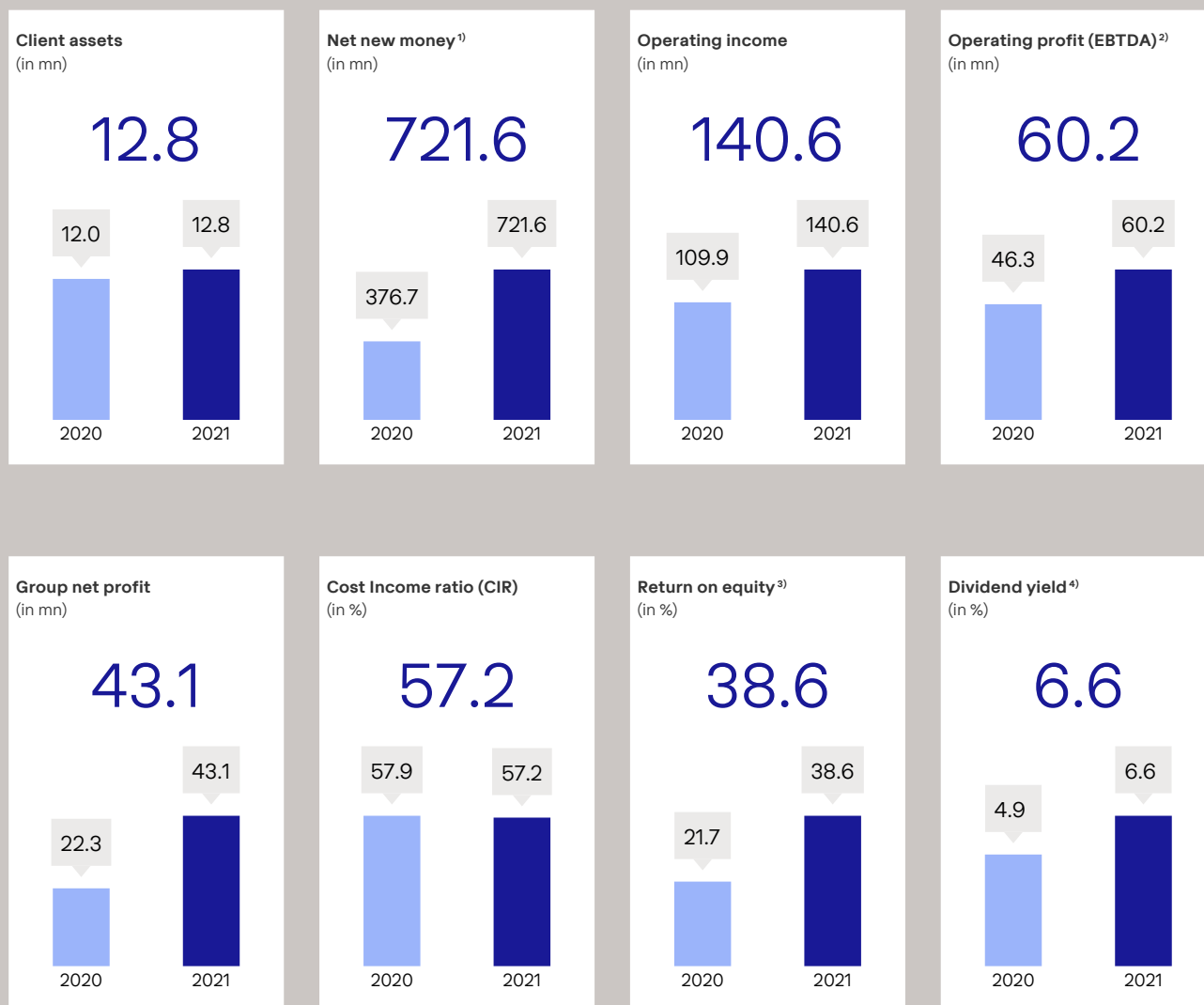




Annual Report 2021

Key figures



¹⁾ Net new money of current operations, before product adjustments StarCapital AG of -CHF 655 million

²⁾ Earnings before depreciation, amortization, impairment losses and taxes

³⁾ Based on reported net profit and average equity for the preceding 12-month period after distribution of the respective dividends

⁴⁾ Based on the ordinary dividend of CHF 2.70 and the closing share price on December 31, 2021 (CHF 1.50 and closing share price on December 31, 2020)

Source: Bellevue Group, as at December 31, 2021

Milestones

Consistent strategy execution

- Strategic profile and positioning as a pure, specialized asset manager steadily sharpened profile through new branding
- Ongoing development of proven business model with a clear focus on creating value and on entrepreneurial responsibility
- StarCapital: Realignment of product portfolio concluded – integration initiated in H1 2022 and proceeding as planned

Strong operating performance

- Very good financial result amid still challenging market headwinds
- Convincing absolute and relative investment performance over the long term offer a strong customer value
- Attractive value created for shareholders and clients
- Divergent market performance in H1 vs H2 2021 temporarily hinders the growth of the business base (AuM)

Reinforced & expanded platform

- Robust and agile organization, sound capital base ensure a high level of efficiency
- Targeted investments in innovation, new talents, internationalization (incl. new markets) and infrastructure
- Solid governance with a sharp focus on ESG as a new market reality

At a glance

	2021	2020	Change
Consolidated income statement (in CHF 1'000)			
Revenues from asset management services	141 096	108 819	+29.7%
Total operating income	140 618	109 851	+28.0%
Total operating expenses	- 80 389	- 63 599	- 26.4%
Total operating profit	60 229	46 252	+30.2%
Group profit before tax from continuing operations	53 590	31 897	+68.0%
Group net profit from continuing operations	43 063	23 022	+87.1%
Group net profit	43 063	22 304	+93.1%
Cost/Income ratio ¹⁾	57.2%	57.9%	-
Undiluted/Diluted earnings per share (in CHF)	+3.24	+1.67	+94.0%
Asset under management (in CHF million)			
Total managed assets	12 793	12 038	+6.3%
Net new money ²⁾	67	377	- 82.2%
Consolidated balance sheet (in CHF 1'000)			
Total assets	226 622	235 564	- 3.8%
Total liabilities	80 032	69 748	+14.7%
Total shareholders' equity	146 590	165 816	- 11.6%
Total shareholders' equity after the proposed dividend	110 244	111 970	- 1.5%
Equity per share (in CHF)	10.89	12.32	- 11.6%
Return on equity ³⁾	38.6%	21.7%	-
Dividend			
Ordinary dividend per share (in CHF) ⁴⁾	2.70	1.50	+80.0%
Special dividend per share (in CHF) ⁴⁾	-	2.50	- 100.0%
Dividend yield (excl. special dividend) ⁵⁾	6.6%	4.9%	-
Staff (FTE)			
Number of staff at cutoff date	91.4	98.7	- 7.4%
Year average number of staff	93.9	100.4	- 6.5%
Share price			
Share price of Bellevue Group registered shares (in CHF) as at 31.12.	41.20	30.80	+33.8%
Year low / Year high (in CHF) ⁶⁾	30.40 / 45.60	19.70 / 31.00	
Market capitalization (in CHF million)	555	415	+33.8%

¹⁾ Defined as: operating expenses / operating income

²⁾ In 2020 related to continuing operations

³⁾ Based on group net profit and average shareholders' equity after deduction of the proposed dividend

⁴⁾ Proposal of the Board of Directors to the Annual General Meeting

⁵⁾ Calculated from share price as at 31.12.

⁶⁾ End of day prices

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Business report

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Shareholder letter

As a specialized asset manager, Bellevue took advantage of the broadly positive market environment and achieved another significant increase in its net profit. This very good bottom-line result is further proof of Bellevue's ability to create lasting value for its clients and shareholders.



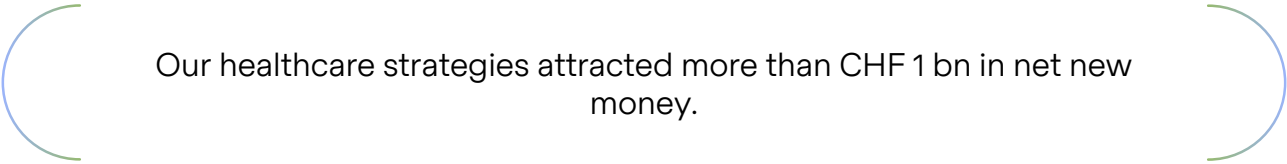
André Rüegg, Chief Executive Officer, and Veit de Maddalena, Chairman of the Board of Directors

Dear Shareholders,

Despite the ongoing pandemic, global economic activity remained buoyant in 2021, albeit with some regional differences. Stock markets were largely resilient as well and ended the year near record-high levels. Equities were the top-performing asset class for lack of a better alternative, making 2021 a positive investment year. Markets were supported by the sustained expansionary central bank policies, although the signs of a policy reversal did become more visible and that has already had an impact on market developments. Combined with worries about rising inflation, new virus variants and supply chain constraints around the world, this led to an increase in market volatility during the second half of the year and triggered a rotation from growth to value stocks. Meanwhile the global small and mid cap healthcare segment – a primary investment focus of Bellevue – experienced a sharp correction in the fourth quarter, slowing Bellevue's excellent momentum from the preceding months.

Net new money inflows of CHF 1 bn at healthcare strategies – growth of assets under management impacted by second-half market developments to 6.3%.

A recognized investment specialist with core competencies in healthcare, alternative and niche strategies, Bellevue profited from persisting strong demand for healthcare investments in 2021. After a stellar first half with net new money inflows and investment returns clearly exceeding multi-year averages, some of our healthcare strategies experienced sharp drops in momentum and demand in the wake of general market developments. Nevertheless, our healthcare strategies attracted more than CHF 1 bn in new client money. The private equity strategies attracted nearly CHF 90 mn in net new money, while regional and multi-asset strategies showed outflows of about CHF 370 mn. Thanks to the resulting net new money inflow of CHF 722 mn (excl. the wind-down of StarCapital products) and a solid investment performance, overall assets under management increased by 6.3% yoy to CHF 12.8 bn.



Our healthcare strategies attracted more than CHF 1 bn in net new money.

In the healthcare space, Bellevue is focused on small and mid-sized companies that offer stronger growth momentum and high levels of innovation. This has led to attractive investment opportunities that were clearly favored during the past two years until the final quarter of 2021 when a steep correction occurred. Bellevue Medtech & Services, Bellevue Digital Health and BB Healthcare Trust attracted strong demand from investors.

The relatively young private equity business was further expanded during the year under review. The launch of the BB Entrepreneur Private Fund met with strong investor interest, raising CHF 55 mn from family offices and institutional investors that will be used to finance the growth of unlisted small and mid-sized Swiss companies.

In the Group's third investment category of «selected niche strategies», the Bellevue Entrepreneur Europe Small and the Bellevue Entrepreneur Swiss Small & Mid funds welcomed new investors. Conversely, regional and multi-asset strategies showed renewed outflows. In addition, the systematic and now completed realignment of StarCapital's product range led to an outflow of CHF 655 mn, most of which was from low-margin investment strategies that lacked clear differentiation.

67% of all assets under management beat their benchmark

Thanks to the solid performance of our investment solutions, we again generated value for the client last year. More than two-thirds of all assets under management beat the benchmark performance during the period under review. An even greater three-quarters of our strategies have outperformed their benchmarks since inception. The Bellevue Medtech & Services (CH) and (Lux) funds delivered above-average absolute returns of 22.6% and 16.8% (in USD) respectively. Both beat their respective benchmarks by almost 2%. The Entrepreneur strategies also took advantage of the market situation and delivered double-digit returns. The Bellevue Entrepreneur Switzerland and Bellevue Entrepreneur Swiss Small & Mid funds ended the year with a performance of 26.7% and 25.2%, beating their benchmarks by 3.3% and 3% (in CHF) respectively.

Product highlights 2021

Stock markets showed little regard for the pandemic at times in 2021 and new record highs were set. Growing inflationary pressure, new virus variants and supply chain constraints around the world eventually led to greater volatility in financial markets. Despite these shifting market dynamics, Bellevue achieved attractive returns for its investors and pleasing results overall.



Consolidated net profit nearly doubles – sustained value for shareholders

We continued to improve our operating performance in 2021 thanks to the significant growth in assets under management from the first half. Fueled by the 27% increase in average assets under management, total operating income rose by approximately 28% to CHF 140.6 mn. Almost all of these revenues are asset-based and recurring (98%), and thus a promising platform for the Group's future growth.

Operating expenses rose by approximately 26% to CHF 80.4 mn. Our entrepreneurial, profit-sharing compensation model for our nearly 100 employees led to a 27% increase in personnel expenses. We achieved another pleasing improvement in the cost/income ratio to 57.2% in this record-breaking year. Due to the realignment of StarCapital's products, an impairment loss of CHF 2.9 mn was recognized. Resulting in a consolidated net profit of CHF 43.1 mn – almost twice the figure reported for the previous fiscal year.

Dividend 2022 (proposed)

CHF 2.70

In view of the Group's strong financials and very positive business development, we are maintaining our shareholder-friendly dividend policy, which is primarily based on consolidated net profit and designed to let shareholders also benefit from Bellevue's business success. The Board of Directors will propose a dividend of CHF 2.70 per share at the Annual General Meeting on March 22, 2022, an increase of 80% from the previous year. The proposed dividend yields 6.6%.

Bellevue's return on equity based on reported net profit and average outstanding equity capital after distribution of the proposed dividend is 38.6%.

Sustainability a central element of our culture – climate-neutral company

Our core values – independent, entrepreneurial and committed – are the cornerstones of our sustainable business practices and a precondition for generating lasting value for our clients and shareholders. We are committed to the UN Principles for Responsible Investment (UN PRI) and continuously adapt our ESG investment guidelines to meet the latest requirements. Our first ESG report based on the UN PRI reporting framework will be published in the summer. Last year we launched our second dedicated ESG strategy, the Bellevue Sustainable Entrepreneur Europe Fund, complementing the Bellevue Sustainable Healthcare Fund launched in 2018.

At the corporate level, we measured our carbon footprint for the first time in 2021. Bellevue offset its carbon emissions by supporting top-quality climate projects in Switzerland and was therefore certified as a climate-neutral organization last year. We aim to reduce our carbon emissions per employee by 30% by 2030.

Optimization of market position in Germany

After the realignment of StarCapital's products, Bellevue is simplifying the organizational structure in Germany and will integrate all of its operations in the country into one organization, Bellevue Asset Management Deutschland. This will entail a relocation to a new office in Frankfurt am Main. Only the Bellevue brand will be used in Bellevue's most important foreign market going forward, enabling the company to take full advantage of its investment expertise and accelerate its business development in Germany. This integration project is expected to be completed by mid-year.

Profitable growth through product innovation and investments in expertise and new markets

Our business results for 2021 demonstrate quite impressively that Bellevue's income and earnings have reached a new level. Driven by our recognized core competencies and our distinctive product portfolio, we intend to accelerate the development of our company. As a House of Investment Ideas, we will steadfastly pursue our claim of "Excellence in Specialty Investments" with innovative concepts that offer current and future clients exclusive access to attractive investment opportunities. Our product pipeline for the current year is already well-filled. At the same time, we continue to invest in the expansion of our international distribution channels and markets and strengthen our investment and sales teams by hiring promising talents, most recently in the Asia-Pacific region. We have bolstered our presence in this growth region. We have also made initial inroads into selected Latin American markets such as Chile and Peru.

Distribution highlights 2021

Bellevue has a strong and steadily growing client base in its domestic Swiss market and its core European markets of Germany and the UK. Its strategic secondary target markets of Austria, Spain, the Benelux and Italy, the most recently established secondary market, are showing dynamic growth. Recently, the market presence in Asia was strengthened.



We look to the future with confidence knowing that our Group is well-positioned as a focused asset manager. However, we are also aware that our business model thrives best when markets are constructive and that there could be some speed bumps going forward, especially in view of the likely phase-out of expansionary monetary policies and today's geopolitical tensions.

Our optimism is underpinned by our employees' unwavering commitment as they strive to create value for clients and shareholders alike. They give the Bellevue brand its unique profile. On behalf of the Board of Directors and the Group Executive Board, we thank them for their hard work and dedication. We also thank our clients and shareholders, whose trust and loyalty are vital to our success.



Veit de Maddalena
Chairman of the Board of Directors



André Rüegg
Chief Executive Officer

Financial highlights

Bellevue Group performed well as pure play asset manager in an exceptional market environment in 2021. André Rüegg, CEO, and Michael Hutter, CFO, comment on the 2021 annual results in the video below. Furthermore, you will find the financial highlights as well as the detailed presentation.

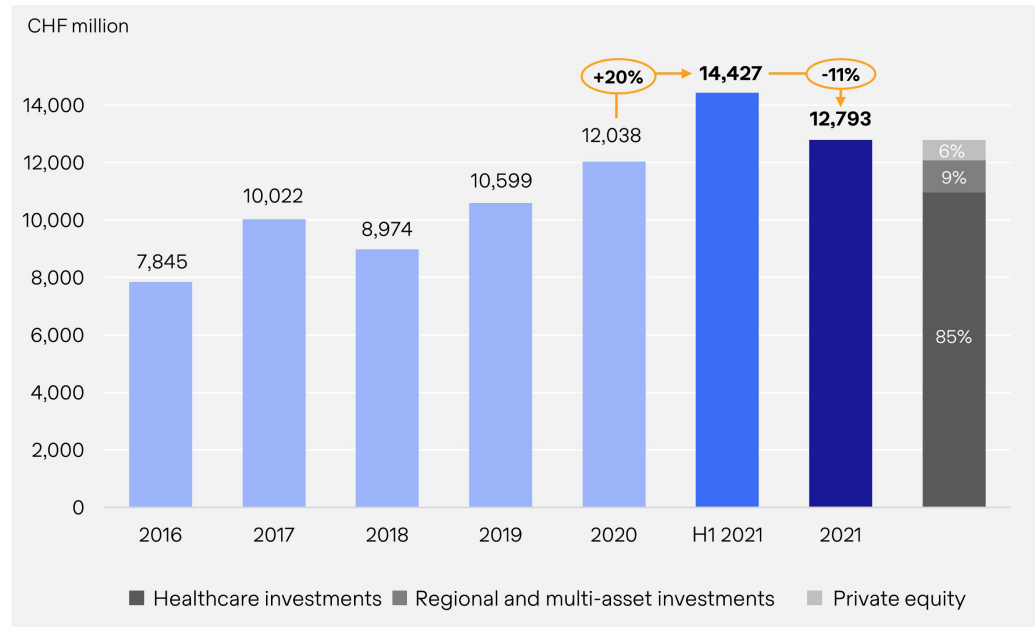


Investor presentation



Continued growth in client assets – dented by market correction in H2 2021

Change in AuM 2016 – 2021



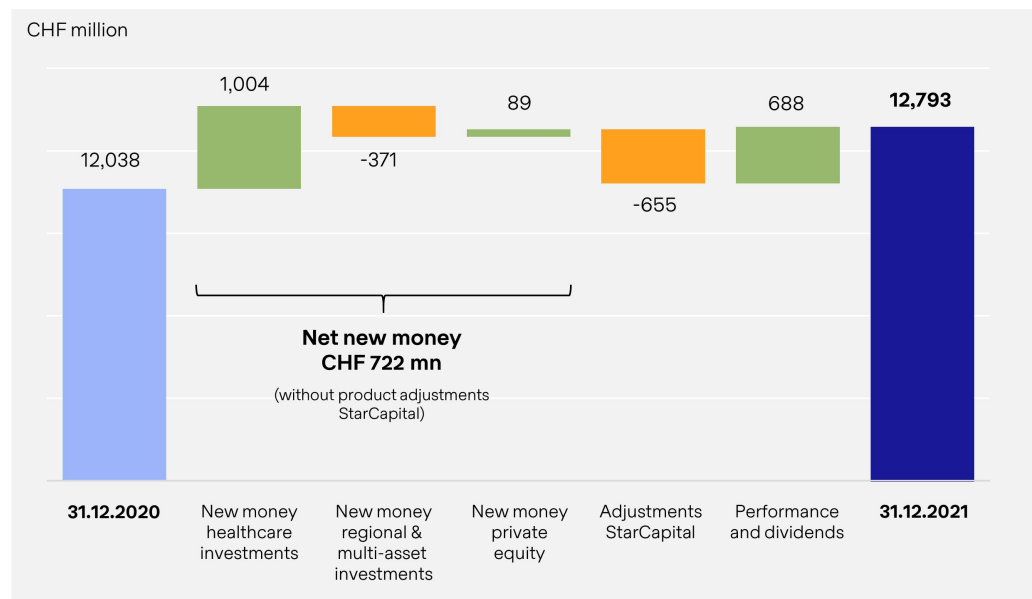
Source: Bellevue Group, as at December 31, 2021

