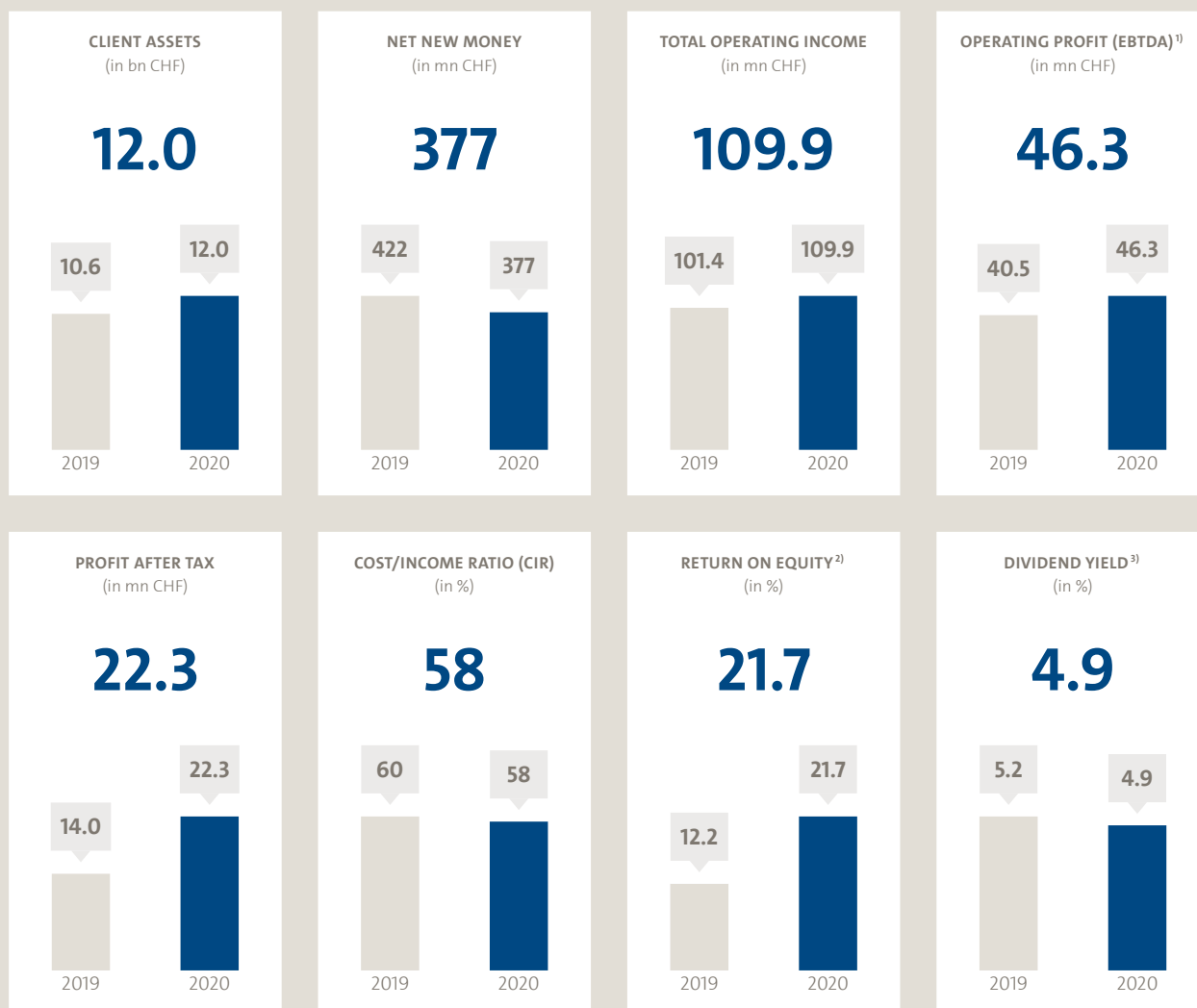


BB Bellevue
Group

2020

ANNUAL REPORT

KEY FIGURES



¹⁾ Earnings of continuing business activities before taxes, depreciation and amortization

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

³⁾ Based on ordinary dividend of CHF 1.50 and share price on December 31, 2020

MILESTONES



Consistent strategy execution

- Successful **sale of Bank am Bellevue**
- Transformation to a **pure specialized asset manager** concluded
- **Evolution** of time-tested business model and **innovation** across the product range continue



Strong operating performance

- **Record financial results** despite turbulent markets
- **Convincing absolute and relative investment performance** of Bellevue products
- **Attractive value** created for shareholders and clients



Simplified and stronger platform

- Simplified, robust and agile **organization and capital base**
- **Very resilient platform**, primed for further growth
- **Solid governance** with a focus on **ESG**

AT A GLANCE

| | 2020 | 2019 restated* | Change |
|---|---------------|-------------------|---------|
| Consolidated income statement (in CHF '000) | | | |
| Revenues from asset management services | 108 819 | 102 156 | +6.5% |
| Total operating income | 109 851 | 101 368 | +8.4% |
| Total operating expenses | - 63 599 | - 60 905 | - 4.4% |
| Total operating profit | 46 252 | 40 463 | +14.3% |
| Group profit before tax from continuing operations | 31 897 | 27 875 | +14.4% |
| Group net profit from continuing operations | 23 022 | 19 460 | +18.3% |
| Group net profit | 22 304 | 14 033 | +58.9% |
| Cost/Income ratio ¹⁾ | 57.9% | 60.1% | - |
| Undiluted/Diluted earnings per share (in CHF) | +1.72 | +1.45 | +18.6% |
| Asset under management (in CHF million)²⁾ | | | |
| Total managed assets | 12 038 | 10 599 | +13.6% |
| Net new money | 377 | 422 | - 10.7% |
| Consolidated balance sheet (in CHF '000) | | | |
| Total assets | 235 564 | 393 146 | - 40.1% |
| Total liabilities | 69 748 | 194 796 | - 64.2% |
| Total shareholders' equity | 165 816 | 198 350 | - 16.4% |
| Total shareholders' equity after the proposed dividend | 111 970 | 144 504 | - 22.5% |
| Equity per share (in CHF) | 12.32 | 14.73 | - 16.4% |
| Return on equity ³⁾ | 21.7% | 12.2% | - |
| Dividend | | | |
| Ordinary dividend per share (in CHF) ⁴⁾ | 1.50 | 1.25 | +20.0% |
| Special dividend per share (in CHF) ⁴⁾ | 2.50 | 2.75 | - 9.1% |
| Dividend yield (excl. special dividend) ⁵⁾ | 4.9% | 5.2% | - |
| Staff (FTE) | | | |
| Number of staff at cutoff date | 98.7 | 116.3 | - 15.1% |
| Year average number of staff | 100.4 | 113.1 | - 11.2% |
| Share price | | | |
| Share price of Bellevue Group registered shares (in CHF) as at 31.12. | 30.80 | 23.90 | +28.9% |
| Year low / Year high (in CHF) ⁶⁾ | 19.70 / 31.00 | 18.47 / 24.60 | |
| Market capitalization (in CHF million) | 415 | 322 | +28.9% |

¹⁾ The previous-year period has been adjusted. We refer to the statements on the change in presentation in section 16.3 and on the correction of errors in section 4.2.

²⁾ Defined as: operating expenses / operating income

³⁾ Related to continuing operations

⁴⁾ Based on group net profit and average shareholders' equity after deduction of the proposed dividend

⁵⁾ Proposal of the Board of Directors to the Annual General Meeting

⁶⁾ Calculated from share price as at 31.12.

⁷⁾ End of day prices

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BUSINESS REPORT

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SHAREHOLDER LETTER

Bellevue Group performed well as a pure asset manager amid the extremely challenging market environment of 2020. The unrelenting coronavirus pandemic drew ever-increasing attention to health and healthcare issues. Interest in Bellevue Group's widely recognized capabilities as an investor in the healthcare sector rose and remains high, both in Switzerland and abroad. This growing interest boosted our company's business development and growth during the past year.



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

Dear Shareholders,

2020 was an investment year of unprecedented extremes and tremendous volatility on financial markets that will likely stand out in investors' memories for years to come. After a strong start to the year, global stock markets experienced dramatic losses in a very short period of time due to the outbreak of the COVID-19 pandemic at the end of February. By every indication, the world was headed for a momentous crisis and a prolonged economic slump.

Thanks to huge fiscal and monetary rescue packages from governments and central banks around the world and the remarkably fast development of promising vaccines, financial markets staged a speedy recovery. Stocks not only regained the ground they had lost during the crash, major exchanges even set new record highs as 2020 came to an end.

«The year of health» – client assets set new record high

For Bellevue, the past year was all about health. Protecting the health of its employees and clients was its number one priority. Thanks to the deployment of the latest information technology and the tremendous flexibility of everyone involved, business operations were quickly reset to accommodate the new reality and the transition to digital client contact went very smoothly. The health-related consequences of COVID-19 and resulting major repercussions in political and media circles heightened investor interest in healthcare and biotech in particular – Bellevue's two areas of specialty.

«Assets under management rose to a record high of CHF 12 bn at the end of the year»

Assets under management recovered from the nearly 20% pandemic-induced decline in March 2020 and rose to a new record high of CHF 12.0 bn at the end of the year. Bellevue Group used the surprisingly quick market recovery to its advantage. Most of its investment products outperformed and the healthcare strategies attracted more than CHF 1 bn in new money. The funds with the greatest inflows over the year were BB Adamant Digital Health (CHF 348 mn), BB Adamant Medtech & Services (CHF 268 mn) and BB Adamant Asia Pacific Healthcare (CHF 179 mn), and BB Healthcare Trust (CHF 115 mn), an investment trust listed in London. A total of CHF 9.4 bn is now being managed in Bellevue's healthcare strategies.

Alternative investment strategies also attracted greater attention. BB Pureos Bioventures has received USD 168 mn in capital since its launch in 2018. In view of the capital commitments received in early 2021 and the persisting high levels of interest, this fund will likely pass the USD 200 mn threshold at the end of March 2021, when the final closing is scheduled. Direct equity investments continued to grow as well. Demand for traditional investment strategies was weaker, as expected, leading to an outflow of CHF 503 mn. Net new money inflows therefore amounted to CHF 377 mn. The year 2020 clearly demonstrated that only innovative investment strategies will attract the interest of investors today.

Building solid value – 80% of all assets under management outperform

Bellevue Group's goal is to create sustainable value for its clients with innovative investment ideas. That goal was impressively achieved once again during the past year. About 80% of assets under management outperformed their respective benchmark in 2020. In fact, an even higher 84% of Bellevue products have outperformed their respective benchmarks since the company was founded and generated substantial value for the client.

Nearly every healthcare strategy delivered a double-digit return for the year. Each of the Group's four flagship products now manage CHF 1 bn or more in assets and they also generated strong returns. The two investment companies BB Biotech and BB Healthcare Trust closed 2020 with a performance, respectively, of 19% in CHF (30% in USD) and 29% in GBP (33% in USD) and delivered an excess performance of 4% and 19% in USD versus their respective benchmarks. The BB Adamant Digital Health Fund advanced no less than 68% in USD. The two regional healthcare strategies, BB Adamant Emerging Markets Healthcare and BB Adamant Asia Pacific Healthcare, generated likewise strong returns of von 51% and 45% in USD. Bellevue Group's performance track record is attributed in no small terms to the stability of its portfolio management teams. The lead portfolio managers of 16 of its 19 strategies have not changed since the inception date of these 19 products.

In the first quarter of 2020 we also increased our Group's long-term, sustainable focus. All investment portfolios were systematically assessed and scored by means of an ESG integration

process that enables us to take into consideration sustainability risks, violations of human rights and standards, carbon emissions and other factors.

Sustainability 2020

Sustainability is an issue that Bellevue Group is taking very seriously. In 2020, highlights included development of the first voluntary UN PRI Report for Bellevue Asset Management AG in April for the year 2019, ESG training sessions for portfolio managers hosted by external ESG providers, and participation in (virtual) ESG conferences, in addition to the development and implementation of a formal investment policy embracing sustainability-related issues.

[LEARN MORE](#)

Group net profit up 59% to CHF 22.3 mn

Bellevue Group was able to improve its performance and efficiency at the operational level. Consolidated operating income rose by 8.4% to CHF 109.9 mn. Approximately 93% of this sum is asset-based and thus recurring earnings that are not dependent on investment performance.

Operating expenses showed a proportionately smaller increase, up by just over 4.4% to CHF 63.6 mn, despite the continuous expansion of our investment teams and slightly higher profit-based compensation awards. This led to a 14.3% year-on-year increase in Bellevue Group's operating profit to CHF 46.3 mn and the cost/income ratio improved to 57.9%. Reported bottom-line profit was reduced by valuation adjustments in connection with the repositioning of our StarCapital subsidiary, resulting in consolidated net profit of CHF 22.3 mn – an increase of 59.3% from the previous year.

Creating value for shareholders – ordinary dividend increased by 20% and a special dividend of CHF 2.50 per share

DIVIDEND
CHF 4.00
(proposal)

Bellevue Group is maintaining its shareholder-friendly dividend policy. A 20% increase in the ordinary dividend to CHF 1.50 per share will be proposed at the Annual General Meeting. This corresponds to a dividend yield of nearly 5% based on the closing price of December 31, 2020.

Furthermore, the board plans to distribute proceeds from the sale of Bank am Bellevue, which closed in April 2020, and other reserves from the 2019 disposal of the equity interest in SIX to shareholders by way of a special dividend of CHF 2.50 per share.

The Group's financial base remains very stable even after the proposed payments and underscores the confidence that the Board of Directors and the Executive Board have in the Group's current business model.

Return on equity based on reported net profit and average capital after distribution of the proposed dividends stands at 21.7%, which is better than average compared to peers.

Bellevue Group strengthened its shareholder structure during the year under review by welcoming Hansjörg Wyss as a major shareholder. He has a long-term investment horizon and, together with the core shareholders and employees, will contribute to the steady growth and development of the company.

More clearly profiled as an innovative, focused asset manager

Bellevue Group's more focused business model with the three core competencies of specialized healthcare strategies, alternative investment solutions, and traditional niche investment vehicles gives us a more distinctive profile as a specialized pure play asset manager. Selective investments will be made to support the ongoing growth of the core «healthcare» segment. A stronger push to expand the «Private Markets» unit and the development of new ideas and innovations for our traditional and non-traditional investment strategies will enhance growth prospects under the current business model. This is also intended to give a lasting boost to Bellevue's diversification and differentiation potential as a «House of Ideas».

With the launch of the BB Entrepreneur Private Fund, a growth financing vehicle for successful Swiss SMEs, a new cycle of product innovation already commenced in January 2021. There are more product ideas in the pipeline. At the same time, necessary measures will be taken to clean up and reposition our range of traditional products.

We expect the general market environment to remain volatile, but with support from global monetary and fiscal policy coordination. Although valuations are rich, we still consider stocks the most attractive asset class today. That said, changing policy frameworks, such as the new administration in Washington and the implications that may have for the US healthcare sector, will be closely monitored. Bellevue Group's robust business model, acknowledged investment expertise, and stable shareholder structure put it in a good position to create further lasting value for its clients and shareholders. The strong course of business at the beginning of the current year confirms our stance.

We look to the future with confidence thanks to the tremendous commitment and agility of our employees. On behalf of the Board of Directors and the Executive Board, we thank them for their dedication. Thanks are also due to our clients and shareholders for their trust and loyalty, which inspire and motivate us in our daily work.



Veit de Maddalena
Chairman of the Board of Directors



André Rüegg
Chief Executive Officer

CEO INTERVIEW

André Rüegg, CEO Bellevue Group, gives an insight into how Bellevue has mastered the corona year 2020, why healthcare stocks are experiencing great tailwind and how Bellevue's investment strategies have performed. In addition, you will learn in the exclusive video interview where he sees the greatest further development potential for the Group.

«For us, the year 2020 will clearly go down in our corporate history as the Year of Health»

André Rüegg
CEO Bellevue Group



FINANCIAL HIGHLIGHTS

Presentation annual results

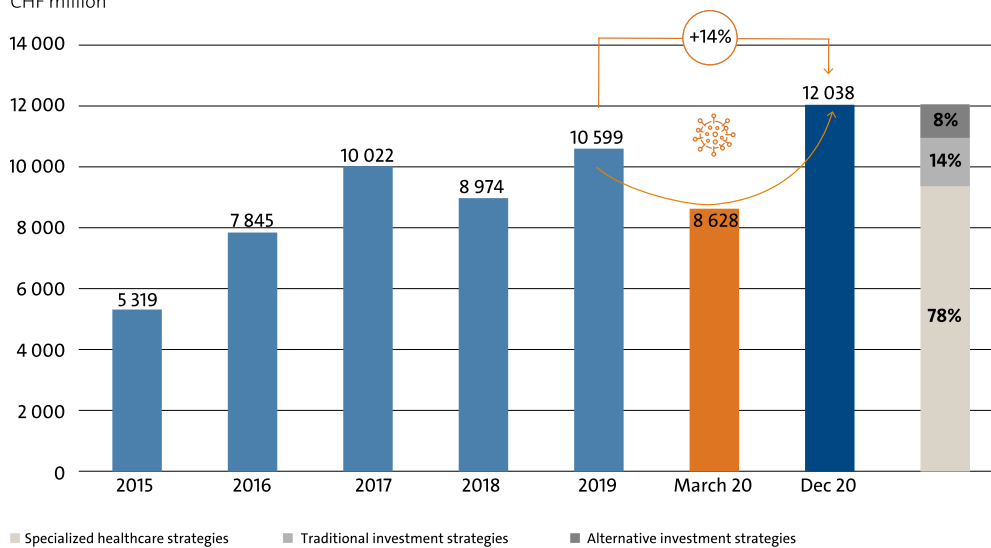
Here you will find all information on the 2020 annual results.

[FIND OUT MORE](#)

Client assets at all-time high – despite unprecedented market turmoil

ASSETS UNDER MANAGEMENT

CHF million



Source: Bellevue Group, as at 12/31/2020

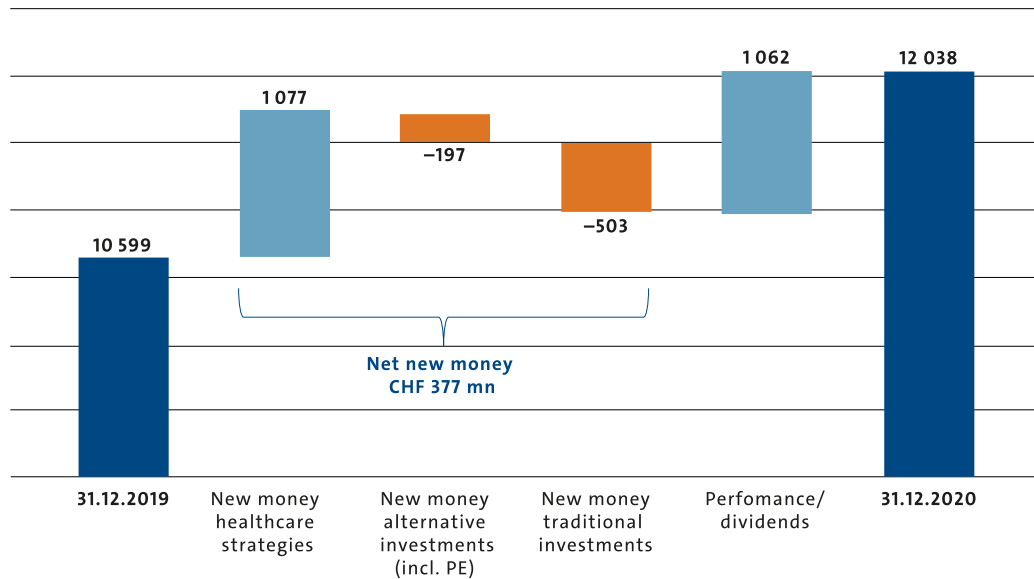
Assets under management top CHF 12.0 bn, setting another record high

- Assets under management show another significant increase of CHF 1.4 bn or 13.6%, fueled by market performance and new money inflows – despite the plunge in prices in March 2020 caused by the COVID-19 pandemic
- Long-term growth momentum is still intact – COVID-19 pandemic was an opportunity to further sharpen our expert profile in our core segment
- Time-tested investment expertise and product range deliver steady growth
- Attention in 2021 will continue to focus on direct equity investments and the launch of innovative products

Core «Healthcare» strategies attract more than CHF 1 bn for the first time

ASSETS UNDER MANAGEMENT BY DOMAIN

CHF million



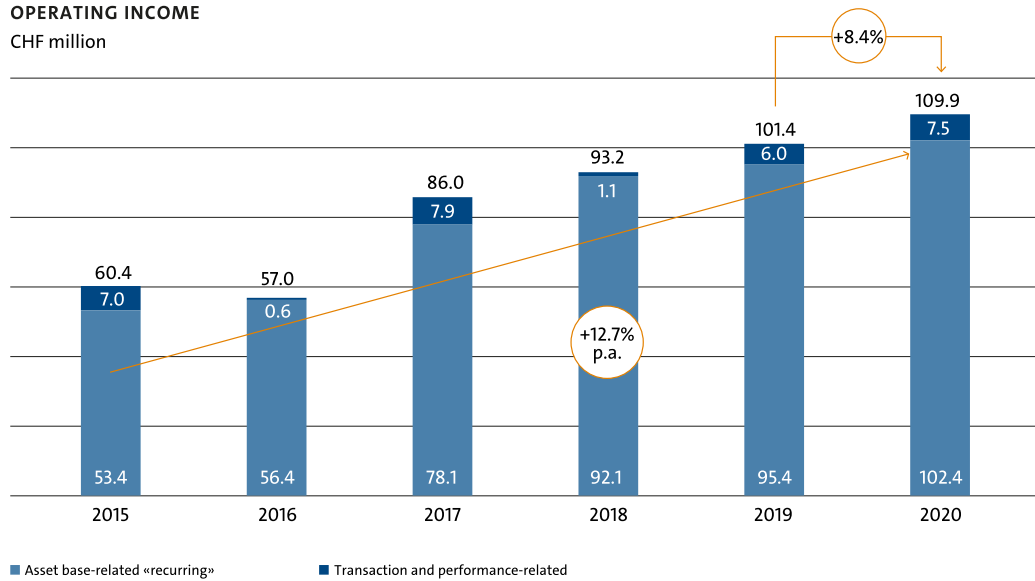
Source: Bellevue Group, as at 12/31/2020

Assets under management increase 14% thanks to new money inflows and performance-driven growth

- Net new money of CHF 377 mn represents exclusively organic growth
- Investment strategies in healthcare, our core area of expertise, attract more than CHF 1 bn in net new money for the first time in the history of the company. These inflows are spread across the entire range of our healthcare investment solutions
- Differentiated alternative investment solutions (incl. the new «Private Markets» unit) show stability despite the market turbulence
- Asset outflows from traditional investment vehicles slowed versus the previous year – but bond and multi-asset strategies remained pressured by ruthless structural competition
- Termination of a large institutional mandate with a very low margin had a negligible impact on income

Further improvement in operating income with intact momentum

OPERATING INCOME CHF million



Source: Bellevue Group, as at 12/31/2020

Operating income climbs more than 8% to CHF 110 mn

- Core asset management business generates record operating income of CHF 110 mn despite dramatic slump in Q1 2020
- The 7.3% increase in recurring asset-based income does not yet reflect the strong H2 2020 growth in AuM, which will not feed through to income until H1 2021
- Slight y-o-y increase in non-recurring income, due to significantly lower performance fees of CHF 3.8 mn (prev. period: CHF 6.3 mn), but private equity generates solid income of CHF 2.5 mn (prev. period: CHF 1.0 mn)

