

Healthcare Investments in East & West – Developments and Trends

7. November 2024

Marketing document – for professional investors only – no disclosure to third parties

Disclaimer

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Agenda

1

Introduction
Dr. Cyrill Zimmermann

2

Healthcare drivers, strengths and themes
Dr. Terence McManus

3

The votes are in, so where does the U.S. healthcare industry go from here?
Prof. Michael Mullen, USA

4

View from Asia
Marvin Ng, Singapore

1

Introduction

Dr. Cyrill Zimmermann

Clearly differentiated investment expertise for an attractive offering

Balance between «speciality» and «diversification»



Healthcare Investments

Biotech

- BB Biotech AG
- Bellevue Biotech (CH)

Medtech

- Bellevue Medtech & Services
- Bellevue Medtech & Services (CH)

Thematic

- Bellevue AI Health
- Bellevue Digital Health
- Bellevue Obesity Solutions

Healthcare Global

- Bellevue Diversified Healthcare
- Bellevue Healthcare Strategy
- Bellevue Healthcare Strategy (CH)
- Bellevue Healthcare Trust
- Bellevue Sustainable Healthcare

Healthcare Regional

- Bellevue Asia Pacific Healthcare
- Bellevue Emerging Markets Healthcare



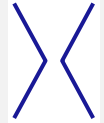
Small & Mid Sized Entrepreneur Investments

Listed Small & Mid Caps

- Bellevue Entrepreneur Europe Small
- Bellevue Entrepreneur Swiss Small & Mid
- Bellevue Entrepreneur Switzerland (CH)

Private Equity Strategies

- adbodmer Direktbeteiligungen
- Bellevue Entrepreneur Private



Multi Asset, Bonds & Alternatives

Multi Asset

- StarCapital Multi Income

Bonds

- Bellevue Global Income
- StarCapital Dynamic Bonds

Alternatives

- Bellevue Global Macro
- Bellevue Option Premium

Overview – Bellevue healthcare strategies – fund solutions (Lux)

Dedicated solutions for global, regional and sectoral healthcare strategies

	Regions				Sub-Sectors					Market Cap			Portfolio	
	USA	Europe	APAC	EM	Pharma	Biotech	Generics	Medtech	Services	Large	Mid	Small	Holdings	AuM (mCHF)
Bellevue Healthcare Strategy ^(LUX)	45%	25%	15%	15%	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	45	360
Bellevue Sustainable Healthcare ^(LUX)	45%	25%	15%	15%	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	45	98
Bellevue Diversified Healthcare ^(LUX)	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	60 - 80	20
Bellevue Medtech & Services ^(LUX)	Focus	Focus	Focus	Focus	Selective	Selective	Selective	Focus	Focus	Focus	Focus	Focus	40 - 60	1409
Bellevue Digital Health ^(LUX)	Focus	Focus	Focus	Focus	Selective	Selective	Selective	Focus	Focus	Focus	Focus	Focus	30 - 50	286
Bellevue AI Health ^(LUX)	Focus	Focus	Focus	Focus	Focus	Focus	Selective	Focus	Focus	Focus	Focus	Focus	40 - 60	10
Bellevue Obesity Solutions ^(LUX)	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	40 - 60	36
Bellevue Asia Pacific Healthcare ^(LUX)	Selective	Selective	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	40 - 50	116
Bellevue Emerging Markets Healthcare ^(LUX)	Selective	Selective	Selective	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	Focus	40 - 50	71

Focus Selective

Source: Bellevue Asset Management AG, data as of October 31, 2024

2

Healthcare drivers, strengths and themes

Dr. Terence McManus

Why does the healthcare sector retain strong growth dynamics?

Demography

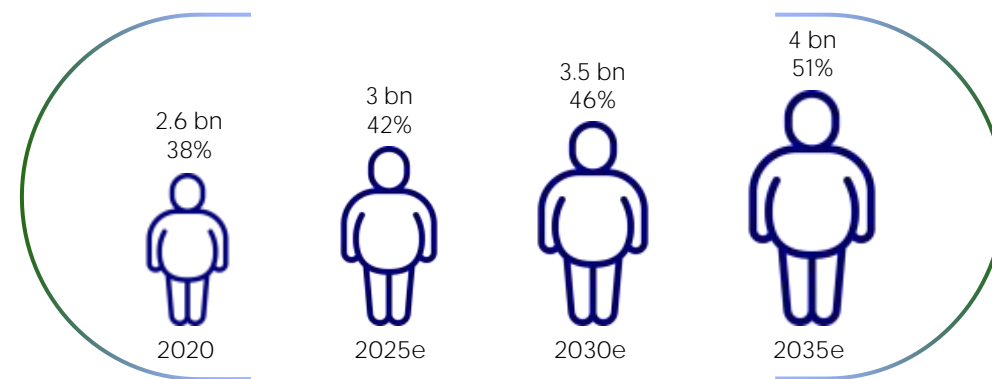
Proportion of population aged >60 is rising sharply



Dark green: >25% of the population is older than 60 years

Changing Lifestyles

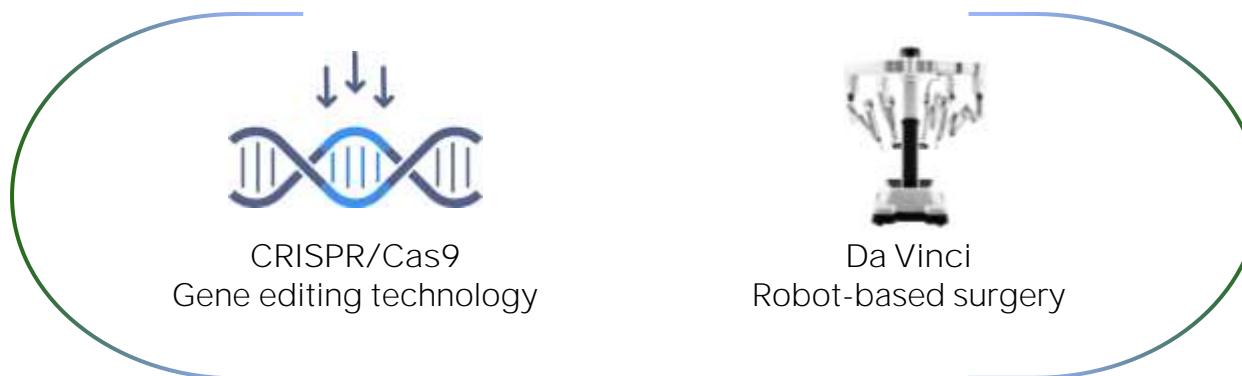
Dramatic increase in overweight



Number of people affected worldwide, older than 5 years



Innovation

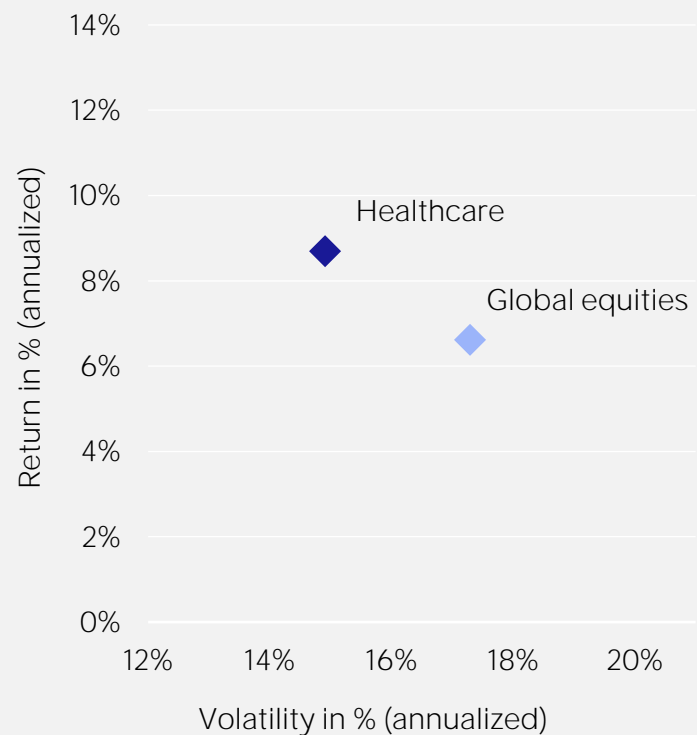


Why focus on healthcare investments?

