

Shareholder letter



Gebhard Giselsbrecht, Chief Executive Officer, and Veit de Maddalena, Chairman of the Board of Directors

Dear Shareholders,

In the first half of this year, Bellevue Group managed to maintain steady business performance. Although the healthcare markets critical to Bellevue didn't maintain their growth from late last year, conditions were still favorable, allowing for positive outcomes for many of our equity strategies. Given that small & mid-cap healthcare stocks have provided below-average returns in the past three years, Bellevue faced clients shifting their investment portfolio assets during the reviewed period.

As yet only modest upturn in Bellevue's investment universe

Global financial markets traded higher during the first half of 2024. Investor confidence was buoyed by declining inflation expectations, widespread anticipation of central bank rate cuts and the growing promise of efficiency gains powered by artificial intelligence. Continuing geopolitical tensions and election-related uncertainty in key markets did not put a damper on investor spirits. Major equity indices, led by just a few large tech stocks, reached new all-time highs.

In the healthcare sector, which is by definition a defensive growth market, stocks showed an as yet only modest gain at the mid-year mark. Larger healthcare stocks had the best performance, while the small and mid-cap segment within the healthcare sector – Bellevue's core investment universe – generally traded sideways. This can be traced primarily to the change in rate cut expectations seen during the spring of 2024.

We were able to use the brief tailwind to stabilize Bellevue's business performance, but the sub-par performance of the healthcare sector in general once again left a mark on the Group's operating results.

Stabilization in assets under management

After the steady, primarily market-induced erosion of our client asset base over the past few years, assets under management stabilized during the current year thanks to the partial market recovery within the healthcare sector. Assets under management were virtually unchanged at CHF 6.7 bn compared to CHF 6.9 bn at the end of 2023. Positive investment returns as well as asset inflows of more than CHF 500 mn, largely for our traditional healthcare and entrepreneur strategies, partially offset clients' reallocation of portfolio assets in the amount of CHF 860 mn in response to the lagging relative performance of the healthcare sector.

Revenue from asset management services fell by 19% yoy to just under CHF 35 mn, mirroring a 21% decrease in the average amount of client assets being managed, which is now at CHF 7 bn. This decline was cushioned somewhat by a significant improvement in net financial income over the previous year, which is primarily attributable to market developments, resulting in a 12% reduction in total operating income to CHF 36.4 mn. The company managed to reduce its operating expenses by 11% compared to last year because of ongoing cost-focus endeavors and our entrepreneurial compensation structure.

Bellevue's net profit for the period amounted to CHF 7.4 mn, a decline of 7% compared to the same period of 2023. The cost-income ratio of 70% is above our medium-term target range of 60–65%.

Considering the challenging market environment we faced, the reported results for the first half of 2024 are solid but not satisfactory. Our mission as a specialist asset manager is to generate value for our clients and our shareholders.

New product launches and long-established funds offer attractive growth potential

Bellevue's investment strategies delivered mostly positive returns during the period under review, buoyed by a slight improvement in the underlying market conditions. The Bellevue Diversified Healthcare Fund and the Bellevue Entrepreneur Europe Small Fund even achieved a double-digit return of 11.5% in USD and 11.8% in EUR beat their relative benchmark performance by 3.5% and 7.4%, respectively. Two recently launched funds, Bellevue AI Health and Bellevue Obesity Solutions, closed the period with attractive returns of 11.0% and 10.4% in USD, respectively, and likewise beat their relative benchmarks by 3.0% and 2.4%. Both strategies invest specifically in attractive structural growth trends that offer significant potential and their better-than-average returns are attracting growing investor interest. Bellevue's Medtech & Services funds were also popular with investors thanks to their solid investment performance. The same applies to Bellevue Global Macro and Bellevue Option Premium, both absolute return strategies.

The performance of our flagship products BB Biotech and Bellevue Healthcare Trust, on the other hand, fell short of expectations. Although BB Biotech has delivered a double-digit return p.a. since its launch in 1993, its performance weakened in the recent past. It appears however that investors are beginning to realize that many biotech companies have reached clinical milestones in recent years that have not yet been widely acknowledged by the investment community. After their recent moves, the share prices and valuations of both investment companies are at attractive levels and offer considerable upside potential.