Change in AuM 2016 – 2021

- An only slight year-on-year increase in AUM of about CHF 750 mn or 6.3% to CHF 12.8 bn
- After surging in H1, growth slowed in H2 2021 due to the overall market situation
- Long-term growth ambitions backed by tried and tested investment skills and product range
- Realignment of StarCapital's product portfolio concluded
- Alternative investment strategies (esp. direct equity investments) and production innovation our focus in 2022

Growth in 2021 by product group

Development of AuM in 2021



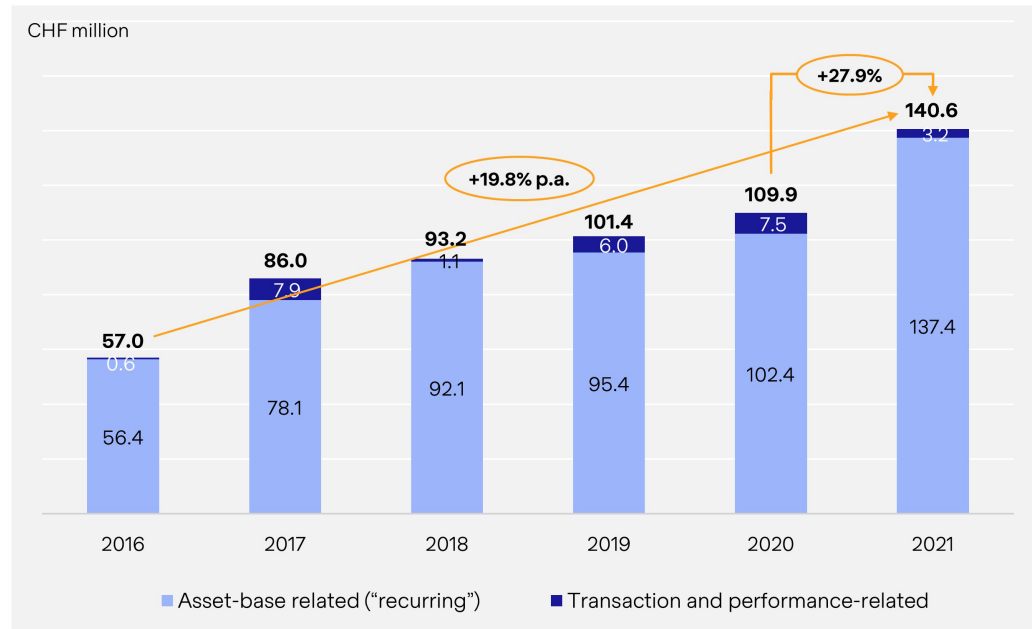
Source: Bellevue Group, as at December 31, 2021

Continued solid new money inflows in core business with attractive margins

- Net new money of CHF 722 mn (excl. SCAG product adjustments), mostly in H1 2021
- Promising developments in private market investments with further growth potential
- Discontinuation of undifferentiated investment strategies with low margins concluded with integration of StarCapital
- Overall well-balanced asset base, renewed margin improvement

Further improvement in operating income, continued momentum

Breakdown of operating income, 2016 – 2021



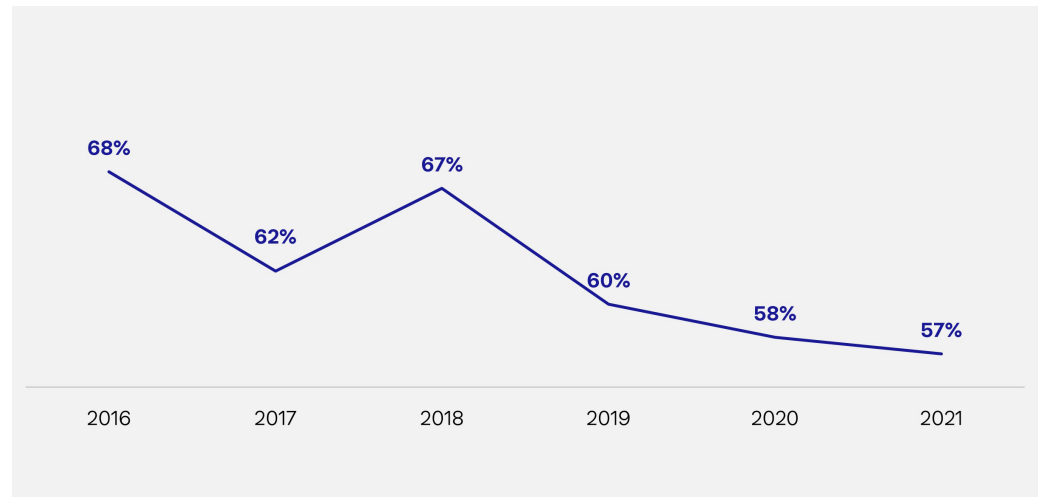
Source: Bellevue Group, as at December 31, 2021

Operating income increases almost 28% to CHF 140 mn

- Above-average growth in asset-based income (+34%) thanks to high AuM growth in H1 2021
- Sustained earnings growth (almost 98% of earnings are recurring) reflected continuous increase in the AuM base with high quality
- Income from transaction and performance fees was a low CHF 3.2 mn, which leaves scope for future growth

Improvement of the cost-income ratio to 57%

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



Source: Bellevue Group, as at December 31, 2021

- Further improvement of the cost-income ratio to 57% due to significant improvement in profitability and proportionally slower cost growth
- CIR based on operating profit confirms the positive long-term decline
- Steady efficiency gains possible thanks to scalable business model

Steady value creation for shareholders over the long term

Comparison of key figures 2016 – 2021

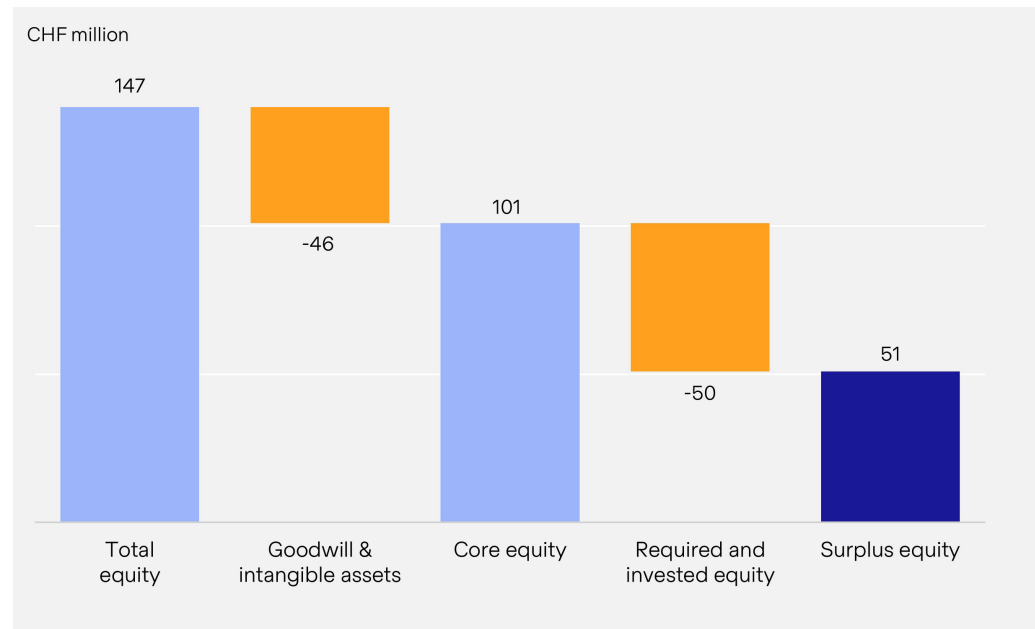
	2016*		△		2021
Client assets	CHF 10.6 bn	+	21% (3.8% p.a.)	=	CHF 12.8 bn
Total operating income	CHF 72.0 mn	+	95% (14.3% p.a.)	=	CHF 140.6 mn
Operating profit	CHF 14.3 mn	+	321% (33.3% p.a.)	=	CHF 60.2 mn
Scale effects & efficiency	<ul style="list-style-type: none"> - FTE - AUM/FTE - EBTDA/FTE - CIR 				
	111 CHF 95.2 mn CHF 128,500 79.9%		-17.9% +47.0% +412.6% -22.7 pt.		91 CHF 140.0 mn CHF 658,600 57.2%

* Figures incl. Bank am Bellevue

Source: Bellevue Group, as at December 31, 2021

Strong equity base

Capital structure and management
As at December 31, 2021 (consolidated)

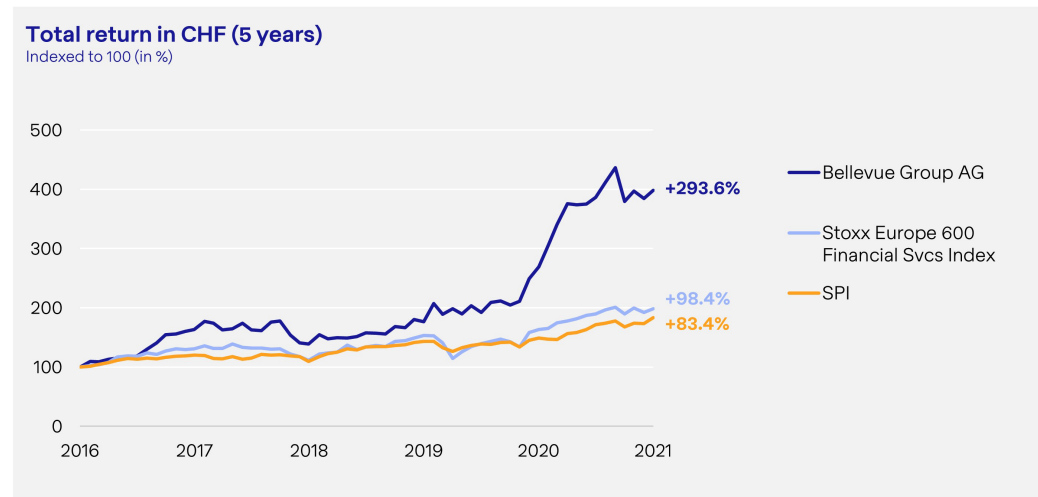


Source: Bellevue Group, as at December 31, 2021

- Equity capital remains solid thanks to sustained earnings power
- Reduction in goodwill & intangibles (prior year: CHF 51 mn), which reflects ordinary depreciation and valuation adjustments at StarCapital
- Required level of regulatory minimum capital as a pure asset manager is lower, enabling a very attractive return on equity
- Surplus equity of CHF 51 mn provide a sound cushion, ensuring attractive payouts and further growth
- Simple and debt-free balance sheet

Share performance

Bellevue Group shares (BBN SW) Pleasing performance compared to relevant indexes



Source: Bloomberg, Bellevue Group, as at December 31, 2021

Market capitalization
(in mn CHF)

555

as of 31.12.2021

Dividend for 2021
(in CHF)

2.70

Dividend yield
(in %)

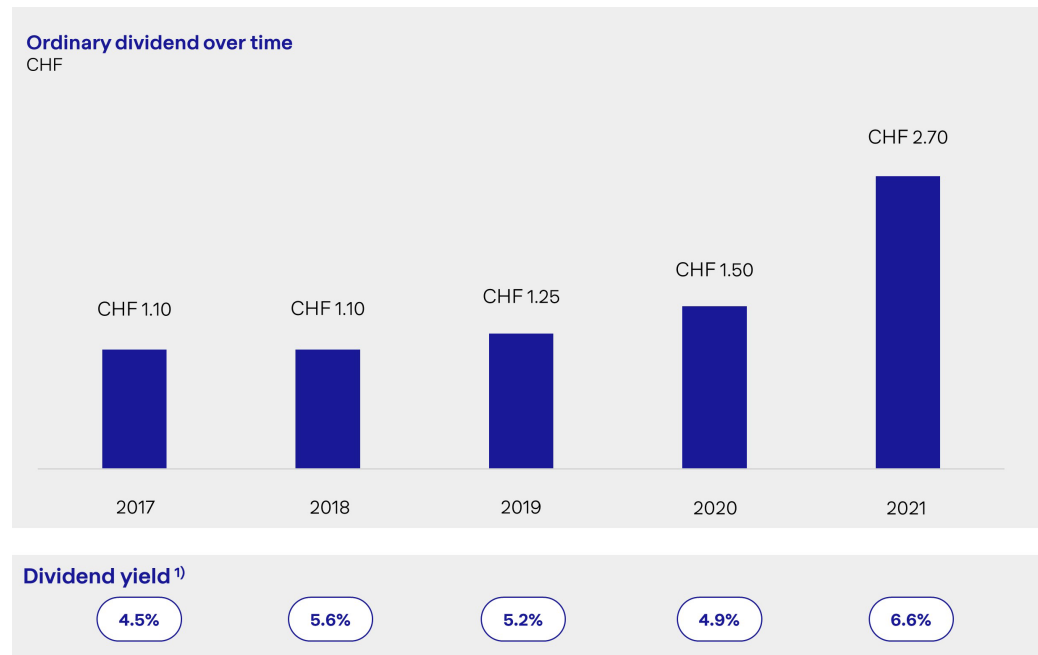
6.6¹⁾

as of 31.12.2021

¹⁾Based on ordinary dividend of CHF 2.70 and share price on December 31, 2021

Attractive value creation for shareholders

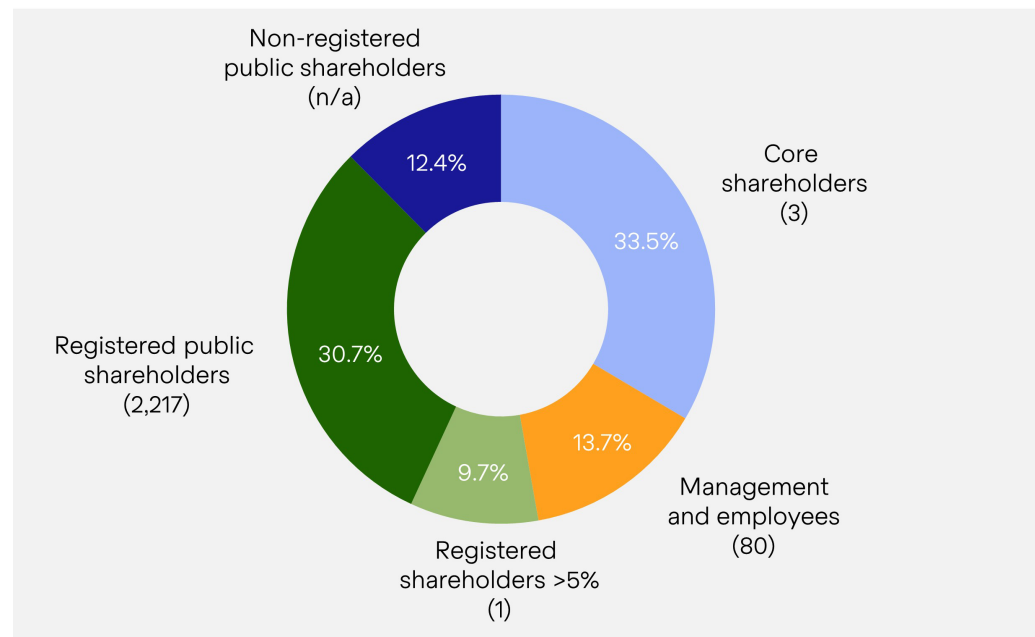
Confidence in the business model is reflected in the dividend policy



¹⁾ Based on the ordinary dividend and closing share price at year-end
Source: Bellevue Group, as at December 31, 2021

- Ordinary dividend proposal of CHF 2.70, an increase of 80% reflects a significant boost in operating profits
- Steady earnings ensures stable funding of an attractive dividend policy over the long term
- Future dividends will continue to reflect consolidated bottom-line profit

Structure of the shareholder base

Structure of the shareholder base as of December 31, 2021

Source: Bellevue Group, as at December 31, 2021

Attractive value creation leads to stable shareholder base

- Strong commitment of core shareholders
- Substantial increase in management/employee shareholders (31.12.2020: 12.6%)
- Hansjörg Wyss, a long-term oriented shareholder (9.7%) won in 2020
- Very transparent shareholder base: >87% registered (2,301 shareholders)
- Shareholder-friendly dividend policy unchanged, strengthening sense of continuity

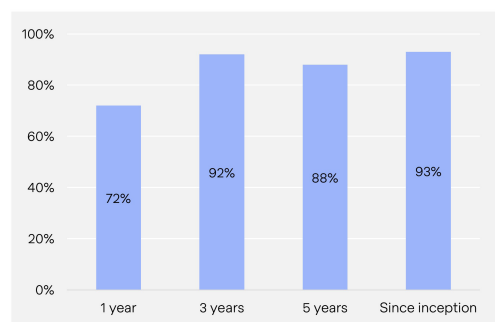
Product highlights

Stock markets showed little regard for the pandemic at times in 2021 and new record highs were set. Growing inflationary pressure, new virus variants and supply chain constraints around the world eventually led to greater volatility in financial markets. Despite these shifting market dynamics, Bellevue achieved attractive returns for its investors and pleasing results overall.

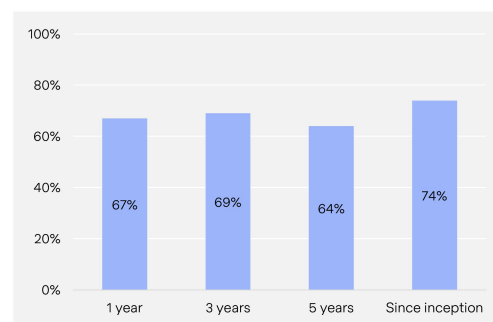
The primary driver of these results was the healthcare sector, which has evolved into a major long-term investment theme. Many existing clients increased their exposure to the healthcare sector last year while first-time clients became convinced of the importance of healthcare investments. 67% of Bellevue's assets under management beat their respective benchmark in 2021 and, in a direct comparison with peers, 72% of its assets under management ranked in the first or second performance quartiles. Bellevue continued to maintain high levels of management continuity while also selectively expanding the competencies of individual investment teams with new talents representing a variety of different backgrounds.

A range of distinctive investment skills for an attractive range of products

Competitive performance of investment strategies
Percentage share of AuM¹⁾ in 1st and 2nd Lipper quartiles



Value created for investors ("alpha")
Percentage share of AuM that has outperformed²⁾ the benchmark



Source: Bellevue Group, Lipper/Refinitiv as at December 31, 2021

¹⁾ AuM comprises all Lux and CH funds, as well as BB Biotech AG and BB Healthcare Trust plc.

²⁾ Strategies without a benchmark were excluded from this analysis; outperformance net of fees.