Better risk/return profile, with reduced drawdown, shorter time to recovery, and more growth for the value paid

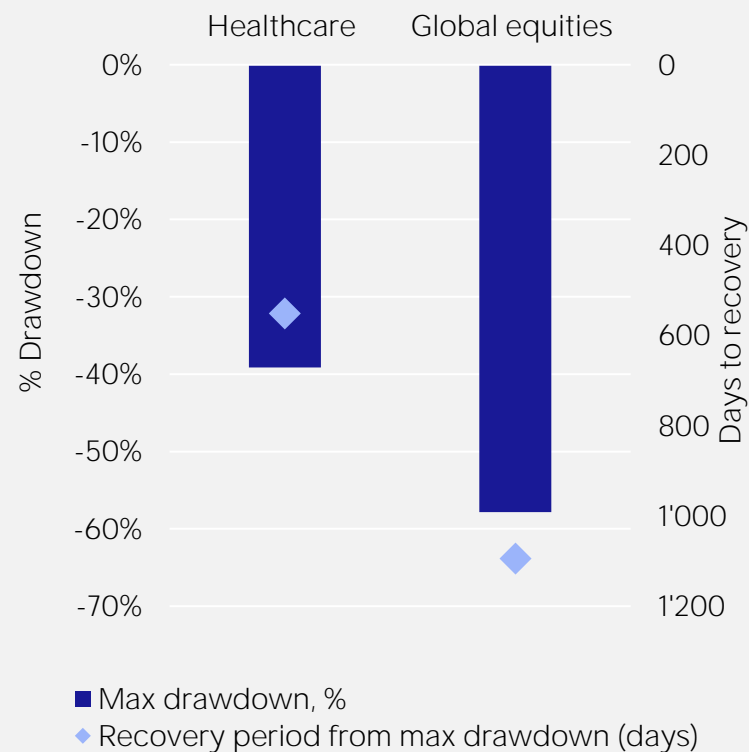
Higher return, lower volatility

Risk/Return profile, in USD (daily data)
December 31, 2006 - December 31, 2023



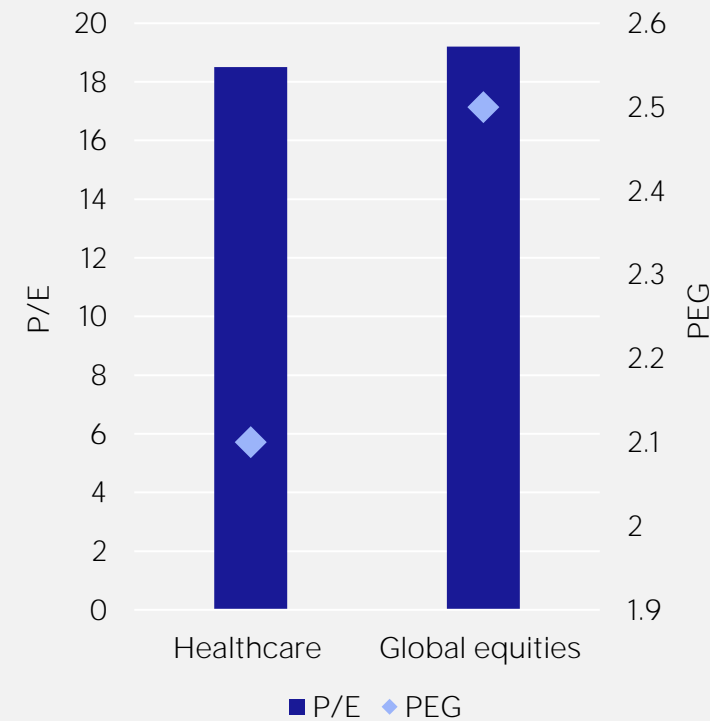
Smaller drawdown and quicker recovery

Maximum drawdown (%) and time to recovery (days)
December 31, 2006 - December 31, 2023



Better value for the growth on offer

Current valuation favors Healthcare
P/E 2025 vs. mid-term PEG

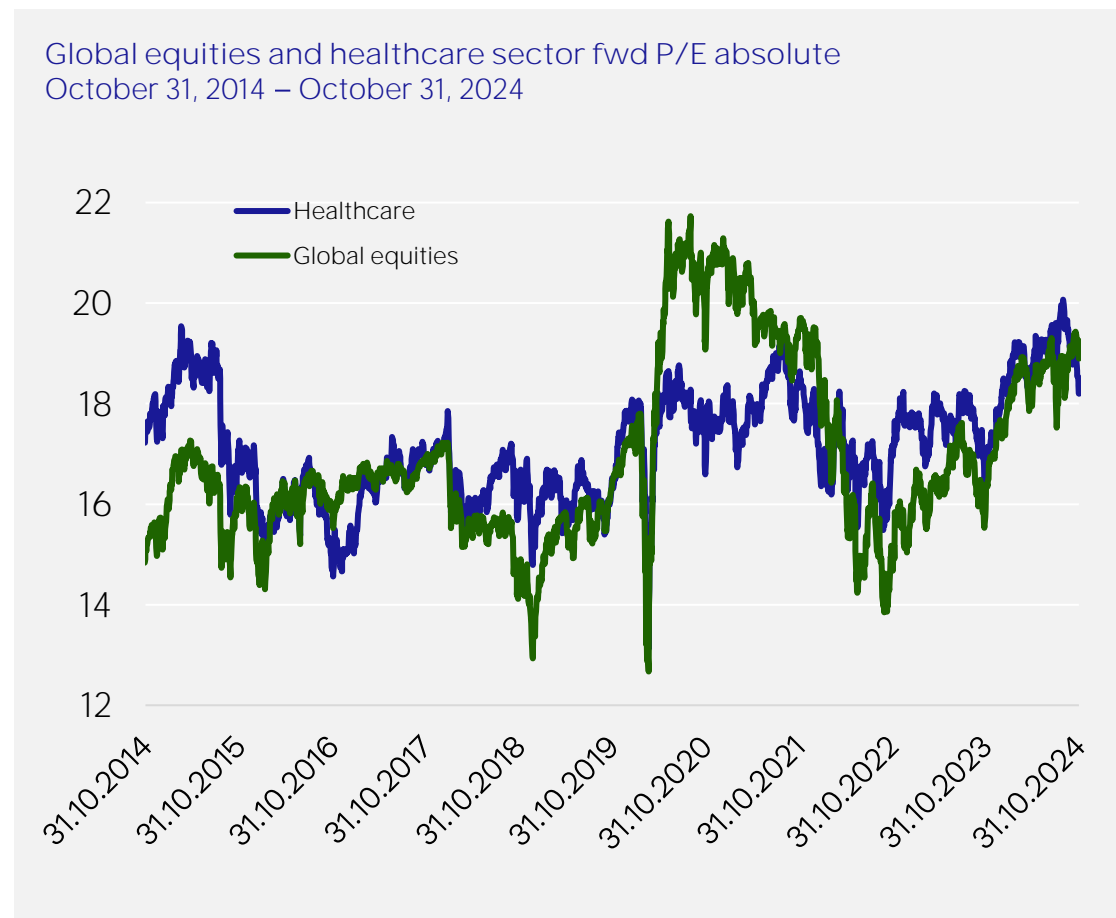


Note: Healthcare = MSCI World Healthcare, Global equities = MSCI World
Source: Bloomberg, Bellevue Asset Management AG; PE 2025 (as of 10/28/2024)/ Earnings growth rates 2021-2026e (as of 09/30/2024)

