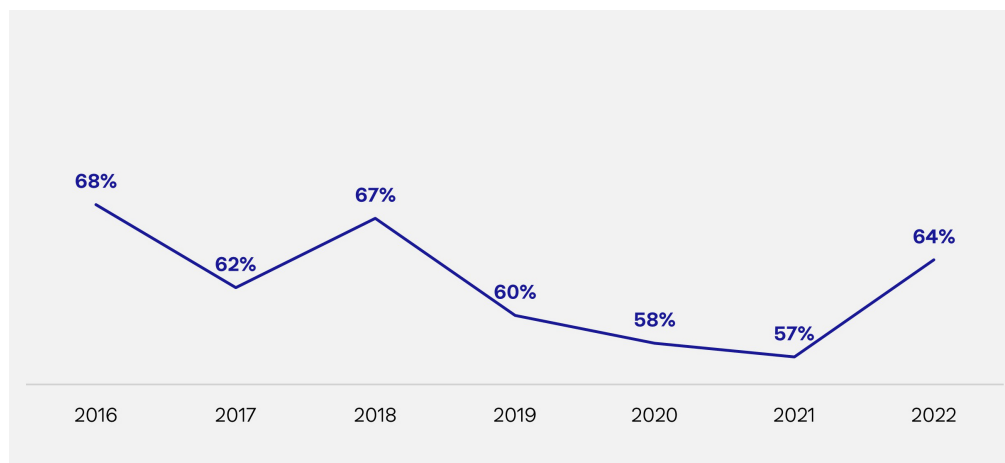
Source: Bellevue Group, as at December 31, 2022

### 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

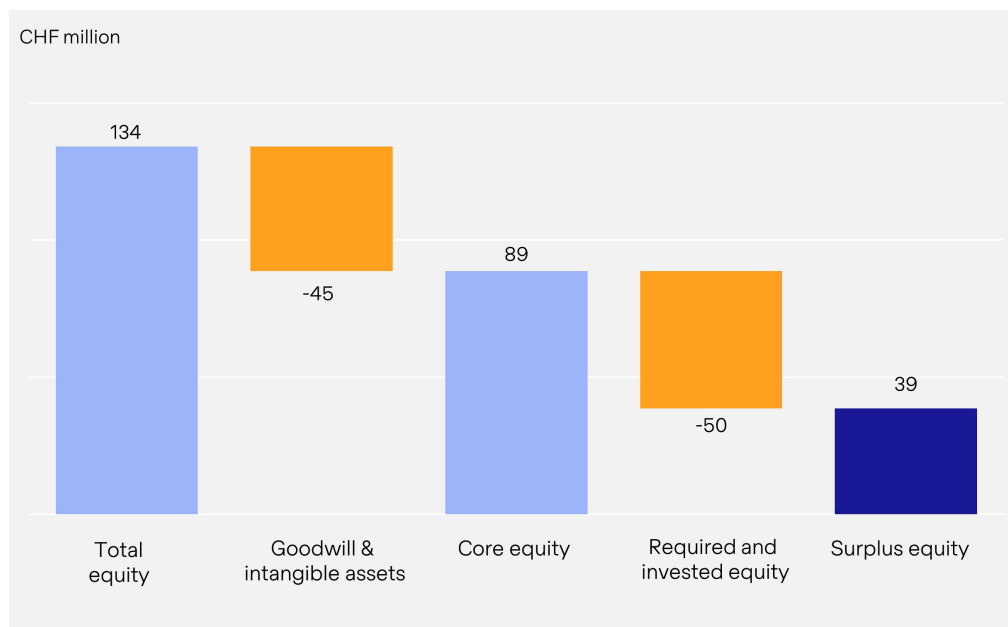
- Temporarily higher CIR of 64%, within the short-term target range of 60–65%
- Positive long-term CIR trend temporarily stalled due to losses on investments in own products and in financial assets
- High scalability of business model intact