Still focused on the business model of recurring income

- Recurring income share of total income, >93%, remains at a very high level

Steady value creation for shareholders over the long term

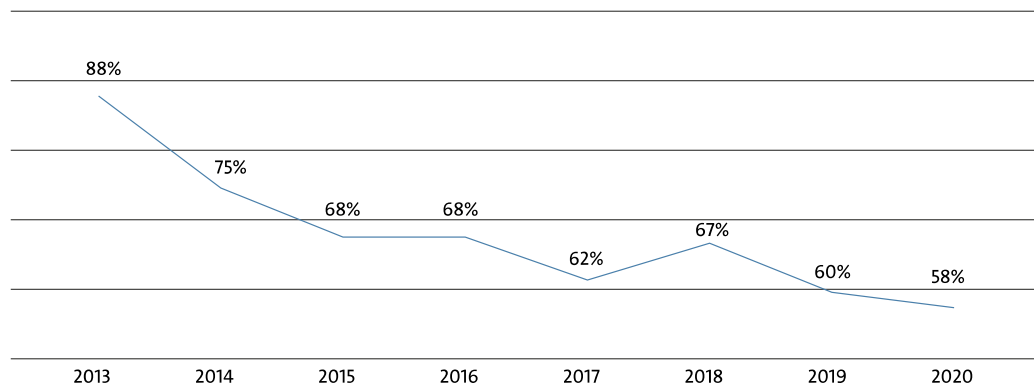
| | 2015 ¹⁾ | Δ | 2020 |
|---------------------------------------|---|---|--|
| Client assets | CHF 6.8 bn | + 77% (12.0% p.a.) | CHF 12.0 bn |
| Total operating income | CHF 80.0 mn | + 37% (6.6% p.a.) | CHF 109.9 mn |
| Operating profit | CHF 27.8 mn | + 67% (10.7% p.a.) | CHF 46.3 mn |
| Scale effects & efficiency | 87 CHF 78.2 mn CHF 320 000 68.2% | + 13.8% + 55.0% + 46.3% - 10.2 pt. | 99 CHF 121.2 mn CHF 468 000 58.0% |

¹⁾ Figures incl. Bank am Bellevue

Source: Bellevue Group, as at 12/31/2020

Significant improvement in cost/income ratio

COST/INCOME RATIO (CIR)



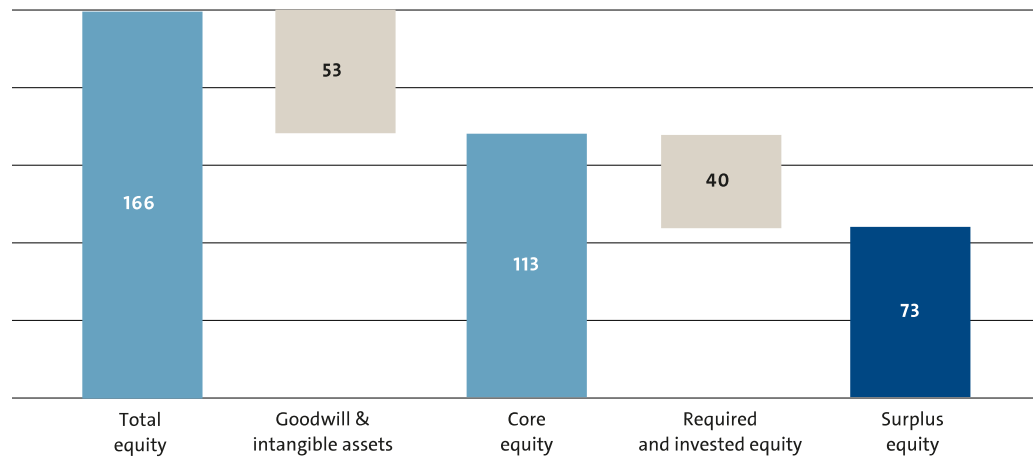
Source: Bellevue Group, as at 12/31/2020

- Clearly lower CIR thanks to significant increase in earnings and proportionately slower increase in cost base
- The operating profit-based CIR for 2020 confirms the positive downward-pointing long-term trend
- Steady efficiency gains possible thanks to scalability model

Strong equity base

CAPITAL STRUCTURE MANAGEMENT

CHF million



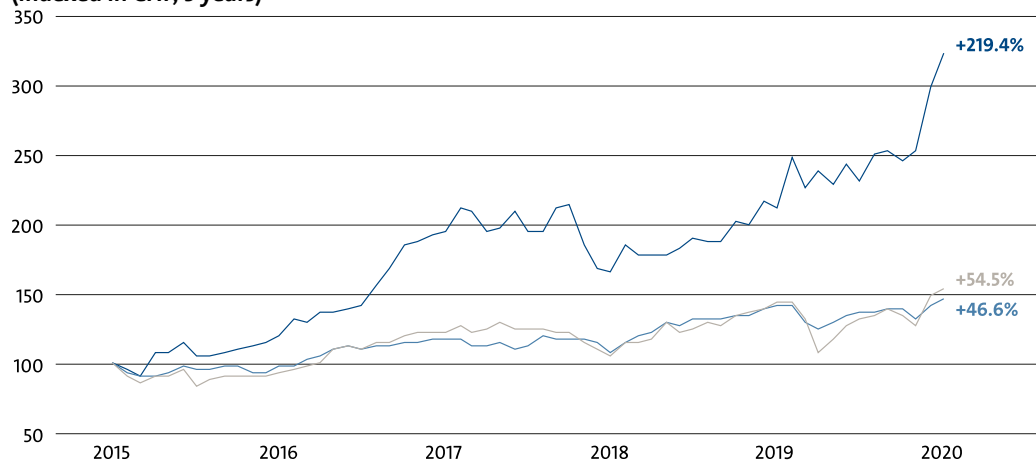
Source: Bellevue Group, as at 12/31/2020

- Equity base remains strong despite special dividend payout in 2020 (CHF 37 mn) thanks to sustained earnings power
- Reduction in goodwill & intangibles (prev. period: CHF 64 mn), after extraordinary value adjustment and impairment at StarCapital
- Required level of regulatory minimum capital as a pure asset manager is lower, enabling a very attractive return on equity
- Reserves of CHF 73 mn create more even leeway for attractive payouts and expansion projects
- Simple and debt-free balance sheet

SHARE PERFORMANCE

Bellevue Group shares (BBN SW)

(indexed in CHF, 5 years)



— Bellevue Group AG — SPI — Stoxx Europe 600 Financial Svcs Index

Source: Bloomberg, Bellevue Group, as at 12/31/2020

ANNUAL PERFORMANCE 2020
(IN CHF)

50.5%

MARKET CAPITALIZATION¹
(IN MN CHF)

415

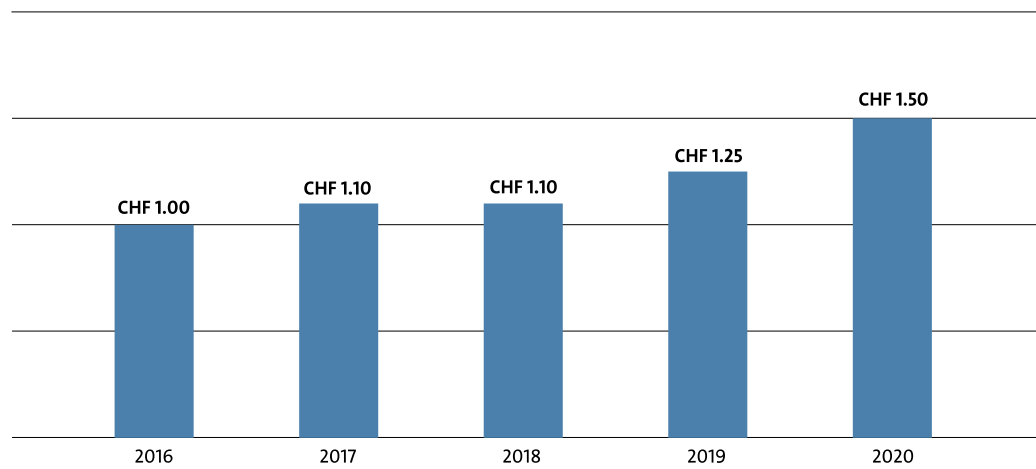
¹ As as at 12/31/2020

ORDINARY DIVIDEND
(IN CHF)

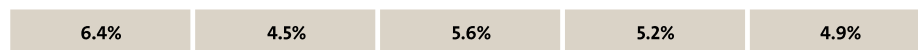
1.50

Attractive value creation for shareholders

ORDINARY DIVIDEND OVER TIME



Dividend yield ¹⁾

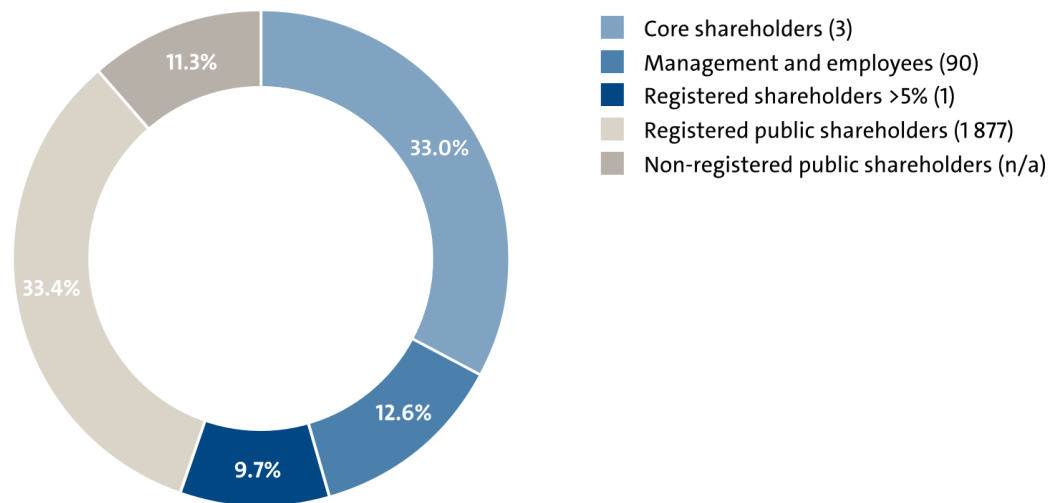


¹⁾ Based on ordinary dividend of CHF 1.50 and share price on December 31, 2020

Source: Bellevue Group, as at 12/31/2020

- Steadier earnings underpin an attractive dividend policy over the long term
- Regular dividend growth underscores confidence in the business model and the company's growth potential

Structure of the shareholder base



Source: Bellevue Group, as at 12/31/2020




- Strong commitment of core shareholders
- Substantial increase in management/employee shareholders (31.12.2019: 13.3%)
- Hansjörg Wyss a new core shareholder (9.7%) with a long-term horizon
- Base of institutional shareholders is steadily growing
- Very transparent shareholder base: >88% registered (1971 shareholders)
- Shareholder-friendly dividend policy unchanged, strengthening sense of continuity

PRODUCT AND DISTRIBUTION HIGHLIGHTS

Amid a challenging environment distinguished by financial market volatility and a global economic slump, Bellevue demonstrated its strength as an active asset manager and ended 2020 with a very positive set of results.

The healthcare sector was a dominant factor and it became a compelling investment theme for a growing number of investors as the coronavirus pandemic evolved. In meeting this demand Bellevue successfully grew its business with existing clients and attracted a considerable number of new clients as well. 79% of all assets under management beat their respective benchmarks during the past year. In a broader performance comparison, 10 of its 14 funds placed in the first or second performance quartile within their category. This impressive achievement would not have been possible without a high level of investment team continuity: 16 of the 19 lead portfolio managers have held this role since the day their funds were launched.

Attractive product offering and solid investment performance

| | |
|---|--|
| <p>Very competitive performance of investment strategies</p>  | <ul style="list-style-type: none"> – 72% of AuM in 1st or 2nd quartile in 2020 – 82% of AuM in 1st and 2nd quartile over 3 years – 93% of AuM in 1st and 2nd quartile since inception – 80% of AuM in 1st quartile since inception |
| <p>Value generation for investors («alpha»)¹⁾</p>  | <ul style="list-style-type: none"> – 79% of AuM beat benchmark in 2020 – 75% of AuM beat benchmark over 3 years – 84% of AuM beat benchmark since inception |
| <p>High continuity and stability in portfolio management</p>  | <ul style="list-style-type: none"> – 16 of 19 lead portfolio managers in charge since date of launch – No portfolio manager changes in 2020 – Very low fluctuation rates for >10 years – Steady recruitment of new investment professionals and young talents |

¹⁾ Outperformance after expenses, based on institutional share classes

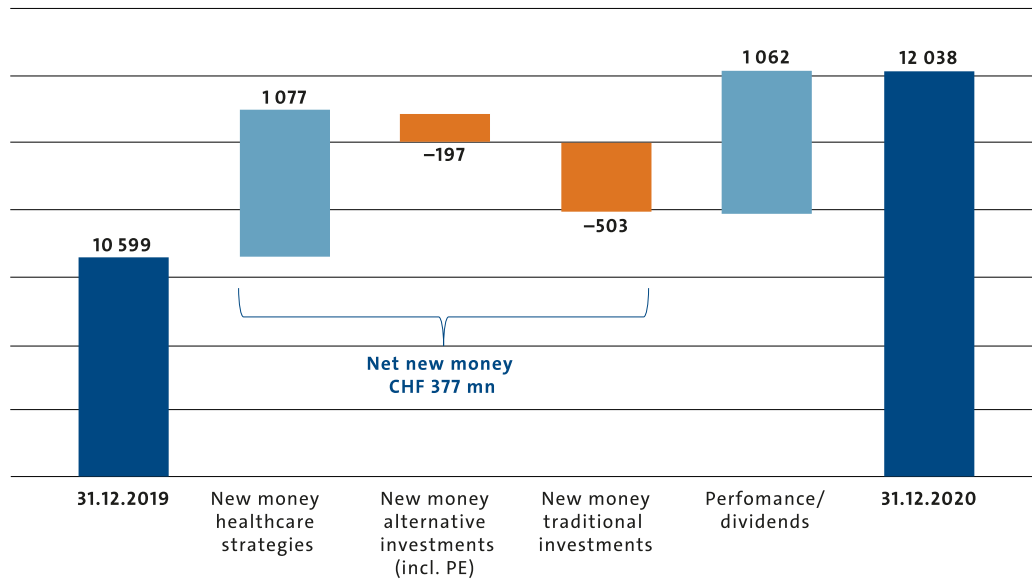
Source: Bellevue Group, Lipper/Refinitiv as at 12/31/2020

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

Assets under management grew by 13.6% to a record high of CHF 12 bn thanks to new money inflows and good performance. Investment strategies in the core segment of healthcare attracted more than CHF 1 bn in new money for the first time in the company’s history and inflows were observed across the entire range of healthcare products. Differentiated alternative investment solutions – including the recently established Private Markets unit – displayed stability in the face of dramatic market turmoil. Asset outflows from traditional investment vehicles subsided somewhat compared to the previous year, but the bond and multi-asset strategies continued to experience intense structural competition.

ASSETS UNDER MANAGEMENT BY DOMAIN

CHF million



Source: Bellevue Group, as at 12/31/2020

Healthcare – from a niche growth story to investment topic number one

2020 was highlighted by health and healthcare: Bellevue recorded a strong inflow of new money at its innovative healthcare strategies, an area where it is an acknowledged leader and shared in the commercial success of numerous drugs and technologies. Once again, the non-cyclical growth aspects of the healthcare industry, which make the sector an ideal diversification during phases of weak global economic activity, proved to be a positive driver.

BB Biotech shares advanced 30.4% (in USD) over the year and outperformed the Nasdaq Biotechnology Index by a wide margin. Its preference for small and mid cap companies pursuing novel treatment approaches paid off once again. One of the strongest performance drivers in BB Biotech’s portfolio has been Moderna, a company it first invested in in 2018. Moderna is one of the pioneers of mRNA technology and it has played a crucial role in fighting the coronavirus pandemic. Moderna's stock price rose more than five-fold over the course of 2020 and the company is now the second-largest position in BB Biotech's portfolio. BB Biotech also profited from having two takeover targets in its portfolio, Myokardia and Alexion Pharma, both of which were acquired by other companies during the second half of 2020. In personnel matters, BB Biotech added two renowned experts to its Board of Directors – Prof. Dr. Mads Krogsgaard Thomsen, CSO of Novo Nordisk, and Dr. Susan Galbraith, Head of Oncology at AstraZeneca.

Interview with Head Investment Team BB Biotech

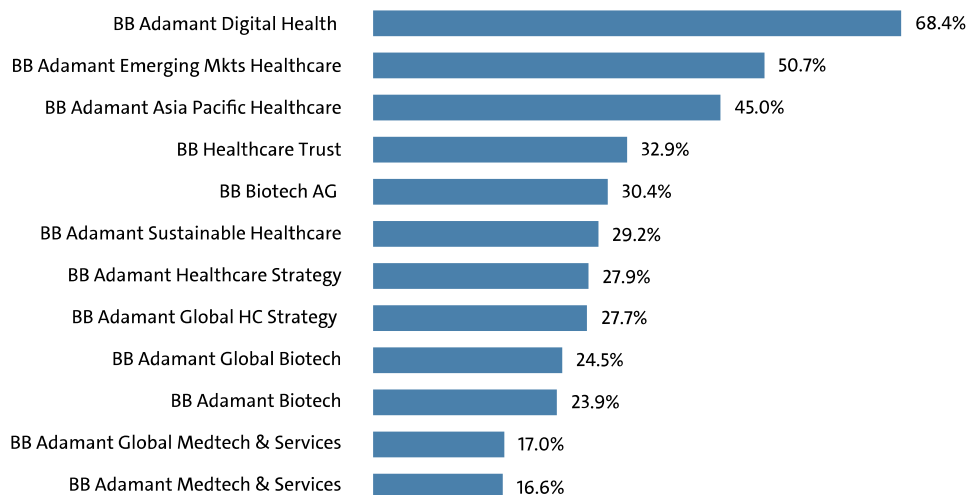
Dr. Daniel Koller is looking back on the challenging pandemic year 2020 in a video interview. First he discusses the groundbreaking success of the biotech industry. It has developed successful and safe vaccines in record time and is leading the fight against the SARS-CoV-2 virus pandemic with these vaccines and therapeutic antibodies. In addition, he explains why BB Biotech had already invested in Moderna in 2018 and what opportunity he sees for the mRNA technology in the future. Finally he gives an insight into the portfolio and tells why he has added Biogen to the portfolio.

[FULL INTERVIEW](#)

The London-listed BB Healthcare Trust gained 32.9% (in USD) and likewise outperformed its benchmark, the MSCI World Healthcare Index. Its portfolio is focused on companies that are benefiting from the rapid change sweeping through healthcare systems. The biotech, life science tools and diagnostics subsectors are currently overweighted. BB Healthcare Trust’s admission to the FTSE 250 in June 2020 has raised its profile with international investors.

CONVINCING HEALTHCARE INVESTMENT STRATEGIES

(absolute performance 2020, in USD)



Source: Bellevue Group, as at 12/31/2020

In the healthcare fund franchise, the BB Adamant Digital Health Fund was the top performer with a return of 68.4% for 2020 (in USD), which compares with an advance of only 13.5% for the MSCI World Healthcare Index, the global index for healthcare stocks. The COVID-19 pandemic drew attention to the urgent need for a digital transformation of the healthcare system in the face of an emergency medical situation and in order to make the system more cost-efficient. Consequently, healthcare providers, patients, hospital administrators and payers displayed a growing acceptance of digital tools and a willingness to invest in them. The Digital Health Fund participated in 11 IPOs last year and profited from rising M&A activity, which contributed to its dynamic development.

The two regional funds BB Adamant Asia Pacific Healthcare and BB Adamant Emerging Markets Healthcare also delivered impressive returns of 45.0% and 50.7% (in USD). Digitization is on the advance across Asia as well and China is reaping the rewards of an innovation offensive. More than

50 Chinese healthcare companies were listed on the stock market in 2020, for example, and Chinese biotech companies are advancing their product pipelines across a broad front, both in their domestic market and abroad. Wuxi Biologics is an example of this progress, having become a leading global technology and manufacturing platform in the wake of the COVID-19 pandemic.

The two healthcare funds targeting the global universe, BB Adamant Healthcare Strategy and its ESG-focused counterpart BB Adamant Sustainable Healthcare, both of which underweight pharma and the US and overweight mid caps, gained 27.9% and 29.2% (in USD). Their regional and sector diversification paid off once again as positive performance contributions were made by different subsegments, such as biotech and life science tools & services and, from a regional perspective, Chinese stocks.

The BB Adamant Biotech Fund ended the year with a return of 23.9%. This performance was fueled in part by the portfolio's exposure to COVID-19 themes, which occasionally accounted for up to 35% of total portfolio investments. COVID-19 had a temporary negative impact on fundamental factors in the medtech & services sector during the period under review. Pushed to the brink in 2020, hospitals were forced to put many non-emergency surgical procedures such as hip and knee implant operations on hold. Those operations will be rescheduled at some point in the future, though, and then give overall demand a corresponding boost. The BB Adamant Medtech & Services Fund outperformed the broader healthcare market by 3 percentage points and closed the year with a gain of 16.6% despite the challenging environment.

Alternative strategies – momentum in private equity business

The BB Global Macro Fund, an absolute return strategy, delivered a positive return of 2.7% amid the volatile market environment. The March drawdown was followed by a quick recovery fueled by equities and non-government bonds. Portfolio hedging was particularly challenging in 2020 due to the unattractive valuations of safe-haven assets.

LEARN MORE ABOUT BB PUREOS BIOVENTURES IN OUR TOP STORY

In the venture capital space, BB Pureos Bioventures has attracted USD 168 mn in assets since its launch in 2018. The fund invests in ten private biotech companies with an emphasis on novel biological drugs and emerging treatment modalities. Dr. Anja Harmeier was named a new partner at Pureos and the Advisory Board was enlarged with the appointment of Dr. Omar Khwaja as a new member.

LEARN MORE ABOUT BB ENTREPRENEUR PRIVATE IN OUR TOP STORY

Bellevue expanded its range of private equity solutions with the launch of the BB Entrepreneur Private Fund in January 2021. This fund is a growth financing vehicle for small and mid-sized Swiss companies that will help to strengthen the Swiss SME landscape. The Private Equity team is being steadily expanded post-launch.

In the direct equity investing business, the adbodmer team continued to add reputable companies and families to its investor group in 2020 and it closed two transactions involving Swiss technology leaders. Its pipeline for 2021 is very sound as well.

Traditional strategies – small cap stocks make up for lost ground

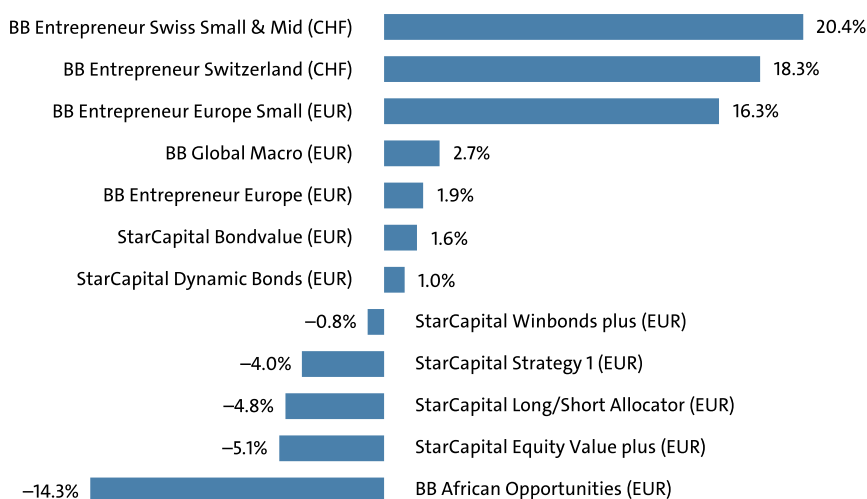
Turning to traditional strategies, the Entrepreneur funds delivered a convincing performance in 2020. All BB Entrepreneur funds generated a positive return for the year and beat their benchmarks by wide margins in some cases. Their investment strategies offer an interesting mix of value, growth and high growth and they are placing a greater emphasis on innovation and sustainability as structural growth drivers.