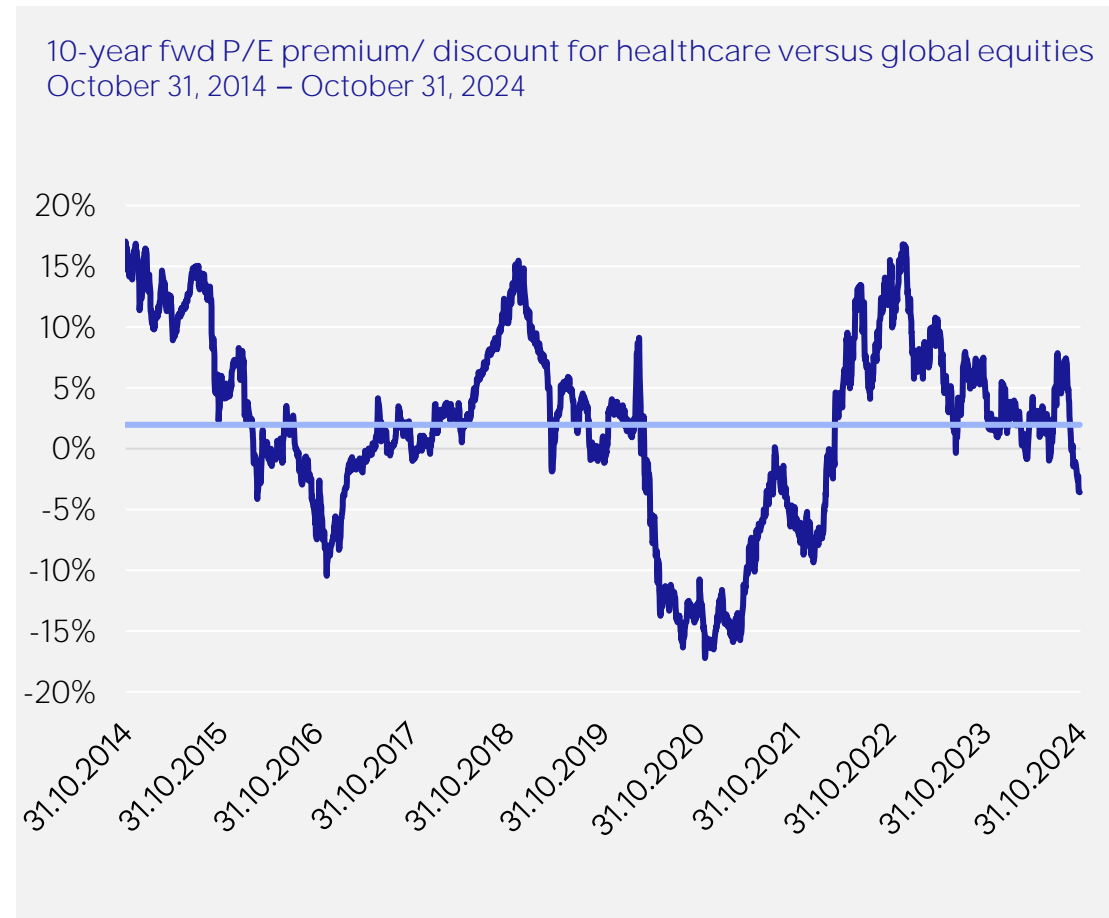
Why focus on healthcare investments now?

Price-to-earnings ratio premium/ discount to global equities is below the long-run average

Absolute valuation for healthcare over time



Relative valuation for healthcare vs. global equities

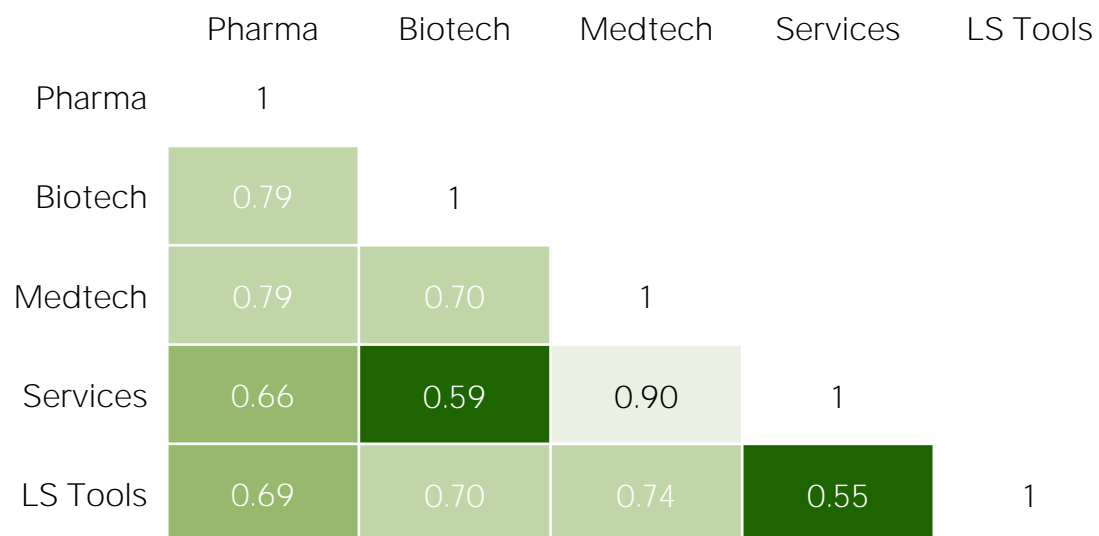


Note: Healthcare = MSCI World Healthcare, Global equities = MSCI World; data to 31.10.2024
Source: Bloomberg, Bellevue Asset Management AG

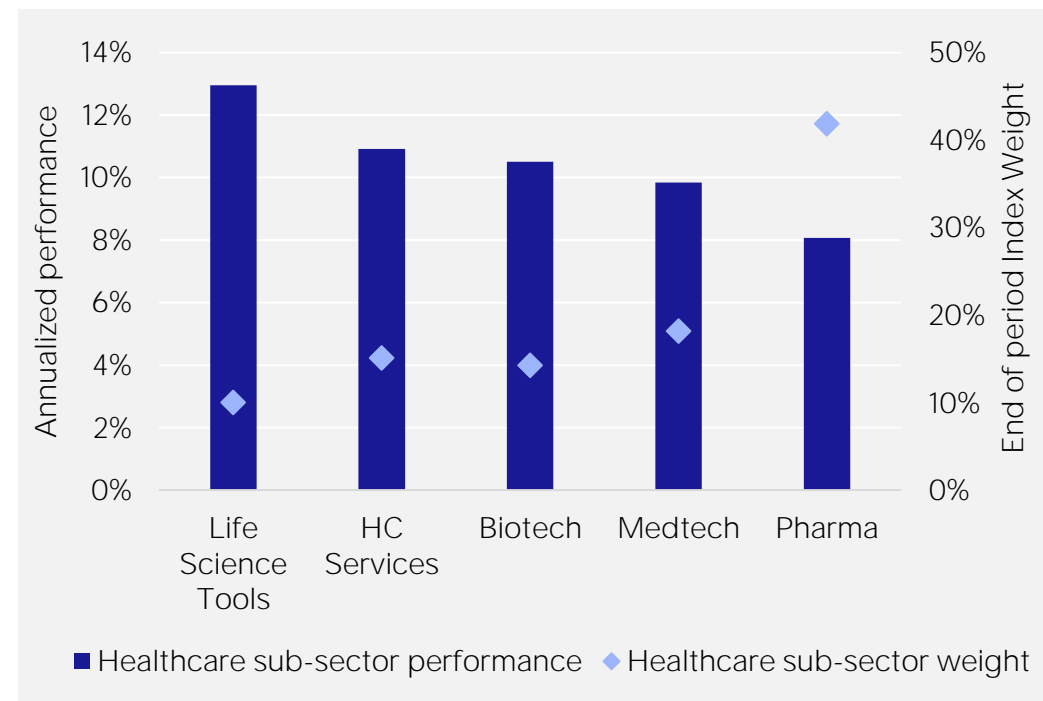
Why an active approach in healthcare investing?