## Strong equity base

### Capital structure and management

**As at December 31, 2022 (consolidated)**



Source: Bellevue Group, as at December 31, 2022

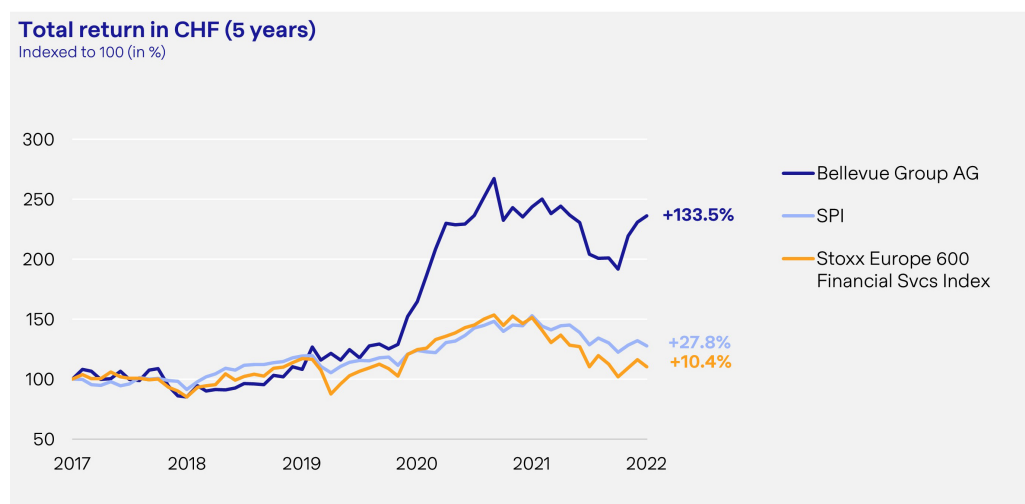
#### **Robust and low-risk financial profile affords flexibility**

- 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)