Bellevue's private markets unit offers additional attractive earnings potential thanks to its well-diversified and mature portfolio of direct investments. We continue to selectively optimize existing portfolio positions and are proceeding surely and steadily toward the realization of successful exits that meet the interests of both the business owners and the investors. Although the environment for M&A is still challenging, the positive developments seen at various portfolio companies make us confident that exit opportunities will present themselves. In light of the targeted exits from the first vintage, we have plans to open a

second fund under the aegis of Bellevue Entrepreneur Private. Our efforts here will benefit from our increased sourcing capacity, which allows us to identify compelling investment opportunities with a higher cadence.

Group executive management strengthened

Fabian Stähler strengthens Bellevue Group's Executive Management Board as Chief Operating Officer (COO) as of July 1, 2024, to ensure the efficient execution of Bellevue Group's corporate development strategy. He has many years of experience in the asset management business in both strategic and line management roles. Bellevue's board now consists of Gebhard Giselbrecht (CEO), Markus Peter (Head of Products & Investments), Patrick Fischli (Head Distribution), Stefano Montalbano (CFO) and Fabian Stähler (COO). A new Key Client Coverage function has also been introduced to take Bellevue's key account management to the next level. Our objective here is to ensure that our clients can take full advantage of the entire range of services that Bellevue offers.

We also intend to take advantage of the vast potential the fast-growing Asia region offers by establishing a local office there. Our previous business activities in the region will be intensified and the Bellevue brand actively marketed.

Strategic priorities for renewed success

Our primary focus during the months ahead will remain on our current strategic priorities. Further optimization of our product range and our investment performance is our top priority. We have already selectively adjusted our product range through fund mergers and introduced various measures that helped us to use the more constructive markets to improve our investment performance. On the client and sales front, the Key Client Coverage role will help us to address the needs of our key accounts from a more comprehensive perspective. The planned establishment of our own local presence in Asia is likely to lead to promising new business prospects. Last but not least, with the new COO role, we have further strengthened the Group Executive Board and our corporate governance.

We are convinced that the action we have taken and the clear strategic priorities we have defined will set the stage for the gradual resumption of more dynamic growth. Valuations in the healthcare sector remain attractive, especially with respect to the small and mid-sized companies that we are focused on. Our investment solutions are largely in positive territory again, which is likely to increase investor interest in our equity strategies.

Our aim remains the same: creating added value with innovative investment strategies for our highly regarded clientele and shareholders. This is our daily motivation and we are grateful for the untiring commitment and dedication of all Bellevue staff. We also thank our clients and shareholders for their enduring trust and confidence in Bellevue Group. That is something we deeply appreciate and it strengthens our resolve to present you with compelling investment solutions.



Veit de Maddalena
Chairman of the Board of Directors



Gebhard Giselbrecht
Chief Executive Officer

At a glance

	01.01.-30.06.2024	01.01.-30.06.2023	Change
Consolidated income statement (in CHF 1'000)			
Revenues from asset management services	35 104	43 330	- 19.0%
Total operating income	36 443	41 253	- 11.7%
Total operating expenses	25 643	28 921	- 11.3%
Total operating profit	10 800	12 332	- 12.4%
Group net profit	7 430	8 008	- 7.2%
Cost/Income ratio ¹⁾	70.4%	70.1%	-
Undiluted/Diluted earnings per share (in CHF)	+0.56	+0.60	- 6.7%
	30.06.2024	31.12.2023	Change
Asset under management (in CHF million)			
Total managed assets	6 741	6 933	- 2.8%
Net new money (1.1. to 30.6.)	- 353	- 469	+24.7%
Consolidated balance sheet (in CHF 1'000)			
Total assets	138 752	155 543	- 10.8%
Total liabilities	22 049	33 075	- 33.3%
Total shareholders' equity	116 703	122 468	- 4.7%
Equity per share (in CHF)	8.67	9.10	- 4.7%
Return on equity annualized (1.1. to 30.6.) ²⁾	13.7%	14.8%	-
Staff (FTE)			
Number of staff at cutoff date	88.4	94.4	- 6.4%
Year average number of staff	90.3	98.8	- 8.6%
Share price			
Share price of Bellevue Group registered shares (in CHF)	17.50	24.50	- 28.6%
Low / High (in CHF, 1.1. to 30.6.) ³⁾	17.00 / 24.20	25.30 / 40.90	
Market capitalization (in CHF million)	236	330	- 28.6%