African stock markets did not recover as strongly as other emerging market regions due to low levels of domestic liquidity and the dearth of foreign inflows. High real bond yields in Egypt diverted capital away from the stock markets and the BB African Opportunities Fund was unable to profit from the rally in Nigeria because of the foreign-exchange crisis, which precluded investments in that country. Nevertheless, the fund’s portfolio is attractively valued and has demonstrated considerable resilience and it is well-positioned to benefit from a rebound in its core markets.

The classic, broadly diversified equity, bond and multi-asset strategies offered by StarCapital remained under pressure. StarCapital’s team revised its investment concepts over the past year and modified some products in order to better address the current market situation and sharpen its profile as an active, benchmark-independent asset manager. StarCapital is focusing on a modern mix of anti-cyclical and value-driven investing styles. Consequently, it merged the two subfunds StarCapital Priamos and StarCapital Starpoint into StarCapital Equity Value plus. The StarCapital Argos bond strategy shifted its focus to crossover corporate bonds (BB- to BBB+) and its name was changed to StarCapital Dynamic Bonds to reflect the new investment strategy. Furthermore, StarCapital will work even more closely with Bellevue Asset Management to improve distribution and actively offer Bellevue’s healthcare funds, for example, to clients in Germany.

TRADITIONAL AND ALTERNATIVE INVESTMENT STRATEGIES

(absolute performance 2020, in base currency)

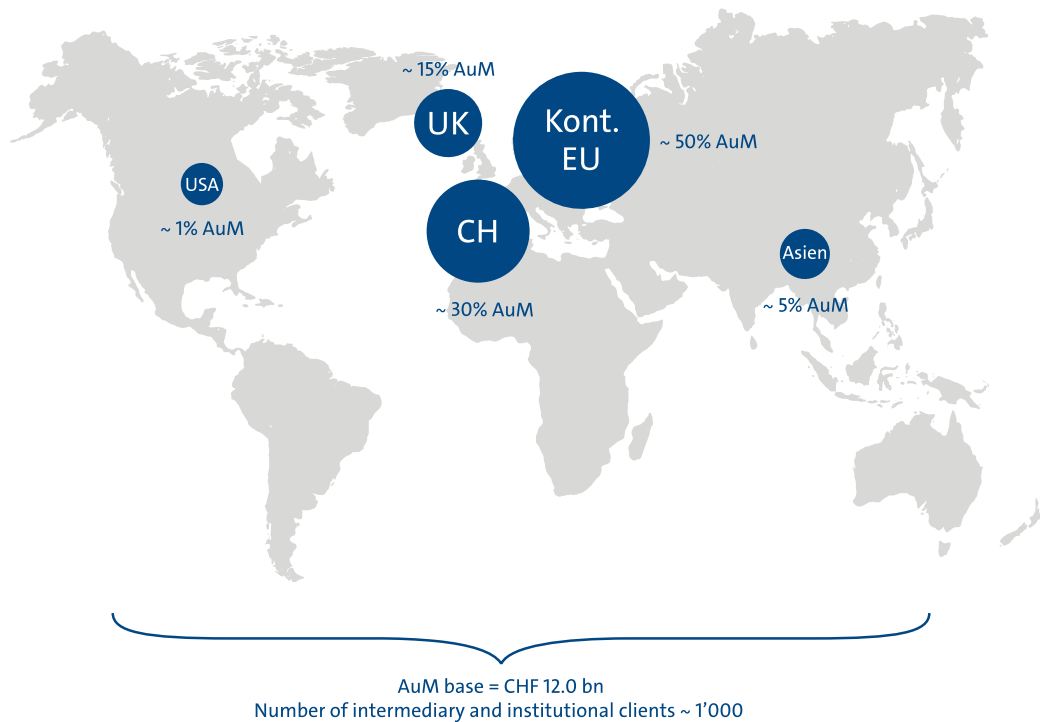


Source: Bellevue Group, as at 12/31/2020

Steady expansion in international markets

Business developments in the core target markets of Switzerland – which accounts for approximately 30% of assets under management – and Germany and the United Kingdom, where clients are served by local subsidiaries, were pleasing. Growing momentum has been observed with large and private banks, thanks in no small measure to the increasing size and maturity of the products on offer. Strategic peripheral markets have also displayed growth momentum. Developments in Spain, where Bellevue has partnered with Atlas, a local firm based in Madrid, were very encouraging as assets under management in the country have now passed the CHF 500 mn mark. Bellevue has established a solid network of clients in Austria as well and it is steadily growing its presence in the Benelux countries. Asia, led by Singapore and Hong Kong, both major hubs of international private banks, is clearly on the rise. As its Digital Health, Medtech & Services and Global Healthcare strategies have grown in size, Bellevue has become a viable alternative for relevant platforms in Asia. Bellevue clearly reaffirms its strategy as a B2B asset manager in wholesale banking – first and foremost in the key financial centers of Singapore and Hong Kong – which in retrospect has proved to be the right strategy.

Client and growth momentum



Source: Bellevue Group, as at 12/31/2020

In addition to the ongoing expansion of its market presence in its strategic markets, Bellevue has designated Italy, a country with particularly attractive institutional prospects, as a new target market. Bellevue is also exploring Israel as a potential new market and initial developments there have been positive.

BUSINESS MODEL AND STRATEGY

The successful sale of Bank am Bellevue in 2020 marked the conclusion of the Group's transformation into a pure play asset manager. Over the past ten years, the business model that has served Bellevue Group so well since its establishment in 1993 underwent a gradual evolution and the company's investment capabilities were broadened through a series of acquisitions. That and the successful organic development of the business have produced double-digit growth rates for Bellevue Group in recent years. Investor interest in healthcare, one of Bellevue's core strengths, increased significantly during 2020, a year of health, and will likely remain high going forward.

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

Our entrepreneurial business model is straightforward, transparent and highly scalable. Our financial profile is robust and low on risk. What makes us so unique is the force and strength of our proven expertise deployed in autonomous and accountable teams, which we coalesce into one strong and connected whole, framed and underpinned by our solid platform.

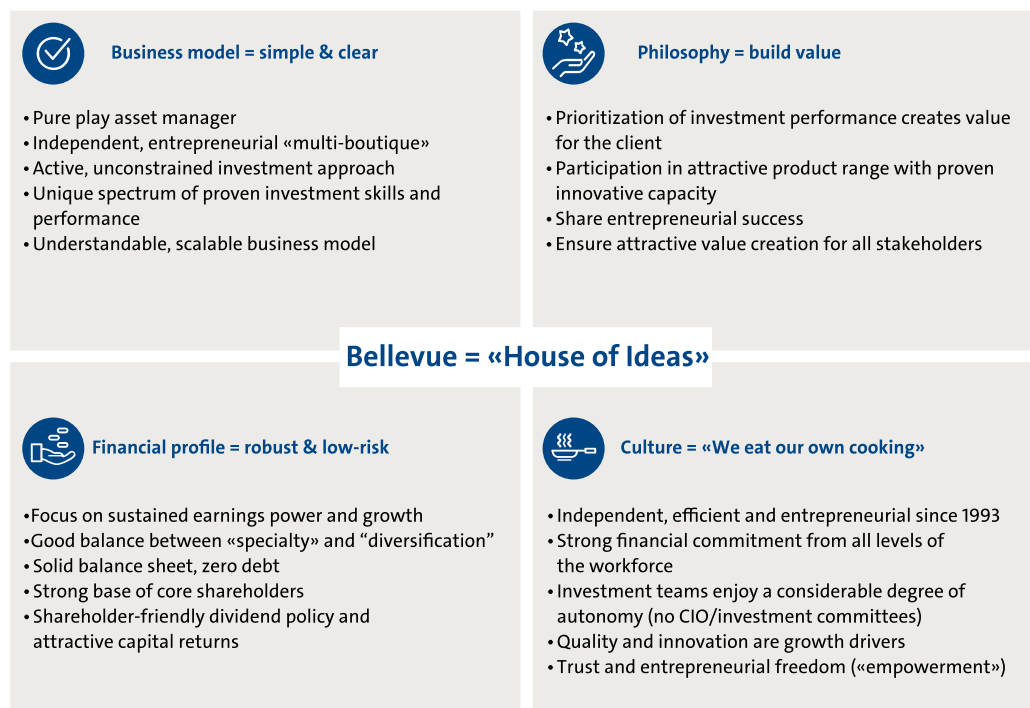
We seek and deliver growth through performance and innovation.

Value creation for clients and shareholders is our value proposition – accountability and responsibility toward all employees and business partners and responsible stewardship of the environment is our duty.

The solid quality of the Group's earnings base enhances business planning processes and the clear-cut business model creates plenty of room for further efficiency gains. A debt-free balance sheet, a comfortable cushion of equity and the entrepreneurial bias of the company's ownership structure allow Bellevue to maintain its proven strategy, which is distinguished by a balanced mix of organic and acquisitive growth as well as attractive distributions to shareholders.

Global reach thanks to international network and diversified platforms

Bellevue's main offices in Zurich/Küsnacht, Frankfurt/Oberursel and London give it a strong international footprint. Licenses from regulatory authorities in Switzerland, the EU and the United Kingdom ensure its access to its core markets. A research unit in New York and representatives in Asia provide Bellevue with valuable local know-how and investment inputs. Strong and well-diversified platforms conforming to clearly defined standards facilitate the international transportability of highly scalable products across numerous European and Asian countries. Established alliances with third parties that are well-positioned in their particular local markets give Bellevue a global reach despite its lean structure.



Source: Bellevue Group, as at 12/31/2020

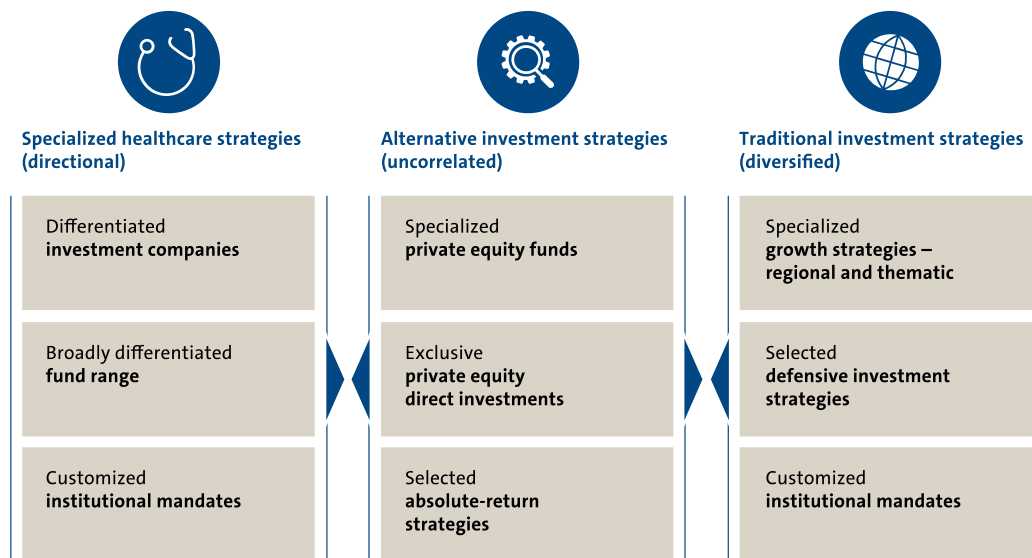
Expertise, innovation and entrepreneurship drive the value creation process

Bellevue Group is a truly independent asset manager seeking to offer attractive and innovative investment ideas that generate value for investors as well as shareholders. Investors, shareholders and its own employees have long benefited from its ability to identify compelling investment opportunities at an early stage.

As a pure asset manager, Bellevue is pursuing a multi-boutique approach with a particular focus on investment themes where it can deliver superior investment returns with an active, benchmark-agnostic investment process. All of its investment solutions are characterized by specialization, quality and innovation. Bellevue's investment professionals have long and strong track records and they are superbly networked with senior executives and leading experts in the industries they cover.

Product range – a balanced mix of «specialization» and «diversification»

Bellevue's offering comprises a clearly defined range of investment products and services. It covers three targeted investment areas – specialized healthcare strategies, alternative investment strategies and traditional investment strategies. This clearly defined investment spectrum offers investors a good balance between special themes and diversification, as well as access to sustainable growth stories. As a pure play asset manager, having a broad but sturdy earnings base and a diversified range of products and services for the various cycles of the capital market is crucial. This gives investors a range of timely investment options and lets them participate in Bellevue's ideas yet at the same time ensures that shareholders' interests are upheld.



Source: Bellevue Group, as at 12/31/2020

Bellevue's approximately 100 employees have many years of experience in the investment industry and they represent the backbone of the company. They are investment professionals as well as entrepreneurs. Bellevue employees have a personal stake in the performance of the products they manage, and thus the performance of their clients' investments, because they themselves are invested in these products. «We eat our own cooking» – a high level of congruence with the interests of investors promotes discipline and entrepreneurial thinking and action. Portfolio management teams are given considerable freedom to achieve their visionary pursuits and assume a high degree of self-responsibility while doing so. This culture and agility contribute to the Group's innovative capacity and enable it to produce a steady stream of novel investment concepts. Every portfolio will, however, always exhibit a focus on sustainable earnings power and growth.

«House of Investment Ideas» as the foundation of the business model

Bellevue Group, one of the largest and most experienced healthcare investors in the world, has identified very compelling special themes within the healthcare industry that are backed by structural growth trends. Its broad and highly specialized range of healthcare strategies captures the zeitgeist of our times and has attracted increasing attention from the investment community for some time. An example of the long-standing and unique investment expertise Bellevue has in the healthcare sector is BB Biotech AG, an investment company that has generated value for investors for more than 25 years.

Bellevue is also steadily expanding its skills and capabilities in the field of alternative investments. Dynamic expansion has been achieved with direct equity investments involving healthcare and

entrepreneurial businesses. Venture capital and entrepreneurial private equity vehicles that finance the growth of SMEs have attracted growing interest from a growing number of investors. The outlook for alternative investment strategies is bright and Bellevue intends to selectively expand its activities in this area.

Turning to traditional investment strategies, Bellevue was a pioneer provider of funds focused on entrepreneur themes and Africa. New investment opportunities were recognized at an early stage and made accessible to a broader investment community. These growth-based strategies are currently under pressure for market and structural reasons, as are defensive equity strategies as well as bond and mixed strategies. A constant rebalancing of the product range and the development of innovative ideas will help to create new growth prospects.

These three focused investment strategies represent the cornerstones of Bellevue Group's business model and its value proposition of creating sustainable value added for its clients, shareholders and employees. While the corporate culture, investment strategy and shareholder structure do impart considerable stability, the business model must still undergo a process of continual optimization to promote and protect the interests of all stakeholders.

A forward-looking, growth-oriented strategy with a focus on profitability

The key drivers of future growth are the investment performance of the existing products, the development of interesting new products and the acquisition of new clients. Bellevue has a solid platform and a sound strategy for achieving progress on all three fronts.

Growth = product quality + innovation + customer momentum



Source: Bellevue Group, as at 12/31/2020

Bellevue is aiming to grow first and foremost with its established products – «Grow with the products». Its potential for growth in this respect is apparently quite high. This is also where the best earnings prospects lie, given the fact that a high degree of product scalability presents the most attractive marginal returns. Growing with the products will only be possible if the high level of product quality is maintained and adapted when and where expedient. Bellevue is constantly investing in platform modernization, including the related infrastructure and instruments, with that in mind. Maintaining high levels of portfolio management continuity and stability and effectively strengthening the investment teams with new talent is vital. Bellevue has proven that it is quite capable of recruiting and retaining the right people. 16 of its 19 lead portfolio managers have held this responsibility for the funds they manage since day one.

«Grow with the products» is also contingent on growing the underlying client base. Having the ability to win new clients and enter new target markets is critical here. Bellevue is firmly anchored in its domestic Swiss market and in its core European markets of Germany and the UK, where it still sees considerable penetration potential. Bellevue is also growing steadily in its strategic secondary

European markets of Austria, Spain, Benelux and Italy – with both long-standing as well as recently acquired clients, especially in the demanding segment of large clients (global universal and private banks, pension funds and large corporations). In Asia, tangible opportunities have emerged thanks to the growing volume and maturity of the products on offer. Bellevue is still in the early stages of establishing a footprint in this region and currently developing its strategy to take growth to a higher level.

Innovation is a key growth driver, as already witnessed in the past. Bellevue is stepping up the expansion of its direct equity investment activities in the healthcare industry and other specific market segments, such as entrepreneurial investment in the DACH region, to take advantage of the diversification benefits and favorable market growth prospects. New innovative concepts for non-traditional and traditional investment vehicles are also being developed to enhance the current business model's growth prospects. Greater resources will be directed toward other global themes ranging from «technology» and «environment» to «responsible investing».

Looking at the broader picture, then, Bellevue Group has a full pipeline of ideas and products for 2021 and beyond. At the same time, existing elements of its product range that do not have a distinctive profile or a sharp competitive edge will be repositioned or, as a last resort, removed. Bellevue's strategy is not simply about size: it is more focused on high-quality, steady earnings and an attractive cost/income ratio.

SUSTAINABILITY 2020

Sustainability is an issue that Bellevue Group is taking very seriously. In 2020, highlights included development of the first voluntary UN PRI Report for Bellevue Asset Management AG in April for the year 2019, ESG training sessions for portfolio managers hosted by external ESG providers, and participation in (virtual) ESG conferences, in addition to the development and implementation of a formal investment policy embracing sustainability-related issues.

Important ESG aspects at Bellevue

Companies involved in serious controversies that violate universally-accepted principles on the environment, human rights and business ethics are excluded from its investment process

ESG issues and sustainability-related risks are integrated and addressed at all stages of the investment process

Cooperation with global leaders in ESG research and services

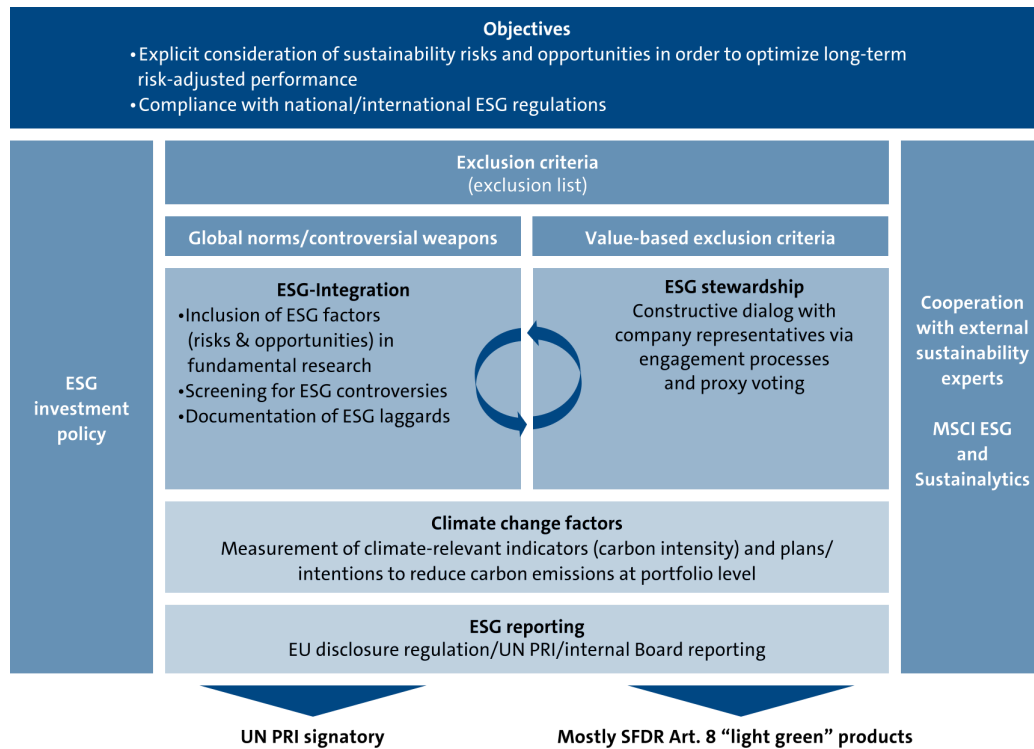
The carbon intensity of Bellevue's equity portfolios was 30%-50% less than comparable global market indexes as of year-end 2020

Active contribution to UN Sustainable Development Goal No. 3 (Good Health and Well-being) by investing in innovative healthcare companies

Bellevue Asset Management's first UN PRI report will be published in 2021

In response both to the interests of the investors and to upcoming regulatory requirements, Bellevue Asset Management developed a formal ESG investment policy in 2020 that implements current recognized industry standards. Bellevue Asset Management's ESG investment policy is in line with AMAS (formerly SFAMA) and Swiss Sustainable Finance Association recommendations (Sustainable Asset Management – Key Messages and Recommendations, June 16, 2020). As well as addressing Swiss regulations for implementation of national sustainable investment guidelines, Bellevue's investment policy complies with the EU regulations on sustainability, notably the EU Disclosure Regulation, and with other international legislation and regulations applicable to Group subsidiaries operating overseas.

Below is a graphic representation of the company’s ESG investment policy:



Source: Bellevue Asset Management AG

Strict compliance with global standards

Bellevue Asset Management pledges to comply with internationally recognized standards and excludes organizations implicated in serious violations of human rights, environmental and labor standards, or cases of corruption. There will be no investment in companies acting in serious contravention of UN Global Compact Principles, UN Guiding Principles for Business and Human Rights, or International Labor Organization standards. Likewise, Bellevue Asset Management systematically abstains from investments in companies associated with controversial weapons.

Values-based exclusions

Unlike exclusions based on violations of global standards, values-based exclusions are rooted in social, ethical and moral principles. Businesses involved in activities generally considered to be controversial according to current social mores will generally be avoided, but they may be screened as a potential investment candidate on a case-by-case basis. Below is a list of industries or business operations that is considered to be ethically or morally controversial:

- The tobacco industry
- Gambling
- Pornography
- Nuclear power
- Thermal coal/energy generation from thermal coal
- Palm oil
- Conventional weapons
- Fracking and oil sands

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 medicines be approved without animal studies, even today. Their healthcare experts prioritize compliance with humane animal research principles in line with the principle of the 3Rs: Replace, Reduce and Refine.

ESG integration

ESG integration refers to the systematic inclusion of environmental, social and governance factors into the fundamental research process and the ensuing assessment of the associated financial risks or opportunities with respect to future stock market performance. This approach gives their portfolio managers a holistic picture of an enterprise. While the aggregate ESG scores generally used for this purpose are taken into consideration, their experts interpret them with caution and exercise critical judgment. Most ESG rating methods are based on a predefined systematic approach which, however, does not always result in an objective or fair assessment of risk. In fact, they tend to systematically disadvantage start-ups and small cap companies relative to their large-cap brethren. A lack of manpower and experience in ESG issues may result in a company being underrated. Another contributing factor is the application of a set of criteria dictated by the methodology that cannot be reliably applied to every company in a given sector. In the biotech industry, for instance, young companies still in the R&D 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. That is why the portfolio managers take an in-depth look at potential or ostensible ESG laggards and always make a point of talking in person to the ESG specialists of the cooperation partners. Accordingly, Bellevue Asset Management does not apply a minimum rating threshold and it will usually not adopt a best-in-class approach (systematic exclusion of companies that score below a minimum ESG rating) when it comes to making investment decisions.