**Pleasant 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 %)

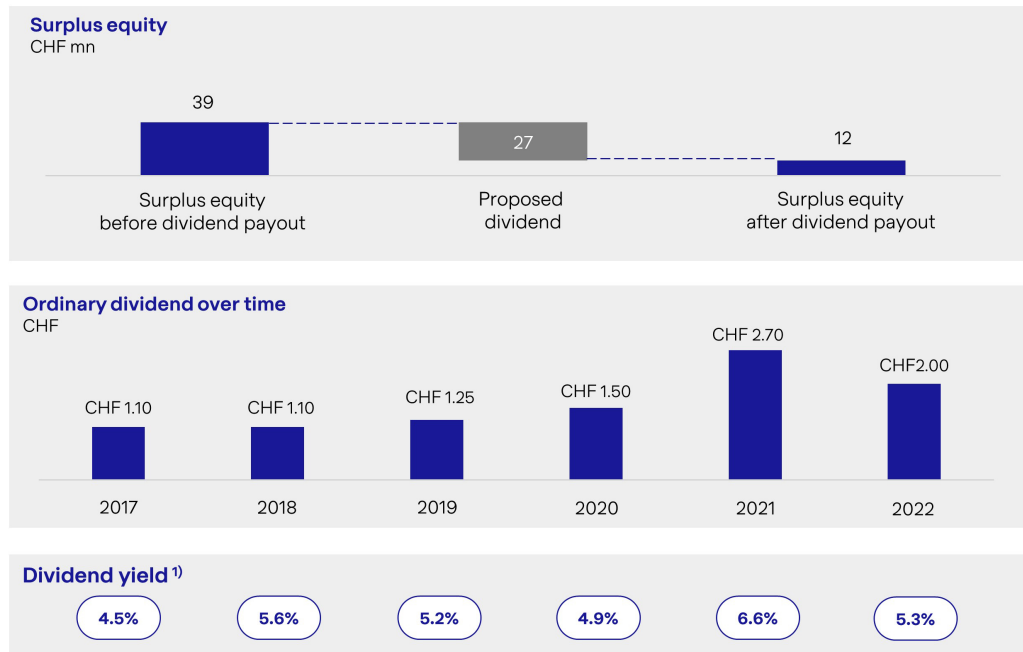
**5.3<sup>1)</sup>**

as of 31.12.2022

<sup>1)</sup> 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



<sup>1)</sup> 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

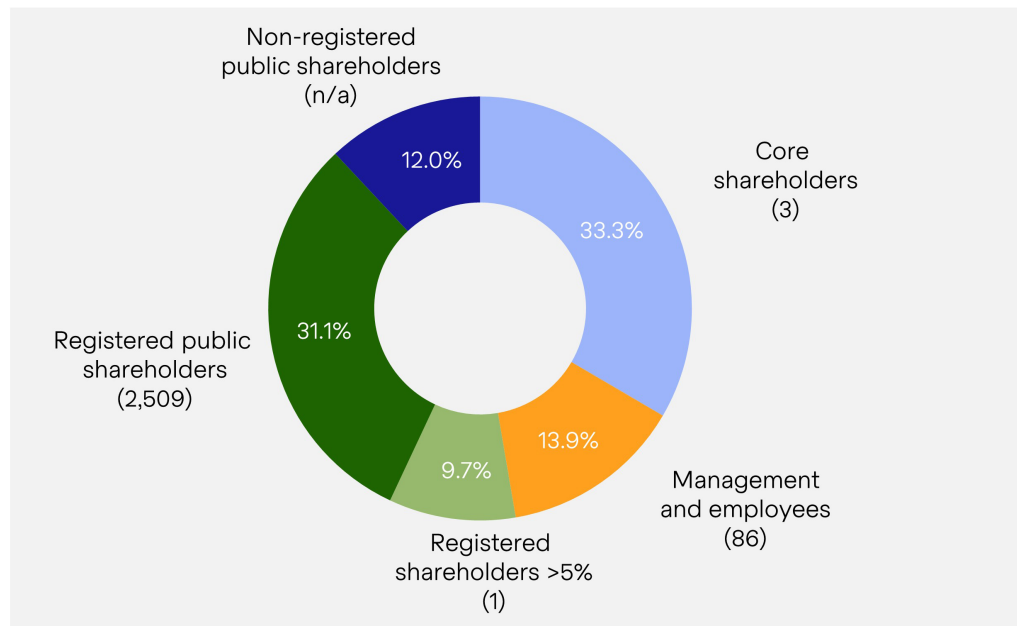
- Dividend proposal of CHF 2.00 per share reflects solid earnings power despite the difficult market environment
- The amount of the payout is based on operating income

### 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

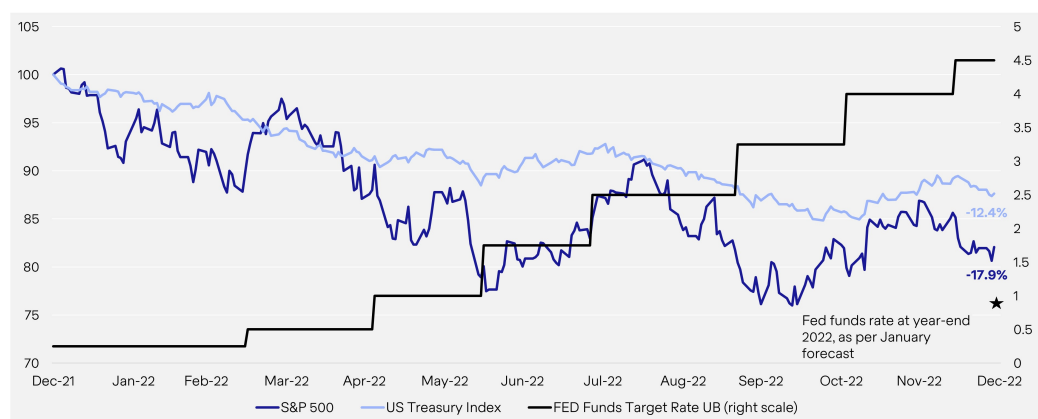
- Strong commitment of core shareholders
- Management/employee shareholders (31.12.2021: 13.7%)
- Hansjörg Wyss, a long-term oriented shareholder (9.7%) won in 2020
- Very transparent shareholder base: 88% registered (2 599 shareholders)
- Shareholder-friendly dividend policy unchanged, strengthening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

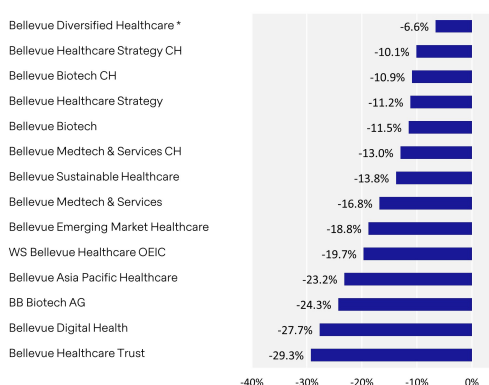
### Annualized performance in USD (in %)

	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.