¹⁾ Defined as: operating expenses/operating income

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

³⁾ End of day prices

Investor presentation

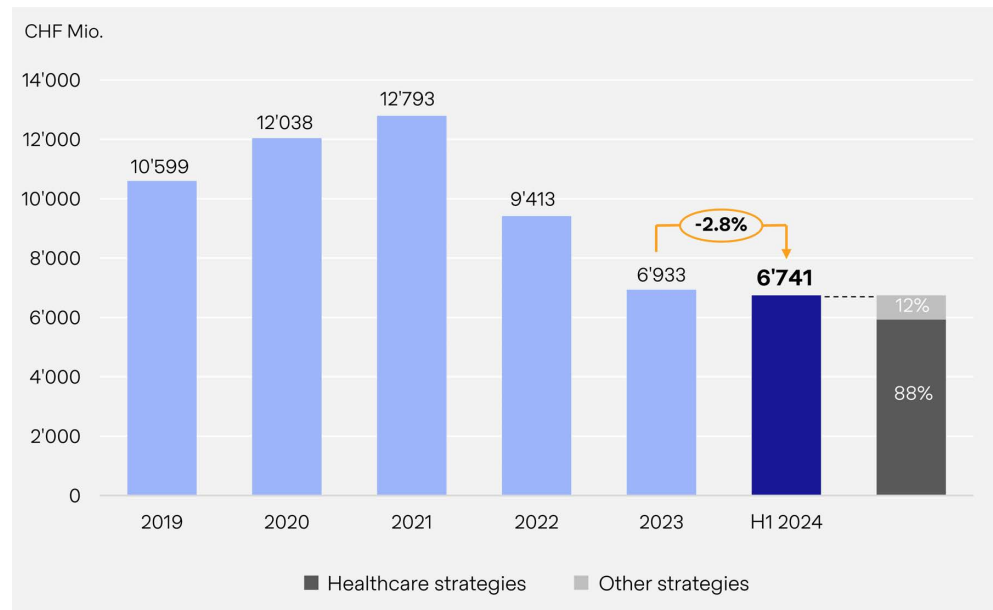
The 2024 half-year results in brief: Overview, capital market environment, business results, update and outlook.

Half-year results 2024



Stabilization of assets under management...

Development of AuM base 2019 – H1 2024



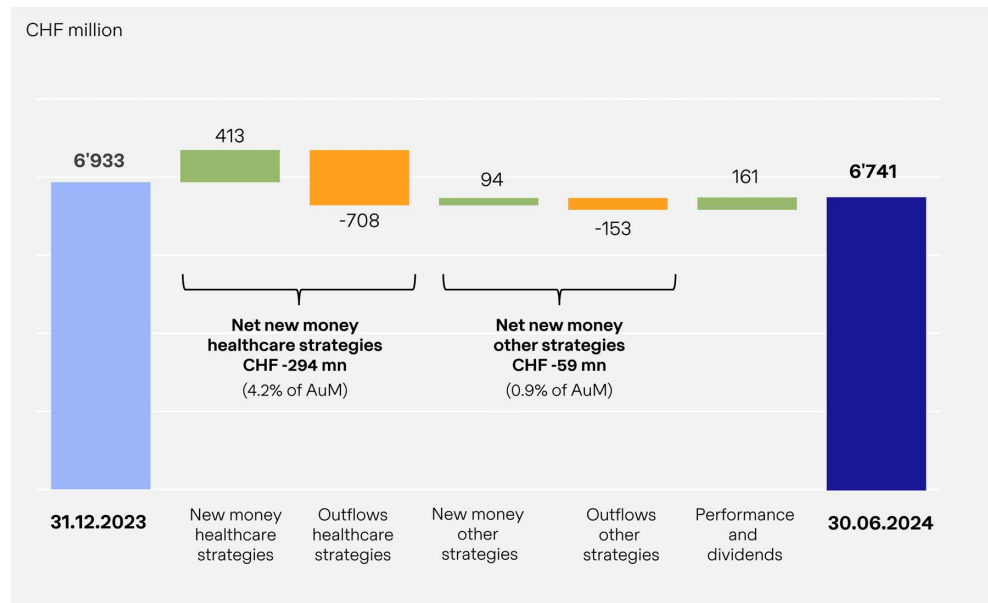
Source: Bellevue Group, as at June 30, 2024