ESG stewardship

Insights emerging from the above ESG risk assessment also form part of a constructive conversation with candidate companies, which can lead to a company making measurable progress on ESG criteria and hence having their score adjusted upward by the ESG analysts (engagement process). Finally, the long-term interests of investors are protected by making active use of their voting rights at the annual general meetings of the companies in the portfolios of Bellevue Asset Management.

Climate change factors

Bellevue Asset Management endorses the climate goals of the Paris Agreement adopted in December 2015 and supports measures to mitigate global warming. considerable importance to green investment portfolios that can support progress towards the climate goals of the Paris Agreement is attached. Carbon intensity (tonnes of carbon emitted per USD 1 mn of sales) is measured regularly at portfolio level and scored based on the relevant investment universe or fund benchmark. It is worth pointing out that the majority of our investment is in the healthcare sector, which naturally is exposed to comparatively fewer carbon emissions than the industrial sector, commodities or the energy sector. All of the stock portfolios that are managed had 30% to 50% lower end-of-year carbon intensities than the likes of the MSCI World Index or MSCI Emerging Market Index.

Participation in ESG conferences

In addition to the efforts to integrate ESG criteria in the investment processes, Bellevue Asset Management's experts have been in great demand as speakers at sustainability conferences. ESG leaders at Bellevue Asset Management were invited to join in the discussions at two panel and workshop events during the traditional SUSCON 2020 Sustainability Congress hosted by Drescher & Cie. in Germany.

Outlook 2021

In terms of sustainability, the new business year will see increased transparency and visibility of the investment-related sustainability profiles at Bellevue Asset Management, as there will be a response from Bellevue Asset Management to the challenging requirements of the new EU regulation on sustainability-related disclosures and the EU sustainable finance taxonomy. The launch of new strategies or realignment of existing strategies to prioritize ESG will be explored, not for regulatory reasons but based on the conviction that dedicated sustainability strategies bring genuine opportunities for a higher risk-adjusted yield while enhancing the fund profile.

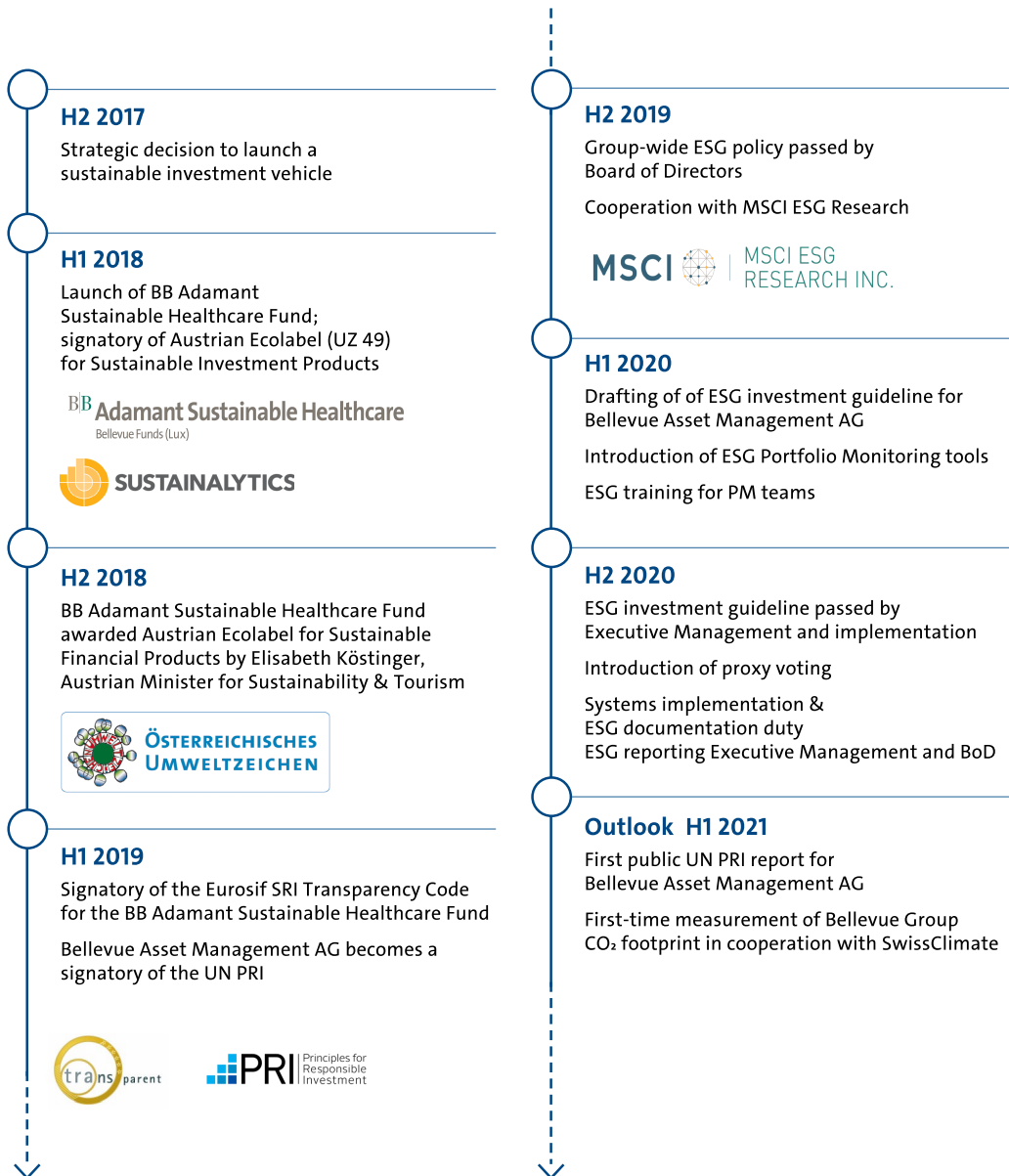
On a corporate level, Bellevue Group will work with SwissClimate AG, a leading climate/ESG consultant in Switzerland, to establish our Group's first carbon footprint. 2021 will also see the publication of the first UN PRI Report for Bellevue Asset Management AG.

BB Adamant Sustainable Healthcare Fund

Bellevue Asset Management AG brought the world's first sustainability-themed healthcare investment fund to the market with the launch of the BB Adamant Sustainable Healthcare Fund in the summer of 2018.

ALL ABOUT THE FUND

Important ESG milestones



BB ADAMANT SUSTAINABLE HEALTHCARE FUND

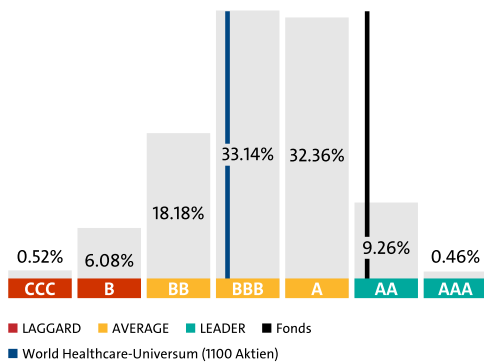
Bellevue Asset Management AG brought the world's first sustainability-themed healthcare investment fund to the market with the launch of the BB Adamant Sustainable Healthcare Fund in the summer of 2018. The strategy, which has earned the Austrian Ecolabel UZ 49, delivered another extremely pleasing return in the 2020 calendar year. Its year-on-year investment performance of 29.2% in USD, its base currency, compares to a gain of 13.5% for the MSCI World Healthcare Index over the same period. The fund's significant excess performance versus the broader market is attributed to its investments in three Danish healthcare companies and to its exposure to Asian healthcare stocks.

Its explicitly sustainable investment approach has won over a growing number of private and institutional investors. These include funds of funds and relationship managers and, increasingly, wealth management banks, all of which are using the fund to address the issue of sustainability in their investment strategies. In 2020 the fund attracted more than CHF 90 mn in net new money, increasing the size of the fund substantially to CHF 172 mn as of the end of the year.

«The fund’s carbon footprint is only 32 tonnes of carbon emissions per million dollars, which is less than the carbon intensity of the healthcare universe as a whole»

Distribution of MSCI ESG fund rating universe

Colored bars correspond to portfolio and benchmark ESG quality scores



Source: MSCI ESG Research, Bellevue Asset Management

Black = Fund, Dark blue = Global Health Care universe (1 100 stocks)

According to the MSCI ESG’s sustainable impact model, the net positive impact of the BB Adamant Sustainable Healthcare Fund is 27%, compared to a mere 5% for the MSCI world equity index and 7% for the global world healthcare universe. This high score can be traced to the positive social impact inherent in healthcare-related fields, rather than to environment-related aspects. According to the MSCI’s sustainable impact classification scale, a score of more than 20% is considered «very high».

Although the primary objective of the BB Adamant Sustainable Healthcare Fund is to achieve an attractive investment performance by investing in listed companies active in the healthcare sector while meeting the strict sustainability criteria of the Austrian Ecolabel UZ49, the MSCI ESG assessment indicates that the fund's active investment approach also has a clearly net positive impact with respect to the UN SDGs. Nevertheless, Bellevue views its fund as an investment strategy focused on sustainability and not as an explicitly impact-driven strategy.

The MSCI ESG rating for the fund as at year-end is AA, whereas the average rating for the approximately 1100 stocks in the global healthcare universe is a low BBB. More than 40% of the stocks in the funds’ portfolio also have a positive rating trend, whereas only 18% of the stocks in the global healthcare universe have a positive rating trend. The fund’s carbon footprint is only 32 tonnes of carbon emissions per million dollars of portfolio sales, which is less than the carbon intensity of the global healthcare universe as a whole (37 tonnes) and only one-fifth that of the MSCI global equity index (151 tonnes).

Although the fund was not explicitly launched as an impact-investing strategy, attention is drawn to the fund’s positive contribution towards achieving the targets given in the 17 Sustainable Development Goals (SDGs) of the United Nations.

Impact Exposure Classification

| Percentage | Exposure |
|----------------|------------|
| >20% | Very High |
| >10% and <=20% | High |
| >5% and <=10% | Moderate |
| >1% and <=5% | Low |
| <=1% | Negligible |

Quelle: MSCI ESG Research

BELLEVUE EXPANDS ITS PRODUCT OFFERING IN THE FIELD OF PRIVATE EQUITY

Bellevue Group AG is strengthening its private equity arm with the launch of the BB Entrepreneur Private strategy, an investment vehicle focused on growth financing for small and mid-sized Swiss companies. In addition to the successful venture capital fund BB Pureos Bioventures, Bellevue is now launching a new initiative to strengthen the Swiss SME landscape.



Swiss SMEs (small and mid-sized enterprises) are known for their strong innovation skills and they often offer long-term growth potential with high margins. This is all the more so if the SME is a family or an owner-managed business. Until now, however, it has been difficult for investors to gain access to the Swiss SME market because of a lack of suitable private equity (PE) vehicles. With the launch of BB Entrepreneur Private, a private equity fund established in collaboration with prominent business families, Bellevue can now offer qualified investors a vehicle for investing in fast-growing Swiss SMEs.

Bellevue employs teams of competent professionals with many years of experience in the fields of private equity and family-run or owner-managed companies. This enables it to anticipate new opportunities at an early stage, and provides investors with access to innovative, value-creating investment solutions beyond the mainstream.

Bellevue's acquisition of the private equity boutique adbodmer AG in the summer of 2019 expanded its investment expertise significantly. As an established player in the PE business with an excellent network of business contacts, adbodmer specializes in direct equity investments, constructing exclusive investment opportunities that it skillfully oversees until an exit is arranged. Selective cooperation between Bellevue Asset Management and adbodmer increases the flow of high-quality deals and enhances value creation.

The acquisition of adbodmer marked another milestone in the steady acceleration and expansion of private equity investment activity within Bellevue Group. It is regularly adding highly qualified experts to the team. Thanks to its existing international network, access to private equity investments can be offered to a wider circle of clients. This creates the basis for the selective expansion of the company's private equity activities across the DACH region.

«We're pleased to close a gap in the market with the launch of BB Entrepreneur Private, to combine the best of both worlds and to create an investment vehicle for qualified investors that was lacking until now»

André Rüegg
CEO Bellevue Group

«Combining the best of both worlds»

The BB Entrepreneur Private strategy offers Swiss investors the opportunity to invest in promising fast-growing Swiss SMEs alongside prominent business families and lead investors. The investment universe consists of «hidden champions,» profitable and mostly debt-free businesses that have strong competitive advantages. These companies are run by very capable management/ownership teams with sound growth plans and midterm exit plans. adbodmer is in a unique position to provide these «hidden champions» with the capital they need to implement their growth strategies while ensuring that the entrepreneurs retain control and flexibility.

adbodmer develops and oversees exclusive private equity investment opportunities and BB Entrepreneur Private belongs to adbodmer's select group of investors. The portfolio management responsibility – and thus the responsibility for making the investment decisions – lies with Bellevue Asset Management.

André Rüegg, CEO Bellevue Group, comments on the launch of the new investment vehicle: «We're pleased to close a gap in the market with the launch of BB Entrepreneur Private. Through our adbodmer subsidiary, we have a highly experienced team of private equity specialists at our disposal. Together with Bellevue Asset Management's vast expertise in entrepreneur investment strategies, we have combined the best of both worlds and created an investment vehicle for qualified investors that was lacking until now.»

**WEBSITE BB ENTREPRENEUR
PRIVATE**

VENTURE CAPITAL FUND RAISES USD 168 MN AND DEMAND REMAINS STRONG

BB Pureos Bioventures (Pureos) was launched two years ago as venture capital fund focused on private biotech companies developing novel medicines for severe diseases. Bellevue Asset Management AG announced the closing of its first fund, BB Pureos Bioventures L.P. («Pureos») after receiving capital commitments of USD 168 mn. In view of the capital commitments received in early 2021 and the persisting high levels of interest, this fund will likely pass the USD 200 mn threshold at the end of March 2021, when the final closing is scheduled.



Pureos has already invested in 10 biotech firms since inception, several times as lead investor with ultimate responsibility for managing and implementing the entire funding transaction. 40% of these investments are in Swiss biotech companies and a managing partner from Pureos has taken a seat on the boards of directors of these companies, which ensures active oversight of their development.

The team of experts at Pureos have many years of experience in fields ranging from venture capital and business start-ups to biotechnology and drug development. Pureos invests exclusively in innovative private drug development companies that are focused on novel biological drugs and emerging treatment modalities such as nucleic acid, cell and gene therapies. The fund's portfolio companies are built on scientific excellence with strong teams that are developing therapies across a broad indication spectrum, including oncology, immunology, ophthalmology, rare diseases, and neuroscience. The fund invests globally with a primary focus on Switzerland and Europe.

«Pureos has already invested in 10 biotech firms since inception. 40% of these investments are in Swiss biotech companies»

After the initial launch of its first fund, Pureos set out to build a balanced portfolio of 15 to 20 young pre-clinical and clinical-stage companies. Investments have already been made in Alentis Therapeutics AG, AM-Pharma BV, Araris Biotech, Eyevensys SAS, Imcheck Therapeutics SAS, Lava Therapeutics BV, NovaGo Therapeutics AG and Vico Therapeutics BV. The most recent addition to the portfolio is Corlieve Therapeutics SAS (see info box). Pureos is particularly interested in seed and start-up transactions. The company is a partner of BaseLaunch, a biotech accelerator for start-ups, and it works with a team of entrepreneurs-in-residence to translate groundbreaking scientific research into novel enterprises.

Founding partners Klaus Breiner, Dominik Escher and Martin Münchbach: «With Pureos, we aim to help build and support world-class teams that develop innovative therapeutics to treat serious diseases, thereby improving patients' lives.»

The investors and partners behind the first Pureos fund include long-term business strategists from the pharmaceutical and biotech sector, a large drug contract manufacturer, family offices, institutional investors, and fund-of-funds.

Corlieve Therapeutics

Corlieve Therapeutics is developing first- and best-in-class medicines for specific neuronal targets that have the potential to transform patients' lives. Corlieve brings together breakthrough neurological research with transformational drug delivery technologies to produce clinically meaningful therapies.

Corelieve's initial program is founded on the discovery of novel targets for the treatment of drug-resistant temporal lobe epilepsy and leverages innovative gene therapy approaches.

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VIDEOINTERVIEW

Dr. Daniel Koller, Head Investment Team BB Biotech, is looking back on the challenging pandemic year 2020 in a video interview. First he discusses the groundbreaking success of the biotech industry. It has developed successful and safe vaccines in record time and is leading the fight against the SARS-CoV-2 virus pandemic with these vaccines and therapeutic antibodies. It is therefore not surprising that the biotech sector has become the focus of investors. In addition, he explains why BB Biotech had already had invested in Moderna in 2018 and what opportunity he sees for the mRNA technology in the future. Finally he gives an insight into the portfolio and tells why he has added an «evergreen company», namely Biogen, in the portfolio.

«We had already invested in Moderna in 2018, when people didn't know about Corona yet»

Dr. Daniel Koller
Head Investment Team BB Biotech



FINANCIAL REPORT

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CONSOLIDATED INCOME STATEMENT

| CHF 1 000 | Note | 1.1.–31.12.2020 | 1.1.–31.12.2019 restated* | Change |
|--|-----------|-----------------|------------------------------|----------------|
| Revenues from asset management services | 2.1 | 108 819 | 102 156 | +6 663 |
| Income from financial investments | | 1 071 | – 1 336 | +2 407 |
| Net other income | 2.2 | – 39 | 548 | – 587 |
| Operating income | | 109 851 | 101 368 | +8 483 |
| Personnel expenses | 2.3 | – 51 894 | – 47 794 | – 4 100 |
| Other operating expenses | 2.4 | – 11 705 | – 13 111 | +1 406 |
| Depreciation and amortization | 2.5 | – 4 777 | – 4 247 | – 530 |
| Valuation adjustments and provisions | 2.6 | – 9 578 | – 8 341 | – 1 237 |
| Operating expenses | | – 77 954 | – 73 493 | – 4 461 |
| Group profit before tax from continuing operations | | 31 897 | 27 875 | +4 022 |
| Taxes | 2.7 | – 8 875 | – 8 415 | – 460 |
| Group net profit from continuing operations | | 23 022 | 19 460 | +3 562 |
| Group net profit from discontinued operations (net of tax) | 7 | – 718 | – 5 427 | +4 709 |
| Group net profit | | 22 304 | 14 033 | +8 271 |
| Undiluted earnings per share from continuing operations (in CHF) | 13 | +1.72 | +1.45 | +0.27 |
| Undiluted earnings per share from discontinued operations (in CHF) | 13 | – 0.05 | – 0.41 | +0.36 |
| Total undiluted earnings per share (in CHF) | 13 | +1.67 | +1.04 | +0.63 |
| Diluted earnings per share from continuing operations (in CHF) | 13 | +1.72 | +1.45 | +0.27 |
| Diluted earnings per share from discontinued operations (in CHF) | 13 | – 0.05 | – 0.41 | +0.36 |
| Total diluted earnings per share (in CHF) | 13 | +1.67 | +1.04 | +0.63 |

*¹⁾ The previous-year period has been adjusted. We refer to the statements on the change in presentation in section 16.3 and on the correction of errors in section 4.2.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 restated* | Change |
|--|-----------------|------------------------------|----------------|
| Group net profit | 22 304 | 14 033 | +8 271 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to net income | | | |
| Currency translation adjustments | – 290 | – 1 443 | +1 153 |
| 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 | – 84 | 4 266 | – 4 350 |
| Remeasurements of post-employment benefit obligations | – 373 | – 1 962 | +1 589 |
| Other comprehensive income (net of tax) | – 747 | 861 | – 1 608 |
| Total comprehensive income | 21 557 | 14 894 | +6 663 |

* The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

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

| | Note | 31.12.2020 | 31.12.2019 restated* | Change |
|--|---------|----------------|-------------------------|------------------|
| Cash and cash equivalents | | 82 547 | 87 486 | - 4 939 |
| Trade and other receivables | 3.2 | 18 076 | 19 021 | - 945 |
| Financial investments | 3.1/3.3 | 46 713 | 40 568 | +6 145 |
| Other assets | 3.4 | 8 363 | 5 774 | +2 589 |
| Current tax assets | | 738 | 665 | +73 |
| Assets classified as held of sale | 7 | – | 153 707 | - 153 707 |
| Current assets | | 156 437 | 307 221 | - 150 784 |
| Financial investments | 3.1/3.3 | 7 155 | 6 818 | +337 |
| Property and equipment | 3.5 | 5 032 | 8 254 | - 3 222 |
| Goodwill and other intangible assets | 3.6 | 52 578 | 63 959 | - 11 381 |
| Other assets | 3.4 | 13 929 | 6 429 | +7 500 |
| Deferred tax assets | 2.7 | 433 | 465 | - 32 |
| Non-current assets | | 79 127 | 85 925 | - 6 798 |
| Assets | | 235 564 | 393 146 | - 157 582 |
| Trade and other payables | 3.7 | 39 241 | 35 583 | +3 658 |
| Lease liabilities | | 1 789 | 2 147 | - 358 |
| Other financial liabilities | 3.1 | 91 | – | +91 |
| Current tax liabilities | | 3 982 | 7 612 | - 3 630 |
| Liabilities directly associated with assets held for sale | 7 | – | 127 624 | - 127 624 |
| Current liabilities | | 45 103 | 172 966 | - 127 863 |
| Trade and other payables | 3.7 | 16 228 | 11 135 | +5 093 |
| Lease liabilities | | 2 463 | 5 060 | - 2 597 |
| Deferred tax liabilities | 2.7 | 5 954 | 5 635 | +319 |
| Non-current liabilities | | 24 645 | 21 830 | +2 815 |
| Liabilities | | 69 748 | 194 796 | - 125 048 |
| 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 | | - 814 | - 800 | - 14 |
| Currency translation adjustments | | - 891 | - 601 | - 290 |
| Retained earnings | | 141 028 | 172 719 | - 31 691 |
| Treasury shares | 3.10 | - 2 193 | - 1 654 | - 539 |
| Total shareholders' equity | | 165 816 | 198 350 | - 32 534 |

| | | | |
|---|----------------|----------------|------------------|
| Total liabilities and shareholders' equity | 235 564 | 393 146 | - 157 582 |
|---|----------------|----------------|------------------|

¹⁾ The previous-year period has been adjusted. We refer to the statements on the change in presentation in section [16.3](#) and on the correction of errors in section [4.2](#).

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 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 7.

| CHF 1 000 | Share capital | Capital reserves | Gains and losses recognized in other comprehensive income | Currency translation adjustments | Retained earnings | Treasury shares | Total |
|--|---------------|------------------|---|----------------------------------|-------------------|-----------------|-----------------|
| On January 1, 2019 | 1 346 | 30 706 | 45 015 | 842 | 120 665 | - 1 693 | 196 881 |
| Currency translation adjustments | - | - | - | - 1 443 | - | - | - 1 443 |
| Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income | - | - | 4 266 | - | - | - | 4 266 |
| Remeasurement of post-employment benefit obligations | - | - | - 1 962 | - | - | - | - 1 962 |
| Reclassification from OCI positions | - | - | - 48 119 | - | 48 119 | - | - |
| Other comprehensive income | - | - | - 45 815 | - 1 443 | 48 119 | - | 861 |
| Group net profit (restated) ¹⁾ | - | - | - | - | 14 033 | - | 14 033 |
| Total comprehensive income | - | - | - 45 815 | - 1 443 | 62 152 | - | 14 894 |
| Employee stock ownership plan | - | - | - | - | 1 481 | - | 1 481 |
| Acquisition of own shares | - | - | - | - | - | - 9 779 | - 9 779 |
| Disposal of own shares | - | - | - | - | - 137 | 9 818 | 9 681 |
| Dividends and other distributions | - | - 3 366 | - | - | - 11 442 | - | - 14 808 |
| Transactions with owners in their capacity as owners | - | - 3 366 | - | - | - 10 098 | 39 | - 13 425 |
| Balance at 31 December 2019 | 1 346 | 27 340 | - 800 | - 601 | 172 719 | - 1 654 | 198 350 |

¹⁾ The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

The share of other comprehensive income attributable to discontinued operations is shown in note 7.

