

# Shareholder letter

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As a specialized asset manager, Bellevue was able to use the challenging but positive market environment and persisting strong demand for healthcare investment solutions during the first half of the year to achieve record results for the period. Thanks to the market momentum, Bellevue once again excelled in delivering value to its clients and shareholders.

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

Dear Shareholders,

While a sense of normalcy was gradually returning to our personal and working lives towards the end of the first half, the pandemic-related restrictions and constraints were still quite palpable for all of us during the early months of the year. Global economic activity is still gaining momentum though, fueled by ultra-expansive monetary policy, massive stimulus packages, and the gradual lifting of virus containment measures. Global financial markets remained volatile in the first half, but still climbed to record highs, mirroring the economic recovery. Even the prospect of a fundamental shift in central bank policy and fears of higher inflation have been unable to darken the market's general outlook for long.

**High net new money inflow of CHF 682 mn – 20% increase in assets under management**

In view of the all-pervasive pandemic and the healthcare issues that thrust into the spotlight, investors continued to show very strong interest in the healthcare sector. Thanks to this tailwind, Bellevue's assets under management increased by 20.0% to an all-time high of CHF 14.4 bn in the first six months of the year. This significant growth is attributed to above-average investment returns and the steady, strong and broad flow of investor money into our healthcare investment solutions, which attracted a total of about CHF 821 mn in new money. Almost every strategy recorded new money inflows during the period under review, led by the BB Adamant Digital Health Fund. Bellevue now manages a total of CHF 11.7 bn in its liquid healthcare strategies.

## «Assets under management rose to a new high of CHF 14.4 bn at the end of the year»

The Group's alternative investment solutions (including private equity) also showed a pleasing development. The BB Entrepreneur Private Fund launched in February had already attracted capital commitments of CHF 40 mn at the mid-year mark. This strategy offers Swiss investors the opportunity to co-invest in privately held fast-growing Swiss SMEs alongside prominent business families. Assets under management in the alternative investment business amount to approximately CHF 1.0 bn.

In the Group's third investment focus area, other selected niche strategies, its liquid Entrepreneur funds likewise experienced new money inflows. Conversely, the action we took during the previous year to systematically realign the product range resulted in an outflow of client assets totaling about CHF 190 mn. This realignment mainly affected plain vanilla investment strategies with slim margins. At the mid-year mark Bellevue managed approximately CHF 1.7 bn in selected niche strategies.

Net new money inflow for the first half of the year thus amounted to CHF 682 mn, which represents an annualized net new money growth rate of 11%, better than average and slightly above our targeted range of 5-10%.

**Mostly double-digit performance – 78% of assets under management beat the benchmark return**

Our efforts to create value added for the client have again been very successful. Most of our strategies delivered a double-digit return during the period under review. BB Biotech and BB Healthcare Trust generated an investment performance of 22.2% and 13.3%, respectively, clearly beating their benchmarks by 9.1% and 4.5%. Better-than-average returns of 16.5% and 16.0% were also generated by the BB Adamant Global Medtech & Services and BB Adamant Global Healthcare Strategy funds.

The Entrepreneur strategies also benefited from the constructive market situation and delivered double-digit returns. BB Entrepreneur Switzerland and BB Entrepreneur Swiss Small & Mid produced first-half returns of 20.0% and 20.4%, beating their benchmarks by 4.9% and 2.4%. 78% of total client assets entrusted to Bellevue (volume-weighted) outperformed the benchmark performance for the first half of the year, and the percentage of total assets under management that have generated an excess performance versus their benchmark since inception is even higher at 82%.

**Group profit quadruples to CHF 22.5 mn and efficiency improved**

We also achieved significant improvements with respect to our operating results. The average 30% increase in assets under management versus the prior-year period raised the Group's

earnings to a new level. Total operating income rose by 51% year-on-year to CHF 73.6 mn. The recurring asset-based income provides a very promising basis for future growth.

Meanwhile costs increased at a proportionally slower rate of just under 31% to CHF 40.7 mn. General operating expenses increased only moderately despite infrastructure optimization expenditure, while our entrepreneurial employee compensation model and related profit-sharing arrangements for our 102 employees led to a 33% increase in personnel expenses. The cost/income ratio showed a further improvement to 55% versus the prior-year period and is in line with our medium-term goal. A valuation adjustment of CHF 2.9 mn was incurred at StarCapital as a result of adjustments in its low-margin mandate business.