Low correlation between subsectors and inverse relationship between subsector performance and weight in index

Low correlations between healthcare subsectors
December 31, 2006 – December 31, 2023, monthly basis (in USD)



Inverse relationship between subsector size and return
December 31, 2006 - December 31, 2023 (in USD)



All data in USD, from December 2006 to December 2023, monthly basis
Note: Healthcare subsectors = GICS MSCI World Healthcare Industries
Source: Bellevue Asset Management AG, Bloomberg (data)

Healthcare themes are dynamic and offer strong investment cases

Finding innovation in the dynamic healthcare industry



Key healthcare themes – Obesity

Obesity and overweight people – set to be the biggest therapeutic area ever

Key facts about obesity



40%

Of the world's population is affected (2035E: 50%)



~16-18%

Of total annual medical cost in the most severely affected countries



3.3%

Economic impact of obesity on GDP in OECD countries



3 x

Increase in global obesity rate since 1975



200

Comorbid and subsequent medical conditions



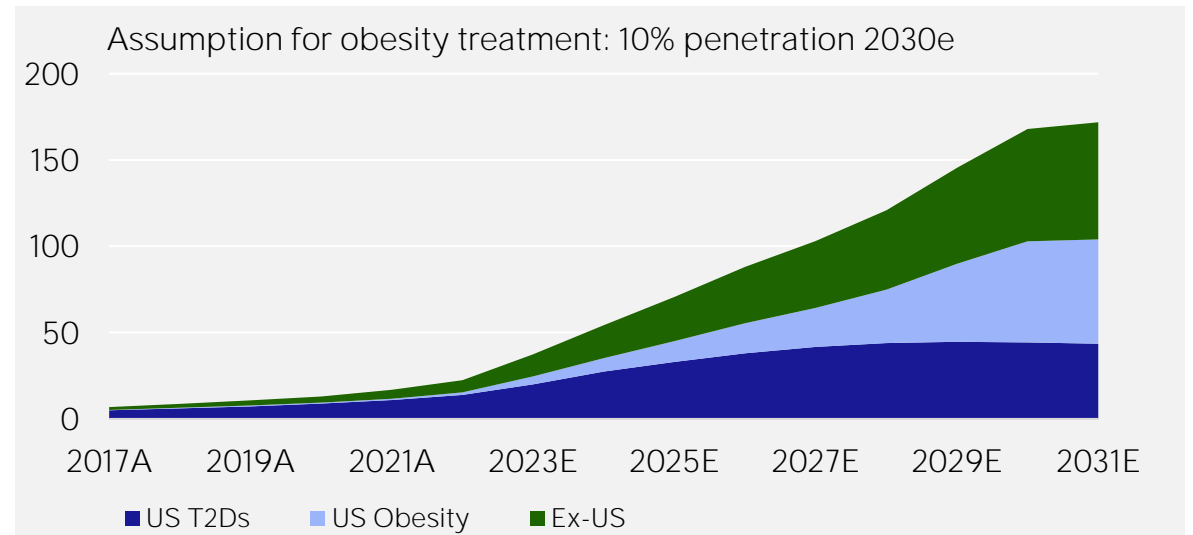
USD 4 trillion

Estimated annual economic burden worldwide in 2025

In a nutshell

- Obesity pandemic: unprecedented scale with enormous need
- Inadequate medical treatment (only about 2% penetration)
- Medical innovations (e.g. GLP-1) and campaigns ensure increased visibility
- Could be the largest single drug market in medicine ever
- Multiple companies with difference modalities are joining the race
- **Company examples:** Novo Nordisk, Eli Lilly, Zealand Pharma, Structure Therapeutics, Viking Therapeutics

Market size (USD bn) indications



For illustrative purposes only. Holdings and allocations are subject to change. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or securities.
Source: Jefferies, JP Morgan, Bellevue Asset Management AG

Key healthcare theme – AI in healthcare

Future-proofing healthcare investments

AI key facts in healthcare



USD 300 bn

Wasted annually in the US healthcare system alone



5%

Projected reduction in treatment costs when using AI for diagnosis



40%

Projected improvement in health outcomes when using AI for diagnoses



USD 188 bn

The estimated market for AI in healthcare in 2030



25%

Work time US nurses spend on paperwork



1 bn

Molecules screened for anti-microbial activity using AI, with 8 identified

In a nutshell

- Healthcare benefits from big data pools that have been built up over decades
- Early adaptation of AI ensures sustainable competitive advantages
- AI is a relevant driver of shareholder value
- Sweet spot: Financially strong companies with great AI expertise
- **Company examples:** Medtronic, Amgen, Evotec

We rely on companies that:



Integrate AI into their corporate strategy



Anchor AI at the highest level of the company



Dedicate significant financial and human resources to AI



Use AI to optimize and automate their own internal business processes



Using AI to better understand their customers



Using AI to develop new products and services

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Source: UnitedHealth; Statista; Harvard School for Public Medicine; Stokes et al., 2020; Bellevue Asset Management AG

Key healthcare theme - Supply security

De-globalisation and shifting modalities create opportunities

Increased complexity of supply



USD 40 bn

Difficult to manufacture biologic sales



9-11%

Biologic CDMO CAGR, 2023-2028



580k+

Liters of biologic capacity needed to fill the Chinese void



USD 6 bn

Wuxi Apptec sales in US & Europe potentially up for grabs



50%

Tariff on Chinese syringes



323

US drug shortages in Q1 2024 (all time high)

In a nutshell

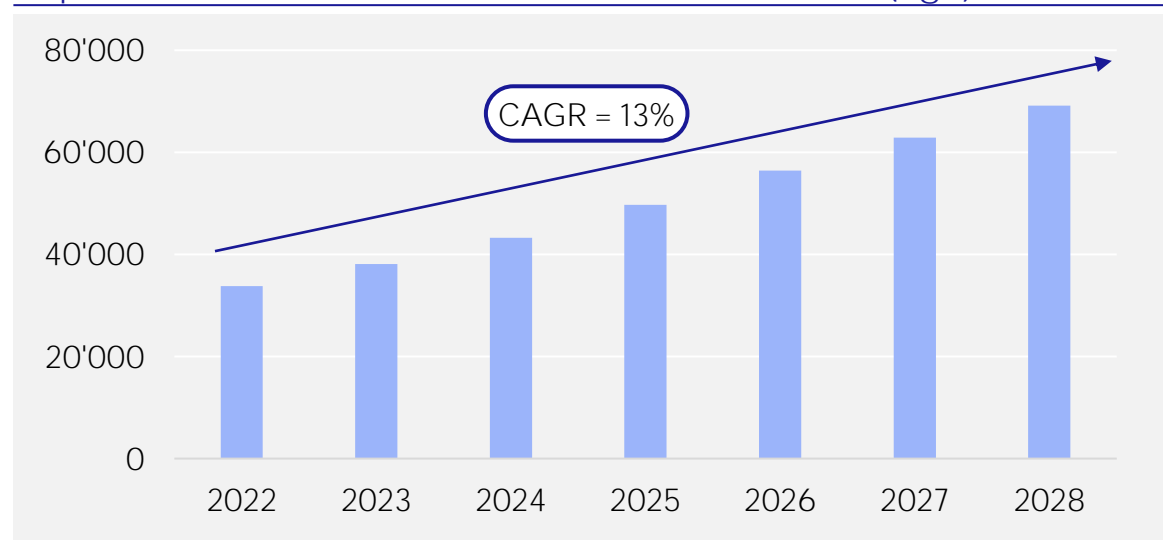
Evolving markets

- Generic supply – price stabilized, positive for manufacturers and distributors
- Obesity injectable drugs – significant demand for API and fill & finish
- Drug shortages – at record high due to the complexity of supply

Geopolitics

- BIOSECURE Act/ China tariffs – US biopharma to de-couple from China by 2032
- **Company examples:** Lonza, Becton Dickinson, Thermo Fisher

Expected Mammalian Product Volume Demand (kgs)



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Source: American Society of Health-System Pharmacists (ASHP), Lonza, Wuxi Biologics, Bellevue Asset Management AG; mammalian product = complex drugs such as monoclonal antibodies