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

CONSOLIDATED CASH FLOW STATEMENT

| | 1.1.–31.12.2020 | 1.1.–31.12.2019 restated* |
|---|------------------|------------------------------|
| Cash flow from operating activities | | |
| Group net profit from continuing operations | 23 022 | 19 460 |
| Group net profit from discontinued operations | – 718 | – 5 427 |
| Total group profit | 22 304 | 14 033 |
| Reconciliation to net cash flow from operating activities | | |
| Non-cash positions in Group results: | | |
| Depreciation and amortization | 4 777 | 5 248 |
| Impairment of goodwill and intangible assets | 9 578 | 8 341 |
| Change in provisions | – 751 | 7 600 |
| Income taxes | 8 870 | 5 704 |
| Other non-cash items | 1 042 | 1 952 |
| Net (increase) / decrease in operating assets | | |
| Receivables and other assets | – 38 689 | – 38 742 |
| Financial assets and trading positions | – 14 677 | 61 176 |
| Net increase / (decrease) in liabilities | | |
| Payables and other financial liabilities | 168 017 | – 79 914 |
| Paid income taxes | – 12 294 | – 7 858 |
| Interest paid | – 149 | – 503 |
| Interest received | 81 | – |
| Dividend received | 494 | 5 535 |
| Cash flow from operating activities | 148 603 | – 17 428 |
| Cash flow from investing activities | | |
| Purchase of property and equipment | – 429 | – 644 |
| Acquisition of intangible assets | – 142 | – 200 |
| Disposal of property and equipment | 16 | – |
| Payments for acquisitions of controlled entities, net of cash | – 69 | – 7 567 |
| Reduction in cash and cash equivalents following disposal of subsidiaries | – 148 271 | – |
| Net cash flow from investing activities | – 148 895 | – 8 411 |
| Cash flow from financing activities | | |
| Cash distributions / dividends paid | – 53 846 | – 14 807 |
| Leasing payments | – 2 252 | – 2 132 |
| Purchases of treasury shares | – 16 980 | – 9 779 |
| Disposal of treasury shares | 11 108 | 7 818 |

| | | |
|---|-----------------|-----------------|
| Net cash flow from investing activities | - 61 970 | - 18 900 |
| Currency translation effects | - 639 | - 97 |
| Net increase / decrease in cash and cash equivalents | - 62 901 | - 44 836 |
| Cash at the beginning of the period | 145 448 | 190 284 |
| Cash at the end of the period | 82 547 | 145 448 |

¹⁾ The previous-year period has been adjusted. We refer to the statements on the change in presentation in section [16.3](#) and on the correction of errors in section [4.2](#).

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. As a result of the sale of Bank am Bellevue, Bellevue Group is focusing exclusively on the Asset Management business unit and has therefore reported only one reportable segment since December 31, 2019. 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.–31.12.2020 | 1.1.–31.12.2019 |
|--------------------------------------|-----------------|-----------------|
| Operating income | | |
| Switzerland | 94 862 | 100 715 |
| Germany | 6 999 | 9 687 |
| Other countries | 10 051 | 948 |
| Total | 111 912 | 111 350 |
| thereof from continuing operations | 109 851 | 101 368 |
| thereof from discontinued operations | 2 061 | 9 982 |

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

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

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|---------------------------|---------------|---------------|
| Non-current assets | | |
| Switzerland | 38 304 | 41 412 |
| Germany | 19 173 | 30 372 |
| Other countries | 133 | 429 |
| Total | 57 610 | 72 213 |

2 Details on the consolidated income statement

2.1 Revenues from asset management services

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|--|-----------------|-----------------|
| Management fees | 102 423 | 95 370 |
| Performance fees | 3 818 | 6 256 |
| Other commission income | 2 993 | 1 080 |
| Fee and commission expense | – 415 | – 550 |
| Revenues from asset management services | 108 819 | 102 156 |

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.–31.12.2020 | 1.1.–31.12.2019 |
|------------------------------------|-----------------|-----------------|
| Dividend income | 494 | 524 |
| Interest income | 44 | 8 |
| Interest expenses | – 103 | – 101 |
| Net foreign exchange income/losses | – 613 | – 186 |
| Other | 139 | 303 |
| Total net other income | – 39 | 548 |

2.3 Personnel expenses

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 restated* |
|---------------------------|-----------------|------------------------------|
| Fix and variable salaries | 50 113 | 45 054 |
| Pension cost | – 2 864 | – 1 620 |
| Other social benefits | 4 281 | 3 693 |

| | | |
|---------------------------------|---------------|---------------|
| Other personnel expenses | 364 | 667 |
| Total personnel expenses | 51 894 | 47 794 |

¹⁾ The previous-year period has been adjusted. We refer to the statement on the correction of errors in section 4.2.

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.–31.12.2020 | 1.1.–31.12.2019 |
|--|-----------------|-----------------|
| Occupancy and maintenance expenses | 707 | 731 |
| IT and telecommunications | 3 161 | 3 076 |
| Travel and representation, PR, advertising | 2 557 | 4 070 |
| Consulting and audit fees | 2 124 | 1 820 |
| Research expenses | 2 071 | 2 266 |
| Other operating expenses | 1 085 | 1 148 |
| Total Other operating expenses | 11 705 | 13 111 |

2.5 Depreciation and amortization

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|--|-----------------|-----------------|
| Depreciation of property and equipment | 667 | 284 |
| Depreciation of rights of use | 2 196 | 1 943 |
| Depreciation of intangible fixed assets | 1 914 | 2 020 |
| Total Depreciation and amortization | 4 777 | 4 247 |

2.6 Valuation adjustments and provisions

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|-----------------|-----------------|
| Value adjustment Goodwill (Impairment) | 7 434 | 7 392 |
| Value adjustment intangible assets (Impairment) | 2 144 | 949 |
| Total Valuation adjustments and provisions | 9 578 | 8 341 |

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.–31.12.2020 | 1.1.–31.12.2019 restated* |
|--|-----------------|------------------------------|
| Current income taxes | 8 675 | 8 295 |
| Deferred income taxes | 200 | 120 |
| Total | 8 875 | 8 415 |
| Tax income reconciliation | | |
| Pre-tax result | 31 897 | 27 875 |
| Expected rate of income tax ¹⁾ | 19% | 19% |
| Expected income tax | 6 060 | 5 296 |
| Reasons for higher/lower amounts: | | |
| Difference between applicable local tax rates and assumed mixed tax rate | 273 | 650 |
| Non-deductible expenses | 2 196 | 2 469 |
| Tax income unrelated to accounting period | 346 | – |
| Total income taxes | 8 875 | 8 415 |

¹⁾ The previous-year period has been adjusted. We refer to the statement on the correction of errors in section [4.2](#).

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.–31.12.2020 | | |
|--|---------------------|-----------------------|--------------------|
| | Amount before taxes | Tax income/ (expense) | Amount after taxes |
| Tax effect of other comprehensive income | | | |
| 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 |

| CHF 1 000 | 1.1.–31.12.2019 | | |
|--|---------------------|-----------------------|--------------------|
| | Amount before taxes | Tax income/ (expense) | Amount after taxes |
| Tax effect of other comprehensive income | | | |
| Currency translation adjustments | – 1 443 | – | – 1 443 |
| Gains and losses arising on revaluation of financial assets at fair value through other comprehensive income | 4 298 | – 32 | 4 266 |
| Remeasurement of post-employment benefit obligations IAS 19 | – 2 432 | 470 | – 1 962 |
| Total | 423 | 438 | 861 |

2.7.2 Deferred tax assets

| CHF 1 000 | Provisions and pension obligations | Other | Total |
|----------------------------------|------------------------------------|------------|------------|
| Balance as of 1.1.2019 | 270 | 333 | 603 |
| Credited/(charged) | | | |
| to profit or loss | – 526 | 249 | – 277 |
| to other comprehensive income | 419 | – | 419 |
| directly to equity | – 163 | – 115 | – 278 |
| Currency translation adjustments | – | – 2 | – 2 |
| Balance as of 31.12.2019 | – | 465 | 465 |
| 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 |

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|--|---------------|---------------|
| Expiry of unrecognized loss carryforwards | | |
| 1 to 5 years | 12 605 | 12 605 |
| More than 5 years | 3 404 | – |
| Total | 16 009 | 12 605 |

The non-capitalized loss carryforwards originate mainly from Bellevue Group AG. Due to the tax deduction for investments, no income tax benefit will most likely arise for Bellevue Group if these loss carryforwards are utilized. 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 1.1.2019 | 3 361 | – | 2 115 | 5 476 |
| Charged/(credited) | | | | |
| to profit or loss | – 776 | 68 | 551 | – 157 |
| to other comprehensive income | – | – | – 15 | – 15 |
| Currency translation adjustments | – 48 | – | – 1 | – 49 |
| Business combination | 380 | – | – | 380 |
| Balance as of 31.12.2019 | 2 917 | 68 | 2 650 | 5 635 |
| 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 |

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 | 31.12.2020 | 31.12.2019 |
|--|---------------|---------------|
| | Book value | Book value |
| Assets | | |
| Financial investments | | |
| Investments in own products | 22 297 | 28 475 |
| Investments in own products to fulfill long-term incentive plans | 19 081 | 14 454 |
| Derivative financial instruments | – | 30 |
| Other investments in equity instruments | 1 306 | 4 411 |
| Assets classified as held of sale | – | 6 935 |
| Financial assets at fair value through profit and loss | 42 684 | 54 305 |
| Financial investments | | |
| Investments in own products | 989 | 16 |
| Other investments in equity instruments | 10 195 | – |
| Financial assets with OCI fair value measurement | 11 184 | 16 |
| Total financial assets at fair value | 53 868 | 54 321 |
| Liabilities | | |
| Other financial liabilities | 91 | – |
| Liabilities directly associated with assets held for sale | – | 218 |
| Financial liabilities at fair value through profit and loss | 91 | 218 |
| Total financial liabilities at fair value | 91 | 218 |

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 |
|--|---------------|---------------|---------------|---------------|
| 31.12.2020 | | | | |
| 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 |
| 31.12.2019 | | | | |
| Assets | | | | |
| Financial investments | | | | |
| Investments in own products | 2 941 | 19 261 | 6 289 | 28 491 |
| Investments in own products to fulfill long-term incentive plans | 14 454 | – | – | 14 454 |
| Derivative financial instruments | – | 30 | – | 30 |
| Other investments in equity instruments | 1 223 | 159 | 3 029 | 4 411 |
| Assets classified as held of sale | 375 | 6 560 | – | 6 935 |
| Financial assets at fair value | 18 993 | 26 010 | 9 318 | 54 321 |
| Liabilities | | | | |
| Liabilities directly associated with assets held for sale | – | 218 | – | 218 |
| Financial liabilities at fair value | – | 218 | – | 218 |

No transfer between levels of the fair value hierarchy took place in 2020 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 | 31.12.2020 | 31.12.2019 |
|---|------------------------------|------------------------------|
| | Financial investments | Financial investments |
| Holdings at the beginning of the year as 1.1. | 9 318 | 63 368 |
| Investments | 8 274 | 3 356 |
| Redemptions/Payments | – | – 58 139 |
| Losses recognized in the income statement | – 216 | – 3 565 |
| Losses recognized in other comprehensive income | – 104 | – 80 |
| Gains recognized in the income statement | 77 | – |
| Gains recognized in other comprehensive income | – | 4 378 |
| Total book value at balance sheet date | 17 349 | 9 318 |
| Unrealised profit/losses from level 3 instruments which were held on the balance sheet date recorded in the income statement in the period | – 139 | – 3 565 |

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 | 7 154 | Net asset value | + 5 percentage points | 358 |
| | | | – 5 percentage points | – 358 |
| Unlisted equity investments | 10 195 | Transaction prices | + 5 percentage points | 510 |
| | | | – 5 percentage points | – 510 |
| | 6 000 | EBITDA-multiple | + 1 factor | 530 |
| | | | – 1 factor | – 530 |
| 2 098 | Revenue-multiple | + 1 factor | 403 | |
| | | – 1 factor | – 403 | |
| 2 097 | Net asset value | + 5 percentage points | 105 | |
| | | – 5 percentage points | – 105 | |

| CHF 1 000 | Other financial liabilities | Other financial liabilities |
|---|-----------------------------|-----------------------------|
| Holdings at the beginning of the year | – | 15 525 |
| Investments | 80 | – |
| Payments | – | – 5 305 |
| Losses recognized in the income statement | – | 71 |
| Losses recognized as other comprehensive income | – | 8 |
| Total book value at balance sheet date | 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 | – | – |

In the reporting period 2019, the last tranches of the contingent purchase price payments in connection with the acquisition StarCapital AG and MARS Asset Management GmbH were due and paid. This led to a loss of CHF 0.1 million, which was recognized in the income statement. 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 |
|---------------------------------------|----------------------------|----------------------------|-----------------|
| 31.12.2020 | | | |
| Forward contracts (OTC) ²⁾ | – | 11 | 2 950 |
| Futures ¹⁾ | – | – | 3 851 |
| Total | – | 11 | 6 801 |
| 31.12.2019 | | | |
| Forward contracts (OTC) ²⁾ | 147 | 212 | 22 918 |
| Currency swaps ¹⁾ | 178 | 6 | 59 663 |
| Futures ¹⁾ | – | – | 5 172 |
| Total | 325 | 218 | 87 753 |
| thereof from continuing operations | 30 | – | 9 708 |
| thereof from discontinued operations | 295 | 218 | 78 045 |

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 | 31.12.2020 | 31.12.2019 |
|-------------------|---------------|---------------|
| Trade receivables | 15 801 | 15 794 |
| Prepayments | 561 | 1 034 |
| Other receivables | 1 714 | 2 193 |
| Total | 18 076 | 19 021 |

3.3 Financial investments

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|--|---------------|---------------|
| Investments in own products | 23 286 | 28 491 |
| Investments in own products to fulfill long-term incentive plans | 19 081 | 14 454 |
| Derivative financial instruments | – | 30 |
| Other investments in equity instruments | 11 501 | 4 411 |
| Total | 53 868 | 47 386 |
| Current | 46 713 | 40 568 |
| Non-current | 7 155 | 6 818 |
| Total | 53 868 | 47 386 |

3.4 Other assets

| CHF 1 000 | 31.12.2020 | 31.12.2019 restated* |
|---|---------------|-------------------------|
| Assets related to other employee benefits | 15 815 | 11 329 |
| Assets from pension plans | 5 034 | 355 |
| Other | 1 443 | 519 |
| Total | 22 292 | 12 203 |
| Current | 8 363 | 5 774 |
| Non-current | 13 929 | 6 429 |
| Total | 22 292 | 12 203 |

* The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

3.5 Property and equipment

| CHF 1 000 | IT equipment | Right of use | Other fixed assets | Total |
|--|----------------|----------------|--------------------|----------------|
| Acquisition cost | | | | |
| Balance as of 1.1.2019 | 2 750 | – | 1 849 | 4 599 |
| First-time adoption effect IFRS 16 | – | 8 425 | – | 8 425 |
| Additions | 625 | 796 | 19 | 1 440 |
| Disposals | – 1 108 | – | – | – 1 108 |
| Balance as of 31.12.2019 | 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 |
| Accumulated depreciation | | | | |
| Balance as of 1.1.2019 | – 2 186 | – | – 1 391 | – 3 577 |
| Additions | – 169 | – 1 943 | – 115 | – 2 227 |
| Additions from discontinued operations | – 296 | – 158 | – | – 454 |
| Disposals | 1 108 | – | – | 1 108 |
| Foreign currency impact | – | 48 | – | 48 |
| Balance as of 31.12.2019 | – 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 |
| Net carrying values | | | | |
| Balance as of 1.1.2019 | 564 | – | 458 | 1 022 |
| Balance as of 31.12.2019 | 724 | 7 168 | 362 | 8 254 |
| Balance as of 31.12.2020 | 539 | 4 205 | 288 | 5 032 |

3.6 Goodwill and other intangible assets

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|-------------------------|---------------|---------------|
| Goodwill | 44 047 | 51 670 |
| Other intangible assets | 8 531 | 12 289 |
| Total | 52 578 | 63 959 |

| CHF 1 000 | Total |
|---|-----------------|
| Goodwill | |
| Acquisition cost | |
| Balance as of 1.1.2019 | 105 219 |
| Additions | 5 830 |
| thereof changes in the scope of consolidation | 5 830 |
| Foreign currency effect | – 1 072 |
| Balance as of 31.12.2019 | 109 977 |
| Foreign currency effect | – 189 |
| Balance as of 31.12.2020 | 109 788 |
| Accumulated valuation adjustments | |
| Balance as of 1.1.2019 | – 50 915 |
| Additions | – 7 392 |
| Balance as of 31.12.2019 | – 58 307 |
| Additions | – 7 434 |
| Balance as of 31.12.2020 | – 65 741 |
| Net carrying values | |
| Balance as of 1.1.2019 | 54 304 |
| Balance as of 31.12.2019 | 51 670 |
| Balance as of 31.12.2020 | 44 047 |

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 at the end of December 2020. The discount rate used in these calculations was 10.6% (31.12.2019: between 8.9% and 10.0%) and the assumed growth rate was between 1% and 2% (31.12.2019: between 1% and 2%). A further reduction in the assets under management of StarCapital AG in the first half of 2020 and the resulting 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 5.3 million as of June 30, 2020. The impairment test as of the end of December 2020 resulted in an additional impairment of goodwill of the CGU StarCapital AG of CHF 2.1 million mainly due to the higher cost of equity used. 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 4.0 million or CHF 4.5 million, respectively. The goodwill allocated to the cash-generating unit StarCapital AG amounts to CHF 14.4 million as of December 31, 2020. The remaining goodwill (CHF 29.6 million) is attributable to the cash-generating units Bellevue Asset Management AG and adbodmer AG.

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 1.1.2019 | 47 570 | 379 | 521 | 48 470 |
| Additions | 2 000 | – | 200 | 2 200 |
| thereof changes in the scope of consolidation | 2 000 | – | – | 2 000 |
| Write-offs | – | – | – 721 | – 721 |
| Foreign currency effect | – 299 | – 4 | – | – 303 |
| Balance as of 31.12.2019 | 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 |
| Accumulated valuation adjustments | | | | |
| Balance as of 1.1.2019 | – 34 161 | – 227 | – 174 | – 34 562 |
| Additions | – 1 945 | – 75 | – | – 2 020 |
| Impairment | – 949 | – | – | – 949 |
| Additions from discontinued operations | – | – | – 547 | – 547 |
| Write-offs | – | – | 721 | 721 |
| Balance as of 31.12.2019 | – 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 |
| Net carrying values | | | | |
| Balance as of 1.1.2019 | 13 409 | 152 | 347 | 13 908 |
| Balance as of 31.12.2019 | 12 216 | 73 | – | 12 289 |
| Balance as of 31.12.2020 | 8 202 | 23 | 306 | 8 531 |

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, 2020, the review of the residual values of the StarCapital AG client base resulted in an additional impairment of CHF 0.4 million (as of June 30, 2020, the review of the residual values of the StarCapital AG/MARS Asset Management GmbH client base resulted in an impairment of CHF 1.7 million). The discount rate used for this purpose was currently between 10.7% and 12.1% (December 31, 2019: 11.5%) and the applied growth rate between 1% and 2% (December 31, 2019: 2%).

3.7 Trade and other payables

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|------------------|-------------------|-------------------|
| Trade payables | 799 | 627 |
| Accrued expenses | 53 098 | 42 066 |
| Other payables | 1 572 | 4 025 |
| Total | 55 469 | 46 718 |
| Current | 39 241 | 35 583 |
| Non-current | 16 228 | 11 135 |
| Total | 55 469 | 46 718 |

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 2020, 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 | 31.12.2020 | 31.12.2019 |
|---|--------------|-------------|
| Consolidated balance sheet | | |
| Fair value of plan assets | 46 875 | 53 352 |
| Present value of pension obligations | – 41 622 | – 53 425 |
| Assets not available to Company | – 219 | – |
| Asset/provision for pension obligation | 5 034 | – 73 |
| thereof from continuing operations | 5 034 | 355 |
| thereof from discontinued operations | – | – 428 |

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|--|-----------------|-----------------|
| Pension cost recognised in the income statement | | |
| Service cost | | |
| Current service cost | – 1 911 | – 2 396 |
| Past service cost (plan amendments) ¹⁾ | 4 681 | 4 754 |
| Net interest expenses/income | 4 | – 7 |
| Administrative expenses | – 66 | – 78 |
| Total pension cost for the period | 2 708 | 2 273 |
| thereof from continuing operations | 2 893 | 1 671 |
| thereof from discontinued operations | – 185 | 602 |

¹⁾ The plan amendments in 2020 and 2019 are mainly due to the persistently low-interest rate environment as a result of the fact that the conversion rates of the saved retirement capital were reduced by the pension fund.

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|---|-----------------|-----------------|
| Revaluation components recorded in other comprehensive income | | |
| Actuarial gains/losses | | |
| Arising from changes in economic assumptions | – 2 607 | – 4 248 |
| Arising from experience | – 847 | – 2 203 |
| Return on plan assets (excluding amounts included in net interest expenses) | 3 217 | 3 975 |
| Changes in asset ceiling | – 219 | – |
| Total of amounts recognised in other comprehensive income | – 456 | – 2 476 |

| CHF 1 000 | 2020 | 2019 |
|---|-----------------|-----------------|
| Development of pension obligations | | |
| At January 1 | – 53 425 | – 48 119 |
| Current service cost | – 1 911 | – 2 396 |
| Employee contributions | – 265 | – 274 |
| Interest expenses on the present value of the obligations | – 131 | – 305 |
| Pension payments and vested benefits | 4 240 | 1 870 |
| Additions from admissions and voluntary contributions | – 3 321 | – 2 504 |
| Plan amendments | 4 681 | 4 754 |
| Pension obligations sold as part of acquisitions | 11 964 | – |
| Actuarial gains/losses | – 3 454 | – 6 451 |
| At December 31 | – 41 622 | – 53 425 |

| | | |
|---|---------------|---------------|
| Development of plan assets | | |
| At 1 January | 53 352 | 46 228 |
| Interest income | 135 | 298 |
| Plan participants' contribution | 265 | 274 |
| Company contributions | 1 930 | 2 021 |
| Pension payments and vested benefits | – 4 240 | – 1 870 |
| Additions from admissions and voluntary contributions | 3 321 | 2 504 |
| Return on plan assets (excluding amounts in net interest) | 3 217 | 3 975 |
| Pension obligations sold as part of acquisitions | – 11 039 | – |
| Administration expense | – 66 | – 78 |
| At December 31 | 46 875 | 53 352 |

| | | |
|-------------------------------------|--------------|--------------|
| Actual return on plan assets | 3 352 | 4 273 |
|-------------------------------------|--------------|--------------|

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|----------------------------------|---------------|---------------|
| Allocation of plan assets | | |
| Equities | | |
| Listed investments | 18 263 | 18 854 |
| Bonds | | |
| Listed investments | 5 005 | 5 556 |
| Real estate | | |
| Investments in funds | 2 722 | 2 560 |
| Alternative investments | 4 082 | 3 948 |
| Qualified insurance policies | 2 976 | 3 881 |
| Liquidity | 13 827 | 18 553 |
| Total | 46 875 | 53 352 |

The plan assets allocation as at December 31, 2020, as well as at December 31, 2019, 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 | 31.12.2020 | 31.12.2019 |
|------------------|---------------|---------------|
| Active workforce | 38 646 | 49 544 |
| Pensioners | 2 976 | 3 881 |
| Total | 41 622 | 53 425 |

The maturity of the obligation is 19.4 years as at December 31, 2020 (previous year: 20.1 years). The expected employer's contributions for 2021 are estimated at CHF 1.7 million.