## «Bellevue's consolidated net profit for the period rose to a record high of CHF 22.5 mn»

Bellevue's consolidated net profit for the period rose to a record high of CHF 22.5 mn. This corresponds to a fourfold increase from the prior-year figure of CHF 5.5 mn, which likewise reflected valuation adjustments and provisioning requirements.

### Create value for all stakeholders with «Excellence in Specialty Investments»

Bellevue's results for the first half of 2021 are impressive proof that it has raised its operating income and profits to a new level. Our straightforward business model built around acknowledged core competencies and a distinctive product range is highly scalable. As a House of Investment Ideas, our aim is clear: "Excellence in Specialty Investments". We generate attractive returns for our clients and shareholders. We can deliver on that promise thanks to our highly qualified experts, whose high levels of continuity and performance ensure high levels of innovation. The recent modernization of Bellevue's branding strategy will help us to profile and position our successful model even more effectively.

Our business strategy is geared towards growth with the existing line of products and services (expanding the client base and establishing new distribution channels and markets) and the development of innovative investment concepts to penetrate new client segments. This approach has been effective even in the face of extraordinary circumstances and will be steadfastly pursued going forward. Bellevue's clients will continue to benefit from access to a steady flow of innovative investment ideas such as the BB Entrepreneur Private strategy or the BB Healthcare Fund, another novel investment vehicle we recently launched in the UK that is ideally suited to meet investor needs.

Developments at Pureos Bioventures were also very pleasing. In the final closing in April 2021, the ventures fund was able to exceed the target volume with more than USD 205 mn. To date, 12 investments have been made and a first IPO exit has already been realized. The high-profile investment strategy has sometimes attracted well-known international investors who are themselves active in the biotech and pharmaceutical sectors. For their long-term capital commitment, these strategic venture investors require an organizational structure that ensures clearer access to and responsibility for the investment team. In order to best meet the particular industrial needs of these investors, Bellevue, together with the ventures management team, has concluded to create a forward-looking and sustainable governance structure. The plan is to transition the investment team into an entrepreneurially independent structure, while the existing venture funds will remain in the care of Bellevue.

We basically view the second half of the year with confidence, even though markets could become much more challenging. A "new normal" is likely in a post-pandemic world. Global market tensions could become more acute in view of rising bond yields, a gradual throttling of expansionary monetary policies, and with fears of inflation hanging over the market like a sword of Damocles.

Nevertheless, as a specialized asset manager with internationally recognized investment competencies, we are very well positioned to create sustained value for our clients, shareholders and employees. Our confidence rests on the skills and abilities of our employees, whose tremendous performance and dedication shape the distinctive Bellevue brand. On behalf of the Board of Directors and the Executive Board, we thank them for their commitment and dedication. We also thank our clients and shareholders, whose trust and expectations motivate us to strive for superior performance every day.

Yours sincerely,



**Veit de Maddalena**  
Chairman of the Board of Directors



**André Rüegg**  
Chief Executive Officer

# At a glance

	1.1.–30.6.2021	1.1.–30.6.2020	Change
<b>Consolidated income statement (in CHF 1'000)</b>			
Revenues from asset management services	70 395	48 680	+44.6%
Total operating income	73 633	48 639	+51.4%
Total operating expenses	–40 665	–31 118	–30.7%
Total operating profit	32 968	17 521	+88.2%
Group profit before tax from continuing operations	28 083	8 127	n.m.
Group net profit from continuing operations	22 459	6 203	n.m.
Group net profit	22 459	5 506	n.m.
Cost/Income ratio <sup>1)</sup>	55.2%	64.0%	–
Undiluted/Diluted earnings per share (in CHF)	+1.69	+0.46	n.m.
	<b>30.6.2021</b>	<b>31.12.2020</b>	<b>Change</b>
<b>Asset under management (in CHF million)</b>			
Total managed assets	14 427	12 038	+19.8%
Net new money (1.1. to 30.6.)	682	38	n.m.
<b>Consolidated balance sheet (in CHF 1'000)</b>			
Total assets	194 097	235 564	–17.6%
Total liabilities	63 361	69 748	–9.2%
Total shareholders' equity	130 736	165 816	–21.2%
Equity per share (in CHF)	9.71	12.32	–21.2%
Return on equity annualized (1.1. to 30.6.) <sup>2)</sup>	39.6%	8.3%	–
<b>Staff (FTE)</b>			
Number of staff at cutoff date	94.0	99.4	–5.4%
<b>Share price</b>			
Share price of Bellevue Group registered shares (in CHF)	40.0	30.80	+29.9%
Low / High (in CHF, 1.1. to 30.6.) <sup>3)</sup>	30.40 / 43.00	19.70 / 29.00	
Market capitalization (in CHF million)	538	415	+29.9%

<sup>1)</sup> Defined as: operating expenses / operating income

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

<sup>3)</sup> End of day prices

# Financial highlights

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Bellevue Group performed well in the first half of 2021 in an exceptional market environment as a pure, specialized asset manager. You will find the financial highlights and the detailed presentation here.