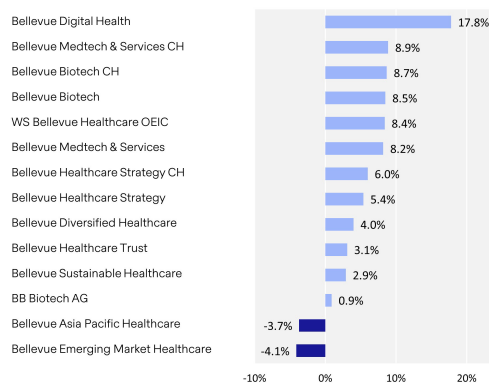
#### Specialized healthcare strategies

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.

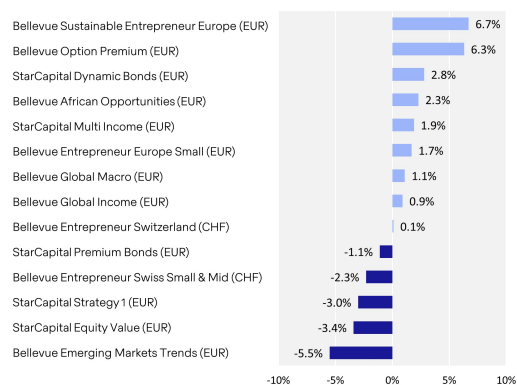
The Bellevue Asia Pacific Healthcare Fund (–23.2% in USD) and the Bellevue Emerging Markets Healthcare Fund (–18.8% in USD) lost considerable terrain in 2022. Chinese stocks experienced the heaviest selling due to China's rigid zero-COVID policy and the outcome of its Communist Party Congress, which 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.

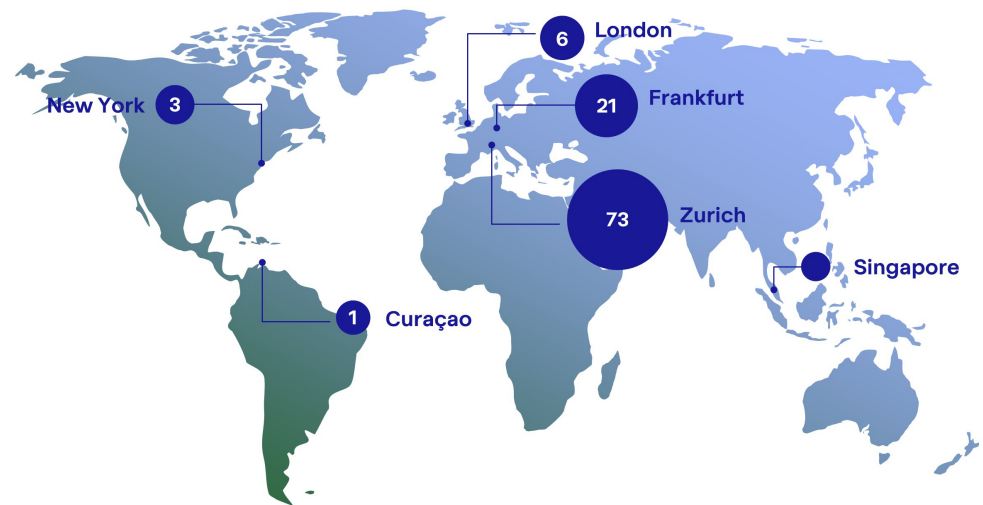
# Distribution developments

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.