Supply constraints theme company example: Lonza

Swiss-based CDMO – leading presence in a growing market

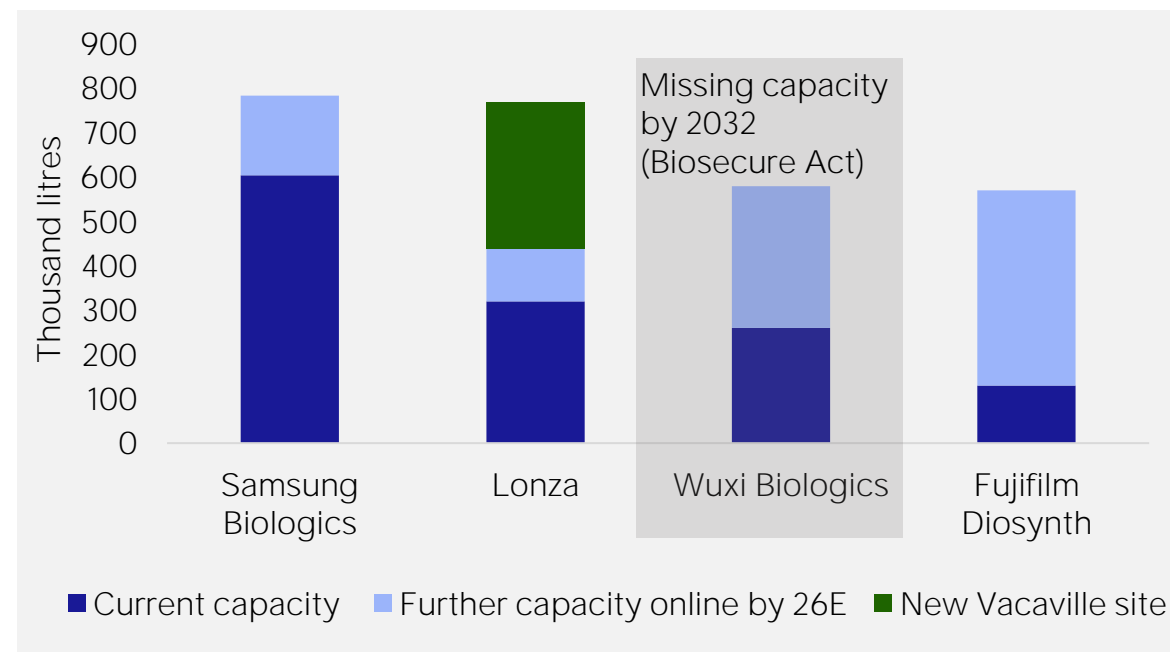
Facts and figures

Theme	Supply constraints
Style	Structural growth
Country	Switzerland
3-yr sales CAGR*	14%
Market Cap	USD 43 bn

Investment case

- **Growth:** Double-digit top-line organic growth benefiting from friend-shoring, multi-sourcing, and capital investment in production capacity
- **Quality:** Global biologic CDMO market leader. High quality player able to command premium pricing
- **Pipeline:** 3-4 commercial programs expected in 2025. Significant capacity set to come online after high capex spend in recent years
- **Valuation:** Reasonable value versus history and peers

Mammalian manufacturing capacity



- Lonza is the Number 2 player in biologic drug manufacturing capacity
- The Chinese Number 3 player may need to exit the US market due to the Biosecure Act. This could benefit Lonza as part of “friend-shoring”
- While Samsung Biologics has a slightly higher manufacturing capacity, Lonza is the number one biologic CDMO when including services

Future healthcare theme ... Neuroscience

Capital will move towards the greatest remaining medical unmet needs

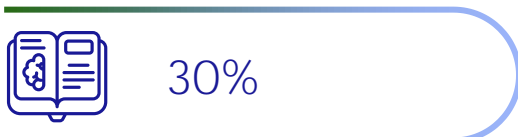
Neuroscience – huge remaining unmet need



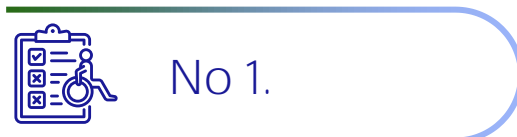
Dementia sufferers worldwide



Neuroscience drug sales in 2026e



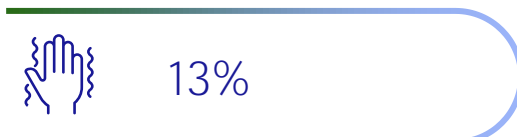
Percentage of deaths related to a neuroscience disease



Cause of disability worldwide



Neurons in a human brain



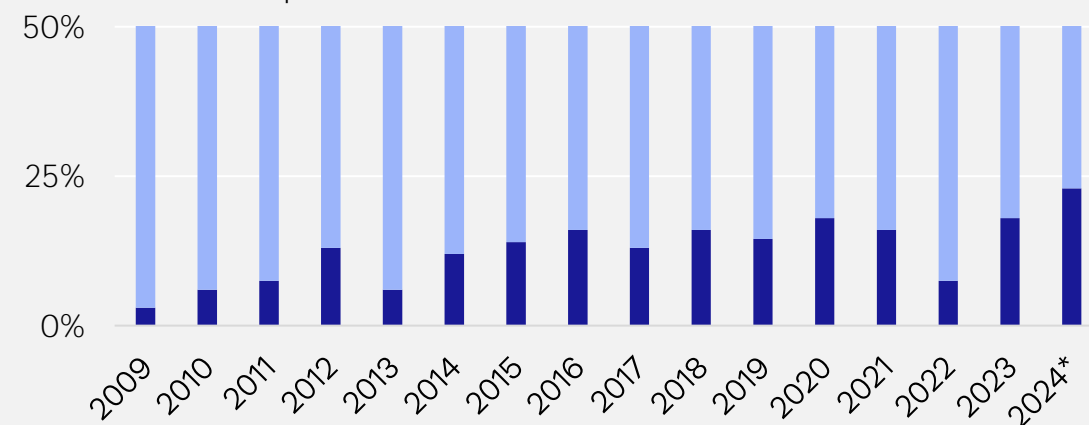
People in the US with a movement disorder

In a nutshell

- We see neurology and psychiatry as attracting more R&D capital
- Mental illnesses on the increase across major markets
- Disease causality is now better understood, treatments are coming
- Crossing the blood-brain barrier is now no longer a hindrance
- **Company examples:** Neurocrine, Intra-cellular, Lundbeck, Denali

Large increase in early-stage company funding for Neuroscience, % versus total biotech

% of seed & series A biotech funding going to Neuroscience companies versus other therapeutic areas



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Source: Bellevue Asset Management AG; Deloitte Insights; Transparency market research; Biocentury, *data through to end May

Healthcare drivers, strengths and themes Conclusions

A good entry point

- Long-term drivers for above average growth for healthcare still intact
- The healthcare sector offers **higher return, lower volatility, smaller drawdowns** and **quicker recoveries** than broad equities
- The healthcare sector is currently on a **discounted relative** valuation, and offers **better growth**
- Healthcare valuations look **attractive** given **security of earnings** (i.e. largely inelastic demand for products and services)
- The sector benefits from market (AI, geopolitics) and sector-specific themes (Obesity)
- Innovation, development of new end-markets, and healthcare reform (IRA, Obama care etc.) are constant themes in healthcare
- **Diverse** and **flexible** exposure to healthcare gives the opportunity to benefit from these positive drivers and themes

3

The votes are in, so where does the U.S. healthcare industry go from here?

Prof. Michael Mullen

Agenda

The votes are in, so where does the U.S. healthcare industry go from here?

- 1 Election summary results (so far) and near-term implications
- 2 Above-average growth still ahead for the U.S. healthcare industry outlook
- 3 Issues and concerns are valid but can be overcome
- 4 There are reasons to be optimistic about the future

“Preliminary” U.S. election results...

Election summary results (so far) and near-term implications

A Second Chance?



DEMOCRATS

REPUBLICANS



DEMOCRATS

REPUBLICANS



DEMOCRATS

REPUBLICANS

Key issues and policy ideas by the candidates and parties

Election summary results (so far) and near-term implications

Harris and the Democrat Party

- **Extend the advanced premiums tax credits** under the Affordable Care Act set to expire in 2025. Cut insurance premiums by up to 44% for qualified.
- **Make such tax credits permanent.**
- Expand the **reduction of Rx drug prices** to go beyond Medicare to all Americans.
- **Cancel USD 7 billion of medical debt** for 3 million Americans.
- Continue to use the Federal Trade Commission and the **Department of Justice** to focus on **healthcare industry M&As** and the PBM industry.
- Seek Federal action on the legality of **reproductive rights**.
- Push for approval of Senate bill S1607, the **Black Maternal Health Momnibus** introduced in May 2023 to **address leading causes of maternal mortality**.