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## **Presentation half-year results**

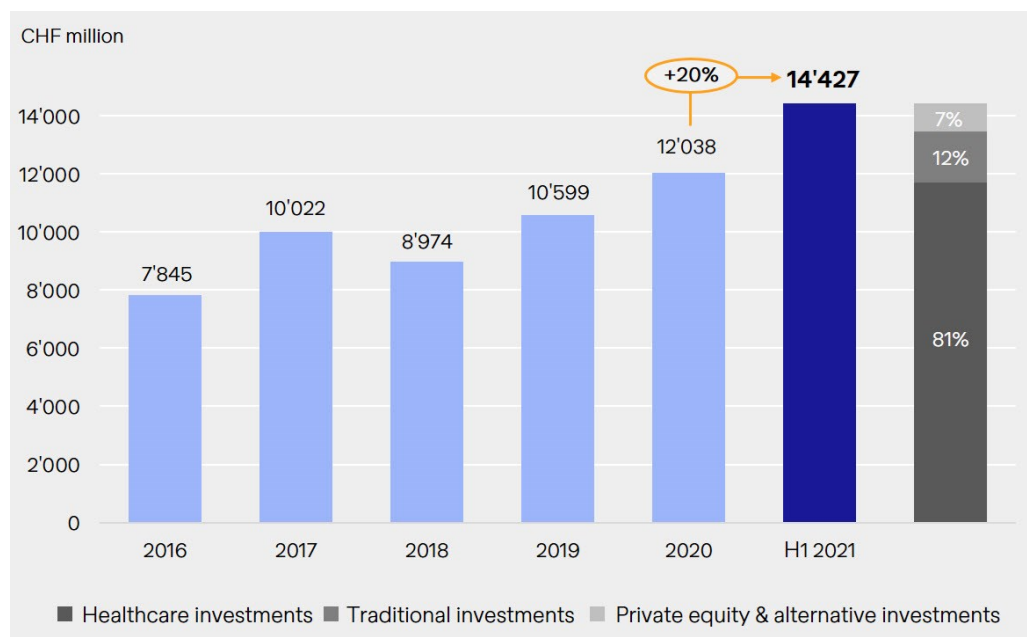
Here you will find all information on the half year 2021 results.

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**Find out more**

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## Client assets at a new all-time high – despite persisting uncertainties