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|------------------------------------|-------------------|--|
| Actuarial assumptions | | |
| Biometric assumptions | BVG 2015GT | BVG 2015GT |
| Life expectancy at the age of 65 | | |
| Year of birth | 1 955 | 1 954 |
| Men | 22.72 | 22.61 |
| Women | 24.76 | 24.65 |
| Year of birth | 1 975 | 1 974 |
| Men | 24.48 | 24.40 |
| Women | 26.51 | 26.44 |
| Discount rate | 0.20% | 0.30% |
| Expected rate of salary increases | 1.00% | 1.50% |
| Expected rate of pension increases | 0.00% | 0.00% |
| Interest on pension assets | 1.00% | 1.00% (mandatory); 0.30% (super- mandatory) |

Changes to the present value of a defined-benefit obligation

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|--------------------------------|-------------------|-------------------|
| | + 0.25% | + 0.25% |
| Assumed interest rate | - 1 592 | - 2 317 |
| Salary development | 263 | 392 |
| Interest on pension assets | 687 | 993 |
| | + 1 Jahr | + 1 year |
| Development of life expectancy | 583 | 873 |

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 1.1.2019 | 13 461 428 | 1 346 |
| Balance as of 31.12.2019 | 13 461 428 | 1 346 |
| Balance as of 31.12.2020 | 13 461 428 | 1 346 |
| Conditional capital | | |
| Balance as of 1.1.2019 | 1 000 000 | 100 |
| Balance as of 31.12.2019 | 1 000 000 | 100 |
| Balance as of 31.12.2020 | 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 1.1.2019 | 2 500 000 | 250 |
| Balance as of 31.12.2019 | 2 500 000 | 250 |
| Balance as of 31.12.2020 | – | – |

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 1.1.2019 | 82 405 | 1 693 |
| Purchases | 455 826 | 9 851 |
| Disposals | – 468 231 | – 9 890 |
| Balance as of 31.12.2019 | 70 000 | 1 654 |
| Purchases | 762 206 | 16 980 |
| Disposals | – 746 064 | – 16 441 |
| Balance as of 31.12.2020 | 86 142 | 2 193 |

4 Significant estimates, judgments and errors**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.

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). As Bank am Bellevue AG represented a separate and material line of business of Bellevue Group, it is presented as a discontinued operation. Bellevue Group had to make assumptions and estimates regarding the allocation between continuing and discontinued operations. For details please refer to the notes to the consolidated financial statements, Section 7 «Discontinued operations».

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.

4.2 Correction of the consolidated financial statements 2019 according to IAS 8

Following the publication of the consolidated financial statements 2019, Bellevue Group AG determined that personnel expenses were overstated due to incorrect accounting accrual in the financial year 2019.

According to IFRS, incorrect postings in the financial statements of a company have to be corrected in the period in which they are detected. Consequently, the comparative periods are to be adjusted (restatement). The facts of the case are described in detail below.

Under IAS 19 «Employee Benefits», compensation costs with a specific service period (service condition) must be spread over the term of the period. This resulted in a cut-off error in the consolidated income statement 2019. The correction will increase net profit after tax in 2019 by CHF 2.6 million to CHF 14.0 million and equally shareholders' equity by CHF 2.6 million to CHF 198 million. Earnings per share increased from CHF 0.85 to CHF 1.04 in the Annual Report 2019.

Impact on the consolidated Annual Report 2019:

| Position | Before adjustment | Adjustment | Adjusted |
|--|-------------------|------------|----------|
| Consolidated income statement | | | |
| Personnel expenses | - 50 989 | 3 195 | - 47 794 |
| Total operating expenses (incl. depreciation and amortization and valuation adjustments) | - 76 688 | 3 195 | - 73 493 |
| Profit before tax | 24 680 | 3 195 | 27 875 |
| Taxes | - 7 808 | - 607 | - 8 415 |
| Group net profit from continuing operations | 16 872 | 2 588 | 19 460 |
| Group net profit | 11 445 | 2 588 | 14 033 |
| Earnings per share | | | |
| Undiluted earnings per share from continuing operations (in CHF) | 1.26 | 0.19 | 1.45 |
| Total undiluted earnings per share (in CHF) | 0.85 | 0.19 | 1.04 |
| Diluted earnings per share from continuing operations (in CHF) | 1.26 | 0.19 | 1.45 |
| Total diluted earnings per share (in CHF) | 0.85 | 0.19 | 1.04 |
| Consolidated statement of comprehensive income | | | |
| Total comprehensive income | 12 306 | 2 588 | 14 894 |
| Consolidated balance sheet | | | |
| Other assets | 9 008 | 3 195 | 12 203 |
| Total assets | 389 951 | 3 195 | 393 146 |
| Deferred tax liabilities | 5 028 | 607 | 5 635 |
| Total liabilities | 194 189 | 607 | 194 796 |
| Total shareholder's equity | 195 762 | 2 588 | 198 350 |
| Total liabilities and shareholders' equity | 389 951 | 3 195 | 393 146 |

The correction has no impact on net cash flow from operating activities or net cash flow from investing and financing activities.

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 5.4 million (previous year: CHF 4.7 million) for the financial assets measured at fair value, of which CHF 4.3 million (previous year: CHF 4.7 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 31.12.2020 | | 36 991 | 11 152 | 1 643 |
| 10% change in fair value | +/- 4979 | | | |
| Net position on 31.12.2019 | | 21 024 | 12 712 | 11 235 |
| 10% change in fair value | +/- 4497 | | | |

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 | 31.12.2020 | 31.12.2019 |
|--|----------------|----------------|
| Maximum exposure to credit risk | | |
| Cash and cash equivalents | 82 547 | 87 486 |
| Trade and other receivables | 18 076 | 19 021 |
| Other assets | 1 443 | 519 |
| Total | 102 066 | 107 026 |

As of December 31, 2020, there are no financial assets that are impaired (December 31, 2019: none) and there are no indications of material adverse effects on the credit quality of financial assets. In 2020, no significant 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 | Due after 5 years | Total |
|--|------------------------|------------------------------|------------------------------|-------------------|----------------|
| 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 |
| 31.12.2019 | | | | | |
| Liabilities/financial instruments | | | | | |
| Cash and cash equivalents | 87 486 | – | – | – | 87 486 |
| Trade and other receivables | 17 637 | 1 384 | – | – | 19 021 |
| Other assets | – | – | 519 | – | 519 |
| Total | 105 123 | 1 384 | 519 | – | 107 026 |

As of December 31, 2020 and 2019, 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.

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 | Due after 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.

| CHF 1 000 | Due within 3 months | Due within 3 to 12 months | Due between 1 and 5 years | Due after 5 years | Total |
|---|------------------------|------------------------------|------------------------------|----------------------|----------------|
| 31.12.2019 | | | | | |
| Trade and other payables | 30 541 | 5 042 | 11 135 | – | 46 718 |
| Leasing liabilities ¹⁾ | 568 | 757 | 6 198 | – | 7 523 |
| Total from continuing operations | 31 109 | 5 799 | 17 333 | – | 54 241 |
| Liabilities directly associated with assets held for sale | 117 213 | – | – | – | 117 213 |
| Total | 148 322 | 5 799 | 17 333 | – | 171 454 |

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.–31.12.2020 | 1.1.–31.12.2019 |
|--|-----------------|-----------------|
| Income statement of discontinued operations | | |
| Operating income ¹⁾ | 2 061 | 9 982 |
| Personnel expenses | – 2 340 | – 6 003 |
| Other operating expenses | – 1 195 | – 3 725 |
| Depreciation and Amortization | – | – 403 |
| Losses from revaluation to fair value less cost of disposal | – | – 599 |
| Profit before tax from discontinued operations | – 1 474 | – 748 |
| Taxes ²⁾ | 5 | 2 921 |
| Valuation adjustments and provisions ³⁾ | 751 | – 7 600 |
| Group net profit from discontinued operations | – 718 | – 5 427 |
| 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 | – | 4 331 |
| Remeasurements of post-employment benefit obligations | – 383 | – 173 |
| Other comprehensive income for discontinued operations | – 383 | 4 158 |
| Statement of cash flows for discontinued operations | | |
| Net cash flow from operating activities | 117 391 | – 98 098 |
| Net cash flow from investing activities | – 176 252 | – 200 |
| Net cash flow from financing activities | 899 | 25 |
| Currency translation effects | – | – |
| Net cash flow | – 57 962 | – 98 273 |
| Earnings per share (discontinued operations) | | |
| Basic earnings per share (in CHF) | – 0.05 | – 0.41 |
| Diluted earnings per share (in CHF) | – 0.05 | – 0.41 |

¹⁾ The comparative period includes CHF 4.8 million dividend income from the SIX participation.

²⁾ In the comparative period, deferred income taxes of CHF 3.1 million on tax loss carryforwards in connection with the sale of the SIX investment were capitalized as of June 30, 2019, and realized in the second half of 2019.

³⁾ 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.

As the balance sheet items of the discontinued operations as of December 31, 2020, are not included in the consolidated balance sheet of Bellevue Group, they are shown in the following two tables with the old balance sheet structure.

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|--|-------------------|-------------------|
| Assets held for sale | | |
| Cash and cash equivalents (incl. due from banks) | – | 57 962 |
| Due from clients | – | 85 648 |
| Trading portfolio assets | – | 6 640 |
| Positive replacement values | – | 295 |
| Accrued income and prepaid expenses | – | 521 |
| Current tax assets | – | 413 |
| Deferred tax assets | – | 81 |
| Other assets | – | 2 147 |
| Total assets held for sale | – | 153 707 |
| Liabilities directly associated with assets held for sale | | |
| Due to clients | – | 115 609 |
| Negative replacement values | – | 218 |
| Accrued expenses and deferred income | – | 1 087 |
| Current tax liabilities | – | 2 382 |
| Provisions and pension obligations | – | 428 |
| Other provisions ¹⁾ | – | 7 600 |
| Other liabilities | – | 300 |
| Total liabilities directly associated with assets held for sale | – | 127 624 |
| CHF 1 000 | 31.12.2020 | 31.12.2019 |
| Amounts included in accumulated OCI | | |
| Currency translation adjustments | – | – |
| Gains and losses arising on revaluation of financial assets | – | – |
| Remeasurements of post-employment benefit obligations | – | 60 |
| Total amounts included in accumulated OCI | – | 60 |

¹⁾ In connection with the sale of Bank am Bellevue, there were one-off provisions based on the terms of sale contractually agreed between the parties.

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|---|------------|---------------|
| Off-balance sheet | | |
| Irrevocable commitments | | |
| Undrawn irrevocable credit facilities | – | 124 |
| of which payment obligation to the protection of deposits | – | 124 |
| Total | – | 124 |
| Fiduciary transactions | | |
| Fiduciary placements with third-party banks | – | 22 952 |
| Total | – | 22 952 |

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 | 31.12.2020 | | 31.12.2019 | |
|--|----------------------------------|-----------------------|----------|--------------------------------------|---------------------|------------------|---------------------|------------------|
| | | | | | Share of Capital | Voting rights | Share of Capital | Voting rights |
| Fully consolidated companies | | | | | | | | |
| Bellevue Group AG | Küsnacht, Switzerland | Holding | CHF | 1 346 143 | Parent company | | Parent company | |
| Bellevue Asset Management AG | Küsnacht, Switzerland | Asset Management | CHF | 1 750 000 | 100% | 100% | 100% | 100% |
| Bellevue Asset Management (Deutschland) GmbH | 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. | Boston, USA | Research | USD | 100 | 100% | 100% | 100% | 100% |
| BB Biotech Ventures G.P. | 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 ¹⁾ | Horgen, Switzerland | Investment Advisor | CHF | 100 000 | 100% | 100% | 0% | 0% |
| Bellevue Komplementär AG ²⁾ | Küsnacht, Switzerland | Asset Management | CHF | 200 000 | 100% | 100% | 0% | 0% |
| Bank am Bellevue AG ³⁾ | Küsnacht, Switzerland | Bank | CHF | 25 000 000 | 0% | 0% | 100% | 100% |
| Bellevue Investment Advisers AG ³⁾ | Zürich, Switzerland | Asset Management | CHF | 500 000 | 0% | 0% | 100% | 100% |

¹⁾ The company was acquired on 7.1.2020.

²⁾ The company was founded on 10.12.2020.

³⁾ The company was sold on 30.4.2020.

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 | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| Rent deposit accounts in connection with leasing contracts | 956 | 1 093 |
| Contingent liabilities | 3 320 | 4 100 |

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 2020 consolidated 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 fiscal 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 | 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.–31.12.2020 | | | | | |
| 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 |
| Total 1.1.–31.12.2019 | | | | | |
| Compensation to members of the Board of Directors | 756 | – | 206 | – | 962 |
| Compensation to members of the Group Executive Board | 1 502 | 1 095 | 1 008 | 101 | 3 706 |

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 (2019: TCHF 206) in 4 years restricted shares
- TCHF 50 (2019: none) 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 (2019: TCHF 428) in 4 years restricted shares
- TCHF 730 (2019: TCHF 580) in 4 years restricted shares with one-year service period and right of redemption
- TCHF 168 (2019: none) 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 2020 and 2019, 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: 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. In addition, CHF 15 161 (excl. 7.7% VAT) was paid to Daniel Koller for advisory services related to a Group project.

11.2 Transactions with related companies and persons

| CHF 1 000 | Key management personnel ¹⁾ | Major shareholders ²⁾ | Associated companies | Other related companies and persons ³⁾ | Total |
|---------------------------|--|----------------------------------|----------------------|---|-------|
| 2020 | | | | | |
| Due from customers | – | – | – | – | – |
| Due to customers | – | – | – | – | – |
| Interest income | 10 | 18 | – | – | 28 |
| Fee and commission income | 4 | 315 | – | – | 319 |
| Other operating expenses | – | – | – | 93 | 93 |
| 2019 | | | | | |
| Due from customers | 3 302 | 268 | – | – | 3 570 |
| Due to customers | 41 | 9 348 | – | – | 9 389 |
| Interest income | 36 | 10 | – | – | 46 |
| Fee and commission income | 10 | 672 | – | – | 682 |
| Other operating expenses | – | – | – | 110 | 110 |

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.

The account designations as of December 31, 2020 were not adjusted to the new designations, as all transactions relate to the discontinued operation.

Loans to related parties were generally Lombard loans secured by pledged assets (securities portfolios). As a result of the sale of the subsidiary Bank am Bellevue AG in the first half of 2020, there were no receivables (loans) from or liabilities to related parties as at December 31, 2020. Employees, members of the Board of Directors and the Executive Board benefited from preferential terms customary in the banking industry. Transactions for all other related parties were executed at terms equivalent to those available to third parties.

In 2020, there was a payment to a related company of one of the members of the Board of Directors for consultancy services in the amount of CHF 0.1 million (previous period: 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 2020, TCHF 1 969 (2019: TCHF 1 873) of share-based compensation costs were recognized in personnel expenses.

12.2. Voluntary employee stock ownership plan

In 2020, the Board of Directors approved a voluntary employee stock option program for a total of 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 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 1.1 million, which was recognized in personnel expenses. All rights were exercised (thereof 8 010 by the Board of Directors and 26 481 by the Group Executive Board). In the financial year 2019, no voluntary employee participation program was implemented.

13 Earnings per share

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 restated* |
|--|-----------------|------------------------------|
| Group net profit | 22 304 | 14 033 |
| thereof from continuing operations | 23 022 | 19 460 |
| thereof from discontinued operations | – 718 | – 5 427 |
| Weighted average number of issued registered shares | 13 461 428 | 13 461 428 |
| Less weighted average number of treasury shares | – 95 797 | – 53 025 |
| Weighted average number of shares outstanding (undiluted) | 13 365 631 | 13 408 403 |
| Weighted average number of shares outstanding (diluted) | 13 365 631 | 13 408 403 |
| Undiluted earnings per share from continuing operations (in CHF) | 1.72 | 1.45 |
| Undiluted earnings per share from discontinued operations (in CHF) | – 0.05 | – 0.41 |
| Total undiluted earnings per share (in CHF) | 1.67 | 1.04 |
| Diluted earnings per share from continuing operations (in CHF) | 1.72 | 1.45 |
| Diluted earnings per share from discontinued operations (in CHF) | – 0.05 | – 0.41 |
| Total diluted earnings per share (in CHF) | 1.67 | 1.04 |

* The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

14 Dividend payment

The Board of Directors will propose a dividend distribution of CHF 4.00 per registered share to the Annual General Meeting of Bellevue Group AG on March 23, 2021. This corresponds to a total distribution of CHF 53.8 million. The dividend distribution consists in an ordinary dividend of CHF 1.50 per registered share and a special dividend of CHF 2.50 per registered share.

15 Approval of the consolidated financial statements

The Audit & Risk Committee discussed and approved the consolidated financial statements at its meeting on February 22, 2021, and the Board of Directors at its meeting on February 23, 2021. The consolidated financial statement will be submitted to the Annual General Meeting on March 23, 2021 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 16.4.

16.3. Change in presentation

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 (including its subsidiary Bellevue Investment Advisers AG). After receiving all the necessary regulatory approvals, Bellevue Group successfully closed the sale of Bank am Bellevue to Quintet Private Bank on April 30, 2020. For further details on the sale, please refer to note 7.

The presentation of the balance sheet, including the definition of subtotals, has been adjusted accordingly to the continuing operations, as these operations do not reflect any assets or liabilities from the banking business. The balance sheet is now divided into current and non-current assets and liabilities. Previously, the balance sheet was presented in the order of liquidity based on the banking business. The definition of cash and cash equivalents now includes the short-term part (<3 months) of «due from banks». This adjustment to the definition of cash and cash equivalents had an impact on the presentation in the balance sheet and in the cash flow statement. The previous year's figures have been adjusted to the new presentation accordingly. The presentation and structure of the income statement has also been adjusted to the continuing operations. Due to the new focus of Bellevue Group on asset management, the changed presentation provides a more accurate picture of the net assets, financial position, results for the period and cash flows.

The balance sheet items as of December 31, 2019, were presented as follows:

| Balance sheet items as per Annual Report 2019 | New balance sheet items |
|--|--|
| Cash | Cash and cash equivalents |
| Due from banks | Cash and cash equivalents |
| Due from clients | Trade and other receivables |
| Trading portfolio assets | Financial investments |
| Positive replacement values | Financial investments |
| Other financial assets at fair value | Financial investments |
| Accrued income and prepaid expenses | Trade and other receivables |
| Financial investments | Financial investments |
| Property and equipment | Property and equipment |
| Goodwill and other intangible assets | Goodwill and other intangible assets |
| Current tax assets | Current tax assets |
| Deferred tax assets | Deferred tax assets |
| Assets classified as held for sale | Assets classified as held of sale |
| Other assets | Trade and other receivables/Other assets |
| Total assets | Total assets |
| Due to banks | Other financial liabilities |
| Due to clients | Trade and other payables |
| Leasing liabilities | Lease liabilities |
| Negative replacement values | Other financial liabilities |
| Other financial liabilities at fair value | Other financial liabilities |
| Accrued expenses and deferred income | Trade and other payables/Other financial liabilities |
| Current tax liabilities | Current tax liabilities |
| Deferred tax liabilities | Deferred tax liabilities |
| Provisions and pension obligations | Provisions and pension obligations |
| Other liabilities | Trade and other payables |
| Liabilities directly associated with assets held for sale | Liabilities directly associated with assets held for sale |
| Total liabilities | Total liabilities |
| Share capital | Share capital |
| Capital reserves | Capital reserves |
| Unrealized gains and losses recognized in other comprehensive income | Unrealized gains and losses recognized in other comprehensive income |
| Currency translation adjustments | Currency translation adjustments |
| Retained earnings | Retained earnings |
| Treasury shares | Treasury shares |
| Total shareholder's equity | Total shareholder's equity |
| Total liabilities and shareholders' equity | Total liabilities and shareholders' equity |

16.4 New accounting standards used

Bellevue Group applied the following new and revised standards and interpretations for the first time in the 2020 financial year:

| | To be applied as of |
|--|----------------------------|
| Conceptual Framework for Financial Reporting | 01.01.2020 |
| IAS 1/ IAS 8 Amendments: Definition of Material | 01.01.2020 |
| IFRS 3 Amendments: Definition of a business | 01.01.2020 |
| IFRS 7, IFRS 9 und IAS 39 Amendments: Interest Rate Benchmark Reform | 01.01.2020 |
| IFRS 16 Amendments: COVID-19-Related Rent Concessions | 01.06.2020 |

16.5 International Financial Reporting Standards and interpretations which will be introduced in 2020 or later

Based on early stage analyses, 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 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 Amendments: Interest Rate Benchmark Reform - Phase 2 - | 01.01.2021 |
| 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 |

16.6 Important accounting principles**16.6.1 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.

16.6.2 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:

| | 2020 | | 2019 | |
|-----|---------------|--------------|---------------|--------------|
| | Year-end rate | Average rate | Year-end rate | Average rate |
| EUR | 1.08134 | 1.07201 | 1.08750 | 1.11245 |
| USD | 0.88520 | 0.93742 | 0.96845 | 0.99380 |
| GBP | 1.21000 | 1.21296 | 1.28260 | 1.26900 |

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.

16.6.3 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 recognise 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».

16.6.4 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.–31.12.2020 | 1.1.–31.12.2019 restated ¹⁾ | Change |
|--|-----------------|---|----------------|
| Operating income | 109 851 | 101 368 | +8 483 |
| Personnel expenses | – 51 894 | – 47 794 | – 4 100 |
| Other operating expenses | – 11 705 | – 13 111 | +1 406 |
| Operating expenses | – 63 599 | – 60 905 | – 2 694 |
| Operating profit (continuing operations) | 46 252 | 40 463 | +5 789 |
| Depreciation and amortization | – 4 777 | – 4 247 | – 530 |
| Valuation adjustments | – 9 578 | – 8 341 | – 1 237 |
| Group profit before tax (continuing operations) | 31 897 | 27 875 | 4 022 |
| Taxes | – 8 875 | – 8 415 | – 460 |
| Group net profit (continuing operations) | 23 022 | 19 460 | 3 562 |
| Group net profit from discontinued operations (net of tax) | – 718 | – 5 427 | +4 709 |
| Group net profit | 22 304 | 14 033 | 8 271 |

¹⁾ The previous-year period has been adjusted. We refer to the statements on the correction of errors in section 4.2.

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 income statement and consolidated statement of comprehensive income for the year ended 31 December 2020, the consolidated balance sheet as at 31 December 2020, the 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 2020 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.

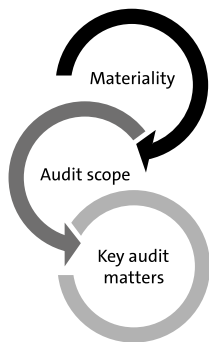
Basis for opinion

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 1'100'000

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) and two de-consolidated group entities (domiciled in Switzerland) during the year, we have performed specified audit procedures in relation to account balances and types of business transactions. Our audit procedures cover 95% of net sales and 96% of the balance sheet total.

In addition, analytical procedures were conducted by us at a further seven group entities in five countries, which cover a further 5% of net sales and 4% of the balance sheet total.

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 1'100'000

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 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.

With the exception of the subsidiaries in Germany and the United Kingdom, we, as group auditor, carried out audits and / or analytical audit procedures at all group companies. For the component auditors from the PwC network, we ensured that we were sufficiently involved in the audit to assess whether suitable audit evidence on the financial information was obtained from the activities of the component auditors as a basis for the group audit opinion. This involvement of the component auditors was also based on audit instructions and standardized reporting.

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 14.4 million and other intangible assets in the amount of CHF 4.2 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 fore-casted cash flows; significant estimation uncertainty exists and a material impairment has been recognized in the financial year 2020.