Development of assets under management

- Assets under management down around 3% or CHF 190 mn compared to 31.12.2023
- Healthcare strategies represent around 88% of assets under management

...despite client relocations

Development of AuM base in H1 2024



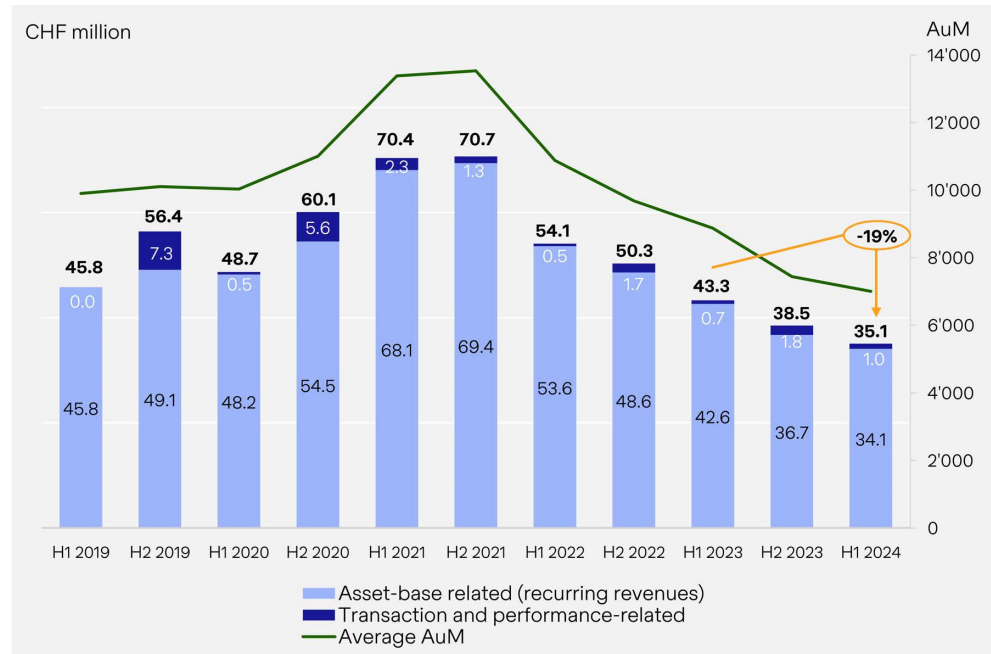
Source: Bellevue Group, as at June 30, 2024

Development of assets under management

- Assets under management down around 3% or CHF 190 mn compared to 31.12.2023 largely attributable to client relocations
- Client relocations were partly offset by market and investment performance
- Gross new money won of around CHF 500 mn shows that our investment expertise continues to be sought after and appreciated