Trump and the Republican Party

- **Mostly steered away** from healthcare issues in the campaign.
- Will not likely extend the Advanced Premium Tax Credits for Medicare inducement into the ACA.
- Pushing the idea for **“choice” for healthcare insurance** coverage.
- Not a friend to PBMs. Had a history of executive actions to **lower Rx prices**.
- Sought to **allow drug imports from Canada**.
- Has deferred to states on abortion issues but **supports federal funding of IVF**.
- **Legislative initiatives**

Growth outlook could be better than expected

Above average growth still ahead for the U.S. healthcare industry outlook

Outlook for healthcare industry – steady, above-average growth

- Demographics, surge in immigration, and healthcare inflation driving growth faster than projected GDP.
- A **political healthcare battle is a non-winner** for either party. Tradeoffs likely with no real solutions.
- Plenty of capital available to advance innovation.
- Healthcare **burdens, if left unchecked, are proving too difficult** for a nationalized system without substantially increased taxation.

Issues and concerns mostly political

- **Drug price “negotiations”** in expectations.
- **Federal spending** via the Inflation Reduction Act to support ACA “may” come to an end in 2025 or may go even further.
- **Tax rate increases** appear on the near horizon.
- Medical Affordability and Patent Integrity Act, **targets existing patent laws, dead on arrival.**
- Is the business of Healthcare just poorly run.

National health expenditures projected to grow faster than U.S. GDP through 2032

Above average growth still ahead for the U.S. healthcare industry outlook

NHE vs. GDP Growth & Health Share of GDP, 1990-2032



NOTES: Shaded areas represent recession periods. During 2020 there was a short economic recession in March and April.
Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group; Bureau of Economic Analysis, and National Bureau of Economic Research. CMS.gov

Healthcare projections higher than last year in large part due to inflation expectations

Above average growth still ahead for the U.S. healthcare industry outlook



Projections for last year through 2031

- Health expenditure growth through 2031 estimated to be about **4.3% per annum**
- Per capita health expenditures are expected to reach USD 20 425 in **2031**
 - Hospital services **+4.9%**
 - Physician and clinical **+3.9%**
 - Out of Pocket Rx **-1.5%**
- As a % of GDP, healthcare spending approximated 17.4% in 2022 and is now **estimated to be 19.6% of GDP by 2031**

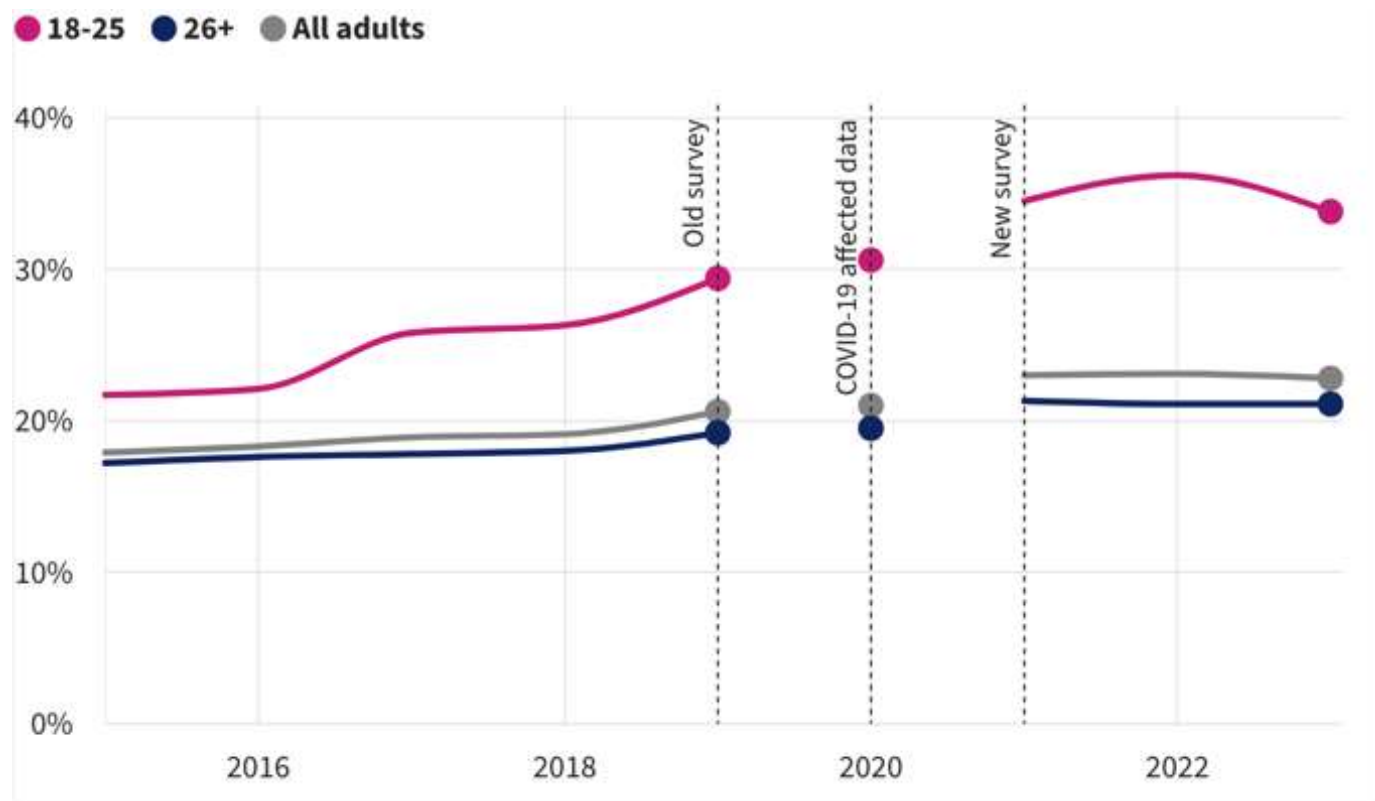
Revised projections for this year through 2032

- Health expenditure growth through 2032 now estimated to be about **5.6% per annum**
- Per capita health expenditures are expected to reach USD 20 425 in **2032**
 - Hospital services **+7.6%**
 - Physician and clinical **+4.1%**
 - Out of Pocket Rx **+4.7%**
- As a % of GDP, healthcare spending approximated 17.4% in 2022 and is now **estimated to be 19.7% of GDP by 2032**

Demand and inflation pressures could boost expenditure growth even higher than these revised expectations.

Demand driver: Drug abuse and mental health crises are an ever-increasing problem

Above average growth still ahead for the U.S. healthcare industry outlook



- About 58.7mn adults had a mental illness in 2023 nearing 23% of the U.S. Population.
- Young adults consistently have the highest rate of mental illness peaking at 36.2% in 2022.
- The age 26+ group and all adults show a more gradual increase reaching 21.1% in 2022.
- Multiracial people (two or more races) had the highest rate of mental illness at 36.7%.
- States with the highest rate of mental illness include Utah, Idaho, West Virginia, Vermont, Iowa, Missouri, Colorado, Oregon, and Washington.
- Drug-involved overdose deaths have risen to 22.8 per every 100 000 (2022) people due to Fentanyl and other synthetic opioids vs. about 2.0 in 2015.

The Inflation Reduction Act drove Medicaid expansion to 41 states & DC

Issues and concerns are valid but can be overcome

As of early 2023, 40mn Americans have coverage under the ACA thanks to financial incentives from the Inflation Reduction Act

The U.S. federal government pays at least 50% of the cost of traditional Medicaid