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

Daniel Pajer

Audit expert
Auditor in charge

Roland Holl

Audit expert

Zurich, 1 March 2021

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PROFIT AND LOSS ACCOUNT

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|--|-----------------|-----------------|
| Dividend income from participations | 62 778 | 27 000 |
| Other ordinary income | 13 | 8 |
| Net revenue from operating activities | 62 791 | 27 008 |
| Personnel expenses | – 2 615 | – 2 732 |
| Other operating expenses | – 2 396 | – 2 326 |
| Operating expenses | – 5 011 | – 5 058 |
| Operating profit before financial result, taxes, depreciation and valuation adjustments | 57 780 | 21 950 |
| Depreciation on property, plant and equipment | – 537 | – 511 |
| Impairments on participations | – 60 562 | – 10 853 |
| Reversal of impairment on participations | – | 30 800 |
| Depreciation and impairments | – 61 099 | 19 436 |
| Operating profit before financial result and taxes | – 3 319 | 41 386 |
| Finance income | 411 | 48 |
| Finance expense | – 3 | – 36 |
| Operating profit before taxes | – 2 911 | 41 398 |
| Extraordinary, non-recurring or prior period income | 207 | – |
| Profit for the year before taxes | – 2 704 | 41 398 |
| Direct taxes | – 71 | – 96 |
| Profit for the year | – 2 775 | 41 302 |

BALANCE SHEET

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|---|----------------|----------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalent | 17 603 | 1 912 |
| Other short-term receivables | 10 967 | 2 716 |
| Prepaid expenses and accrued income | 377 | 242 |
| Total current assets | 28 947 | 4 870 |
| Non-current assets | | |
| Financial investments | 606 | 529 |
| Property and equipment | – | 947 |
| Participations | 112 580 | 202 456 |
| Total non-current assets | 113 186 | 203 932 |
| Total assets | 142 133 | 208 802 |
| Liabilities and shareholders' equity | | |
| Short-term liabilities | | |
| Short-term interest-bearing liabilities | – | 4 907 |
| Other short-term liabilities | 56 | 3 034 |
| Accrued expenses and deferred income | 1 444 | 1 414 |
| Total short-term liabilities | 1 500 | 9 355 |
| Shareholders' equity | | |
| Share capital | 1 346 | 1 346 |
| Legal capital reserves | 644 | 644 |
| – Reserves from capital contributions | 644 | 644 |
| Legal retained earnings | 2 225 | 3 879 |
| – General legal retained earnings reserves | 2 225 | 2 225 |
| – Reserves for treasury shares ¹⁾ | – | 1 654 |
| Voluntary retained earnings | 19 506 | 17 852 |
| Total disposable profit | 119 105 | 175 726 |
| – Profit brought forward | 121 880 | 134 424 |
| – Profit for the year | – 2 775 | 41 302 |
| Treasury shares | – 2 193 | – |
| Total shareholders' equity | 140 633 | 199 447 |
| Total liabilities and shareholders' equity | 142 133 | 208 802 |

¹⁾ for shares held by subsidiaries.

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 | 31.12.2020 | 31.12.2019 |
|-------------------------------------|---------------|--------------|
| Cash and cash equivalent | | |
| Due from banks | 17 603 | 1 912 |
| Total | 17 603 | 1 912 |
| Other short-term receivables | | |
| Due from group companies | 10 865 | 2 510 |
| Due from third parties | 102 | 206 |
| Total | 10 967 | 2 716 |

| Company | Domicile | Purpose | Currency | Share capital/ Nominal capital | 31.12.2020 | | 31.12.2019 | |
|---|----------------------------|--------------------|----------|--------------------------------------|---------------------|------------------|---------------------|------------------|
| | | | | | Share of Capital | Voting rights | Share of Capital | 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. | Boston, USA | Research | USD | 100 | 100% | 100% | 100% | 100% |
| BB Biotech Ventures G.P. | 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 ¹⁾ | Küsnacht, Switzerland | Investment Advisor | CHF | 100 000 | 100% | 100% | 0% | 0% |
| Bellevue Komplementär AG ²⁾ | Küsnacht, Switzerland | Asset Management | CHF | 200 000 | 100% | 100% | 0% | 0% |
| Bank am Bellevue AG ³⁾ | Küsnacht, Switzerland | Bank | CHF | 25 000 000 | 0% | 0% | 100% | 100% |
| Bellevue Investment Advisers AG ³⁾ | Zürich, Switzerland | Asset Management | CHF | 500 000 | 0% | 0% | 100% | 100% |

¹⁾ The company was acquired on 7.1.2020.

²⁾ The company was founded on 10.12.2020

³⁾ The company was sold on 30.4.2020.

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|--|------------|--------------|
| Short-term interest-bearing liabilities | | |
| Due to group companies | – | 4 907 |
| Total | – | 4 907 |
| Other short-term liabilities | | |
| Due to third parties | 56 | 3 034 |
| Total | 56 | 3 034 |

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 1.1.2019 | | – | 905 | 81 500 | 82 405 |
| Purchases Bellevue Group AG | 21.3283 | 98 023 | – | – | 98 023 |
| Purchases Bellevue Asset Management AG | 20.5000 | – | 3 824 | – | 3 824 |
| Purchases Bank am Bellevue AG | 21.4954 | – | – | 353 979 | 353 979 |
| Disposals Bellevue Group AG | 21.3283 | – 98 023 | – | – | – 98 023 |
| Disposals Bellevue Asset Management AG | 21.6098 | – | – 4 729 | – | – 4 729 |
| Disposals Bank am Bellevue AG | 20.9588 | – | – | – 365 479 | – 365 479 |
| Balance as of 31.12.2019 | | – | – | 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 |

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 10.9 million in the 2020 reporting year (2019: CHF 10.9 million).

In the financial year 2020, the 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.

Reversal of impairment on participations

The investment in Bank am Bellevue AG was revalued by CHF 30.8 million as of December 31, 2019.

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. Quintet Private Bank has acquired 100% of the shares of Bank am Bellevue. The closing of the transaction has taken place as of April 30, 2020.

As of December 31, 2019, the selling price and the Bank's expected profit and capital distribution in 2020 were used as the basis for the valuation of the investment in Bank am Bellevue AG.

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 Küssnacht at Seestrasse 16.

Declaration on FTEs

The annual average of full-time employees has not exceeded 50 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

| | 31.12.2020 | 31.12.2019 |
|--|------------|------------|
| | Shares | Shares |
| Share-holdings of members of the Board of Directors | | |
| Veit de Maddalena, Chairman | 291 664 | 287 066 |
| Daniel Sigg, Member | 39 845 | 37 917 |
| Urs Schenker, Member | 4 502 | – |
| Katrin Wehr-Seiter, Member | 4 598 | – |
| Rupert Hengster, Member (until 24.3.2020) | n/a | 3 583 |
| Share-holdings of members of the Group Executive Board | | |
| André Rüegg, CEO and CEO Bellevue Asset Management AG | 320 000 | 280 600 |
| Jan Kollros, CEO adbodmer AG and CEO Bellevue Private Markets AG | 60 000 | 46 774 |
| Michael Hutter, CFO from 1.8.2020 (previously member of the Group Executive Board) | 80 000 | 76 837 |
| Patrik Gilli, CFO (until 30.7.2020) | n/a | 4 704 |
| Thomas Pixner, CEO Bank am Bellevue AG (until 31.1.2020) | n/a | 19 170 |

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 2020 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 fiscal 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.

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 | 31.12.2020 | | 31.12.2019 | |
|--|--------------------|------------------|--------------------|------------------|
| | 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 | n/a | n/a |
| Jürg and Manuela Schächli, Rapperswil-Jona | 9.05% | 1 217 799 | 9.05% | 1 217 799 |
| Jörg Bantleon, München (Germany) | n/a | n/a | 11.24% | 1 513 181 |

The shareholders Martin Bisang (Küssnacht), as well as Manuela and Jürg 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, 2020 (December 31, 2019: 29.48%).

4 Proposal to the Annual General Meeting

| CHF 1 000 | 31.12.2020 | 31.12.2019 |
|--|----------------|----------------|
| The Board of Directors proposes to the Annual General Meeting of shareholders on March 23, 2021 the following allocation of profit: | | |
| Profit for the year | - 2 775 | 41 302 |
| Balance brought forward from previous year | 121 880 | 134 424 |
| Total Profit | 119 105 | 175 726 |
| Dividend on eligible capital ¹⁾ | - 53 846 | - 53 846 |
| Balance carried forward to new financial year | 65 260 | 121 880 |

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

Upon approval of this proposal, the dividend of CHF 4.00 per registered share of CHF 0.10 will be paid less the federal withholding tax of 35%.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF BELLEVUE GROUP AG KÜSNACHT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bellevue Group AG, which comprise the profit and loss account for the year ended 31 December 2020, the balance sheet as at 31 December 2020 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

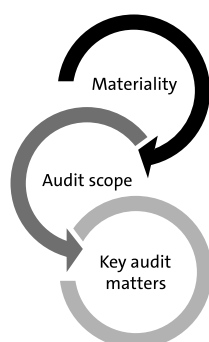
Basis for opinion

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 1'100'000

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 1'100'000

How we determined it

0.78% 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 112'580).

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 (80% 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. For participations with increased risks, 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

Daniel Pajer

Audit expert
Auditor in charge

Roland Holl

Audit expert

Zurich, 1 March 2021

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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).

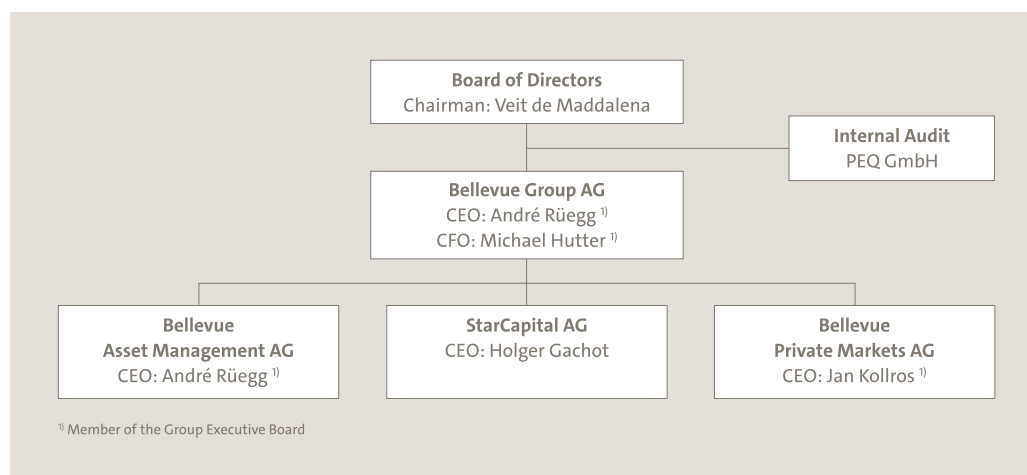
The SIX Swiss Exchange AG issued a «Directive on Information relating to Corporate Governance», which entered into effect on July 1, 2002. The following information meets the requirements of this directive (in the current version of May 1, 2018) and takes account of the SIX commentary last updated on April 10, 2017. If information required by this directive is published in the Notes to the financial statements, a reference indicating the corresponding section of the notes is given.

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 January 2, 2020) 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, 2020



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».

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

Major shareholders

| Shareholder or beneficial owner | 31.12.2020 Voting rights held | 31.12.2020 Number of shares held | 31.12.2019 Voting rights held | 31.12.2019 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 | n/a | n/a |
| Jürg und Manuela Schächli, Rapperswil-Jona | 9.05% | 1 217 799 | 9.05% | 1 217 799 |
| Jörg Bantleon, München (Deutschland) | n/a | n/a | 11.24% | 1 513 181 |

The shareholders Martin Bisang (Küsnacht), as well as Manuela and Jürg 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, 2020 (December 31, 2019: 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, 2020 was CHF 414.6 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 2019, pages 61 and 87.

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, 2020:

| Name | Function | Nationality | Member of Board Committee ¹⁾ | First elected | Elected until |
|------------------------|----------|-------------|---|---------------|---------------|
| Veit de Maddalena | Chairman | CH | CC | 2018 | 2021 |
| Dr. Daniel H. Sigg | Member | CH | ARC ²⁾ | 2007 | 2021 |
| Prof. Dr. Urs Schenker | Member | CH | ARC/CC | 2019 | 2021 |
| Katrin Wehr-Seiter | Member | DE | ARC/CC ³⁾ | 2019 | 2021 |

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 2020 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.

Veit de Maddalena

born 1967



- Lic. rer. pol. (economics) from the University of Bern and MSc / Masters in Finance from London Business School
- Since 2018 owner of Candor Board Services GmbH in Zurich
- 2006–2017 Rothschild & Co Group, from 2016 as Executive Vice-Chairman Europe, previously member of Group Management Committee and Head of Wealth Management & Trust Division and CEO of Rothschild Bank AG in Zurich
- 1994–2005 Credit Suisse Group, last serving as Global CEO Credit Suisse Trust Group AG in Zurich, previously CEO Credit Suisse (Monaco) SAM and various positions as Client Relationship Manager in Switzerland and abroad

Mandates

- Chairman of Klosters Madrisa Bergbahnen AG
- Chairman of Quattro Stelle SICAV AG
- Chairman of VR Motion AG

Dr. Daniel H. Sigg

born 1956



- Degree in law, University of Zurich (Dr. iur.)
- Since 2006 DHS International Advisors, LLC, Principal (advisor on financial issues)
- 2000–2005 TimesSquare Capital Management Inc., President
- 1997–1999 UBS, Global Head of Institutional Asset Management, Senior Managing Director
- 1990–1997 BEA Associates, CFO
- 1987–1990 Swiss American Securities Inc., Vice President, Head International Trading Department
- 1984–1987 Credit Suisse, Financial Analyst

Mandates

- Member of the Board of Directors of Bellevue Funds (Lux) SICAV, Luxembourg
- Chairman of Laguna Trustees Ltd., Jersey
- Member of the Advisory Board of Metropolitan Partners Group, New York

Prof. Dr. Urs Schenker

born 1957



- Prof. Dr. jur. University of Zurich and Harvard (LLM)
- Since 2015 attorney at Wader Wyss AG, Zurich (corporate, financial and capital market law)
- 1985–2015 attorney at Baker & McKenzie, Zurich (since 1991 partner)

Mandates

- Member of the Board of Directors of Capital Dynamics Holding AG
- Member of the Board of Directors of Geschäftshaus City AG

Katrin Wehr-Seiter

born 1970



- MBA, INSEAD Business School Fontainebleau, France, and Diplom-Ingenieurin, Mechanical Engineering, Technical University of Chemnitz, Germany
- Since 2012 BIP Investment Partners SA, Managing Director, and since 2017 BIP Capital Partners, Partner und Managing Director Luxembourg
- 2010–2012 Bridgepoint Capital, independent advisor/ senior advisor for mid-size companies and international private-equity companies
- 2000–2009 Permira Beteiligungsberatung, Principal, Germany
- 1995–2000 Siemens AG, strategy and corporate consultant as well as project leader Germany and US

Mandates

- Member of the Board of Directors of SES S.A.
- Member of the Board of Directors and member of the advisory committee of several non-listed companies

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 2020.

| | Meetings | Conference calls | Circular resolutions |
|-----------------------------------|----------|------------------|----------------------|
| Total | 4 | 7 | 2 |
| Average duration (in hours) | 04:10 | 00:43 | - |
| Participation: | | | |
| Veit de Maddalena, Chairman | 4 | 7 | 2 |
| Dr. Daniel H. Sigg | 4 | 7 | 2 |
| Prof. Dr. Urs Schenker | 4 | 7 | 2 |
| Katrin Wehr-Seiter | 3 | 7 | 2 |
| Dr. Rupert Hengster ¹⁾ | 1 | 2 | 2 |

¹⁾ Resigned from the Board of Directors as of March 24, 2020.

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 2020.

| | Meetings | Conference calls | Circular resolutions |
|------------------------------|----------|------------------|----------------------|
| Total | 4 | 1 | - |
| Average duration (in hours) | 02:39 | 00:45 | - |
| Participation: | | | |
| Katrin Wehr-Seiter, Chairman | 4 | 1 | - |
| Veit de Maddalena | 4 | 1 | - |
| Prof. Dr. Urs Schenker | 4 | 1 | - |

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 2020.

| | Meetings | Conference calls | Circular resolutions |
|-----------------------------------|----------|------------------|----------------------|
| Total | 4 | 1 | - |
| Average duration (in hours) | 02:22 | 00:45 | - |
| Participation: | | | |
| Dr. Daniel H. Sigg, Chairman | 4 | 1 | - |
| Prof. Dr. Urs Schenker | 3 | 1 | - |
| Katrin Wehr-Seiter ¹⁾ | 3 | 1 | - |
| Dr. Rupert Hengster ²⁾ | 1 | - | - |

¹⁾ Member since March 2020

²⁾ Resigned from the Board of Directors as of 24 March 2020.

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, 2020:

| 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:

André Rüegg

born 1968



- Business and economics degree, University of Zurich
- Since 2009 with Bellevue Group, Head Sales & Marketing, since 1 January 2012 CEO Bellevue Asset Management AG, since January 1, 2017 in addition CEO Bellevue Group AG and between February 22, 2017, and February 28, 2018, in addition CEO Bank am Bellevue AG ad interim
- 1995–2009 with Julius Bär, Group Member of the Executive Committee Asset Management
- 1993–1995 Arthur Andersen & Co.

Mandates

- Chairman of the Board of Directors, Bellevue Funds (Lux) SICAV

Michael Hutter

born 1971



- Swiss Certified Accountant, Betriebsökonom HWV
- Since August 2020 CFO at Bellevue Group AG
- Since March 2019 Member of the Executive Board at Bellevue Group AG
- March 2019 until December 2019 CFO at interim at Bellevue Group AG
- 2008–2019 CFO, COO and CRO at Bellevue Asset Management AG
- 1998–2008 PriceWaterhouseCoopers, Senior Manager Audit

Mandates

- AIM Sport Holding AG (Suppleant)

Jan Kollros

born 1978



- Dipl. Ing. ETH
- Since July 2019 member of the Executive Board of Bellevue Group AG
- Since December 2019 CEO at Bellevue Private Markets AG
- Since 2005 with adbodmer AG and since 2009 Partner and CEO at adbodmer AG

Mandates (in connection with the function as CEO of adbodmer AG):

- Evatec AG
- Lalique Group SA
- Haas & Complany AG
- Bédar & Co SA / Luxury Concepts SA
- The Hess Group AG
- Optotune Holding AG
- NEXTLENS AG

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 and its subsidiaries are audited by PricewaterhouseCoopers (PwC). The 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 Daniel Pajer. He has exercised this function since the 2019 fiscal year. The rotation period for this function is seven years.

Fees paid to auditor

| CHF 1 000 | 1.1.–31.12.2020 | 1.1.–31.12.2019 |
|-------------------------------|-----------------|-----------------|
| Auditing fees billed by PwC | 483 | 565 |
| Additional fees billed by PwC | – | 459 |

The additional fees in fiscal year 2019 related to services in connection with projects for the sale of Bank am Bellevue AG.

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.

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

23.03.2021: Annual General Meeting

29.07.2021: Reporting Half-Year Results

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

Corporate News

Newsletter

Contact

REMU NERATION 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 2020 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 2021.

The content and scope of this Remuneration Report are based on Articles 13–16 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 the members of the Compensation Committee since the Annual General Meeting 2020. 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 2020 | FOR votes AGM 2019 | FOR votes AGM 2018 |
|--|-----------------------|-----------------------|-----------------------|
| Maximum total amount of fixed compensation for the Board of Directors (prospective) | 94.79% | 96.03% | 85.35% |
| Total amount of variable compensation for the Board of Directors (retrospective) | 83.42% | 85.07% | 88.74% |
| Maximum total amount of fixed compensation and long-term variable compensation for the Group Executive Board (in part prospective) | 87.85% | 88.45% | 91.48% |
| Total amount of short-term variable compensation for the Group Executive Board (retrospective) | 86.66% | 87.42% | 89.90% |

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 (currently 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 before the end of the preceding quarter (in advance). 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 partial prospective 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:

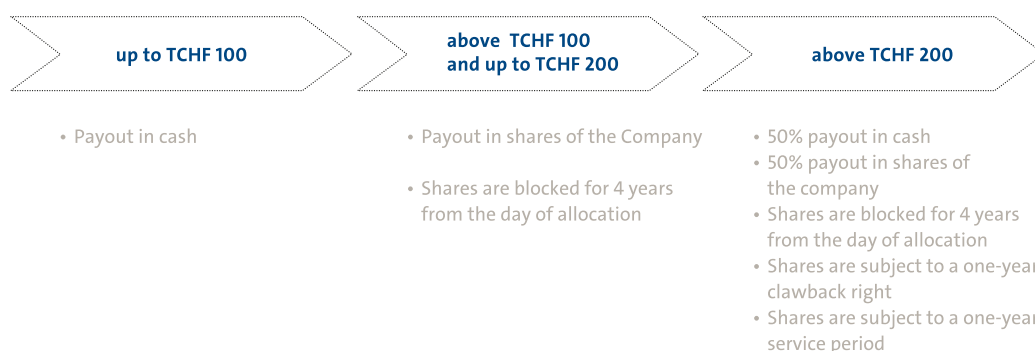
- Short-term variable compensation in cash
- Short-term variable compensation in the form of restricted shares
- Short-term variable compensation in the form of restricted shares with a vesting period and clawback provisions
- Other short-term variable compensation
- Long-term variable compensation

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 | | |
|--|--|---|---|---------|
| | Criteria | Assessment criteria and distribution | Payout ¹⁾ 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 | Rupert Hengster ³⁾ | Total |
|---|----------------------|----------------|-----------------------|-----------------|----------------------------------|----------------|
| 1.1. –31.12.2020 | | | | | | |
| Fixed compensation in cash | 196 250 | 81 250 | 81 250 | 81 250 | 21 250 | 461 250 |
| Fixed compensation in cash for services in committees | 10 000 | 22 500 | 21 750 | 22 750 | 3 750 | 80 750 |
| Fixed compensation in cash for services in subsidiaries and associated companies | 24 250 | 50 004 | 12 125 | 12 125 | 3 125 | 101 629 |
| Subtotal | 230 500 | 153 754 | 115 125 | 116 125 | 28 125 | 643 629 |
| Social insurance contributions on fixed compensation | – | – | – | 8 664 | – | 8 664 |
| Total fixed compensation | 230 500 | 153 754 | 115 125 | 124 789 | 28 125 | 652 293 |
| 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⁾ | 16 457 | – | 16 457 | 16 457 | – | 49 371 |
| Social insurance contributions on variable compensation | 450 | – | – | 3 450 | – | 3 900 |
| Total variable compensation | 52 907 | 36 000 | 52 457 | 55 907 | – | 197 271 |
| Total compensation | 283 407 | 189 754 | 167 582 | 180 696 | 28 125 | 849 564 |

| CHF | Veit de Maddalena ⁵⁾ | Daniel Sigg | Rupert Hengster | Katrin Wehr-Seiter ⁴⁾ | Urs Schenker ⁴⁾ | Thomas von Planta ⁵⁾ | Miriam Staub Bisang ⁵⁾ | Total |
|--|---------------------------------|----------------|-----------------|----------------------------------|----------------------------|---------------------------------|-----------------------------------|----------------|
| 1.1. –31.12.2019 | | | | | | | | |
| Fixed compensation in cash | 182 500 | 85 000 | 85 000 | 63 750 | 63 750 | 53 750 | 21 250 | 555 000 |
| Fixed compensation in cash for services in committees | 11 250 | 30 000 | 15 000 | 11 250 | 18 750 | 2 500 | 3 750 | 92 500 |
| Fixed compensation in cash for services in subsidiaries and associated companies | 21 875 | 34 817 | 12 500 | 9 375 | 9 375 | 6 250 | 6 250 | 100 442 |
| Subtotal | 215 625 | 149 817 | 112 500 | 84 375 | 91 875 | 62 500 | 31 250 | 747 942 |
| Social insurance contributions on fixed compensation | – | – | – | – | 6 448 | 4 233 | 496 | 11 177 |
| Total fixed compensation | 215 625 | 149 817 | 112 500 | 84 375 | 98 323 | 66 733 | 31 746 | 759 119 |
| Variable compensation in restricted shares ¹⁾ | 40 000 | 40 000 | 40 000 | 40 000 | 40 000 | – | – | 200 000 |
| Social insurance contributions on variable compensation | 3 000 | – | – | – | 3 000 | – | – | 6 000 |
| Total variable compensation | 43 000 | 40 000 | 40 000 | 40 000 | 43 000 | – | – | 206 000 |
| Total compensation | 258 625 | 189 817 | 152 500 | 124 375 | 141 323 | 66 733 | 31 746 | 965 119 |

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.