Asset management services income declines with assets under management

Development of income from asset management activities, 2019 – H1 2024



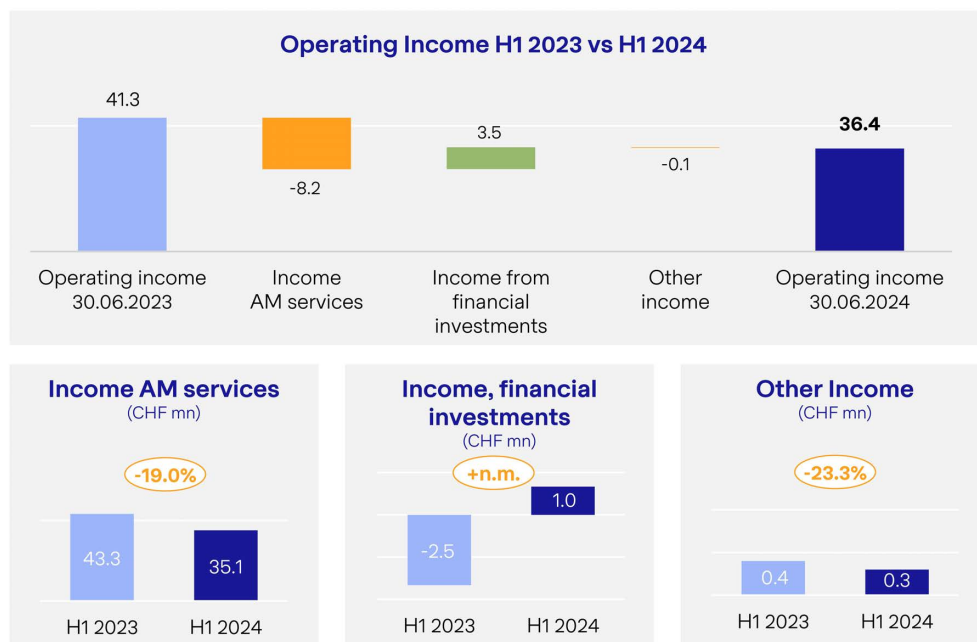
Source: Bellevue Group, as at June 30, 2024

Development of income from asset management services

- Decline in revenues from asset management services of around 19% in line with the development of the average AuM base
- Average AuM base of around CHF 7.0 bn for H1 2024
- High proportion of recurring income (management fees)
- Only a small contribution from transaction-based fees and performance fees

Operating income driven by AuM

Detailed development of operating income

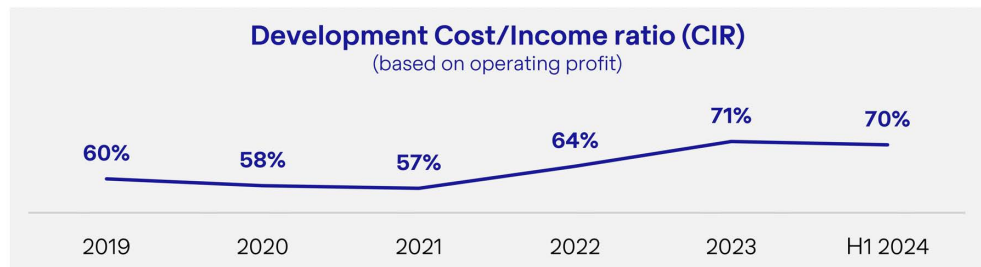
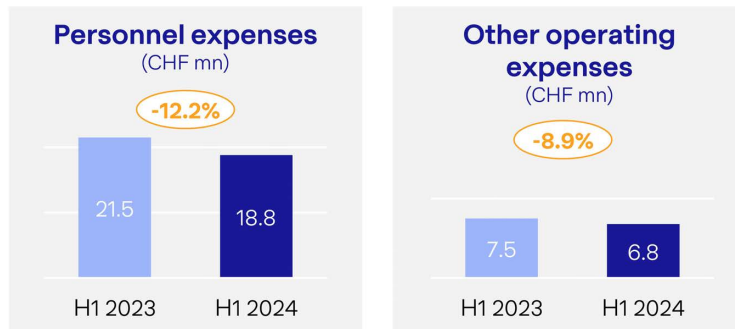


Source: Bellevue Group, as at June 30, 2024

- Absolute decrease in total operating income of CHF 4.9 mn is mainly due to the following factors:
 - Decrease in income from asset management services by CHF 8.2 mn or 19% to CHF 35.1 mn due to lower average AuM
 - Improvement in net financial investments results of CHF 3.5 mn due to better market conditions
- Other income includes dividend income, net interest income and net foreign exchange results

Reduction operating expenses

Development of operating expenses and CIR



Source: Bellevue Group, as at June 30, 2024

- Entrepreneurial compensation model and a lower number of FTEs lead to lower compensation
- Lower other operating expenses despite further investments in infrastructure and technology
- Lower research, travel and marketing costs
- Cost/income ratio (CIR) at level of 2023
- Entrepreneurial compensation model helps to smooth out the CIR