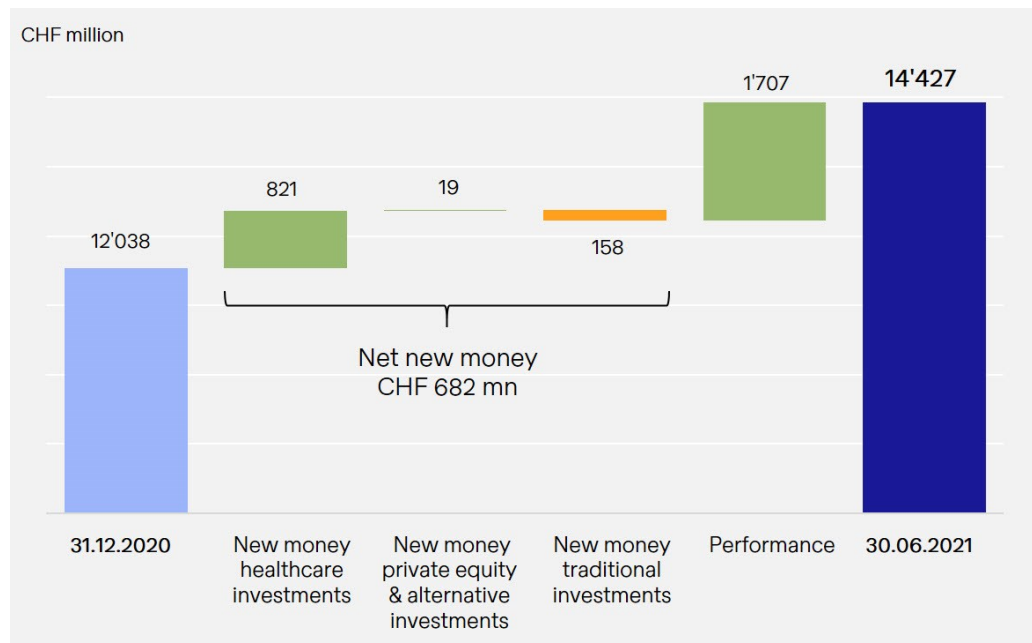


Source: Bellevue Group, as at 06/30/2021

### Assets under management climb to a new record high of CHF 14.4 bn

- Significant increase in AuM of nearly CHF 2.4 bn or 20% in H1 2021
- Compelling growth driven by solid investment performance and strong new money inflows
- Proven investment competencies and product range ensure sustained growth
- Continued focus on alternative investment strategies (incl. private equity) and innovative product developments

## Strong new money inflow in core business



Source: Bellevue Group, as at 06/30/2021

### Strong new money inflows in core business with attractive margins

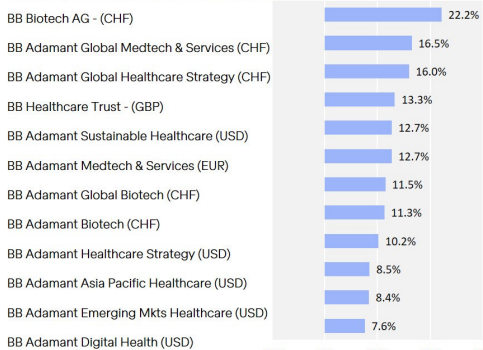
- More than 70% of overall growth driven by performance
- Net new money of nearly CHF 700 million (>10% p.a.), at the high end of target range
- Differentiated alternative investment solutions (incl. the new “Private Markets” unit) prove to be very stable
- Less differentiated investment strategies with slim margins remain under pressure, resulting in further adjustments to product range
- Overall well-balanced asset base, a renewed improvement in the margin



### Competitive performance in an inflationary market environment

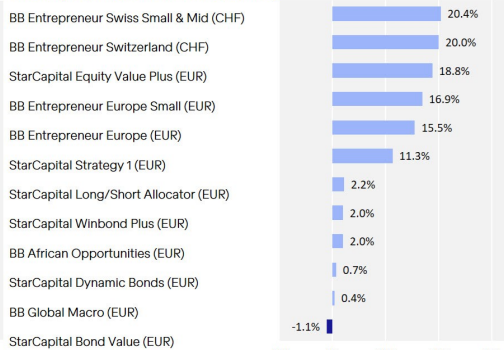
#### Specialized healthcare strategies

Absolute performance H1 2021, in base currency



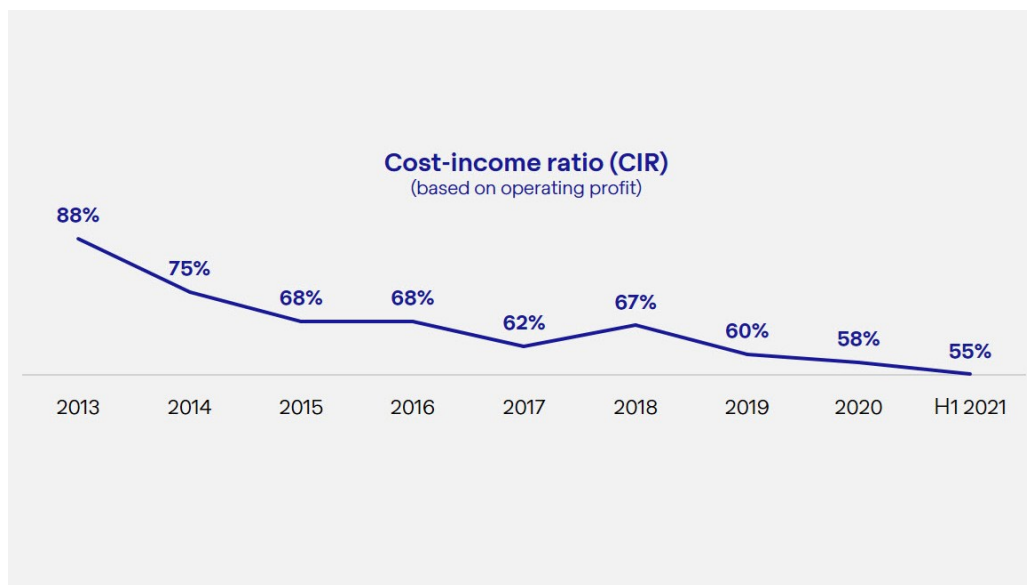
#### Traditional and alternative investment strategies\*