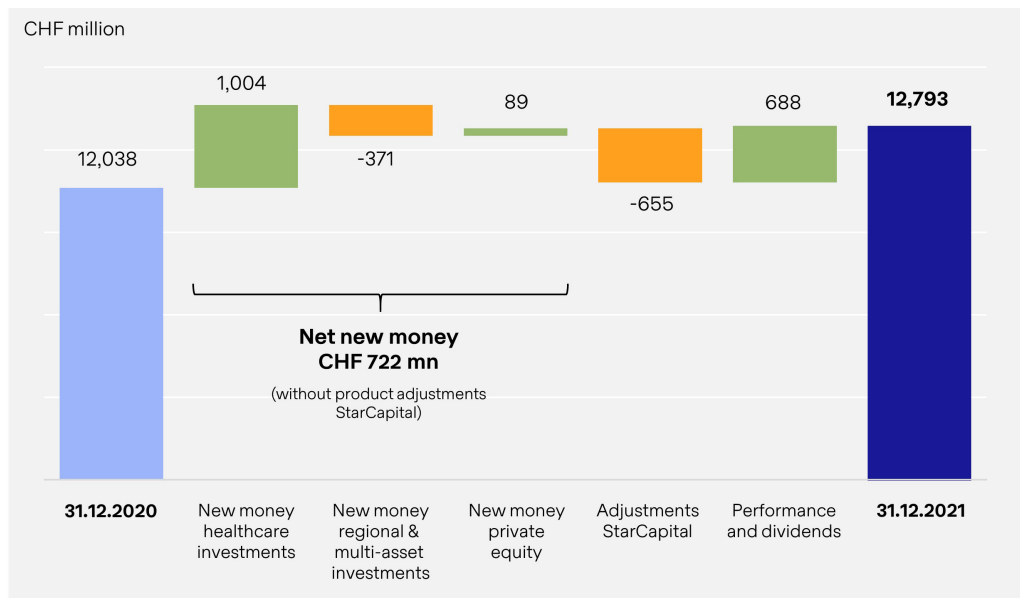
Core healthcare strategies attract more than CHF 1 bn for the first time

Assets under management increased by 6.3% to CHF 12.8 bn in 2021 thanks to new money inflows and performance-driven growth. Greater investor interest in healthcare themes led to a renewed inflow of more than CHF 1 bn in new money for the Group's core healthcare investment business, although some healthcare strategies experienced weaker momentum

and demand during the second half due to broader market movements. Inflows were strongest at Bellevue Medtech & Services, Bellevue Digital Health and BB Healthcare Trust.

Strong net new money inflows in the areas of healthcare and private equity were diminished by outflows from Bellevue Global Macro. The wind-down of undifferentiated investment strategies with low margins was completed in preparation for the full integration of StarCapital.

Net new money of CHF 722 mn (excl. product streamlining) was mostly acquired during the first half of the year.



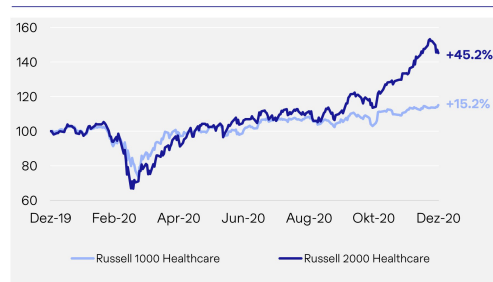
Source: Bellevue Group, as at December 31, 2021

Healthcare – strong performance in the first half, declining momentum in the second half

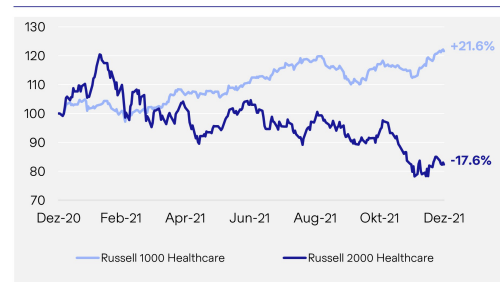
Global stock markets tacked on more strong gains in 2021. The upward trend was fueled by the continued ultra-expansive monetary policy of major central banks, massive government spending programs, and the rapid progress of vaccination campaigns in the US and Europe. In this setting, the global healthcare sector was no longer able to keep up with the performance of the broader market, especially during the second half of the year. This situation must also be seen in the context of the healthcare sector's significant outperformance in 2020, so this reflects to some extent the gradual normalization of economic activity after the pandemic-induced contraction in the spring of 2020.

In 2021 healthcare investors focused on the two vaccine producers Moderna and Pfizer/ Biontech as well as large and mega cap healthcare stocks, particularly in the pharma subsector. This situation is illustrated quite well by the following charts:

Russell 1000 Healthcare vs Russell 2000 Healthcare – 2020



Russell 1000 Healthcare vs Russell 2000 Healthcare – 2021



Source: Bloomberg, Bellevue Group, as at December 31, 2021

The large/mega cap Russell 1000 Healthcare Index clearly outperformed the small and mid cap Russell 2000 Healthcare Index in 2021. That contrasts sharply with the performance of these indexes in 2020, when small/mid cap healthcare companies outperformed large cap healthcare companies by a wide margin. Bellevue Asset Management has concentrated its investments on small and mid cap companies due to their strong growth momentum and superior innovative power and this hurt its portfolio returns during the year under review.

After performing very well in 2020, BB Biotech AG's performance in 2021 was subpar. mRNA vaccine manufacturer Moderna, in which BB Biotech first invested in 2018, made significant gains again, driven by the effectiveness of its COVID-19 vaccine, but many of the small/mid cap positions in the portfolio had a negative impact on performance, particularly during the second half of the year. BB Biotech's NAV declined by 14.2% in USD. Its stock price was up 5% (NBI +0.0%), however, which led to an increase in the share premium. At year-end, Moderna was the largest position in BB Biotech AG's portfolio.

Despite its overweighting of mid caps, London-listed BB Healthcare Trust closed the year with a return of 15.6% (in USD), only slightly behind the MSCI World Healthcare Index. Its portfolio is focused on companies that are benefiting from the rapid change sweeping through healthcare systems. Currently overweighted subsectors include the biotech, diagnostics, and health insurance (managed care) subsectors. Two portfolio positions that drove performance last year were GW Pharmaceuticals and Hill-Rom Holdings, two companies that were acquired by Baxter and Jazz Pharmaceuticals, respectively, in 2021.

Among Bellevue's healthcare funds, the Bellevue Medtech & Services Fund delivered the strongest absolute performance (+16.8%, in USD), and also beat its benchmark, the MSCI IMI Healthcare Equipment & Supplies Index. Many hospital beds were filled with COVID-19 patients in 2020, resulting in the postponement of elective and non-emergency surgical procedures. As the capacity situation gradually normalized, many of these procedures have since been rescheduled. The fund's performance was also fueled by US health insurers such as UnitedHealth, Anthem and Centene. As the year progressed, the «double whammy» of higher pandemic-related costs and the resumption of previously postponed medical treatments had less of a negative impact on health insurance companies than the market had expected, which triggered a strong relief rally, especially in the fourth quarter.

The Bellevue Biotech Fund ended the year with a performance of (+1.6% in USD) and also beat its benchmark, the Nasdaq Biotech Index (NBI). Moderna and Biontech, the two mRNA vaccine producers, made positive contributions to this fund's absolute performance, while investments in small and mid cap biotech companies detracted.

After delivering the best return of all the Group's healthcare products in 2020 (+68.4%, in USD), the Bellevue Digital Health Fund consolidated in 2021 and ended the year with a negative performance of 10.1%. This can be traced to renewed pandemic-related worries about growth and to the US Federal Reserve's decision to taper its QE program and slowly

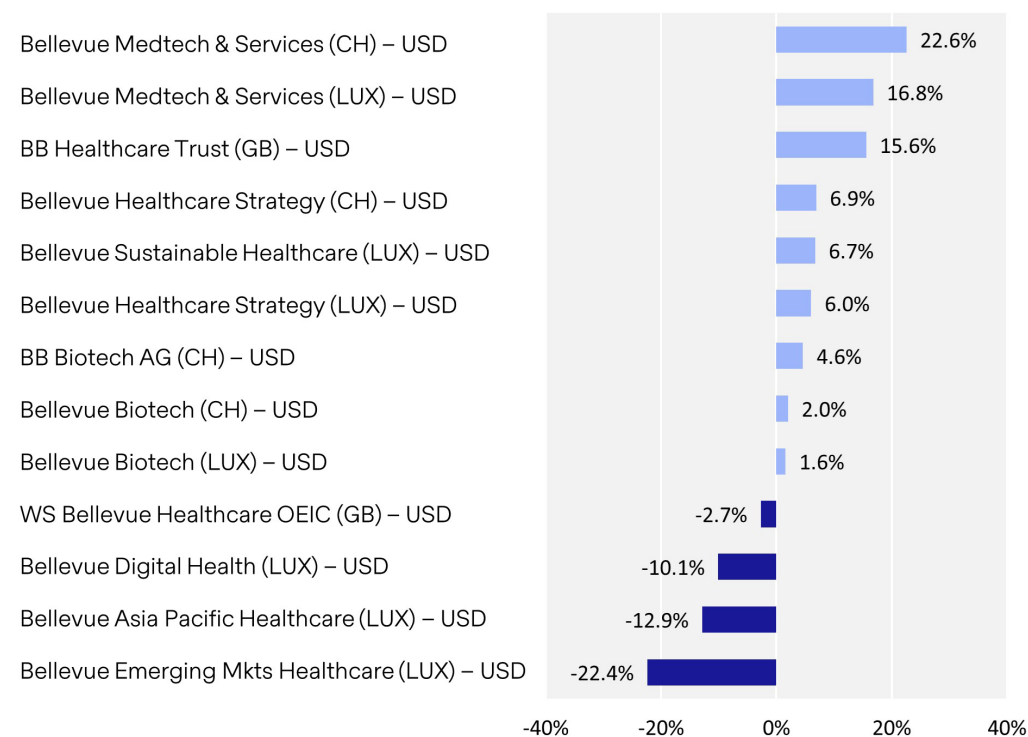
tighten its monetary policy, which weighed on investor sentiment. Small and mid cap growth stocks, which represent most of the Bellevue Digital Health Fund's portfolio, were affected most by this situation, despite reporting generally excellent company results.

The two regional healthcare funds Bellevue Asia Pacific Healthcare (-12.9% in USD) and Bellevue Emerging Markets Healthcare (-22.4% in USD) also ended the year with negative returns. Both showed a positive performance at the mid-year mark, but their exposure to Chinese healthcare stocks hurt their performance in the second half. Government intervention in China caused some turmoil in the country's stock market. Selling was not just limited to the industries directly affected by government meddling (education, IT, etc.). Other sectors known for their stability witnessed some profit-taking and risk premiums for Chinese investments generally increased.

The global healthcare investment solutions Bellevue Healthcare Strategy and its sustainable sister fund Bellevue Sustainable Healthcare returned 6.0% and 6.7% (in USD) year-on-year, which placed them behind the full-year performance of the broad healthcare sector. This is attributed to the two fund's considerable mid cap exposure and their approximately 25% allocation to emerging market stocks. Those two factors are what drove the funds' significant outperformance in the previous year.

Specialized healthcare strategies

Absolute performance 2021



Source: Bellevue Group, as at December 31, 2021

Alternative strategies – momentum in private equity

Considerable progress was made during the year under review in expanding the private markets business. In February, BB Entrepreneur Private KmGK, an investment company that

provides growth financing to SMEs, was successfully launched. At the end of the year the Bellevue Entrepreneur Private Fund, which invests alongside Bellevue adbodmer's group of investors, received CHF 55 mn in capital commitments from more than 60 investors.

Brisk investment activity has already led to the investment of 30% of the capital commitments, in five Swiss SMEs from a variety of industries. The companies in the portfolio are thriving despite the repercussions of the pandemic. The fund also participated in a capital increase by one of the companies, which used the proceeds to expand its production capacity. This opportunity was preceded by a strong inflow of new orders and the pleasing development of medium-term projects. A partial sale of shares held by the majority shareholder of another portfolio firm was also arranged with third parties in a transaction conducted at a significantly higher valuation.

The long-standing, extensive network of Bellevue adbodmer is producing a steady stream of new and exclusive investment opportunities throughout the so-called DACH region, which refers to the German-speaking parts of Europe. Fundraising for the Bellevue Entrepreneur Private Fund is scheduled to close in Q1 2022.

The absolute return strategy Bellevue Global Macro fell short of expectations in 2021, having ended the year with a negative return of (2.9% in EUR). This underperformance is partially attributed to the neutral portfolio allocation, 75% of which was in government bonds (10y US Treasury yields rose from 0.9% to 1.5%), and the portfolio was 100% hedged against the USD (which appreciated by about 7% versus the EUR in 2021). In the fund's equity allocation, positions in Asian or Japanese stocks and in the biotech sector generated clearly weaker returns compared to the broader equity market.

Traditional strategies – Swiss vehicles surge ahead

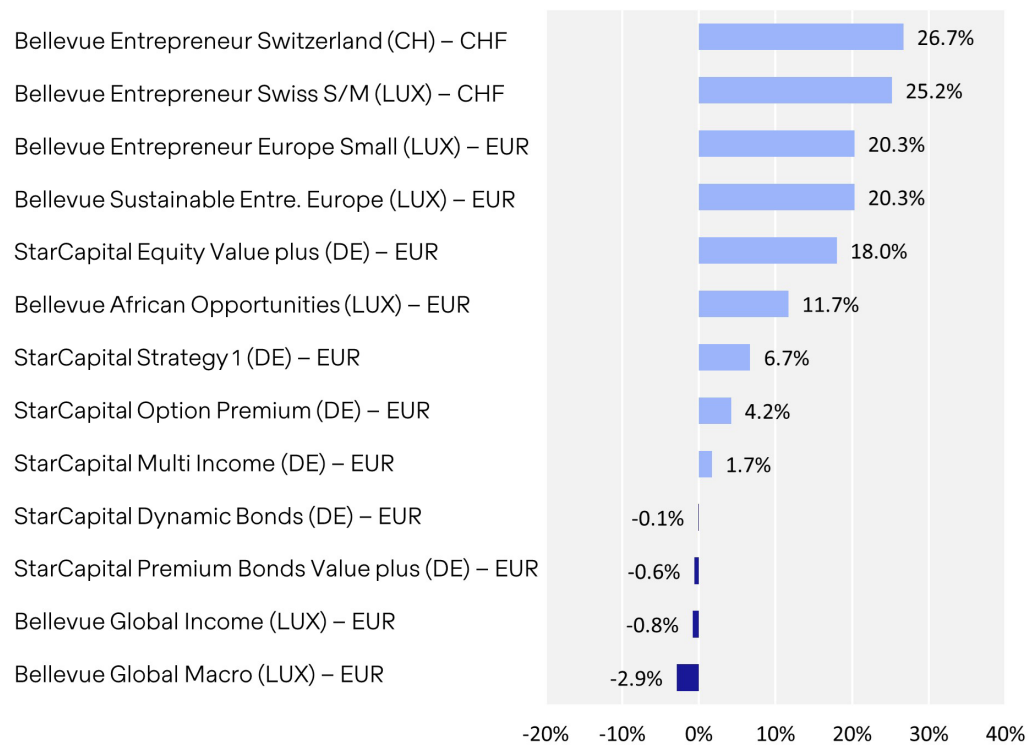
In Bellevue's traditional strategies, its Entrepreneur funds delivered double-digit returns in 2021. Bellevue Entrepreneur Switzerland (+26.7%) and Bellevue Entrepreneur Swiss Small & Mid (+25.2%), the two funds focused on the Swiss stock market, were excellent performers. Thanks to their active investment strategy, they even beat the strong performance of the benchmark indexes SPI and SPI Extra by 3.3% and 3.0% (in CHF) respectively. The Bellevue Entrepreneur Europe Small Fund and Bellevue Sustainable Europe Fund did not quite match the performance of their benchmarks, but with annual returns of 20.3% in EUR, they likewise produced stellar absolute returns. The Bellevue Sustainable Entrepreneur Europe Fund (formerly BB Entrepreneur Europe Fund) was converted into a sustainability-oriented fund and, after successfully completing a stringent ESG due diligence process, subsequently certified with the internationally recognized FNG label in November.

Last year was a difficult year for emerging markets, but the Bellevue African Opportunities Fund (11.7%, in EUR) delivered an attractive return and once again demonstrated its excellent portfolio diversification qualities. Portfolio positions in Morocco, Egypt and Kenya made positive contributions to performance.

At StarCapital, its crossover corporate bond strategy (BB- to BBB+) StarCapital Dynamic Bonds ended the year with an only slightly negative performance (-0.1%). The StarCapital Equity Value plus Fund (+18.0%) profited from the market's greater interest in value stocks. The recently launched StarCapital Option Premium Fund also deserves special mention. This new product specializes in pair trades, combining put options on US equity indexes with call options on volatility indexes. This strategy aims to generate a stable flow of income with this options concept and it has achieved a return of 4.2% since launch.

Traditional and alternative investment strategies*

Absolute performance H1 2021, in base currency



Source: Bellevue Group, as at December 31, 2021

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

Distribution highlights

Bellevue has a strong and steadily growing client base in its domestic Swiss market and its core European markets of Germany and the UK. Its strategic secondary target markets of Austria, Spain, the Benelux and Italy, the most recently established secondary market, are showing dynamic growth. Recently, the market presence in Asia was strengthened.

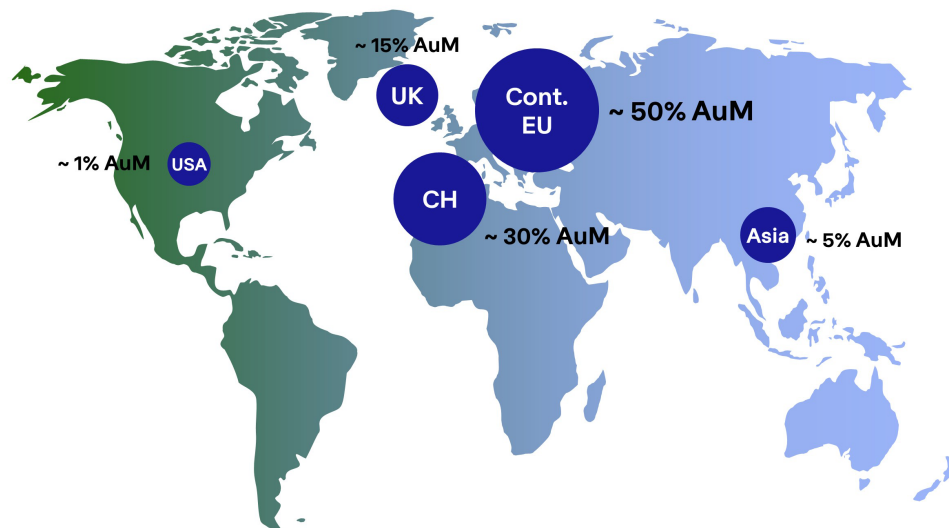
Steady expansion in international markets

Switzerland, Germany and the United Kingdom are Bellevue Group's core markets. Spain is now its fourth-largest market with some CHF 800 mn in assets under management. Collaboration with the local Spanish partner atl Capital continues to be very rewarding. The Group's core product in the UK remains BB Healthcare Trust and a healthcare investment fund under UK law was recently launched to address a wider range of investors in this market. In Germany, closer collaboration with StarCapital's distribution team under the aegis of Bellevue continues to deliver positive results. In addition to large banks and funds of funds, inroads have been made into the family office segment. Bellevue also has a solid client network in Austria, and it is intensifying its presence in the Benelux. Several product strategies were recently introduced to the Dutch and Danish markets. Asia, led by Singapore and Hong Kong, both major hubs of international private banks, is becoming an increasingly prominent wealth management center. Bellevue has established a local Asian team that is responsible for sales in the region and for providing research inputs for the Group's healthcare products. Bellevue's oldest product, BB Biotech AG, continues to enjoy strong demand from clients in Switzerland, Germany, the UK and Italy. Growing interest in healthcare sector investments led to high new money inflows, particularly during the first half of 2021.

Breakdown of assets under management by region

AuM base = CHF 12.8 bn

Number of intermediary and institutional clients > 1'000



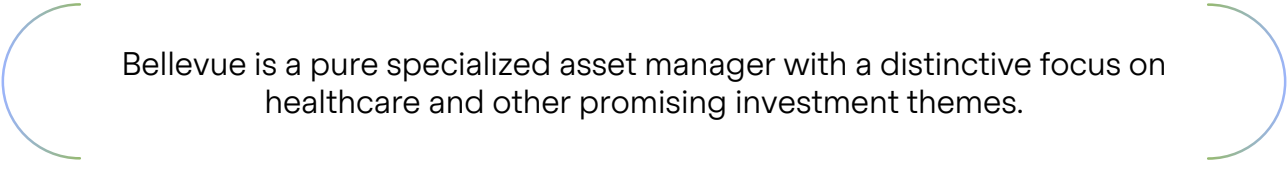
Source: Bellevue Group, December 31, 2021

Efforts to establish the Luxembourg-based funds in the new secondary target markets of Italy and Israel were impeded by pandemic-related travel restrictions. In the illiquid product segment, a private equity strategy was launched for the Swiss market. The BB Entrepreneur Private Fund provides growth financing to unlisted small and mid-sized Swiss companies and has attracted strong demand from prominent investors.