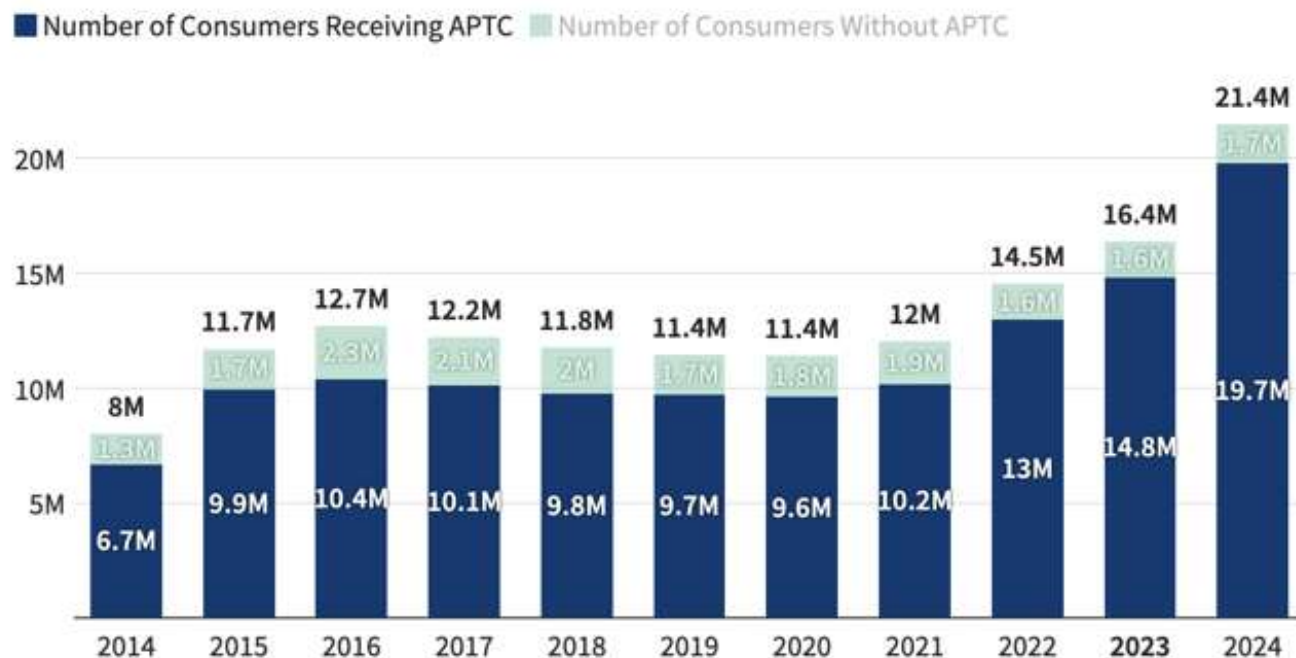
The U.S. federal government pays 90% of the cost of the Medicaid expansion



Will the extension of subsidies for the ACA continue after 2025?

Issues and concerns are valid but can be overcome

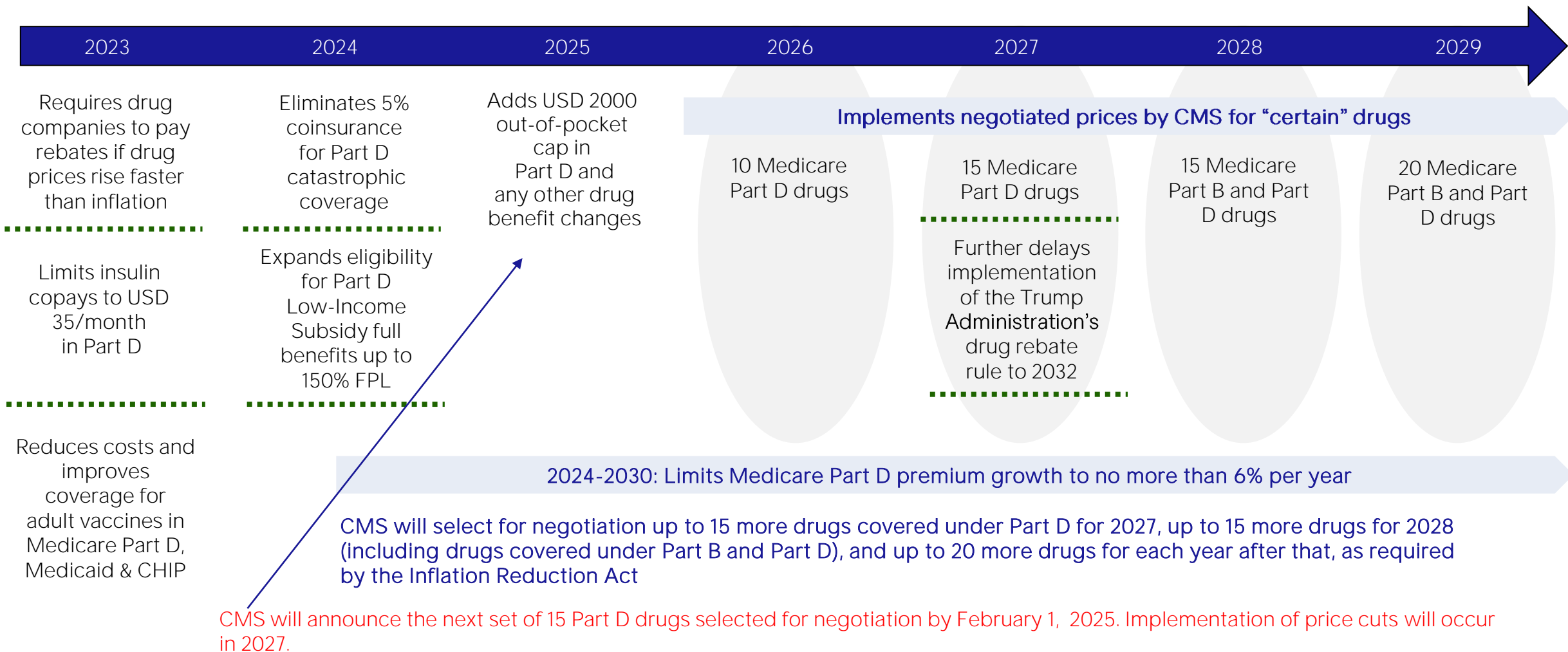
Enhanced Subsidies from the Inflation Reduction Act cut insurance premium payments by 44%. The 10-year cost to extend them beyond 2025 is estimated at USD 275bn in direct outlays and an additional reduction in revenue of USD 60bn or a net USD 335bn



- All the growth in Marketplace enrollment in the last four years is among people receiving an advanced payment of the Insurance premium tax credit.
- Subsidized enrollment is up 106%, from 9.6mn (84% of Marketplace enrollees) in 2020 to 19.7mn people today (92% of the total number of Marketplace)
- If the Inflation Reduction Act's enhanced subsidies expire, the Congressional Budget Office (CBO) expects ACA Marketplace enrollment to drop sharply from an estimated 22.8mn in 2025 to 18.9mn the following year
- The CBO estimates that without extension of the enhanced subsidies expiring in 2025, premiums would double or more, on average, for subsidized enrollees in the 12 states using ACA sites
- CBO projects that enrollment would continue to fall in the subsequent years reaching as low as 15.4mn in 2030

Pharma pricing concerns likely baked into expectations

Issues and concerns are valid but can be overcome



Political action on patent law not well thought through

Issues and concerns are valid but can be overcome

Medication Affordability and Patient Integrity Act



- Bipartisan Bill introduced by Senators Maggie Hassan (D-NH) and Mike Braun (R-IN)
- Require life sciences innovators to share volumes of confidential information related to drug approval with the US Patent and Trademark Office
- Claims drug company should not be able to extend a **drug's exclusivity** on the market
- Claims the bill would increase access to safe and affordable drugs and lower costs for consumers and to taxpayers
- No action taken on the bill so far with indication that it lacks support
- Most likely just a political move for election benefits

Financial incentives / disincentives are not constraining costs

Issues and concerns are valid but can be overcome



- Private equity puts a black eye on hospital investing – Steward Health Care saga.
- Massachusetts Center for Health Information and Analysis reported that hospital total margins in the state had improved in 2023.
- There continues to be a wide disparity in payments to health care providers.
- Infusion of a standard chemotherapy drug, which on average may require payment of around USD 10 000 if infused at an outpatient clinic.
- But the same procedure at Dana-Farber or Massachusetts General Hospital ran over USD 50 000 at Boston Children’s or Dana Farber.
- Post-covid funding declines, rising labor and supply costs have many hospital running on negative margins.

The U.S. hospital emergency room often lacks too few emergencies ?

Issues and concerns are valid but can be overcome

A.



B.



Which photo do you think reflects reality in a U.S. Hospital Emergency Room?

We are entering a new era of technological and biological innovation!