Absolute performance H1 2021, in base currency



Source: Bellevue Group, as at 06/30/2021 - \*Only related to liquid investments strategies (excl. Private Equity)

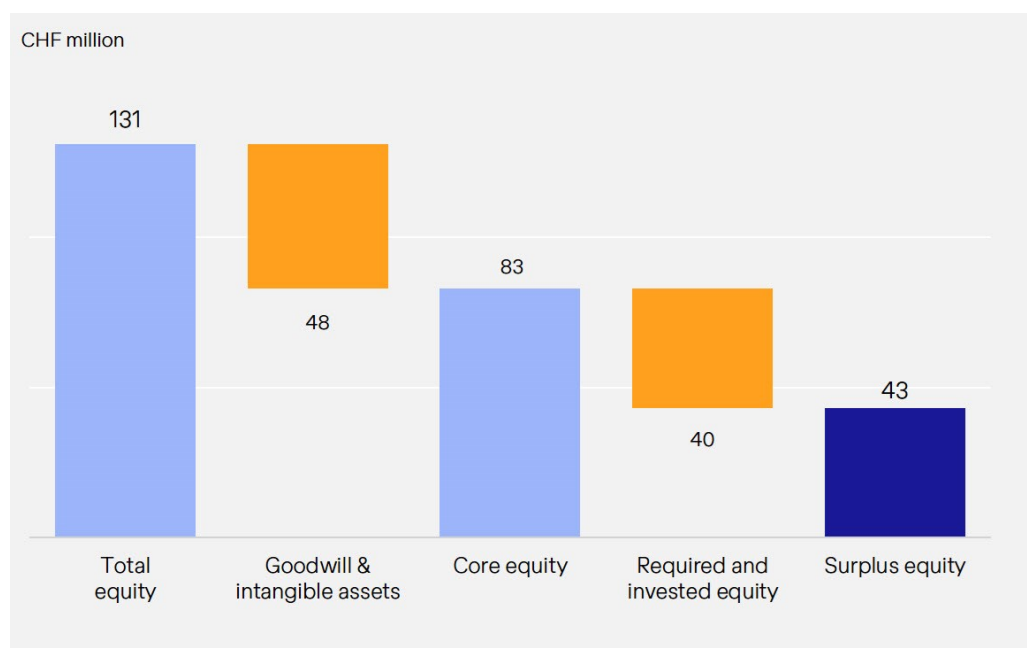
### Further improvement in the cost-income ratio



Source: Bellevue Group, as at 06/30/2021

- Further improvement in the cost-income ratio to 55% thanks to significantly improvement in profitability and proportionally slower cost growth
- CIR based on operating profit confirms the positive downward-pointing long-term trend
- Steady efficiency gains possible thanks to scalability model

## Capital structure and management



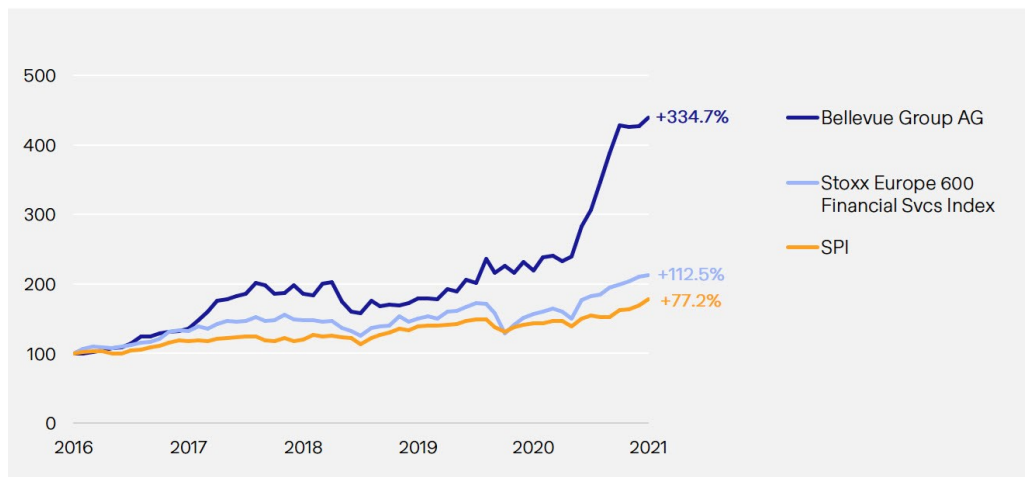
Source: Bellevue Group, as at 06/30/2021