Within the scope of its growth strategy, Bellevue is planning to selectively develop new markets and target groups, strengthen its operating performance and grow its international presence. It is in the process of establishing a foothold in selected Latin American markets such as Chile and Peru, for example, through the recruitment of new talents for its sales team and through selective distribution agreements with local firms.

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.



Bellevue is a pure specialized asset manager with a distinctive focus on healthcare and other promising investment themes.

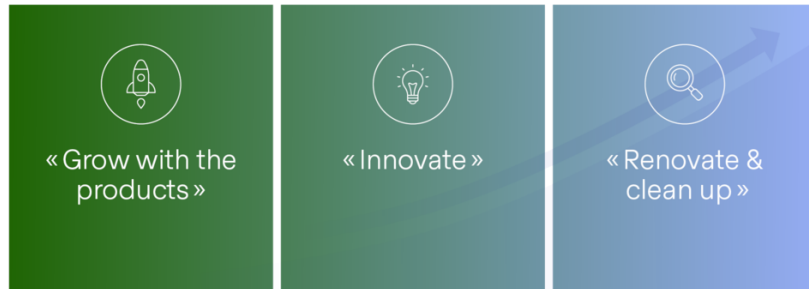
At a glance

- 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



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» in the area of Entrepreneur Investments 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.–31.12.2021	1.1.–31.12.2020	Change
Revenues from asset management services	2.1	141 096	108 819	+32 277
Income from financial investments		– 832	1 071	– 1 903
Net other income	2.2	354	– 39	+393
Income		140 618	109 851	+30 767
Personnel expenses	2.3	– 66 045	– 51 894	– 14 151
Other operating expenses	2.4	– 14 344	– 11 705	– 2 639
Depreciation and amortization	2.5	– 3 751	– 4 777	+1 026
Valuation adjustments	2.6	– 2 888	– 9 578	+6 690
Expenses		– 87 028	– 77 954	– 9 074
Group profit before tax from continuing operations		53 590	31 897	+21 693
Taxes	2.7	– 10 527	– 8 875	– 1 652
Group net profit from continuing operations		43 063	23 022	+20 041
Group net profit from discontinued operations (net of tax)	7	–	– 718	+718
Group net profit		43 063	22 304	+20 759
Undiluted/Diluted earnings per share from continuing operations (in CHF)	13	+3.24	+1.72	+1.52
Undiluted/Diluted earnings per share from discontinued operations (in CHF)	13	+0.00	– 0.05	+0.05
Total undiluted/diluted earnings per share (in CHF)	13	+3.24	+1.67	+1.57

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

Consolidated statement of comprehensive income

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020	Change
Group net profit	43 063	22 304	+20 759
Other comprehensive income			
Items that may be reclassified subsequently to net income			
Currency translation adjustments	– 793	– 290	– 503
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	677	– 84	+761
Remeasurements of post-employment benefit obligations	– 3 139	– 373	– 2 766
Other comprehensive income (net of tax)	– 3 255	– 747	– 2 508
Total comprehensive income	39 808	21 557	+18 251

Details of the discontinued operation are provided in note [7](#).

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

Consolidated balance sheet

CHF 1 000	Note	31.12.2021	31.12.2020	Change
Cash and cash equivalents		84 363	82 547	+1 816
Trade and other receivables	3.2	18 221	18 076	+145
Financial investments	3.1/3.3	45 269	46 713	- 1 444
Other assets	3.4	9 462	8 363	+1 099
Current tax assets		843	738	+105
Current assets		158 158	156 437	+1 721
Financial investments	3.1/3.3	7 866	7 155	+711
Property and equipment	3.5	3 033	5 032	- 1 999
Goodwill and other intangible assets	3.6	47 498	52 578	- 5 080
Other assets	3.4	9 566	13 929	- 4 363
Deferred tax assets	2.7	501	433	+68
Non-current assets		68 464	79 127	- 10 663
Assets		226 622	235 564	- 8 942
Trade and other payables	3.7	50 677	39 241	+11 436
Lease liabilities		1 466	1 789	- 323
Other financial liabilities	3.1	27	91	- 64
Current tax liabilities		5 831	3 982	+1 849
Current liabilities		58 001	45 103	+12 898
Trade and other payables	3.7	15 609	16 228	- 619
Lease liabilities		1 087	2 463	- 1 376
Deferred tax liabilities	2.7	5 335	5 954	- 619
Non-current liabilities		22 031	24 645	- 2 614
Liabilities		80 032	69 748	+10 284
Share capital	3.9	1 346	1 346	+0
Capital reserves		27 340	27 340	+0
Unrealized gains and losses recognized in other comprehensive income		- 3 488	- 814	- 2 674
Currency translation adjustments		- 1 684	- 891	- 793
Retained earnings		129 155	141 028	- 11 873
Treasury shares	3.10	- 6 079	- 2 193	- 3 886
Total shareholders' equity		146 590	165 816	- 19 226
Total liabilities and shareholders' equity		226 622	235 564	- 8 942

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 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	-	-	-	-	845	10 062	10 907
Dividends and other distributions	-	-	-	-	- 52 966	-	- 52 966
Transactions with owners in their capacity as owners	-	-	-	-	- 55 147	- 3 886	- 59 033
Balance at 31 December 2021	1 346	27 340	- 3 488	- 1 684	129 156	- 6 079	146 591

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

CHF 1000	Share capital	Capital reserves	Gains and losses recognized in other comprehensive income	Currency translation adjustments	Retained earnings	Treasury shares	Total
Balance at 31 December 2019	1 346	27 340	- 800	- 601	170 131	- 1 654	195 762
Correction of error 2019 (net of tax)	-	-	-	-	2 588	-	2 588
Restated total equity at 31 December 2019	1 346	27 340	- 800	- 601	172 719	- 1 654	198 350
Currency translation adjustments	-	-	-	- 290	-	-	- 290
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	-	-	- 84	-	-	-	- 84
Remeasurement of post-employment benefit obligations	-	-	- 373	-	-	-	- 373
Reclassification from OCI positions ¹⁾	-	-	443	-	- 443	-	-
Other comprehensive income	-	-	- 14	- 290	- 443	-	- 747
Group net profit	-	-	-	-	22 304	-	22 304
Total comprehensive income	-	-	- 14	- 290	21 861	-	21 557
Employee stock ownership plan	-	-	-	-	271	-	271
Acquisition of own shares	-	-	-	-	-	- 16 980	- 16 980
Disposal of own shares	-	-	-	-	23	16 441	16 464
Dividends and other distributions	-	-	-	-	- 53 846	-	- 53 846
Transactions with owners in their capacity as owners	-	-	-	-	- 53 552	- 539	- 54 091
Balance at 31 December 2020	1 346	27 340	- 814	- 891	141 028	- 2 193	165 816

¹⁾ Reclassification in connection with pension obligations of discontinued operations.

The share of other comprehensive income attributable to discontinued operations is shown in note Z.

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

Consolidated cash flow statement

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Cash flow from operating activities		
Group net profit from continuing operations	43 063	23 022
Group net profit from discontinued operations	–	– 718
Total group profit	43 063	22 304
Reconciliation to net cash flow from operating activities		
Non-cash positions in Group results:		
Depreciation and amortization	3 751	4 777
Impairment of goodwill and intangible assets	2 888	9 578
Change in provisions	–	– 751
Income taxes	10 527	8 870
Other non-cash items	– 3 316	1 042
Net (increase) / decrease in operating assets		
Receivables and other assets	– 758	– 38 689
Financial assets and trading positions	980	– 14 677
Net increase / (decrease) in liabilities		
Payables and other financial liabilities	20 775	168 017
Paid income taxes	– 8 724	– 12 294
Interest paid	– 4	– 149
Interest received	8	81
Dividend received	539	494
Cash flow from operating activities	69 729	148 603
Cash flow from investing activities		
Purchase of property and equipment	– 118	– 429
Acquisition of intangible assets	–	– 142
Disposal of property and equipment	–	16
Payments for acquisitions of controlled entities, net of cash	–	– 69
Reduction in cash and cash equivalents following disposal of subsidiaries	–	– 148 271
Net cash flow from investing activities	– 118	– 148 895
Cash flow from financing activities		
Cash distributions / dividends paid	– 52 966	– 53 846
Leasing payments	– 1 741	– 2 252
Purchases of treasury shares	– 13 948	– 16 980
Disposal of treasury shares	916	11 108
Net cash flow from investing activities	– 67 739	– 61 970
Currency translation effects	– 56	– 639
Net increase / decrease in cash and cash equivalents	1 816	– 62 901
Cash at the beginning of the period	82 547	145 448

Cash at the end of the period**84 363****82 547**

The cash flow statement does not differentiate between continuing and discontinued operations. The cash flows of discontinued operations is shown separately in note 7.

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. The segment consists of the operating business units Bellevue Asset Management, StarCapital 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. The segment's investment philosophy is characterized by a purely active management approach. 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"). In contrast, StarCapital AG pursues a holistic asset management approach based on quantitative and experience-driven investment approaches with pronounced anti-cyclicality. Its well-diversified product offering in the areas of asset-managed strategies, global bond and equity strategies, and multi-asset class solutions thus exhibits a high degree of complementarity. 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. All three business units operate in similar regions. Group Management monitors the results of the three business units both on a consolidated basis and separately.

The geographical breakdown of operating income is as follows:

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Operating income		
Switzerland	117 932	94 862
Great Britain	12 272	6 581
Germany	6 268	6 999
Other countries	4 146	3 470
Total	140 618	111 912
thereof from continuing operations	140 618	109 851
thereof from discontinued operations	–	2 061

All income from discontinued operations was managed in Switzerland in the previous period.

Total non-current assets (including goodwill and excluding other financial assets at fair value) are as follows:

CHF 1 000	31.12.2021	31.12.2020
Non-current assets		
Switzerland	35 814	38 304
Germany	14 654	19 173
Other countries	63	133
Total	50 531	57 610

2 Details on the consolidated income statement

2.1 Revenues from asset management services

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Management fees	137 418	102 423
Performance fees	2 326	3 818
Other commission income	2 850	2 993
Fee and commission expense	– 1 498	– 415
Revenues from asset management services	141 096	108 819

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.–31.12.2021	1.1.–31.12.2020
Dividend income	333	494
Interest income	20	44
Interest expenses	– 45	– 103
Net foreign exchange income/losses	– 87	– 613
Other	133	139
Total net other income	354	– 39

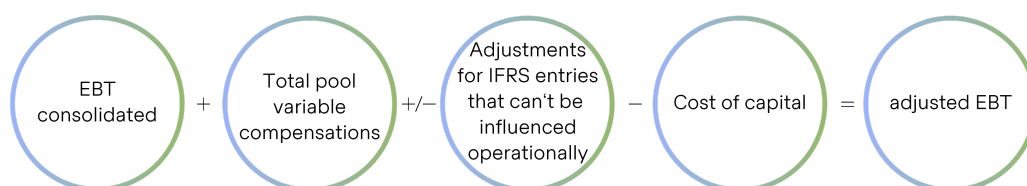
2.3 Personnel expenses

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Fix and variable salaries	58 649	50 113
Pension cost	2 084	- 2 864
Other social benefits	4 832	4 281
Other personnel expenses	480	364
Total personnel expenses	66 045	51 894

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.–31.12.2021	1.1.–31.12.2020
Occupancy and maintenance expenses	801	707
IT and telecommunications	3 539	3 161
Travel and representation, PR, advertising	4 254	2 557
Consulting and audit fees	1 992	2 124
Research expenses	2 188	2 071
Other operating expenses	1 570	1 085
Total Other operating expenses	14 344	11 705

2.5 Depreciation and amortization

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Depreciation of property and equipment	426	667
Depreciation of rights of use	1 705	2 196
Depreciation of intangible assets	1 620	1 914
Total Depreciation and amortization	3 751	4 777

2.6 Valuation adjustments

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Value adjustment Goodwill (Impairment)	2 026	7 434
Value adjustment intangible assets (Impairment)	862	2 144
Total Valuation adjustments	2 888	9 578

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.–31.12.2021	1.1.–31.12.2020
Current income taxes	10 549	8 675
Deferred income taxes	– 22	200
Total	10 527	8 875
Tax income reconciliation		
Pre-tax result	53 590	31 897
Expected rate of income tax ¹⁾	19%	19%
Expected income tax	10 182	6 060
Reasons for higher/lower amounts:		
Difference between applicable local tax rates and assumed mixed tax rate	– 81	273
Non-deductible expenses	435	2 196
Tax income unrelated to accounting period	– 9	346
Total income taxes	10 527	8 875

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.–31.12.2021		
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

CHF 1 000	1.1.–31.12.2020		
Tax effect of other comprehensive income	Amount before taxes	Tax income/ (expense)	Amount after taxes
Currency translation adjustments	– 290	–	– 290
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	– 104	20	– 84
Remeasurement of post-employment benefit obligations IAS 19	– 460	87	– 373
Total	– 854	107	– 747

2.7.2 Deferred tax assets

CHF 1 000	Other	Total
Balance as of 1.1.2020	465	465
Credited/(charged)		
to profit or loss	– 27	– 27
Currency translation adjustments	– 5	– 5
Balance as of 31.12.2020	433	433
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

CHF 1 000	31.12.2021	31.12.2020
Expiry of unrecognized loss carryforwards		
1 to 5 years	136	12 605
More than 5 years	759	3 404
Total	895	16 009

The non-capitalized loss carryforwards originate mainly from Swiss subsidiaries. Due to restructuring in these entities 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 1.1.2020	2 917	68	2 650	5 635
Charged/(credited)				
to profit or loss	- 1 069	887	355	173
to other comprehensive income	-	2	- 20	- 18
directly to equity	125	-	-	125
Currency translation adjustments	- 20	-	16	- 4
Business combination	44	-	-	44
Balance as of 31.12.2020	1 996	957	3 001	5 954
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

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	31.12.2021	31.12.2020
	Book value	Book value
Assets		
Financial investments		
Investments in own products	28 251	22 297
Investments in own products to fulfill long-term incentive plans	20 287	19 081
Derivative financial instruments	32	–
Other investments in equity instruments	1 037	1 306
Financial assets at fair value through profit and loss	49 607	42 684
Financial investments		
Investments in own products	3 528	989
Other investments in equity instruments	–	10 195
Financial assets with OCI fair value measurement	3 528	11 184
Total financial assets at fair value	53 135	53 868
Liabilities		
Other financial liabilities	27	91
Financial liabilities at fair value through profit and loss	27	91
Total financial liabilities at fair value	27	91

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
31.12.2021				
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

CHF 1 000	Level 1	Level 2	Level 3	Total
31.12.2020				
Assets				
Financial investments				
Investments in own products	2 794	13 944	6 548	23 286
Investments in own products to fulfill long-term incentive plans	19 081	–	–	19 081
Other investments in equity instruments	541	159	10 801	11 501
Financial assets at fair value	22 416	14 103	17 349	53 868
Liabilities				
Other financial liabilities				
	–	11	80	91
Financial liabilities at fair value	–	11	80	91

No transfer between levels of the fair value hierarchy took place in 2021 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	31.12.2021	31.12.2020
	Financial investments	Financial investments
Holdings at the beginning of the year as 1.1.	17 349	9 318
Investments	1 964	8 274
Redemptions/Payments	– 10 947	–
Losses recognized in the income statement	– 1 389	– 216
Losses recognized in other comprehensive income	–	– 104
Gains recognized in the income statement	104	77
Gains recognized in other comprehensive income	786	–
Total book value at balance sheet date	7 867	17 349
Unrealised profit/losses from level 3 instruments which were held on the balance sheet date and recorded in the income statement in the period	– 1 285	– 139

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	7 867	Net asset value	+ 5 percentage points	393
			– 5 percentage points	– 393

CHF 1 000	31.12.2021	31.12.2020
	Other financial liabilities	Other financial liabilities
Holdings at the beginning of the year	80	–
Investments	–	80
Payments	– 45	–
Gains recognized in the income statement	– 8	–
Total book value at balance sheet date	27	80
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 remaining balance of the contingent purchase price payment from the acquisition of REALWERK AG in 2020 of CHF 0.1 million 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.

3.1.4 Derivative financial instruments

CHF 1 000	Positive replacement value	Negative replacement value	Contract volume
31.12.2021			
Forward contracts (OTC) ²⁾	32	–	5 519
Futures ¹⁾	–	–	3 910
Total	32	–	9 429
31.12.2020			
Forward contracts (OTC) ²⁾	–	11	2 950
Futures ¹⁾	–	–	3 851
Total	–	11	6 801

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	31.12.2021	31.12.2019
Trade receivables	13 445	15 801
Prepayments	475	561
Other receivables	4 301	1 714
Total	18 221	18 076

3.3 Financial investments

CHF 1 000	31.12.2021	31.12.2020
Investments in own products	31 779	23 286
Investments in own products to fulfill long-term incentive plans	20 287	19 081
Derivative financial instruments	32	–
Other investments in equity instruments	1 037	11 501
Total	53 135	53 868
Current	45 269	46 713
Non-current	7 866	7 155
Total	53 135	53 868

3.4 Other assets

CHF 1 000	31.12.2021	31.12.2020
Assets related to other employee benefits	16 703	15 815
Assets from pension plans	913	5 034
Other	1 412	1 443
Total	19 028	22 292
Current	9 462	8 363
Non-current	9 566	13 929
Total	19 028	22 292

3.5 Property and equipment

CHF 1 000	IT equipment	Right of use	Other fixed assets	Total
Acquisition cost				
Balance as of 1.1.2020	2 267	9 221	1 868	13 356
Additions	198	50	231	479
Disposals	- 33	- 790	- 104	- 927
Balance as of 31.12.2020	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
Accumulated depreciation				
Balance as of 1.1.2020	- 1 543	- 2 053	- 1 506	- 5 102
Additions	- 383	- 2 196	- 284	- 2 863
Disposals	33	-	83	116
Foreign currency impact	-	- 27	-	- 27
Balance as of 31.12.2020	- 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
Net carrying values				
Balance as of 1.1.2020	724	7 168	362	8 254
Balance as of 31.12.2020	539	4 205	288	5 032
Balance as of 31.12.2021	250	2 514	269	3 033

3.6 Goodwill and other intangible assets

CHF 1 000	31.12.2021	31.12.2020
Goodwill	41 545	44 047
Other intangible assets	5 953	8 531
Total	47 498	52 578

CHF 1 000	Total
Goodwill	
Acquisition cost	
Balance as of 1.1.2020	109 977
Foreign currency effect	- 189
Balance as of 31.12.2020	109 788
Foreign currency effect	- 476
Balance as of 31.12.2021	109 312
Accumulated valuation adjustments	
Balance as of 1.1.2020	- 58 307
Additions	- 7 434
Balance as of 31.12.2020	- 65 741
Additions	- 2 026
Balance as of 31.12.2021	- 67 767
Net carrying values	
Balance as of 1.1.2020	51 670
Balance as of 31.12.2020	44 047
Balance as of 31.12.2021	41 545

The additions to goodwill in the financial year 2019 stem from the acquisition of the 100% investment in adbodmer AG.

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 2021. The discount rate used in these calculations was 10.0% (31.12.2020: 10.6%) and the assumed growth rate was between 1% and 2% (31.12.2020: between 1% and 2%).

Based on a projected reduction in the asset under management for the second half of 2021 of CGU StarCapital AG an impairment test was carried out at the end of June 2021. The expected cash flow surpluses compared to the business plan have led to an adjustment of the estimate for the future earnings achievable by StarCapital AG. As a result, the goodwill for StarCapital AG had to be impaired by CHF 2.0 million as of June 30, 2021. This amount corresponds to the amount by which the carrying amount exceeds the recoverable amount. Assuming that the used growth rates of expected cash inflows (which depend primarily on the return on average assets under management and expected investment returns) would be assumed to be 20% lower or the used discount rate 10% higher, this could lead to an additional goodwill impairment of CHF 1.2 million or CHF 1.5 million, respectively. The goodwill allocated to the cash-generating unit StarCapital AG amounts to CHF 11.9 million as of December 31, 2021. The remaining goodwill is attributable to the cash-generating units Bellevue Asset Management AG (CHF 23.8 million) and adbodmer AG (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 an additional goodwill impairment.