⁴⁾ Katrin Wehr-Seiter and Urs Schenker were elected to the Board of Directors at the Annual General Meeting on March 19, 2019.

⁵⁾ Thomas von Planta and Miriam Staub Bisang did not stand for reelection at the Annual General Meeting on March 19, 2019, and therefore stepped down from the Board of Directors as of that date. Veit de Maddalena took over the Chairman position from Thomas von Planta.

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 796 000 (2018/2019: CHF 1 367 500) was approved for the period from the 2019 AGM to the 2020 AGM. The actual amount paid (including compulsory employer contributions to social insurance plans) for the aforementioned period was CHF 782 719 (2018/2019: CHF 1 332 541). For the period from 2020 AGM to the 2021 AGM an amount of CHF 661 000 was approved.

The reported variable compensation for the business year 2020 totaling CHF 197 271 must be approved by the 2021 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 2021. 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 2020, the Board of Directors authorized a voluntary employee stock ownership plan. The members of the Board of Directors were entitled to purchase 8 010 shares of the Company from the given pool at a discounted price of 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 3 years from the date of transfer.

In the 2020 financial year one member of the Board of Directors of an associated company invoiced the amount of CHF 0.1 million (2019: CHF 0.1 million) for advisory services.

No compensation was paid to former members of the Board of Directors after their resignation in the 2020 financial year, nor in the preceding year.

The percentage ratio of fixed compensation to variable compensation for the entire Board of Directors is 77% fixed compensation and 23% variable compensation (2019: 79% fixed and 21% variable).

In previous years, the compensation of the Board of Directors was presented in the Remuneration Report based on cash flow data. As a result of the advance payment in the preceding quarter, the period depicted in the Remuneration Report was from AGM to AGM. In the Remuneration Report for 2020 the compensation of the Board of Directors is depicted based on the actual performance periods. The corresponding figures for the previous year were restated to match the current method of presentation. The restatement of the previous year's figures resulted in only marginal changes.

5.2 Loans

| Person | 31.12.20 | 31.12.20 | 31.12.19 | 31.12.19 |
|---|---------------|------------|---------------|--------------|
| | Facility TCHF | Usage TCHF | Facility TCHF | Usage TCHF |
| Veit de Maddalena, chairman of the Board of Directors | n/a | n/a | 3 000 | 1 852 |
| Daniel Sigg, member of the Board of Directors | n/a | n/a | 200 | 21 |
| Total | n/a | n/a | 3 200 | 1 873 |

In the past, loans granted to members of the Board of Directors were arranged through Bank am Bellevue AG. Following the divestment of Bank am Bellevue AG, there are no longer any outstanding loans with members of the Company's governing or management bodies. The interest rate for Lombard loans was fixed at 1.0% in October 2018.

There were no outstanding loans to former members of the Board of Directors that had been granted at market terms.

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 2020 and 2019 were as follows:

| Number of shares | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| Veit de Maddalena, Chairman | 291 664 | 287 066 |
| Daniel Sigg, Member | 39 845 | 37 917 |
| Urs Schenker, Member | 4 502 | – |
| Kathrin Wehr-Seiter, Member | 4 598 | – |
| Rupert Hengster, Member (until 24.3.2020) | n/a | 3 583 |

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

6.1 Goals and achievement of goals

For the 2020 financial year, the following goals were defined for the Group Executive Board and assessed by the Compensation Committee:

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

In the overall evaluation, the performance of the Group Executive Board is rated successful and above expectations. The secure management of Bellevue Group AG through the year marked by the COVID-19 pandemic, the achievement of further growth in assets under management, and the increase in operating profit and return on equity shall be highlighted specially. During the financial year, the sale of Bank am Bellevue AG was successfully completed and therefore the strengthening and focusing on asset management has been pushed. In addition, structures were adapted to the new, focused business model with significant cost savings. New growth initiatives were launched in the business unit Bellevue Private Markets, while the repositioning of StarCapital AG continues to be implemented. In addition, major progress was made in the area of ESG/sustainability during the financial year.

6.2 Compensation

| CHF | 1.1. –31.12.2020 | | 1.1. –31.12.2019 | |
|--|-------------------------------|---------------------|-------------------------------|---------------------|
| | André Rüegg CEO ¹⁾ | Total ²⁾ | André Rüegg CEO ¹⁾ | Total ³⁾ |
| Fixed compensation in cash | 313 542 | 1 051 042 | 350 000 | 1 202 500 |
| Social insurance contributions ⁴⁾ | 82 183 | 267 585 | 92 550 | 299 862 |
| Total fixed compensation | 395 725 | 1 318 627 | 442 550 | 1 502 362 |
| Short-term variable compensation (profit-based compensation) | 1 200 000 | 2 495 000 | 1 280 000 | 2 017 500 |
| – in shares | 600 000 | 1 047 500 | 640 000 | 1 000 000 |
| – of which in restricted shares ⁵⁾ | 100 000 | 300 000 | 100 000 | 400 000 |
| – of which in restricted shares with a vesting period and clawback right provisions ^{5) 6)} | 500 000 | 747 500 | 540 000 | 600 000 |
| – in cash | 600 000 | 1 447 500 | 640 000 | 1 017 500 |
| Other short-term variable compensation | 61 500 | 163 400 | – | – |
| – in shares | 61 500 | 163 400 | – | – |
| – of which in restricted and discounted shares purchased through stock ownership plan ⁷⁾ | 61 500 | 163 400 | – | – |
| Social insurance contributions ⁸⁾ | 79 040 | 169 630 | 101 000 | 158 000 |
| Total short-term variable compensation | 1 340 540 | 2 828 030 | 1 381 000 | 2 175 500 |
| Long-term variable compensation | 120 000 | 187 000 | 116 800 | 116 800 |
| – in shares | 120 000 | 187 000 | 116 800 | 116 800 |
| – of which long-term incentive plans, investment companies ⁹⁾ | 120 000 | 187 000 | 116 800 | 116 800 |
| Social insurance contributions ⁸⁾ | 8 700 | 13 500 | 8 500 | 8 500 |
| Total long-term variable compensation | 128 700 | 200 500 | 125 300 | 125 300 |
| Total compensation | 1 864 965 | 4 347 157 | 1 948 850 | 3 803 162 |

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

²⁾ 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.

³⁾ As of December 31, 2019, the Group Executive Board consisted of André Rüegg, CEO and CEO Bellevue Asset Management AG, Patrik Gilli, CFO and CFO Bank am Bellevue AG, Thomas Pixner, CEO Bank am Bellevue AG, and Jan Kollros, CEO adbodmer AG and CEO Bellevue Private Markets AG. Daniel Koller (former CFO) left Bellevue Group at the end of February 2019. His role as CFO and member of the Group Executive Board was held ad interim by Michael Hutter from March 1, 2019 until December 15, 2019. Patrik Gilli was appointed new CFO and a member of the Group Executive Board as of December 16, 2019. Jan Kollros was appointed a member of the Group Executive Board in July 2019.

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 2 800 shares of BB Biotech (2019: 2 000 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 1 488 500 (2019: CHF 1 365 000) was approved for the 2020 financial year. The actual payout for the aforementioned financial year (including compulsory employer contributions to social insurance plans) was CHF 1 318 627 (2019: CHF 1 502 362). The Group Executive Board has waived 20% (CEO: 25%) of the fixed compensation from April 1, 2020 to August 31, 2020 due to the Corona pandemic.

In the previous year, following the Annual General Meeting, Mr. Jan Kollros (July 1, 2019) and Patrik Gilli (December 16, 2019) were appointed members of the Group Executive Board.

Art. 29 para. 1 and 3 of the Articles of Association include the following provisions:

If persons are appointed to the Group Executive Board after the Annual General Meeting has approved the maximum aggregate fixed compensation for the Group Executive Board, these new members are entitled to receive a maximum of 50% of the aggregate fixed compensation for the Group Executive Board most recently approved by the Annual General Meeting (additional amount).

This additional amount may only be used if the maximum aggregate fixed compensation for the Group Executive Board for the respective financial year approved by the Annual General Meeting is not sufficient to cover the compensation of the new members. The Annual General Meeting does not vote on the additional amounts of compensation actually expended.

Due to the appointment of the new members of the Group Executive Board during 2019, the aggregate fixed compensation for the Group Executive Board approved by the Annual General Meeting was exceeded. The additional amount of compensation was exclusively tapped for the new member Jan Kollros and amounted to CHF 137 362, which is within the 50% threshold relative to the aggregate fixed compensation approved by the Annual General Meeting.

The reported short-term variable compensation totaling CHF 2 820 030 must be approved by the 2021 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 2 828 030 will be paid out in the first half of 2021 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 divestment of Bank am Bellevue, the compensation model was changed so the employees of the Corporate Center no longer receive discretionary variable compensation and instead participate in the pool described in section 3.4 above. In addition, some of the Group's costs could no longer be allocated to the former bank subsidiary. This led to a lower total bonus pool.
- Due to the fact that in the previous year several members of the Group Executive Board had not received variable compensation for the entire financial year, the aggregate sum for the current year showed an increase compared to the previous year.

In 2020, the Board of Directors authorized a voluntary employee stock ownership plan. The members of the Group Executive Board were entitled to purchase 26 481 shares of the Company from the given pool at a discounted price of 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 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 reported long-term variable compensation totaling CHF 136 100 must be approved by the 2021 Annual General Meeting in compliance with Art. 8 para. 1 section 3 of the Articles of Association.

In previous years, entitlements to share awards under the long-term incentive plans of the Group's investment companies on the basis of the various performance criteria were recognized as compensation at the time of vesting. In the current Remuneration Report, this was changed to the date of grant. The prior-year figures were adjusted. As a result of this change, these entitlements are now recognized as long-term variable compensation (previous years: short-term variable compensation). This change has no influence on the aggregate compensation of the Group Executive Board approved by the preceding Annual General Meetings.

The percentage ratio of fixed compensation to variable compensation for the entire Group Executive Board is 30% fixed compensation and 70% variable compensation (2019: 40% fix and 60% variable). For the CEO, the total amount of fixed compensation amounts to 21% and the variable compensation is 79% (2019: 23% fix and 77% 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 2020 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 (2019: March to December), CHF 50 000 (2019: 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. In addition, CHF 15 161 (excl. 7.7% VAT) was paid to Daniel Koller for advisory services related to a Group project.

6.3 Loans

At the end of 2020 and 2019, the following loans had been granted to the members of the Group Executive Board:

| Person | 31.12.20 | 31.12.20 | 31.12.19 | 31.12.19 |
|---|---------------|------------|---------------|--------------|
| | Facility TCHF | Usage TCHF | Facility TCHF | Usage TCHF |
| André Rüegg, CEO of Bellevue Group AG and CEO of Bellevue Asset Management AG | n/a | n/a | 2 000 | 1 429 |
| Total | n/a | n/a | 2 000 | 1 429 |

In the past, loans granted to members of the Group Executive Board were arranged through Bank am Bellevue AG. These were Lombard loans granted for the purchase of shares of the Company's stock or of products that were managed by the Company. Following the divestment of Bank am Bellevue AG, there are no longer any outstanding loans with members of the Company's governing or management bodies. The interest rate for Lombard loans was fixed at 1.0% in October 2018.

There were no outstanding loans to former members of the Group Executive Board that had been granted at market terms.

6.4 Holdings of shares in the Company

The members of the Group Executive Board owned the following Company shares at the end of 2020 and 2019:

| Number of shares | 31.12.2020 | 31.12.2019 |
|---|------------|------------|
| André Rüegg, CEO and CEO Bellevue Asset Management AG | 320 000 | 280 600 |
| Michael Hutter, CFO (from 1.8.2020 before member of Group Executive Board) | 80 000 | 76 837 |
| Jan Kollros, CEO Bellevue Private Markets AG and CEO adbodmer AG | 60 000 | 46 774 |
| Thomas Pixner, CEO Bank am Bellevue AG (until 31.1.2020) | n/a | 19 170 |
| Patrik Gilli, CFO (until 31.7.2020) and CFO Bank am Bellevue AG (until 30.4.2020) | n/a | 4 704 |

7. Compensation of the Board of Directors and Executive Board subject to approval at the Annual General Meeting in 2021

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

The Board of Directors has made minimal adjustments to the fixed compensation paid with respect to the Board's roles. The amount of fixed compensation in cash paid for service on committees of the Board and for activities performed on behalf of Group subsidiaries was also minimally adjusted per mandate.

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 661 000) 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. Compulsory employer contributions to social insurance schemes will be paid on the proposed compensation, resulting in a maximum additional cost of CHF 3 900.

The Board of Directors proposes the approval of maximum aggregate variable compensation of CHF 198 000 (previous year: CHF 206 000) for the Board of Directors for the 2020 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 246 500. The proposed amount of fixed compensation for the Group Executive Board for the 2021 financial year is thus CHF 1 166 500 (2020: CHF 1 488 500).

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 2021, he receives a maximum entitlement of 1 700 shares of BB Biotech AG. Based on the closing price as of December 31, 2020, this corresponds to a maximum compensation of CHF 127 000 plus statutory social security of CHF 9 100, resulting in a maximum total amount of CHF 136 100 (2020: CHF 127 500).

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 1 302 600 (2020: CHF 1 616 000) for the Group Executive Board for the 2021 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 2 828 030 (2019: CHF 2 314 500) for the Group Executive Board for the 2020 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 2020. 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 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Daniel Pajer

Audit expert
Auditor in charge

Roland Holl

Audit expert

Zurich, 1 March 2021

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Board of Directors

Veit de Maddalena

born 1967



- Lic. rer. pol. (economics) from the University of Bern and MSc / Masters in Finance from London Business School
- Since 2018 owner of Candor Board Services GmbH in Zurich
- 2006–2017 Rothschild & Co Group, from 2016 as Executive Vice-Chairman Europe, previously member of Group Management Committee and Head of Wealth Management & Trust Division and CEO of Rothschild Bank AG in Zurich
- 1994–2005 Credit Suisse Group, last serving as Global CEO Credit Suisse Trust Group AG in Zurich, previously CEO Credit Suisse (Monaco) SAM and various positions as Client Relationship Manager in Switzerland and abroad

Mandates

- Chairman of Klosters Madrisa Bergbahnen AG
 - Chairman of Quattro Stelle SICAV AG
 - Chairman of VR Motion AG
-

Dr. Daniel H. Sigg

born 1956



- Degree in law, University of Zurich (Dr. iur.)
- Since 2006 DHS International Advisors, LLC, Principal (advisor on financial issues)
- 2000–2005 TimesSquare Capital Management Inc., President
- 1997–1999 UBS, , Global Head of Institutional Asset Management, Senior Managing Director
- 1990–1997 BEA Associates, CFO
- 1987–1990 Swiss American Securities Inc., Vice President, Head International Trading Department
- 1984–1987 Credit Suisse, Financial Analyst

Mandates

- Member of the Board of Directors of Bellevue Funds (Lux) SICAV, Luxembourg
 - Chairman of Laguna Trustees Ltd., Jersey
 - Member of the Advisory Board of Metropolitan Partners Group, New York
-

Prof. Dr. Urs Schenker

born 1957



- Prof. Dr. jur. University of Zurich and Harvard (LLM)
- Since 2015 attorney at Wader Wyss AG, Zurich (corporate, financial and capital market law)
- 1985–2015 attorney at Baker & McKenzie, Zurich (since 1991 partner)
- Mandate

Mandates

- Member of the Board of Directors of Capital Dynamics Holding AG
- Member of the Board of Directors of Geschäftshaus City AG

Katrin Wehr-Seiter

born 1970



- MBA, INSEAD Business School Fontainebleau, Frankreich, sowie Diplom-Ingenieurin, Technische Universität Chemnitz, Deutschland
- Seit 2012 BIP Investment Partners SA, Managing Director, sowie seit 2017 BIP Capital Partners, Partner und Managing Director Luxembourg
- 2010–2012 Unabhängige Beraterin/Senior Advisor für mittelständische Unternehmen sowie die internationale Private-Equity-Gesellschaft Bridgepoint
- 2000–2009 Permira Beteiligungsberatung, Principal, Deutschland
- 1995–2000 Siemens AG, strategy and corporate consultant as well as project leader Germany and US

Mandates

- Member of the Board of Directors of SES S.A.
- Member of the Board of Directors and member of the advisory committee of several non-listed companies

Group Executive Board

André Rüegg

born 1968



- Business and economics degree, University of Zurich
- Since 2009 with Bellevue Group, Head Sales & Marketing, since 1 January 2012 CEO Bellevue Asset Management AG, since 1 January 2017 in addition CEO Bellevue Group AG and between 22 February 2017 and 28 February 2018 in addition CEO Bank am Bellevue AG ad interim
- 1995–2009 with Julius Bär, Group Member of the Executive Committee Asset Management
- 1993–1995 Arthur Andersen & Co.

Mandates

- Chairman of the Board of Directors, Bellevue Funds (Lux) SICAV
-

Michael Hutter

born 1971



- Swiss Certified Accountant, Betriebsökonom HWV
- Since August 2020 CFO at Bellevue Group AG
- Since March 2019 Member of the Executive Board at Bellevue Group AG
- March 2019 until December 2019 CFO at interim at Bellevue Group AG
- 2008 – 2019 CFO, COO and CRO at Bellevue Asset Management AG
- 1998 – 2008 PriceWaterhouseCoopers, Senior Manager Audit

Mandates

- AIM Sport Holding AG (Suppleant)
-

Jan Kollros

born 1978



- Dipl. Ing. ETH
- Since July 2019 member of the Executive Board of Bellevue Group AG
- Since December 2019 CEO at Bellevue Private Markets AG
- Since 2005 with adbodmer AG and since 2009 Partner and CEO at adbodmer AG

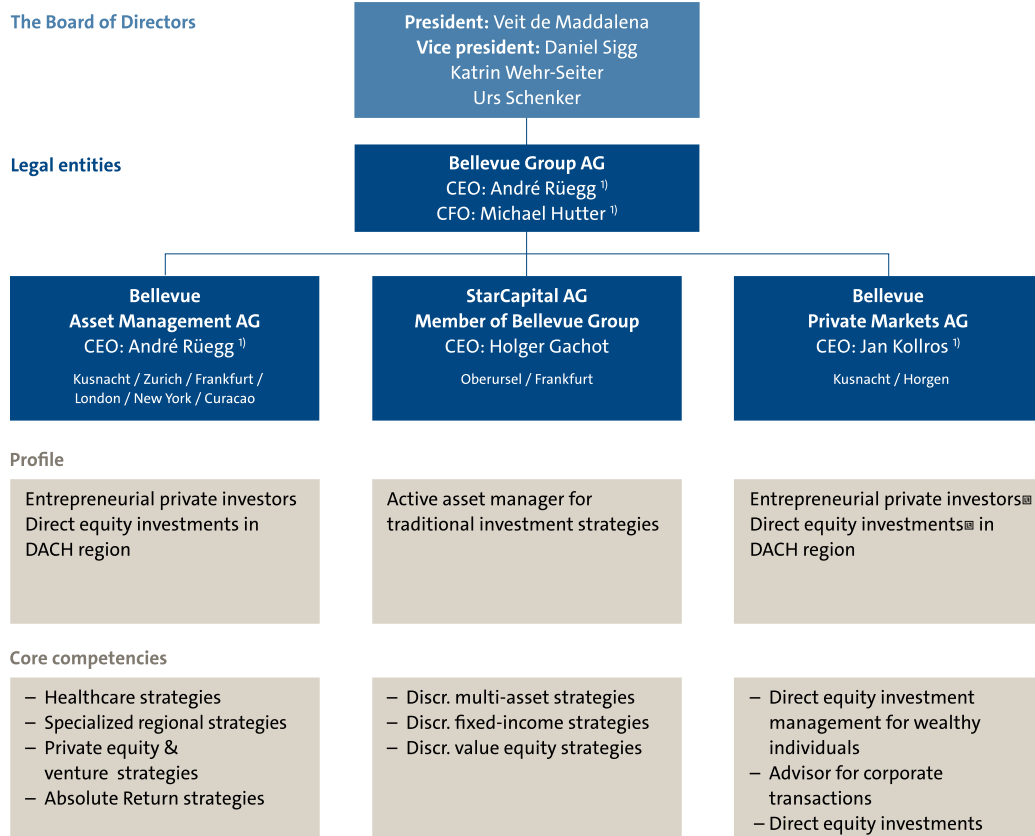
Mandates (in connection with the function as CEO of adbodmer AG):

- Evatec AG
- Lalique Group SA
- Haas & Complany AG
- Bédât & Co SA / Luxury Concepts SA
- The Hess Group AG
- Optotune Holding AG
- NEXTLENS AG

Organization & Profile

Bellevue as a pure specialized asset manager

CONSISTENT ORGANIZATION – «MULTI-BOUTIQUE» WITH 3 CENTERS OF EXCELLENCE



¹⁾ Member of the Executive Board of Bellevue Group AG

Why turn to Bellevue Group?

«Pure» asset manager with a clear and simple business model

- Independent, efficient, entrepreneurial management style ever since it was established in 1993
- «Multi-boutique» with unique range of investment competencies and good balance between «specialty» and «diversification»
- Simple and straightforward business model with a sharp focus on quality and value creation

Attractive offering with clearly differentiated investment expertise

- Active and unconstrained investment approach
- Excellent long-term track record of investment strategies with above-average returns
- «House of Ideas»: Differentiated product offering and ability to create new ideas create value for the client

Robust and low-risk financial profile

- Sustainable earnings power (high level of recurring income) with attractive margins
- Solid balance sheet, zero debt
- Shareholder-friendly dividend policy and attractive capital returns
- 45.6% of outstanding shares held by core shareholders and employees

Significant potential for further growth

- Agile, highly scalable business model creates further opportunities for profitable growth
- Competitive performance and service quality combined with highly attractive, innovative product range enables sound expansion of business and income flows
- Experience, track record and financial leeway for inorganic growth already in place



Specialized healthcare strategies

Investment companies

- Biotech
- Healthcare Global

Investment funds

- Biotech
- Medtech & Services
- Digital Health
- Asia/Emerging Markets
- Healthcare Global
- ESG strategies

Mandates

- Custom fund mandates
- Institutional mandates



Alternative investment strategies

Private equity funds

- Biotech Ventures Fund
- Private Equity Entrepreneur Fund

Private equity investments

- Private Equity Direct Investments

Absolute return strategies

- Global Macro (Alternative UCITS)

Mandates

- Custom fund mandates
- Institutional mandates



Traditional investment strategies

Specialized growth strategies

- Entrepreneur strategies (CH/EU)
- Frontier markets (Afrika)

Defensive investment strategies

- Global value strategies

Fixed income strategies

- Global fixed income strat. (unconstrained)

Multi-asset strategies

- Defensive / dynamic multi-asset strategies
- Long/Short multi-asset strategies

Mandates

- Custom fund mandates
- Institutional mandates

CONTACT



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



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