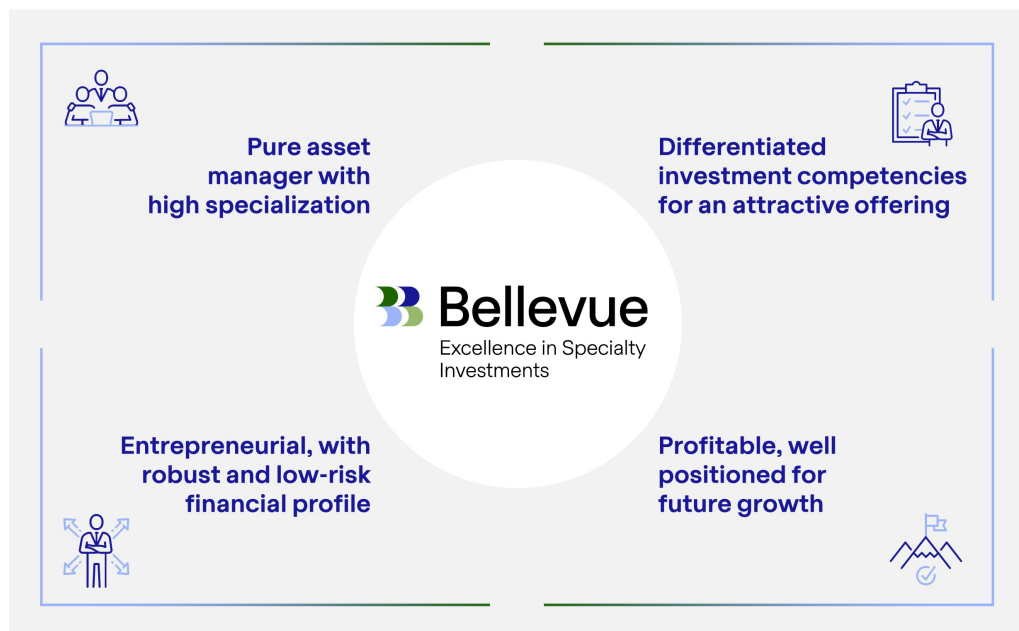
As laid out in its growth strategy, Bellevue aims to selectively develop new markets and client groups, grow its operations and expand its international reach. It is in the process of establishing a foothold in selected Latin American markets such as Chile and Peru through the recruitment of additional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

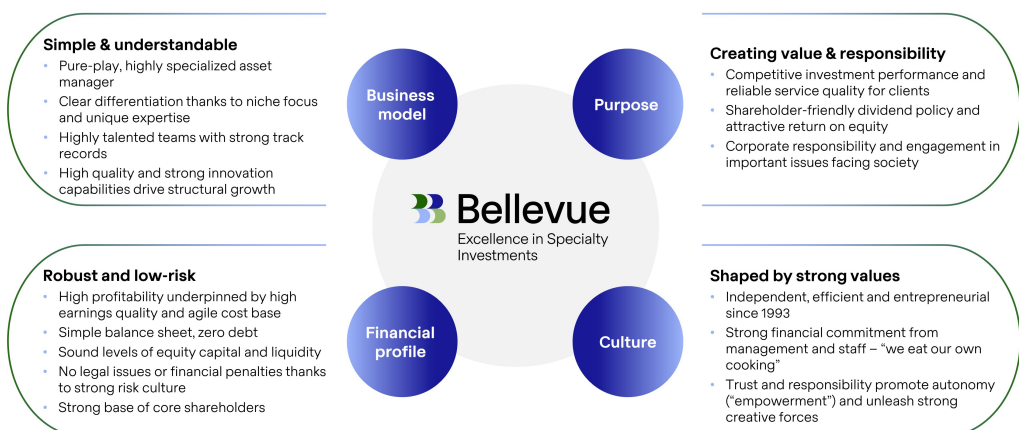
- Bellevue is a pure play, highly specialized asset manager with a distinctive focus on healthcare and other attractive growth strategies
- Expertise and innovation are what make us unique
- Creating value for clients and shareholders is our mission
- Our business model is straightforward, transparent 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

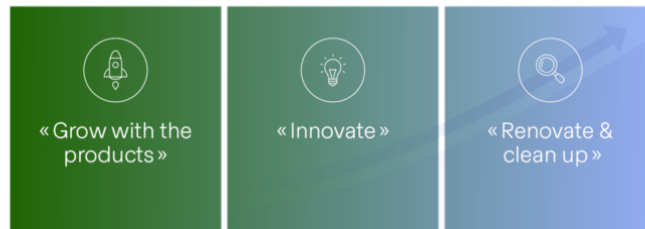
**Robust, time-tested foundation engenders trust and confidence during uncertain times**



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.