CHF 1 000	Client base	Brand	Other	Total
Other intangible assets				
Acquisition cost				
Balance as of 1.1.2020	49 271	375	–	49 646
Additions	–	–	372	372
thereof changes in the scope of consolidation	–	–	230	230
Foreign currency effect	– 71	– 1	–	– 72
Balance as of 31.12.2020	49 200	374	372	49 946
Foreign currency effect	– 96	–	–	– 96
Balance as of 31.12.2021	49 104	374	372	49 850
Accumulated valuation adjustments				
Balance as of 1.1.2020	– 37 055	– 302	–	– 37 357
Additions	– 1 799	– 49	– 66	– 1 914
Impairment	– 2 144	–	–	– 2 144
Balance as of 31.12.2020	– 40 998	– 351	– 66	– 41 415
Additions	– 1 504	– 23	– 93	– 1 620
Impairment	– 862	–	–	– 862
Balance as of 31.12.2021	– 43 364	– 374	– 159	– 43 897
Net carrying values				
Balance as of 1.1.2020	12 216	73	–	12 289
Balance as of 31.12.2020	8 202	23	306	8 531
Balance as of 31.12.2021	5 740	–	213	5 953

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, 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 10.0% and 11.5% (December 31, 2020: between 10.7% and 12.1%) and the applied growth rate between 1% and 2% (December 31, 2020: between 1% and 2%).

3.7 Trade and other payables

CHF 1 000	31.12.2021	31.12.2020
Trade payables	659	799
Accrued expenses	64 204	53 098
Other payables	1 423	1 572
Total	66 286	55 469
Current	50 677	39 241
Non-current	15 609	16 228
Total	66 286	55 469

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 2021, 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.

CHF 1 000	31.12.2021	31.12.2020
Consolidated balance sheet		
Fair value of plan assets	46 846	46 875
Present value of pension obligations	- 38 747	- 41 622
Assets not available to Company	- 7 186	- 219
Asset/Provision for pension obligation	913	5 034
CHF 1 000		
Pension cost recognised in the income statement		
Service cost		
Current service cost	- 1 897	- 1 911
Past service cost (plan amendments) ¹⁾	-	4 681
Net interest expenses/income	12	4
Administrative expenses	- 72	- 66
Total pension cost for the period	- 1 957	2 708
thereof from continuing operations	- 1 957	2 893
thereof from discontinued operations	-	- 185

¹⁾ The plan amendment in 2020 is mainly due to the persistently low-interest rate environment as a result of the fact that the conversion rate of the saved retirement capital was reduced by the pension fund.

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Revaluation components recorded in other comprehensive income		
Actuarial gains/losses		
Arising from changes in demographical assumptions	1 093	–
Arising from changes in economic assumptions	576	– 2 607
Arising from experience	– 959	– 847
Return on plan assets (excluding amounts included in net interest expenses)	2 380	3 217
Changes in asset ceiling	– 6 967	– 219
Total of amounts recognised in other comprehensive income	– 3 877	– 456

CHF 1 000	2021	2020
Development of pension obligations		
At January 1	– 41 622	– 53 425
Current service cost	– 1 897	– 1 911
Employee contributions	– 358	– 265
Interest expenses on the present value of the obligations	– 79	– 131
Pension payments and vested benefits	6 142	4 240
Additions from admissions and voluntary contributions	– 1 643	– 3 321
Plan amendments	–	4 681
Pension obligations sold as part of acquisitions	–	11 964
Actuarial gains/losses	710	– 3 454
At December 31	– 38 747	– 41 622
Development of plan assets		
At 1 January	46 875	53 352
Interest income	91	135
Plan participants' contribution	358	265
Company contributions	1 713	1 930
Pension payments and vested benefits	– 6 142	– 4 240
Additions from admissions and voluntary contributions	1 643	3 321
Return on plan assets (excluding amounts in net interest)	2 380	3 217
Pension obligations sold as part of acquisitions	–	– 11 039
Administration expense	– 72	– 66
At December 31	46 846	46 875
Actual return on plan assets	2 471	3 352

CHF 1 000	31.12.2021	31.12.2020
Allocation of plan assets		
Equities		
Listed investments	19 139	18 263
Bonds		
Listed investments	3 793	5 005
Real estate		
Investments in funds	3 484	2 722
Alternative investments	4 717	4 082
Qualified insurance policies	2 750	2 976
Liquidity	12 963	13 827
Total	46 846	46 875

The plan assets allocation as at December 31, 2021, as well as at December 31, 2020, 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	31.12.2021	31.12.2020
Active workforce	35 997	38 646
Pensioners	2 750	2 976
Total	38 747	41 622

The maturity of the obligation is 17.6 years as at December 31, 2021 (previous year: 19.4 years).
The expected employer's contributions for 2022 are estimated at CHF 1.7 million.

	31.12.2021	31.12.2020
Actuarial assumptions		
Biometric assumptions	BVG 2020GT	BVG 2015GT
Life expectancy at the age of 65		
Year of birth	1 956	1 955
Men	22.57	22.72
Women	24.37	24.76
Year of birth	1 976	1 975
Men	24.86	24.48
Women	26.40	26.51
Discount rate	0.31%	0.20%
Expected rate of salary increases	1.25%	1.00%
Expected rate of pension increases	0.00%	0.00%
Interest on pension assets	1.00%	1.00%

Changes to the present value of a defined-benefit obligation

CHF 1 000	31.12.2021	31.12.2020
	+ 0.25%	+ 0.25%
Assumed interest rate	– 1 129	– 1 592
Salary development	205	263
Interest on pension assets	547	687
	+ 1 year	+ 1 year
Development of life expectancy	445	583

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/Conditional capital/Authorized capital

	Number of shares	Par value CHF 1 000
Share Capital (registered shares)		
Balance as of 1.1.2020	13 461 428	1 346
Balance as of 31.12.2020	13 461 428	1 346
Balance as of 31.12.2021	13 461 428	1 346
Conditional capital		
Balance as of 1.1.2020	1 000 000	100
Balance as of 31.12.2020	1 000 000	100
Balance as of 31.12.2021	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.

	Number of shares	Par value CHF 1 000
Authorized capital		
Balance as of 1.1.2020	2 500 000	250
Balance as of 31.12.2020	–	–
Balance as of 31.12.2021	–	–

At the Annual General Meeting on March 24, 2020, the Board of Directors did not propose any renewal of the authorized capital increase provided for in Art. 3b of the Articles of Association (version of March 20, 2018). The corresponding provision of the Articles of Association was deleted without replacement by means of an amendment to the Articles of Association on May 7, 2020.

3.10 Treasury shares

	Number	CHF 1 000
Balance as of 1.1.2020	70 000	1 654
Purchases	762 206	16 980
Disposals	– 746 064	– 16 441
Balance as of 31.12.2020	86 142	2 193
Purchases	339 213	13 948
Disposals	– 269 724	– 10 062
Balance as of 31.12.2021	155 631	6 079

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 5.3 million (previous year: CHF 5.4 million) for the financial assets measured at fair value, of which CHF 5.0 million (previous year: CHF 4.3 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		21 078	13 231	382
10% change in fair value	+/- 3469			
Net position on 31.12.2020		36 991	11 152	1 643
10% change in fair value	+/- 4979			

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	31.12.2021	31.12.2020
Cash and cash equivalents	84 363	82 547
Trade and other receivables	18 221	18 076
Other assets	1 412	1 443
Total	103 996	102 066

As of December 31, 2021, there are no financial assets that are impaired (December 31, 2020: none) and there are no indications of material adverse effects on the credit quality of financial assets. In 2021, 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
31.12.2021				
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
31.12.2020				
Cash and cash equivalents	82 547	–	–	82 547
Trade and other receivables	16 771	1 305	–	18 076
Other assets	7	57	1 379	1 443
Total	99 325	1 362	1 379	102 066

As of December 31, 2021 and 2020, 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
31.12.2021				
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.

CHF 1 000	Due within 3 months	Due within 3 to 12 months	Due between 1 and 5 years	Total
31.12.2020				
Trade and other payables	28 341	10 900	16 228	55 469
Leasing liabilities ¹⁾	484	1 305	2 368	4 157
Other financial liabilities	56	35	–	91
Total	28 881	12 240	18 596	59 717

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 Business combination

On January 7, 2020, Bellevue Private Markets AG, a 100% subsidiary of Bellevue Group AG, acquired 100% of the shares in REALWERK AG, based in Zug, Switzerland, for CHF 0.2 million thereof CHF 0.1 million in cash. The conditional purchase price payment amounts to CHF 0.1 million. The acquired company offers consulting and management services to qualified investors.

7 Discontinued operations

On August 20, 2019, Bellevue Group AG and KBL European Private Bankers (new: Quintet Private Bank) signed an agreement on the sale of Bank am Bellevue AG (new: Quintet Private Bank (Switzerland) AG) (including its subsidiary Bellevue Investment Advisers AG).

After receiving all the necessary regulatory approvals, Bellevue Group successfully closed the sale of Bank am Bellevue AG to Quintet Private Bank on April 30, 2020, and Bank am Bellevue's workforce and its client relationships with underlying assets of CHF 1.7 billion have been transferred to Quintet Private Bank.

On January 28, 2020, the General Meeting of Shareholders of Bank am Bellevue AG unanimously resolved to distribute the available earnings of CHF 49.1 million and the reserves from tax-exempt capital contributions of CHF 1.3 million to the wholly owned parent company, Bellevue Group AG. The total distribution of CHF 50.4 million was made on January 29, 2020, and is allocated to continuing operations under the item «Cash and cash equivalents» in the consolidated balance sheet.

Further detailed disclosures on the discontinued operation are made below:

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Income statement of discontinued operations		
Operating income	–	2 061
Personnel expenses	–	– 2 340
Other operating expenses	–	– 1 195
Profit before tax from discontinued operations	–	– 1 474
Taxes	–	5
Valuation adjustments and provisions ¹⁾	–	751
Group net profit from discontinued operations	–	– 718
Statement of comprehensive income for discontinued operations		
Currency translation adjustments	–	–
Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income	–	–
Remeasurements of post-employment benefit obligations	–	– 383
Other comprehensive income for discontinued operations	–	– 383
Statement of cash flows for discontinued operations		
Net cash flow from operating activities	–	117 391
Net cash flow from investing activities	–	– 176 252
Net cash flow from financing activities	–	899
Currency translation effects	–	–
Net cash flow	–	– 57 962
Earnings per share (discontinued operations)		
Basic earnings per share (in CHF)	–	– 0.05
Diluted earnings per share (in CHF)	–	– 0.05

¹⁾ In connection with the completion of the sale of Bank am Bellevue in the first half of 2020, provisions of CHF 0.8 million no longer required were released to the income statement.

The aggregated carrying amounts of net assets disposed of and the aggregated cash outflows on disposal of subsidiaries in 2020 were as follows:

CHF 1 000	30.4.2020
Cash and cash equivalents (incl. due from banks)	176 252
Due from clients	116 531
Trading portfolio assets	14 632
Positive replacement values	209
Accrued income and prepaid expenses	964
Current tax assets	454
Deferred tax assets	175
Other assets	405
Due to clients	– 270 066
Negative replacement values	– 527
Accrued expenses and deferred income	– 645
Current tax liabilities	– 2 382
Provisions and pension obligations	– 925
Other liabilities	– 248
Net assets disposed of	34 829
Selling price (cash and cash equivalents)	27 981
Cash and cash equivalents disposed of	– 176 252
Net cash flow from the sale of companies	– 148 271

8 Major subsidiaries

Company name	Domicile	Purpose	Currency	Share capital/ Nominal capital	31.12.2021		31.12.2020	
					Share of		Share of	
					Capital	Voting rights	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	Frankfurt am Main, Germany	Asset Management	EUR	25 000	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%
StarCapital AG	Oberursel, Germany	Asset Management	EUR	540 000	100%	100%	100%	100%
adbodmer AG	Horgen, Switzerland	Investment Advisor	CHF	100 000	100%	100%	100%	100%
Bellevue Private Markets AG	Küsnacht, Switzerland	Holding	CHF	1 000 000	100%	100%	100%	100%
Realwerk AG	Horgen, Switzerland	Investment Advisor	CHF	100 000	100%	100%	100%	100%
Bellevue Komplementär AG	Küsnacht, Switzerland	Asset Management	CHF	200 000	100%	100%	100%	100%

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.

9 Pledged assets, guarantees and contingent liabilities

CHF 1 000	31.12.2021	31.12.2020
Rent deposit accounts in connection with leasing contracts	950	956
Contingent liabilities	6 465	3 320

10 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 2021 consolidated financial statements and would therefore need to be disclosed.

In January 2022, the Group Executive Board of Bellevue Group AG decided to merge the operating business units Bellevue Asset Management and StarCapital described under 1 Segment Disclosures under the management of Bellevue Asset Management. This is intended to create a uniform presence in the German market under the "Bellevue" brand.

The COVID-19 pandemic is having an impact on the global economy and, accordingly, the economic environment for certain industries has deteriorated significantly in fiscal year 2021 and 2020. The Group Executive Board has taken various precautionary measures to ensure the smooth and trouble-free maintenance of business operations. Together with the Board of Directors, the Group Executive Board continuously assesses the challenges and opportunities resulting from this crisis. At the time of preparing the annual financial statements, however, there are no direct consequences arising from the crisis that have an impact on Bellevue Group AG's business policy.

11 Transactions with related companies and persons

11.1 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.–31.12.2021					
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
Total 1.1.–31.12.2020					
Compensation to members of the Board of Directors	652	–	197	–	849
Compensation to members of the Group Executive Board	1 319	1 546	1 216	152	4 233

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 (2020: TCHF 147) in 4 years restricted shares
- TCHF 98 (2020: TCHF 50) 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 318 (2020: TCHF 318) in 4 years restricted shares
- TCHF 592 (2020: TCHF 730) 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 165 (2020: TCHF 168) 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 2021 and 2020, 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.

For the months of January and February 2020 (2019: March to December), CHF 50,000 (2019: CHF 250,000) was paid to Daniel Koller, the former CFO of the Company and a member of the Group Executive Group, as compensation for a one-year non-competition clause, in accordance with Art. 33 para. 4 of the [Articles of Association](#). This compensation was agreed in a severance and release agreement. Daniel Koller left Bellevue Group as of February 28, 2019.

11.2 Transactions with related companies and persons

CHF 1 000	Key management personnel ¹⁾	Major shareholders ²⁾	Other related companies and persons ³⁾	Total
2020				
Interest income	10	18	–	28
Fee and commission income	4	315	–	319
Other operating expenses	–	–	93	93

¹⁾ Key management personnel: Board of Directors and Group Executive Board (excluding major shareholders).

²⁾ Major shareholders: see Corporate Governance, section [Group structure and shareholders](#).

³⁾ Other closely related companies and persons: This includes all other natural persons and legal entities that have close personal, economic, legal or de facto ties with members of the Board of Directors or the Group Executive Board.

Since the sale of the subsidiary Bank am Bellevue AG in the first half of 2020, there were neither receivables nor liabilities to related parties as at December 31, 2021 and 2020.

In 2021, there was no payment to a related company of one of the members of the Board of Directors for consultancy services (2020: CHF 0.1 million).

12 Share-based payments

12.1. 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 2021, TCHF 1 623 (2020: TCHF 1 969) of share-based compensation costs were recognized in personnel expenses.

12.2. Voluntary employee stock ownership plan

In 2021, the Board of Directors approved a voluntary employee stock option program for a total of 200 000 shares (2020: 165 000 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 31.75 per share (2020: CHF 17.65 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 1.2 million (2020: CHF 1.1 Mio.), which was recognized in personnel expenses. 133 241 rights (2020: 165 000 rights) were exercised (thereof 10 000 (2020: 8 010) by the Board of Directors and 16 755 (2020: 26 481) by the Group Executive Board).

13 Earnings per share

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Group net profit	43 063	22 304
thereof from continuing operations	43 063	23 022
thereof from discontinued operations	–	– 718
Weighted average number of issued registered shares	13 461 428	13 461 428
Less weighted average number of treasury shares	– 157 909	– 95 797
Weighted average number of shares outstanding (undiluted)	13 303 519	13 365 631
Weighted average number of shares outstanding (diluted)	13 303 519	13 365 631
Undiluted/Diluted earnings per share from continuing operations (in CHF)	3.24	1.72
Undiluted/Diluted earnings per share from discontinued operations (in CHF)	0.00	– 0.05
Total undiluted/diluted earnings per share (in CHF)	3.24	1.67

14 Dividend payment

The Board of Directors will propose a dividend distribution of CHF 2.70 per registered share to the Annual General Meeting of Bellevue Group AG on March 22, 2022. This corresponds to a total distribution of CHF 36.3 million.

15 Approval of the consolidated financial statements

The Audit & Risk Committee discussed and approved the consolidated financial statements at its meeting on February 21, 2022, and the Board of Directors at its meeting on February 22, 2022. The consolidated financial statement will be submitted to the Annual General Meeting on March 22, 2022, for approval.

16 Summary of significant accounting policies

16.1. 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.

16.2 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 16.3.

16.3 New accounting standards used

Bellevue Group applied the following new and revised standards and interpretations for the first time in the 2021 financial year:

	To be applied as of
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 Amendments: Interest Rate Benchmark Reform - Phase 2 -	01.01.2021

16.4 International Financial Reporting Standards and interpretations which will be introduced in 2022 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 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
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

16.5 Important accounting principles

16.5.1 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.

16.5.2 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:

	2021		2020	
	Year-end rate	Average rate	Year-end rate	Average rate
EUR	1.03740	1.07929	1.08134	1.07201
USD	0.91290	0.91271	0.88520	0.93742
GBP	1.23390	1.25362	1.21000	1.21296

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.

16.5.3 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».

16.5.4 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. 5 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 CGU level. 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.

17 Alternative Performance Indicators (unaudited)

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020	Change
Income	140 618	109 851	+30 767
Personnel expenses	– 66 045	– 51 894	– 14 151
Other operating expenses	– 14 344	– 11 705	– 2 639
Operating expenses	– 80 389	– 63 599	– 16 790
Operating profit (continuing operations)	60 229	46 252	+13 977
Depreciation and amortization	– 3 751	– 4 777	+1 026
Valuation adjustments	– 2 888	– 9 578	+6 690
Group profit before tax (continuing operations)	53 590	31 897	+21 693
Taxes	– 10 527	– 8 875	– 1 652
Group net profit (continuing operations)	43 063	23 022	+20 041
Group net profit from discontinued operations (net of tax)	–	– 718	+718
Group net profit	43 063	22 304	+20 759

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 2021 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.

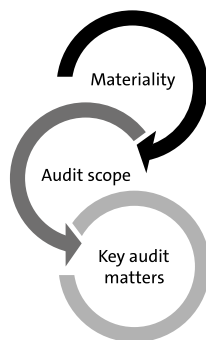
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial 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 Auditing Standards. 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) of 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 1 400 000

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 seven 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 of StarCapital AG

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 1 400 000

How we determined it

1% of operating income

Rationale for the materiality benchmark applied

We chose the operating income as the benchmark because in our view, the operating 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.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated 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.

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.

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 of StarCapital AG

Key audit matter

Goodwill in the amount of CHF 11.9 million and other intangible assets in the amount of CHF 2.5 million related to StarCapital AG has 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 of StarCapital AG 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 forecasted cash flows; significant estimation uncertainty exists and a material impairment has been recognized in the financial year 2021.

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

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 of StarCapital AG 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 of StarCapital AG.