- Equity capital remains solid thanks to sustained earnings power
- Reduction in goodwill & intangibles (prior year: CHF 53 mn), which reflects ordinary depreciation and value adjustments 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 43 mn a sound cushion ensuring steady and attractive payouts as well as further growth
- Simple and debt-free balance sheet

# Share performance

## Bellevue Group shares (BBN SW)

Indexed to 100 (in %), 5 years



Source: Bloomberg, Bellevue Group, as at 06/30/2021

HALF-YEAR PERFORMANCE 2021  
(IN %)

**43.3**

MARKET CAPITALIZATION<sup>1</sup>  
(IN MN CHF)

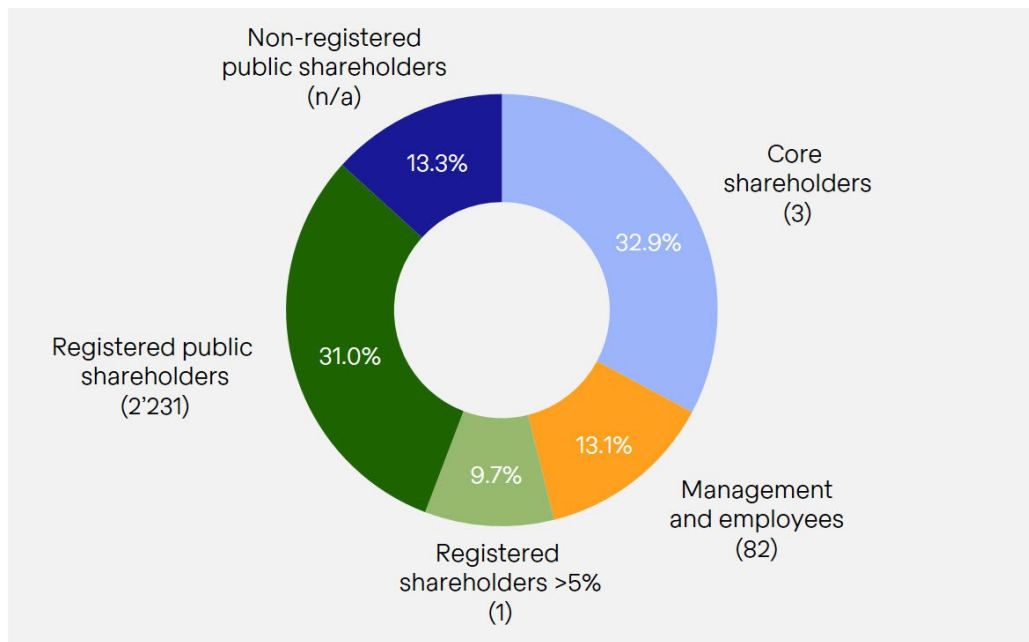
**538**

<sup>1</sup> as at 06/30/2021

ORDINARY DIVIDEND  
(IN CHF)

**1.50**

**Structure of the shareholder base**



Source: Bellevue Group, as at 06/30/2021

- Strong commitment of core shareholders
- Substantial increase in management/employee shareholders (31.12.2020: 12.6%)
- Hansjörg Wyss long-term oriented shareholder (9.7%) could be won in 2020
- Very transparent shareholder base: >86% registered (2'317 shareholders)
- Shareholder-friendly dividend policy unchanged, strengthening sense of continuity

# Business model and strategy

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

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Bellevue is a pure play, highly specialized asset manager with a distinctive focus on healthcare and other attractive growth strategies.

Expertise and innovation are what make us unique.

Creating value for clients and shareholders is our mission.

Our business model is straightforward, transparent and highly scalable.

Our financial profile is robust and low on risk.

Responsibility towards all employees, business partners and the environment is non-negotiable.

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To the detailed Business  
Model

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