Other information in the annual report

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

Our opinion on the consolidated financial statements does not cover the other information in the annual report 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 in the annual report 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.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that 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 Swiss Auditing Standards 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of 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
Audit expert
Auditor in charge

Roland Holl
Audit expert

Zürich, 25 February 2022

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Profit and loss account

CHF 1 000	1.1.–31.12.2021	1.1.–31.12.2020
Dividend income from participations	40 208	62 778
Other ordinary income	34	13
Net revenue from operating activities	40 242	62 791
Personnel expenses	– 3 011	– 2 615
Other operating expenses	– 1 210	– 2 396
Operating expenses	– 4 221	– 5 011
Operating profit before financial result, taxes, depreciation and valuation adjustments	36 021	57 780
Depreciation on property, plant and equipment	–	– 537
Impairments on participations	– 3 413	– 60 562
Depreciation and impairments	– 3 413	– 61 099
Operating profit before financial result and taxes	32 608	– 3 319
Finance income	881	411
Finance expense	– 56	– 3
Operating profit before taxes	33 433	– 2 911
Extraordinary, non-recurring or prior period income	–	207
Profit for the year before taxes	33 433	– 2 704
Direct taxes	– 21	– 71
Profit for the year	33 412	– 2 775

Balance Sheet

CHF 1 000	31.12.2021	31.12.2020
Assets		
Current assets		
Cash and cash equivalent	3 777	17 603
Other short-term receivables	5 065	10 967
Prepaid expenses and accrued income	235	377
Total current assets	9 077	28 947
Non-current assets		
Financial investments	402	606
Participations	109 166	112 580
Total non-current assets	109 568	113 186
Total assets	118 645	142 133
Liabilities and shareholders' equity		
Short-term liabilities		
Other short-term liabilities	34	56
Accrued expenses and deferred income	1 418	1 444
Total short-term liabilities	1 452	1 500
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	99 551	119 105
– Profit brought forward	66 139	121 880
– Profit for the year	33 412	– 2 775
Treasury shares	– 6 079	– 2 193
Total shareholders' equity	117 193	140 633
Total liabilities and shareholders' equity	118 645	142 133

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 adjustments 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

CHF 1 000	31.12.2021	31.12.2020
Cash and cash equivalent		
Due from banks	3 777	17 603
Total	3 777	17 603
Other short-term receivables		
Due from group companies	5 000	10 865
Due from third parties	65	102
Total	5 065	10 967

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».

Company	Domicile	Purpose	Currency	Share capital/ Nominal capital	31.12.2021		31.12.2020	
					Share of Capital	Share of Voting rights	Share of Capital	Share of Voting rights
Participations								
Bellevue Asset Management AG	Küsnacht, Switzerland	Asset Management	CHF	1 750 000	100%	100%	100%	100%
Bellevue Asset Management (Deutschland) GmbH	Frankfurt am Main, Germany	Asset Management	EUR	25 000	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%
StarCapital AG	Oberursel, Germany	Asset Management	EUR	540 000	100%	100%	100%	100%
adbodmer AG	Wollerau, Switzerland	Investment Advisor	CHF	100 000	100%	100%	100%	100%
Bellevue Private Markets AG	Küsnacht, Switzerland	Holding	CHF	1 000 000	100%	100%	100%	100%
Realwerk AG	Küsnacht, Switzerland	Investment Advisor	CHF	100 000	100%	100%	100%	100%
Bellevue Komplementär AG	Küsnacht, Switzerland	Asset Management	CHF	200 000	100%	100%	100%	100%

CHF 1 000	31.12.2021	31.12.2020
Other short-term liabilities		
Due to third parties	34	56
Total	34	56

Treasury Shares (inventory and movement)

Treasury shares are held partly directly by the Company and partly indirectly via the wholly owned subsidiaries Bank am Bellevue AG (until April 30, 2020) and Bellevue Asset Management AG. All transactions are carried out at market prices.

	Average price in CHF	Bellevue Group AG	Bellevue Asset Management AG	Bank am Bellevue AG	Total
Balance as of 1.1.2020		–	–	70 000	70 000
Purchases Bellevue Group AG	23.0487	295 260	–	–	295 260
Purchases Bellevue Asset Management AG	19.7000	–	168 000	–	168 000
Purchases Bank am Bellevue AG	22.9648	–	–	298 946	298 946
Disposals Bellevue Group AG	23.5502	– 209 118	–	–	– 209 118
Disposals Bellevue Asset Management AG	20.8548	–	– 168 000	–	– 168 000
Disposals Bank am Bellevue AG	21.0430	–	–	– 368 946	– 368 946
Balance as of 31.12.2020		86 142	–	–	86 142
Purchases Bellevue Group AG	41.1181	339 213	–	–	339 213
Disposals Bellevue Group AG	40.4754	– 269 724	–	–	– 269 724
Balance as of 31.12.2021		155 631	–	–	155 631

Impairments on participations

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 (2020: CHF 10.9 million).

In the financial year 2020, the former subsidiary Bank am Bellevue AG distributed a dividend of CHF 49.1 million in connection with the sale of the SIX participation, which was recognized in the position «Dividend income from participations». At the same time, this led to an impairment of CHF 49.1 million on the investment Bank am Bellevue AG. In connection with the completion of the sale of Bank am Bellevue AG in the first half of 2020 and the determination of the final sales price, the investment had to be additionally impaired by CHF 0.6 million.

Extraordinary, non-recurring or prior period income

Due to the final tax assessments for the years 2015 to 2018, an out-of-period income of CHF 0.2 million arose in the 2020 financial year.

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 50).

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

	31.12.2021	31.12.2020
	Shares	Shares
Share-holdings of members of the Board of Directors		
Veit de Maddalena, Chairman	304 579	291 664
Daniel Sigg, Member	50 760	39 845
Urs Schenker, Member	19 372	4 502
Katrin Wehr-Seiter, Member	12 513	4 598
Share-holdings of members of the Group Executive Board		
André Rüegg, CEO and CEO Bellevue Asset Management AG	289 982	320 000
Jan Kollros, CEO adbodmer AG and CEO Bellevue Private Markets AG	72 603	60 000
Michael Hutter, CFO	80 000	80 000

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 2021 financial statements and would therefore need to be disclosed.

The COVID-19 pandemic is having an impact on the global economy and, accordingly, the economic environment for certain industries has deteriorated significantly in financial year 2020 and 2021. The Group Executive Board has taken various precautionary measures to ensure the smooth and trouble-free maintenance of business operations. Together with the Board of Directors, the Group Executive Board continuously assesses the challenges and opportunities resulting from this crisis. At the time of preparing the annual financial statements, however, there are no direct consequences arising from the crisis that have an impact on Bellevue Group AG's business policy.

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	31.12.2021		31.12.2020	
	Voting rights held	Number of Shares	Voting rights held	Number of Shares
Martin Bisang, Küssnacht	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 (Küssnacht), 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, 2021 (December 31, 2020: 29.48%).

4 Proposal to the Annual General Meeting

CHF 1 000	Proposal of the Board of Directors 2022	Resolution of the AGM 2021
Profit for the year	33 412	- 2 775
Balance brought forward from previous year	66 139	121 880
Total Profit	99 551	119 105
Dividend on eligible capital ¹⁾	- 36 346	- 52 966
Balance carried forward to new financial year	63 205	66 139

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

Upon approval of this proposal, the dividend of CHF 2.70 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, which comprise the balance sheet as at 31 December 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

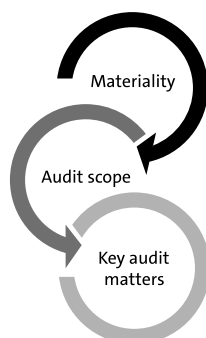
In our opinion, the financial statements as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. 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 entity 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 1 172 000

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 entity, the accounting processes and controls, and the industry in which the entity 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 1 172 000

How we determined it

1% of the equity of the company

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.

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.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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 109 166).

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.

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 (97% 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.

Responsibilities of the Board of Directors 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 entity'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 entity 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 Swiss Auditing Standards 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of 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

Audit expert

Auditor in charge

Roland Holl

Audit expert

Zurich, 25 February 2022

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland

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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

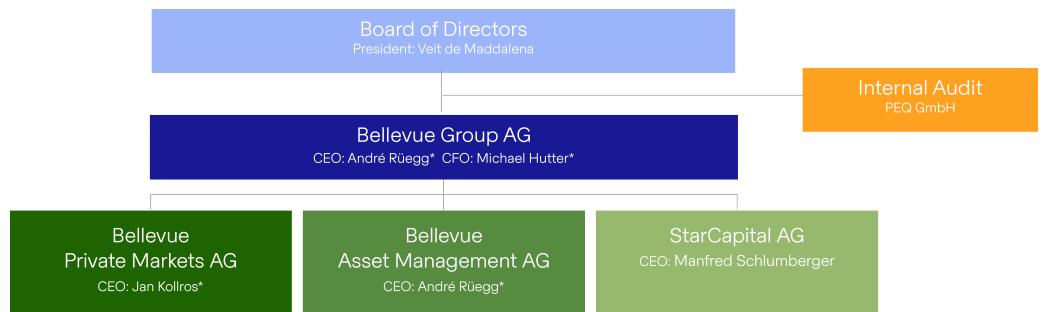
Bellevue Group is subject to Swiss law, in particular to stock corporation and stock exchange law, the regulations of the Swiss stock exchange (SIX Swiss Exchange).

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. 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.

This report also contains the necessary details pursuant to the Ordinance against Excessive Remunerations in Listed Companies Limited by Shares (VegüV).

Group structure and shareholders

Corporate structure as December 31, 2021



* Member of the Group Executive Board

Scope of consolidation

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 8 «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	31.12.2021 Voting rights held	31.12.2021 Number of shares held	31.12.2020 Voting rights held	31.12.2020 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, 2021 (December 31, 2020: 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, 2021, was CHF 554.6 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/Conditional capital/Authorized capital](#)».

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/Conditional capital/Authorized capital](#)». For information dating back further, please refer to the Annual Report 2020 ([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 [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 [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, 2021:

Name	Function	Nationality	Member of Board Committee ¹⁾	First elected	Elected until
Veit de Maddalena	Chairman	CH	CC	2018	2022
Dr. Daniel H. Sigg	Member	CH	ARC ²⁾	2007	2022
Prof. Dr. Urs Schenker	Member	CH	ARC/CC	2019	2022
Katrin Wehr-Seiter	Member	DE	ARC/CC ³⁾	2019	2022

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 2021 or in the three preceding financial years, nor do they maintain any significant business relationships with the company or a subsidiary.

Board member Dr. Rupert Hengster did not stand for reelection at the Annual General Meeting on March 24, 2020.



CHAIRMAN OF THE BOARD

Veit de Maddalena

Veit de Maddalena 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 and as a trustee. 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.

Other mandates: Veit de Maddalena is Chairman of the Board of Directors of Klosters Madrisa Bergbahnen AG, Switzerland, and VR Motion AG, Switzerland. In addition, he is a Member of the Board of Directors of Quattro Stelle SA SICAV, Luxembourg.

MEMBER OF THE BOARD**Dr. Daniel H. Sigg**

Daniel Sigg 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.

Other mandates: Daniel Sigg is Chairman of the Board of Directors of Laguna Trustees Ltd., Jersey. In addition, he is a Member of the Board of Directors of Bellevue Funds (Lux) SICAV, Luxemburg, 2XIdeas US Inc., United States of America, as well as Member of the Advisory Board of Metropolitan Partners Group, United States of America.

**MEMBER OF THE BOARD****Dr. Urs Schenker**

A doctor of law from the University of Zurich 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. Urs Schenker has been a member of the Board of Directors of Bellevue Group since 2019.

Other mandates: Dr. Urs Schenker is Chairman of the Board of Directors of Swisa Holding AG, Switzerland. In addition, he is a Member of the Board of Directors of Capital Dynamics AG, Switzerland, Geschäftshaus City AG, Switzerland, Ufenau Capital Partners AG, Switzerland, and Meyer Burger Technology AG, Switzerland.

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

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.



Other mandates: Katrin Wehr-Seiter is a Member of the Board of Directors of SES S.A. Luxembourg, as well as various non-listed companies in Germany and Luxembourg.

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 Article 12(1)(1) VegüV

Pursuant to Article 32 of the 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 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 appoints a Vice Chairman from its own members. The Board of Directors appoints a secretary who needs not be a member of the Board of Directors. 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 following table provides an overview of the meetings, conference calls and circular resolutions of the Board of Directors in 2021:

	Meetings	Conference calls	Circular resolutions
Total	4	5	1
Average duration (in hours)	03:56	00:49	-
Participation:			
Veit de Maddalena, Chairman	4	5	1
Dr. Daniel H. Sigg	4	5	1
Prof. Dr. Urs Schenker	4	4	1
Katrin Wehr-Seiter	4	4	1

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 2021.

	Meetings	Conference calls	Circular resolutions
Total	5	-	-
Average duration (in hours)	2:07	-	-
Participation:			
Katrin Wehr-Seiter, Chairman	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 2021.

	Meetings	Conference calls	Circular resolutions
Total	4	1	-
Average duration (in hours)	1:42	00:45	-
Participation:			
Dr. Daniel H. Sigg, Chairman	4	1	-
Prof. Dr. Urs Schenker	4	1	-
Katrin Wehr-Seiter	4	1	-

Internal Audit

The company 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, 2021:

Name	Function	Nationality
André Rüegg	CEO Bellevue Group AG CEO Bellevue Asset Management AG	CH
Michael Hutter	CFO Bellevue Group AG	CH
Jan Kollros	CEO Bellevue Private Markets AG	CH

Patrik Gilli (former CFO) resigned from the Group Executive Board at the end of July 2020 and left the Group at the end of November 2020. His function as CFO was taken over by Michael Hutter as of August 1, 2020.

Thomas Pixner (former CEO of Bank am Bellevue AG) resigned from the Group Executive Board at the end of January 2020 and left the Group at the end of April 2020.

Additional information on the members of the Group Executive Board:



CEO BELLEVUE GROUP

André Rüegg

André Rüegg 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.

Other mandates: André Rüegg is Chairman of the Board of Directors of Bellevue Funds (Lux) SICAV, Luxembourg.

CFO BELLEVUE GROUP

Michael Hutter

Michael Hutter 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, the business economist worked for ten years as a senior manager in the audit division at PricewaterhouseCoopers.

Other mandates: Michael Hutter is an Alternate Member of the Board of Directors of Ascend Sport Technology AG (previously AIM Sport Holding AG), Switzerland.





CEO BELLEVUE PRIVATE MARKETS

Jan Kollros

Jan Kollros, CEO Bellevue Private Markets and managing partner of adbodmer AG, 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.

Other mandates in connection with the CEO function of Bellevue Private Markets AG/ adbodmer AG: Jan Kollros is a Member of the Board of Directors of Evatec AG, Switzerland, Lalique Group SA, Switzerland, Haas & Company AG, Switzerland, Bédât & Co. AG, Switzerland, Luxury Concepts SA, Switzerland, The Hess Group AG, Switzerland, Nextlens AG, Switzerland and Optotune Holding AG, Switzerland.

Statutory rules in relation to the number of permissible activities of the Executive Board pursuant to Article 12(1)(1) VegüV

Pursuant to Article 32 of the 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 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 Articles of Association shall apply.

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 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 applicable 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.

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 Group accounts 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.–31.12.2021	1.1.–31.12.2020
Auditing fees	401	483
– thereof PwC	342	483

In the business years 2021 and 2020 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

01.03.2022: Reporting Year-end Results

22.03.2022: Annual General Meeting

28.07.2022: 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 2021 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 2022.

The content and scope of this Remuneration Report are based on Articles 13 to 16 of the Swiss Federal Ordinance Against Excessive Compensation in Listed Companies (VegÜV), Articles 663c (3) of the Swiss Code of Obligations (OR), 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.

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 VegüV, the compensation system for the members of the Board of Directors and the Group Executive Board is presented in the Company's 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 were 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	–

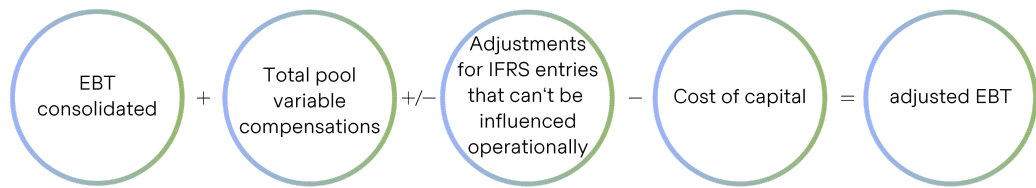
The Compensation Committee holds at least four meetings a year and consists exclusively of independent, non-executive Board members who are elected to one-year terms by shareholders at the Annual General Meeting. Katrin Wehr-Seiter (chair), Urs Schenker and Veit de Maddalena have been elected at the Annual General Meeting 2021 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 VegüV, 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 2021	FOR votes AGM 2020	FOR votes AGM 2019
Maximum total amount of fixed compensation for the Board of Directors (prospective)	95.78%	94.79%	96.03%
Total amount of variable compensation for the Board of Directors (retrospective)	80.87%	83.42%	85.07%
Maximum total amount of fixed compensation and long-term variable compensation for the Group Executive Board (in part prospective)	97.86%	87.85%	88.45%
Total amount of short-term variable compensation for the Group Executive Board (retrospective)	84.20%	86.66%	87.42%

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 2021 the rate amounted to 10% (2020: 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.

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:

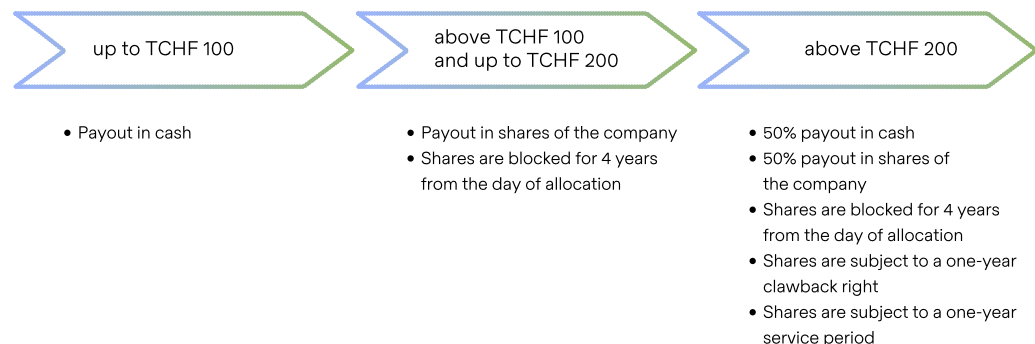
- Short-term variable compensation in cash
- Short-term variable compensation in the form of restricted shares
- Short-term variable compensation in the form of restricted shares with a vesting period and clawback provisions
- Other short-term variable compensation
- Long-term variable compensation

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 BB 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 BB Healthcare Trust. 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 and/or BB 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 ¹⁾	
	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	<ul style="list-style-type: none"> • Base: net income from products • Zusatz: LTI with quantitative and qualitative KPIs (defined by BoD of investment company) • Team distribution defined by Lead PM 	50%	50%
		Funds & mandates	<ul style="list-style-type: none"> • Base: net income from products • Addition: relative outperformance against benchmark and peer group • Team distribution defined by Lead PM 	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. –31.12.2021					
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

CHF	Veit de Maddalena	Daniel Sigg	Katrin Wehr-Seiter	Urs Schenker	Rupert Hengster ³⁾
1.1. –31.12.2020					
Fixed compensation in cash	196 250	81 250	81 250	81 250	21 250
Fixed compensation in cash for services in committees	10 000	22 500	21 750	22 750	3 750
Fixed compensation in cash for services in subsidiaries and associated companies	24 250	50 004	12 125	12 125	3 125
Subtotal	230 500	153 754	115 125	116 125	28 125
Social insurance contributions on fixed compensation	–	–	–	8 664	–
Total fixed compensation	230 500	153 754	115 125	124 789	28 125
Variable compensation in restricted shares ¹⁾	36 000	36 000	36 000	36 000	–
Variable compensation in restricted and discounted shares from voluntary employee participation program ^{2),3)}	16 457	–	16 457	16 457	–
Social insurance contributions on variable compensation	450	–	–	3 450	–
Total variable compensation	52 907	36 000	52 457	55 907	–
Total compensation	283 407	189 754	167 582	180 696	28 125

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.

³⁾ Rupert Hengster did not stand for reelection at the Annual General Meeting on March 24, 2020, and therefore stepped down from the Board of Directors as of that date.

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 661 000 (2019/2020: CHF 796 000) 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 609 440 (2019/2020: CHF 782 719). For the period from 2021 AGM to the 2022 AGM an amount of CHF 618 000 was approved.

The reported variable compensation for the business year 2021 totaling CHF 244 550 must be approved by the 2022 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 2022. 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 2021 and 2020, the Board of Directors authorized a voluntary employee stock ownership plan. The members of the Board of Directors were allocated to purchase 10 000 shares (2020: 8 100 shares) of the Company from the given pool at a discounted price of CHF 31.75 per share (2020: CHF 17.65 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.

In fiscal year 2021, 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 (2020: CHF 0.1 million).

No compensation was paid to former members of the Board of Directors after their resignation in the 2021 financial year, nor in the preceding year.

The percentage ratio of fixed compensation to variable compensation for the entire Board of Directors is 72% fixed compensation and 28% variable compensation (2020: 77% fixed and 23% variable).

5.2 Loans

As of the end of 2021 and 2020, no loan 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 2021 and 2020 were as follows:

Number of shares	31.12.2021	31.12.2020
Veit de Maddalena, Chairman	304 579	291 664
Daniel Sigg, Member	50 760	39 845
Urs Schenker, Member	19 372	4 502
Kathrin Wehr-Seiter, Member	12 513	4 598

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

6.1 Goals and achievement of goals

For the 2021 financial year, the following goals were defined for the Group Executive Board and assessed by the Compensation Committee:

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

In the overall evaluation, the performance of the Group Management is judged to be outstanding against the background of the very good Group result and the associated results in recurring earnings and return on equity. Particular mention should be made here of the Group's confident management through the uncertainties of the Covid 19 pandemic, which again this year presented additional challenges for the company and its employees. Bellevue Group's newly sharpened, focused business model as a specialized asset manager was successfully implemented and also anchored in a new branding. In addition, important strategic development steps were initiated. New product ideas were launched, the internationalization of the sales markets was further advanced with a first step towards Asia, and research methods were further developed with the help of artificial intelligence. The differentiated investment portfolio was expanded in the Private Markets segment with the launch of the Bellevue Entrepreneur Private Fund, while the integration of StarCapital AG into Bellevue Group is to be implemented in 2022. Great importance was attached to the path taken for the sustainable, value-oriented and responsible further development of the Group as well as its investment solutions, taking ESG criteria into account, and important milestones were achieved. For example, the first sustainability report was published and another sustainability-oriented investment solution, the Bellevue Sustainable Entrepreneur Europe Fund, was presented. The strengthening of the teams of investment experts with young, talented personalities is being driven forward, also with regard to diversity and inclusion.

6.2 Compensation

CHF	1.1. –31.12.2021		1.1. –31.12.2020	
	André Rüegg CEO ¹⁾	Total ²⁾	André Rüegg CEO ¹⁾	Total ³⁾
Fixed compensation in cash	350 000	890 000	313 542	1 051 042
Social insurance contributions ⁴⁾	93 501	234 190	82 183	267 585
Total fixed compensation	443 501	1 124 190	395 725	1 318 627
Short-term variable compensation (profit-based compensation)	1 600 000	2 900 000	1 200 000	2 495 000
– in shares	800 000	1 450 000	600 000	1 047 500
– of which in restricted shares ⁵⁾	100 000	300 000	100 000	300 000
– of which in restricted shares with a vesting period and clawback right provisions ^{5) 6)}	700 000	1 150 000	500 000	747 500
– in cash	800 000	1 450 000	600 000	1 447 500
Other short-term variable compensation	48 200	161 400	61 500	163 400
– in shares	48 200	161 400	61 500	163 400
– of which in restricted and discounted shares purchased through stock ownership plan ⁷⁾	48 200	161 400	61 500	163 400
Social insurance contributions ⁸⁾	106 016	194 405	79 040	169 630
Total short-term variable compensation	1 754 216	3 255 805	1 340 540	2 828 030
Long-term variable compensation	127 000	127 000	120 000	187 000
– in shares	127 000	127 000	120 000	187 000
– of which long-term incentive plans, investment companies ⁹⁾	127 000	127 000	120 000	187 000
Social insurance contributions ⁸⁾	9 100	9 100	8 700	13 500
Total long-term variable compensation	136 100	136 100	128 700	200 500
Total compensation	2 333 817	4 516 095	1 864 965	4 347 157

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, Michael Hutter, CFO, and Jan Kollros, CEO adbodmer AG and CEO Bellevue Private Markets AG.

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. Michael Hutter assumed the position of CFO from Patrik Gilli as of August 1, 2020. Patrik Gilli left the Group effective November 30, 2020. Thomas Pixner resigned from the Group Executive Board effective January 31, 2020, in connection with the divestment of Bank am Bellevue AG and officially separated from Bellevue Group on April 30, 2020.

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 (2020: 2 800 shares of BB Biotech), valued at fair value (closing price on 31.12.2020 and 31.12.2019, 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 1 166 500 (2020: CHF 1 488 500) was approved for the 2021 financial year. The actual payout for the aforementioned financial year (including compulsory employer contributions to social insurance plans) was CHF 1 124 190 (2020: CHF 1 318 627). The Group Executive Board has waived in the previous year 20% (CEO: 25%) of the fixed compensation from April 1, 2020, to August 31, 2020, due to the Corona pandemic.

The reported short-term variable compensation totaling CHF 3 255 805 must be approved by the 2022 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 3 255 805 will be paid out in the first half of 2022 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.

The short-term variable compensation (profit-sharing) of the Group Executive Board was modified during the financial year for the following reasons:

- As a result of the very good operating performance of the company, the share of the employee profit-sharing described in 3.4 increased significantly compared to the previous year. The Group Executive Board has therefore also received a higher short-term variable compensation.
- The Board of Directors' assessment of the Group Executive Board under 6.1 supports this increase, as the Group Executive Board has performed very well in 2021. In particular huge progress was made in the area of ESG. For example, Bellevue Group will be Co2-neutral from 2021 on.

In 2021 and 2020, the Board of Directors authorized a voluntary employee stock ownership plan. The members of the Group Executive Board were allocated to purchase 16 755 shares (2020: 26 481 shares) of the Company from the given pool at a discounted price of CHF 31.75 per share (2020: 17.65 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 percentage ratio of fixed compensation to variable compensation for the entire Group Executive Board is 25% fixed compensation and 75% variable compensation (2020: 30% fix and 70% variable). For the CEO, the total amount of fixed compensation amounts to 19% and the variable compensation is 81% (2019: 21 fix and 79% variable).

Bellevue Asset Management AG regularly reviews the accrued vacation entitlements of its employees from previous periods. From time to time, larger balances are partially settled by cash payments. In fiscal year 2020, André Rüegg, CEO, was paid CHF 28 832 in addition to the above-mentioned amounts as partial settlement of vacation entitlements.

The values in the table above differ in certain respects from the Remuneration Reported in note 11 «Transactions with related companies and persons» of the consolidated financial statements 2021 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.

For the months of January and February 2020, CHF 50 000 was paid to Daniel Koller, the former CFO of the Company and a member of the Group Executive Group, as compensation for a one-year non-competition clause, in accordance with Art. 33 para. 4 of the [Articles of Association](#). This compensation was agreed in a severance and release agreement. Daniel Koller left Bellevue Group as of February 28, 2019.

6.3 Loans

At the end of 2021 and 2020, 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 2021 and 2020:

Number of shares	31.12.2021	31.12.2020
André Rüegg, CEO and CEO Bellevue Asset Management AG	289 982	320 000
Michael Hutter, CFO	80 000	80 000
Jan Kollros, CEO Bellevue Private Markets AG and CEO adbodmer AG	72 603	60 000

7. Compensation of the Board of Directors and Executive Board subject to approval at the Annual General Meeting in 2022

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

The Board of Directors has made no adjustments to the fixed compensation paid with respect to the Board's roles, paid for service on committees of the Board and for activities performed on behalf of Group subsidiaries.

The following compensation is therefore proposed:

- Maximum fixed compensation in cash of CHF 423 000;
- Maximum fixed compensation in cash of CHF 87 000 for members of Board committees;
- Maximum fixed compensation in cash of CHF 99 000 for services rendered on behalf of subsidiaries and associated companies.

Compulsory employer contributions to social insurance schemes will be paid on the proposed amounts, resulting in a maximum additional cost of CHF 9 000.

The Board of Directors proposes the approval of maximum aggregate fixed compensation of CHF 618 000 (previous year: CHF 618 000) for the Board of Directors for the period until the conclusion of the next Annual General Meeting.

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

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 maximum aggregate variable compensation of CHF 244 550 (2020: CHF 198 000) for the Board of Directors for the 2021 financial year.

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 base compensation paid to the Board's current members compared to the previous year. Total fixed compensation amounts to CHF 920 000.

Compulsory employer contributions to social insurance and other insurance schemes and to pension plans will be paid on the proposed compensation, resulting in a maximum additional cost of CHF 255 000. The proposed amount of fixed compensation for the Group Executive Board for the 2022 financial year is thus CHF 1 175 000 (2021: CHF 1 166 500).

The CEO of the Group participates in an employee stock option program, which exists in connection with the asset management mandate of BB Biotech AG. For 2022, he receives a maximum entitlement of 1 700 shares of BB Biotech AG. Based on the closing price as of December 31, 2021, this corresponds to a maximum compensation of CHF 131 200 plus statutory social security of CHF 9 800, resulting in a maximum total amount of CHF 141 000 (2021: CHF 136 100).

The Board of Directors proposes the approval of a maximum total amount of the fixed as well as long-term variable compensation and long-term variable of CHF 1 316 000 (2021: CHF 1 302 600) for the Group Executive Board for the 2022 financial year.

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

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 maximum aggregate short-term variable compensation of CHF 3 255 805 (2020: CHF 2 828 030) for the Group Executive Board for the 2021 financial year.

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

We have audited the remuneration report of Bellevue Group AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report of Bellevue Group AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Philippe Bingert

Audit expert
Auditor in charge

Roland Holl

Audit expert

Zurich, 25. February 2022

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The top half of the page features a decorative graphic with two overlapping circles. The left circle is light blue and the right circle is light green. The background behind the circles is a gradient from blue on the left to green on the right. The text 'ESG' is centered in white within the blue circle.

ESG

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Foreword

Sustainability is central to our culture

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. This ESG Report provides detailed information about how we implement ESG measures at the company and product level.

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. We have introduced eco-friendly measures in all these areas. For example, video conferences are now a prioritized form of communication; we provide employees with free travel cards to encourage them 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 a certified climate neutral company in 2021. Our 2030 climate strategy includes a pledge to reduce our carbon emissions per employee by 30%.

With regard to corporate social practices, we conducted a multi-site staff salary study that confirmed our equal pay policy. Furthermore, women accounted for 30% of the workforce as at December 31, 2021, 22% of all employees worked part-time, and a total of 15 nationalities were employed representing a wide diversity of countries, cultures and languages. We are very pleased with the low employee turnover (2.9%) and the particularly high levels of employee identification that have distinguished our company for years – in the knowledge that, ultimately, it is our employees who create value for our clients and shareholders.



Already in 2018, we launched the Bellevue Sustainable Healthcare Fund, a dedicated ESG strategy.

Our Group has embraced sustainability at the portfolio level for years. Already in 2018, we launched the Bellevue Sustainable Healthcare Fund, a dedicated ESG strategy. In the year under review, we launched the Bellevue Sustainable Entrepreneur Europe Fund, our second sustainability fund 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.

We are committed to the UN Principles for Responsible Investment (UN PRI) and continuously adapt our ESG investment guidelines to meet the latest requirements.

Sustainable and responsible business practices are indispensable to enable us to deliver on our promise to create lasting value for clients, shareholders and employees alike.



Veit de Maddalena
Chairman of the Board of Directors



André Rüegg
Chief Executive Officer

Materiality analysis

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. Results of the materiality analysis are used to continuously improve sustainability management by sharpening our understanding of stakeholder 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.

Methodology

The materiality assessment developed by Bellevue Group and Bellevue Asset Management is based on the needs and expectations of the following stakeholders:

- Shareholders
- Clients
- Business partners
- Portfolio companies
- Employees
- Regulatory agencies

In a first step, the internal, cross-functional ESG analysis team consisting of representatives of Bellevue Group and Bellevue Asset Management AG mapped out the firm's direct stakeholders and the channels through which the firm engages with each group. Informal feedback about the sustainability issues that each stakeholder group considered to be most critical was collected. Based on this information, topics for the materiality assessment were identified. In addition, the Group Executive Board and the management of the subsidiaries have some control were evaluated.

Bellevue's material issues

	Material topic	Relevance*	Stakeholders	Definition and scope
Corporate Level	Company culture and values		Shareholders, clients, business partners, employees	Corporate culture / values / company purpose / reputation / trust
	Corporate governance and risk management		Shareholders, clients, business partners, regulatory agencies	Operational structure / governance framework / management team / compliance with regulations / prevention of market abuse / prevention of conflicts of interest / anti-corruption and anti-bribery / anti-money laundering and terrorist financing / tax compliance
	Work culture and compensation		Shareholders, employees	Diversity and inclusion / non-discrimination / health and safety / work-life balance
	Talent and human capital		Shareholders, employees	Training and skills management / attracting and retaining talent / health and safety / work-life balance
	Financial performance		Shareholders, business partners, employees	Sustainable investment performance / sustainable financial returns
	Climate action		Shareholders, employees, regulatory agencies	Reducing the carbon footprint of own operations / climate-related disclosures
	Digitalization and cybersecurity		Shareholders, clients, business partners, employees	Digitalization of the working environment, automation of repetitive and error-prone tasks
Portfolio Level	Responsible investment		Clients, portfolio companies	Integration of environmental, social and governance (ESG) factors throughout the investment process / ESG risk mitigation and value creation / ESG engagement
	Engagement and stewardship		Clients, portfolio companies	Direct dialog and involvement with portfolio companies
	Regulation		Clients, business partners, regulatory agencies	Broadest allocation funds & mandates according to Art. 8 EU SFDR 2019/2088 (light green)

*Relevance: on a scale from 1 -10, 1 being the least relevant and 10 being the most relevant

Our responsibility

Independent – entrepreneurial – committed: This is what distinguishes Bellevue. We act responsibly. Strong corporate governance is just as central to this as sustainability aspects, whether at the company level or as an integral part of portfolio management.

Independent

Our most important asset are our employees with top know-how we work in small, agile teams that are characterized by high levels of personal responsibility and short decision-making pathways. The portfolio management teams are given as much freedom as possible to develop their vision and assume a high degree of personal responsibility. This autonomy enables them to act optimally and respond flexibly to client needs. What they have in common is a set of rules anchored throughout the company with regard to sustainable corporate and investment practices.

Entrepreneurial

Full of conviction, we also actively participate in investments ourselves – and thus in the success of our clients: "We eat our own cooking." The equality of interests with the investors promotes discipline as well as entrepreneurial thinking and conduct.

Committed

We are performance-driven and passionate about pursuing common goals and believe in the power of respectful collaboration. We bring our expertise and competence to bear in important social issues and act responsibly.

Bellevue is committed to sustainable, responsible and values-driven business practices.

The graph below summaries the key areas where we apply our entrepreneurial responsibility and sustainability principles:



¹ UN GC = UN Global Compact, UN GPBHR = UN Guiding Principles for Business and Human Rights, ILO = International Labour Organization
 Source: Bellevue Group AG, as at December 31, 2021

Sustainability at corporate level



Quelle: Bellevue Group, per 31. Dezember 2021

We consider good corporate practices, a binding framework for our organization, and social considerations to be indispensable success factors.

Core values

Based on our core values («independent», «entrepreneurial», «committed»), we maintain a binding framework for our organization and our employees regarding ethical, responsible and sustainable business practices. This ESG policy governs standards and behaviors related to environmental, social and governance aspects.

Corporate practices

We see good corporate practices as a key success factor and an indispensable prerequisite for achieving strategic corporate goals and creating sustainable value for stakeholders. We recognize that business activities inevitably have a direct or indirect impact on the environment, social affairs and governance, and that we are responsible for this.

Environmental practices

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

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. In 2018 we had energy-efficient windows installed to reduce our energy consumption. Automatic awning systems also help to ensure efficient regulation of the interior building environment.

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.

Over the weekends, the company premises are only heated to minimum levels.

Transportation and mobility

Our locations are very easy to reach by public transport. Employees are motivated to travel by public transport. The company supports this through financial support by providing a half-fare Travelcard of Swiss public transport free of charge. 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.

Due to our global investment strategies and distribution activities with employees at different locations, international contacts are important. All locations have a 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.

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.

CO₂ neutrality

Bellevue Group was certified as a climate-neutral company by Swiss Climate in 2021. By purchasing CO₂ emission certificates in the amount of the greenhouse gas emissions emitted annually, we support projects that remove the same amount of emissions released to the atmosphere. Bellevue Group has selected a project focusing on «Climate protection and sustainable management in the Swiss forest» 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 the Swiss forest and enables the production of energy wood for renewable energy production. 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.

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 (e.g. use of washable dishes instead of disposable cups/plates). 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. customer presentations on notebooks/tablets instead of printed handouts, video calls for customer 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.

Environmental indicators

The environmental indicators were determined for the first time in 2021 for the 2020 financial year. In the future, the updated values will be published with the semi-annual financial statements for the following year.

Total emissions (in t CO₂)	2020
CO ₂ -emissions scope 1	32.3
CO ₂ -emissions scope 2	44.3
Co ₂ -emissions scope 3	186.4
Total CO ₂ -emissions	262.9
CO ₂ -emissions/full-time position	2.7
Scope 1: Direct greenhouse gas emissions	
Scope 2: Indirect energy-related greenhouse gas emissions	
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	

Source: CO₂ report for Bellevue Group AG issued by Swiss Climate AG (November 2021)

Total emissions at a glance

In the future, the 2020 balance with normalized data in the categories commuter trips and business flights 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 CO₂)	Base year*	2020
Business trips	505	99
Heating	58	58
Commuting	130	55
Electricity	32	32
IT equipment (computers, laptops, monitors, cell phones, phones, tablets)	14	14
Waste	2.5	2.5
Water	1.5	1.5
Paper and printing	0.9	1.2
Total emissions	744	263
Emissions Total / FTE (t CO ₂ /FTE)	7.7	2.7

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

Source: CO₂ report for Bellevue Group AG issued by Swiss Climate AG (November 2021)

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 since March 2020 and work from home recommendations or requirements massively reduced commuting, CO₂ emissions in 2020 were reduced by about 65% due to COVID-19. Significantly more business travel is expected from 2022 on.

Social practices

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

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. Criteria such as age, religion, origin and gender must not lead to discrimination.

Compensation policy

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 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, regulations or the law (incl. ESG/sustainability policy).

Further information is given in the [annual compensation report](#) published by Bellevue Group.

Work culture

We foster a clearly entrepreneurial culture that emphasizes personal responsibility and is distinguished by flat hierarchies and flexibility as regards work hours and work location and even the basic contract hours. 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 for telecommuting, or support for employee training and development).

Our daily interaction with all employees and the formal employee performance reviews that take place on a regular basis are distinguished by a respectful and responsible conduct. These performance reviews also serve as a general means of personal orientation and as a career planning tool. We support targeted training and development where employees can benefit from constructive and stimulating learning environments, contributing both ideas and funds.

Health

The health and safety of our employees and all people affected by our business activities is our top priority. As an employer, we can have a significant impact on the health of our employees through various measures and support them in remaining healthy and motivated in the long term.

We promote motivation and health through various measures. For example, employees in Künsnacht are offered a breakfast of rolls and fruit every day free of charge. Coffee, tea and other beverages are available at no cost. Furthermore, Bellevue offers employees annual memberships at a professional medical gym and the opportunity to take yoga classes at reduced cost. Acting on their own initiative, employees have organized team sports activities ranging from jogging to stand-up paddle boarding to weekly crossfit workouts.

All workplaces are equipped with height-adjustable desks and have sufficient exposure to natural sunlight.

Employees are offered free annual flu vaccinations conducted onsite at Bellevue's headquarters by an external physician.

The «Bellevue Team Spirit» is promoted and strengthened through regular social events such as joint lunchtime barbecues, summer parties and skiing events in winter.

Analyzing and investing in healthcare companies is an important part of Bellevue. Our experts regularly lecture both internally and externally on current health topics. Discussions on relevant issues (e.g. increases in diabetes due to poor diet and lack of exercise, liver diseases, etc.) stimulate awareness of health among employees.

Equality (diversity, equal opportunities and non-discrimination)

Bellevue Group provides equal employment and advancement opportunities to all individuals regardless of age, race, ethnicity, gender, sexuality, disability, religion or other characteristics. That's why we benefit from a diverse workforce and the competitive advantages that offers: With their different perspectives and approaches, experiences, ideas and skills, employees inspire each other and learn from each other. As a result, the company gains creativity, innovation and vision to remain future-proof and agile.

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.

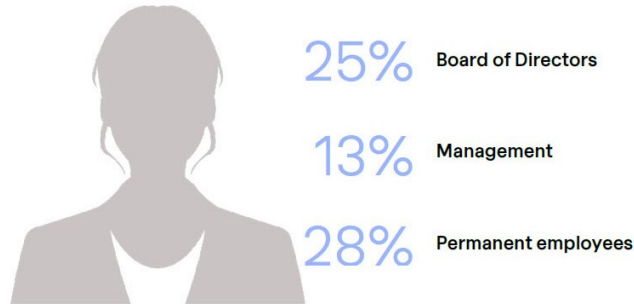
Both genders should be represented in the executive management board and on the Board of Directors. Discriminatory behavior will not be tolerated; incorrect behavior will be punished by superiors.

People indicators

People indicators	2021	2020
Average length of service of employees	6.4 years	5.7 years
Average age	45 years	44.5 years
Part-time employees	22%	23%
Employee turnover	2.90%	2.60%

Diversity indicators 2021

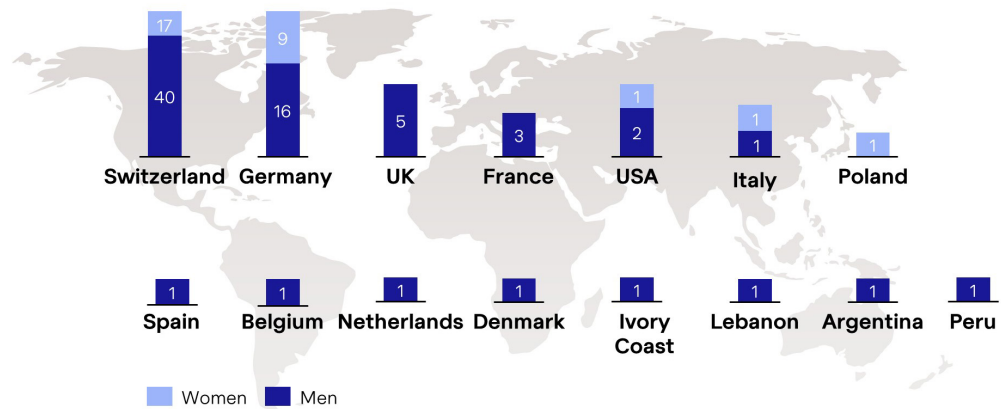
Proportion of women



Source: Bellevue Group AG, as at December 31, 2021

Gender diversity: The Board of Directors has set the goal of continuously increasing the proportion of women at all levels, particularly at senior management levels, in the company by promoting the development and retention of women.

15 nationalities



Source: Bellevue Group AG, as at December 31, 2021, 15 nationalities incl. dual citizenships

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) are distributed in the form of treasury shares or fund units and 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. The Board of Directors periodically 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. An attractive entrepreneurial profit-sharing bonus is available 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 (credo: «We eat our own cooking»). This approach promotes a long-term performance culture. Further details and numbers are publicly disclosed in the audited annual compensation report of Bellevue Group AG.

Education and training

Lifelong learning is becoming increasingly important. We attach great importance to encouraging employees to take responsibility for their own professional development. Bellevue Group supports its employees in external training courses where this makes sense. These mainly include business-specific qualifications such as CFA, CAIA, etc. as well as language courses. Depending on the educational objective, we also participate in external training courses by releasing working hours and/or providing financial support. The cost of individual one-day seminars is covered in full by the employer. All Bellevue Group employees are regularly required to complete e-learning modules in the area of cybersecurity.

Self-management of company pension fund

Employees' pension assets are held in a separate pension fund, managed by Bellevue Asset Management AG. Employer contributions are above the legally required minimum. Funds of the pension foundation are also invested in companies and investment funds that we manage. In this way, we underline our own convictions, which we represent to our clients and investors.

Employee perks

In order to succeed, we believe that our employees need to be agile and connected: Employees who depend on the use of a tablet and/or a cell phone for business purposes can, with the approval of their superiors, claim a pro rata reimbursement for the purchase of a tablet and/or a cell phone every two years. The communication and data plans are ordered centrally by Bellevue Asset Management. The corresponding costs are borne by the employer with a minor contribution of the employees in accordance with the expense regulations approved by the cantonal tax office.

Work from home policy

Bellevue Asset Management, as a modern employer, allows its employees to work from home. Employees appreciate the flexibility and the fact that there is less commuting burden as well as an improved work-life balance.

Digitalization

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 the company's long-term competitiveness.

In the course of this ongoing process, several projects and initiatives have been launched: a new integrative portfolio management system offering consistent data management, reporting and risk management on a single platform, a dedicated tool for the private equity team, and the introduction of company-wide communication and working tools.

Donations and charities

Bellevue Group selectively supports a number of organizations devoted to charity, sports, culture, or social issues. We do so out of conviction and therefore generally forgo any public mention of these actions.

Governance practices

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 [Remuneration report](#) provides information on compensation 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 [Corporate Governance report](#).

Sustainability at portfolio level

Consideration of sustainability risks and integration of ESG criteria in investment processes and portfolios.



¹UN GC = UN Global Compact, UN GPBHR = UN Guiding Principles for Business and Human Rights, ILO = International Labour Organization

Source: Bellevue Group, as at December 31, 2021

Bellevue addresses sustainability at the portfolio level as well as at the corporate level. All investment portfolios and investment funds are systematically screened for sustainability risks and violations of basic human rights (e.g. in accordance with the UN Global Compact Guideline). Besides upholding strict exclusion criteria – such as serious controversies that violate universal norms regarding the environment, human rights or good corporate governance – 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. ESG ratings compiled by global leading ESG research providers are included in this process, which are interpreted with some degree of caution and, in certain cases, with a rather critical eye.

Bellevue endorses the goals of the Paris climate agreement adopted in December 2015 and supports measures to mitigate global warming. Bellevue thus attaches considerable importance to green investment portfolios which can help to achieve the climate goals of the

Paris Agreement. Carbon intensity is measured regularly at the portfolio level and scored based on the relevant investment universe or fund benchmark.

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 (engagement). Voting rights at annual general meetings of shareholders are actively exercised through proxy voting.

Management of sustainability risks and ESG integration approach

Transparency

In accordance with Regulation (EU) 2019/2088 of the European Parliament and the Council of the European Union of November 27, 2019, on sustainability-related disclosures in the financial services sector, Bellevue Group is committed to transparency with respect to:

- Policy for managing sustainability risks
- Adverse sustainability impacts at entity level
- Compensation policies in relation to the integration of sustainability risks
- Integration of sustainability risks
- Adverse sustainability impacts at portfolio level
- Promotion of environmental or social characteristics in pre-contractual disclosures
- Sustainable investments in pre-contractual disclosures
- Promotion of environmental or social characteristics and of sustainable investments on websites
- Promotion of environmental or social characteristics and of sustainable investments in periodic reports

Sustainability risks

«Sustainability risks» is defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of the European Union of November 27, 2019, on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation, SFDR) as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Bellevue Asset Management AG and its subsidiaries have integrated sustainability risks into the investment decision-making processes of all their actively managed strategies and associated funds with the aim of identifying, assessing and, if possible and appropriate, mitigating such risks.

While every investment strategy can be exposed to such sustainability risks to varying degrees, the projected impact of sustainability risks on the returns of the investment strategies will depend on the specific investment strategy.

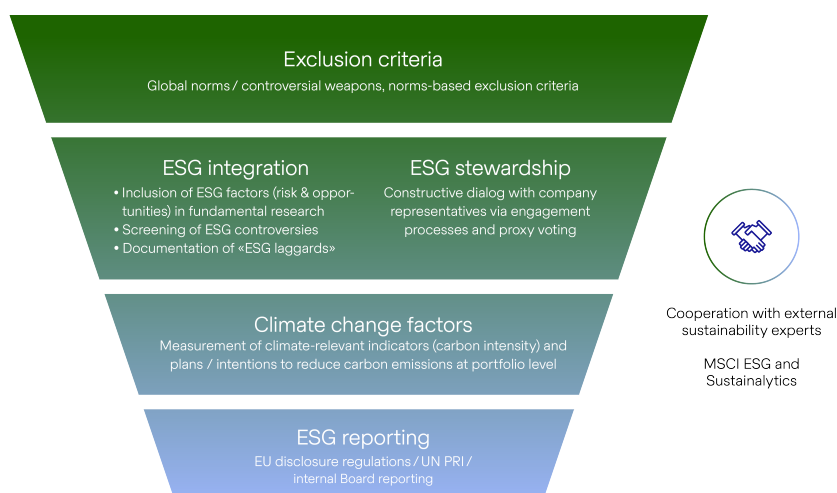
The results of this integration and evaluation are summarized as follows:

For those investment strategies that promote environmental or social characteristics in the sense of SFDR, the projected negative impact on financial returns is lower compared to «non-ESG» investment strategies. This is attributed to the risk-mitigating ESG investment strategies, their future-oriented investment approach, their emphasis on sustainable financial frameworks, their activism in dealings with companies/issuers as well as their avoidance of non-compliant companies/issuers.

All investment strategies invest in accordance with international environmental, social and corporate governance standards (hereinafter referred to as «ESG»). The investments or securities selected in accordance with such criteria can entail a significant subjective element. ESG factors that are integrated into the investment process may differ with respect to investment themes, investment categories, investment philosophy and the subjective application of ESG indicators that determine portfolio design and the underlying assets. Accordingly, no guarantee is made that every investment by an investment strategy will meet all of the ESG criteria.

ESG investment guidelines

ESG framework in portfolio management



Quelle: Bellevue Asset Management AG, as at December 31, 2021

Exclusion of breaches against global norms

Bellevue Asset Management AG is committed to adhering to internationally recognized norms and excludes companies with serious violations of human rights, environment, labor norms and involvement 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 Compliance and the UN Guiding Principles on Business and Human Rights and with the standards and rights of the International Labour Organization serves as an indicator in such cases.

Value-based exclusions

In contrast to exclusions based on violations of global principles and standards, value-based exclusions are based 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 or tobacco production. Companies that exceed the generally accepted annual revenue thresholds in the business areas below are excluded from Bellevue's investable universe:

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%
Pornography	5%
Gambling	5%
Palm oil	5%

Company affiliations with animal experiments, medical genetic engineering and embryonic stem cell research may also fall into this category. As a healthcare investment specialist, Bellevue Asset Management applies a nuanced approach in this respect. Their healthcare strategies accommodate generally recognized principles where possible. They categorically rule out investments in companies associated with illegal activities, an example of which would be intervention in the human genome for cloning purposes. However, nowhere in the world can medical products be approved without animal testing, even today. Our healthcare experts prioritize compliance with humane animal research principles in line with the principle of the 3Rs: Replace, Reduce and Refine.

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 price development. 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 sub-category covers aspects such as product quality, data privacy policies and employee development. Examples of Governance issues are board independence, board compensation and corporate ethics.

Based on the premise that sustainability risks can have a negative impact on returns, the aim of ESG integration is to identify and address such risks within the scope of the investment process. The data gained through ESG screening is also used by the asset manager to anticipate new developments with respect to sustainability and to incorporate these findings into its investment decisions.

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 sub-scores are based on data from independent third-party providers (currently MSCI ESG Research Inc, www.msci.com). Subsequently, the relevant ESG factors for an industry or individual company, examples of which are product quality, data privacy, human capital development and corporate ethics, are qualitatively integrated into the regular fundamental research process, in which metrics such as valuation multiples, sales growth rates, profit margins and competitive positions are examined, and thus help the asset manager to make sound security selection and portfolio weighting decisions.

The aggregate ESG scores generally used for this purpose are often interpreted with caution and critically examined. Most ESG rating methods are based on a predefined systematic approach that does not always result in an objective or «fair» assessment of a company's ESG 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, and the rating methodology used might not be equally applicable to every company in a given sector. Early-stage companies still in the drug research and development stage may be systematically underrated because they are not yet generating (much) revenue from the sale of medicines, which naturally puts them at a disadvantage versus established healthcare giants in the highly weighted «access to healthcare» criterion. It is also not unusual for a newly listed company to have a weaker ESG rating, simply because the ESG data available is still insufficient. 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 its external ESG research providers and at the companies with lagging ESG ratings. Investments in «ESG laggards» are to be avoided and any justified investments in alleged «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.

Evaluation of good governance practices, such as sound management structures, employee relations, compensation practices, and tax compliance is part of the overall assessment of ESG ratings and compliance with global norms. As an active, fundamentally oriented asset manager, good corporate governance is also an elementary component of our investment research process.

ESG stewardship

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 before a company representative is contacted, the portfolio managers constructively discuss the issue with the company and document subsequent developments (e.g., change in strategy or processes, improvement of ESG rating) over time. Engagement will be undertaken taking into account materiality and proportionality considerations. The level of engagement can vary depending on the size of the position held by an investment strategy, the market capitalization of the company, the stage of corporate development an entity is in and other factors. Written records of ESG engagement activities are maintained as part of the regular documentation of conversations with company representatives. Individual case studies may be suitable for external publication and thus for distribution to a wider audience.

Bellevue Asset Management AG 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.

Voting guidelines issued by third parties, for example by independent sustainability and voting rights organizations, can be taken into consideration. Bellevue Asset Management AG is under no obligation to take such guidelines or recommendations into consideration. It may go against the voting recommendations of third parties if it determines that these are not in the best interests of the investors.

Bellevue Asset Management AG actively exercises its voting rights as a rule.

It generally votes 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, for example, 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 (e.g., Broadridge or ISS) or through one or several representatives / proxy advisory firms.

Climate change factors

Bellevue Asset Management AG endorses the goals of the Paris climate agreement adopted in December 2015 and supports measures to mitigate global warming. Considerable importance is attached to green investment portfolios which can help to achieve the climate goals of the Paris Agreement. Carbon intensity (tons of carbon emitted per USD 1 mn of revenues) is measured regularly at portfolio level and scored based on the relevant investment universe or fund benchmark. It is also noted that more than 80% of our assets under our investment are invested in the healthcare sector, which is characterized by lower levels of carbon emissions than the manufacturing, commodities or energy sectors and the broadly diversified global equity indices.

Principal adverse impacts on sustainability factors (PAI)

Bellevue Asset Management AG currently does not take the adverse impact of its investment decisions on sustainability factors (so-called principle adverse indicators) into consideration due to the lack of the relevant market data required to determine adverse sustainability impacts and the corresponding weightings. Bellevue Asset Management AG will provide information on whether and how the most important adverse effects of investment decisions on sustainability factors will be taken into account by December 31, 2022, at the latest.

Signatory of UN PRI

Our commitment to sustainability is reflected in Bellevue Asset Management AG and StarCapital AG's status as a signatory of the UN Principles for Responsible Investment (UN PRI). As a responsible institutional investor, we have always been bound to act in the best interests of our stakeholders over the long run. In this role, we believe that environmental, social and corporate governance (ESG) topics will have a growing impact on the risk-return profiles of investment portfolios and on their performance. We acknowledge that adherence to these basic ESG principles will lead to a better alignment between investor interests and the broader aims and interests of society.

As a signatory to the UN PRI, we continuously adapt our investment processes to the latest industry findings regarding sustainability aspects and are in constant dialog with our investment specialists regarding the integration of ESG. In addition, our experts actively share their experience and convictions in this regard at international sustainability conferences.

For the 2021 reporting cycle, PRI tested a new reporting system for signatories designed to streamline and improve the reporting process. However, due to the feedback from a large number of signatories, the release of UN PRI reporting results has been delayed. The next reporting cycle has also been postponed to 2023. We will publish the final report on our website as soon as it is ready.

Strategies with a focus on sustainability

Bellevue Asset Management AG applies stricter ESG criteria for two dedicated sustainability strategies that it offers which are aligned with sustainability labels recognized throughout Europe and which are audited and certified annually by external consultants. The Bellevue Sustainable Healthcare (Lux) which was launched in June 2018 complies with the strict requirements of the Austrian Ecolabel (UZ49) and the Bellevue Sustainable Entrepreneur Europe (Lux) which was relaunched in October 2021 meets the requirements of the FNG label. For both funds, Bellevue Asset Management AG is also a signatory to the Eurosif Transparency Code for sustainable investment products.

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Board of Directors



CHAIRMAN OF THE BOARD

Veit de Maddalena

Veit de Maddalena 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 and as a trustee. 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 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 and serves on the Board of Auerbach Grayson & Co. In 2007, he joined the Board of Directors of Bellevue Group.



**MEMBER OF THE BOARD****Dr. Urs Schenker**

A doctor of law from the University of Zurich 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. 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 serves as Partner and Managing Director of BIP Capital Partners SA as well as BIP Investment Partners SA. She is also an independent advisor / senior advisor to middle-market companies and the private equity firm Bridgepoint. Previously, she held the position of Principal at Permira. Since 2019, she has been part of the Board of Directors of Bellevue Group.



Group Executive Board



CEO BELLEVUE GROUP

André Rüegg

André Rüegg 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 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, the business economist worked for ten years as a senior manager in the audit division at PricewaterhouseCoopers.



**CEO BELLEVUE PRIVATE MARKETS**

Jan Kollros

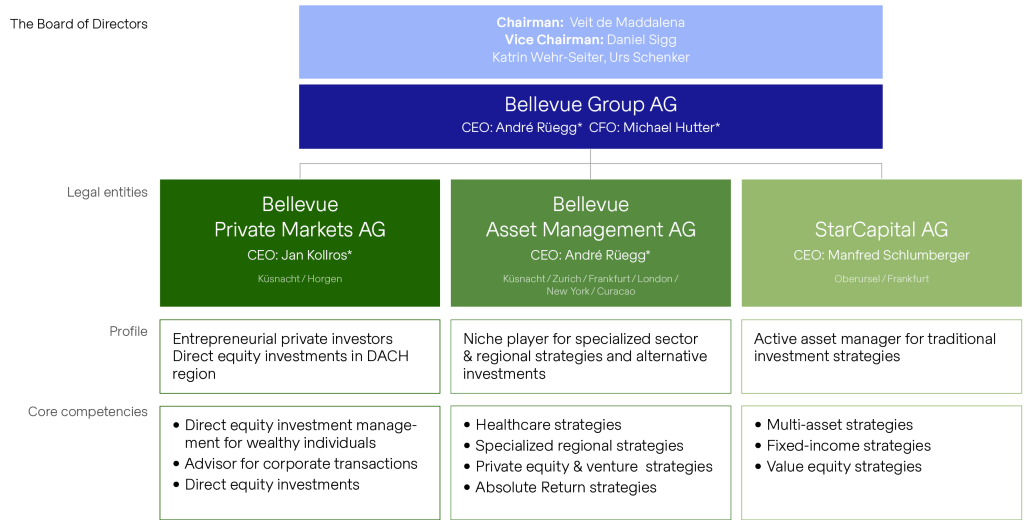
Jan Kollros, CEO Bellevue Private Markets and managing partner of adbodmer AG, has been a member of the Bellevue Group Executive Board since 2019. He joined adbodmer AG in 2005, where he became a partner in 2009. He holds a degree in mechanical engineering and business and production sciences from the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

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



*Member of the Group Executive Board of Bellevue Group AG

Source: Bellevue Group, as of December 31, 2021

Clearly differentiated investment expertise



Contact



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«In case of any deviations resulting from the translation, the German version shall prevail.»



Bellevue Group AG

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