There are reasons to be optimistic about the future

The Wall Street Journal Oct 31st special section issue, “The Future of Everything”, highlighted potentially developments with great promise



Concept	Development Partners	Area
<ul style="list-style-type: none">• Artificial Intelligence (AI)	<ul style="list-style-type: none">• Oracle Health• Amazon – Cleveland Clinic• Microsoft – Northwestern• Nvidia - Northwestern	<ul style="list-style-type: none">• Cancer cures• Electronic health records• Electronic hacking prevention
<ul style="list-style-type: none">• Vaccines to stop cancer or treatments to prevent reoccurrence	<ul style="list-style-type: none">• Moderna• Univ of Kansas	<ul style="list-style-type: none">• Vaccines to stop cancer• Train immune responses
<ul style="list-style-type: none">• Growing blood vessels	<ul style="list-style-type: none">• Humacytes Inc.	<ul style="list-style-type: none">• Growing blood vessels
<ul style="list-style-type: none">• Teeth cleaning Microbots	<ul style="list-style-type: none">• Univ of Southern California	<ul style="list-style-type: none">• A protein used to rebuild enamel
<ul style="list-style-type: none">• Regenerative heart muscle	<ul style="list-style-type: none">• Scripts Institute, San Diego• StemCardia	<ul style="list-style-type: none">• Regenerative heart muscle, and lung tissue using stems cells and microDNA

Conclusions

Key takeaway points

- Trump won but so did the conservative agenda. Healthcare goals are not as clear but there will be changes in spending.
- Over the next five years, the U.S. Healthcare Industry is positioned to grow at 1.5-2.0 times its GDP.
- Healthcare remains a political football and a dangerous topic to the politicians.
- The next decade offers great promise for the industry, its patients, and investors.
- Remember – “With change there is opportunity!”

4

View from Asia

Marvin Ng

Agenda

1 China – It is NOT All Doom and Gloom!

2 Chinese Healthcare Firms Adapt

3 NewCo Model

4 South Korean CDMOs

5 Rebooting Japan

What is driving investor pessimism?

It is not all doom and gloom!

Geo-politics



Regional conflicts



Internal issues



Is pessimism justified?

An objective view of a complicated environment

South China Sea Code of Conduct



“Reel Life” to “Real Life”

BUT

- Geo-politics and risks of regional conflicts contribute to uncertainty
- US and China will not go to war
- Taiwan invasive unlikely
- Philippines and China will resolve issues
- Economic issues eroding social stability and cohesion

BUT

- Chinese society is more collectivistic
- Individuals are adapting to challenges, finding new opportunities
- Xi/CCP is pragmatic – will move on from policy mistakes

Chinese government's toolbox

Pragmatic approach to ensure growth and stability

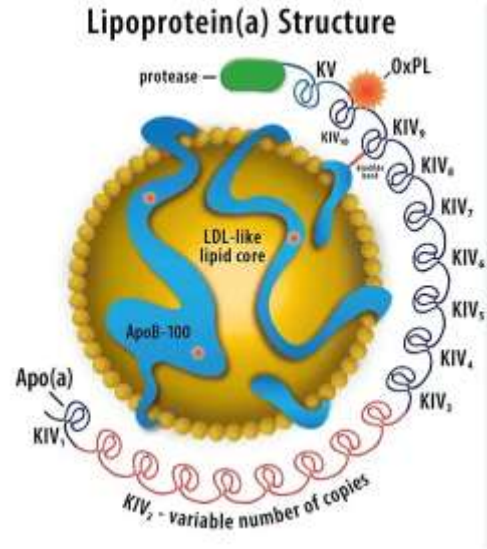


Policies Reforms Stimuli

- Real estate issues must be resolved
 - Lower mortgage interest rates
 - Easing residential purchase rules
 - Buying unsold apartment for social housing
- Foreign investments are critical
 - Attractive tax policies
 - Improve visa conditions for foreign workers
 - Remove restriction to government tenders
- Entrepreneurship-capitalism works
 - Anti corruption measures
 - Bringing back risk-taking
 - Providing exits for investors

Innovative players soldier on...

Innovations will find their way onto the global markets



BUT

- Facing funding difficulties, policy missteps, geo-politics, etc.
- 1st wave of Chinese biotechs generally well-positioned
- Chinese innovations are getting traction e.g. CAR-T, ADCs
- Deals still getting done
- Firms finding ways forward e.g. “NewCo model”

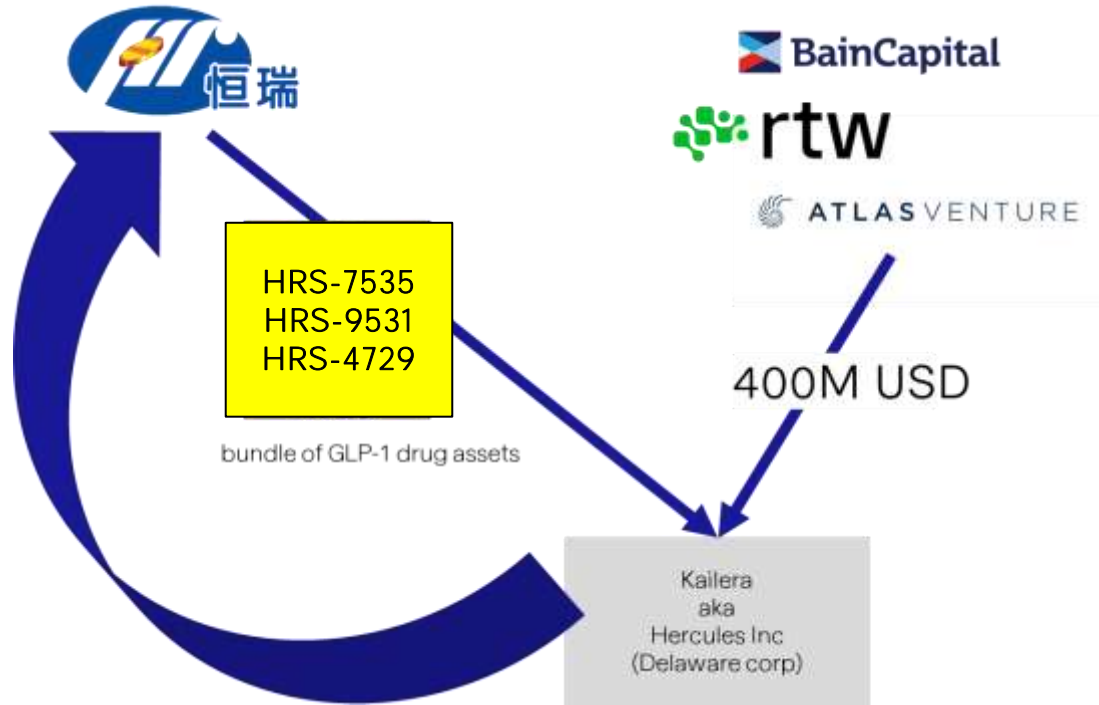


(Graphic: Business Wire)

For illustrative purposes only. Holdings and allocations are subject to change. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or securities.
Source: Reuters, Florida Heart, Vein and Vascular Institute, Beigene

Understanding the NewCo model

A new trend among Chinese biopharmas



- A hybrid structure where firm spins off clinical assets and partners with investors to develop the assets offshore
- Popular among Chinese firms looking to leverage on domestic assets while benefiting from global resources
- Advantages – easier to inject capital, better resource allocation, sharing of long-term returns
- But not suitable for all, especially those facing immediate cash flow issues

USD 100mn upfront + USD 200mn clinical/regulatory milestones + USD 5bn sales milestones + 19.9% stake

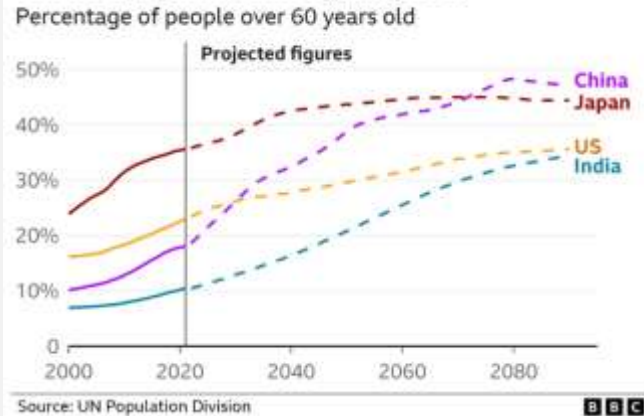
China – long-term trends drive healthcare demands

It is a market that cannot be ignored, now or in the future

Aging population

- 2022 – 280mn >60 or 20% of pop
- 2040 – 400mn >60 or 28% of pop
- 2023 – 11.1mn deaths and 9.0mn births, 2nd year decline in pop; just a decade or two behind Japan
- 2020, China spent USD 232bn in eldercare; by 2035, est. USD 440bn

China's population is ageing fast



Long-term healthcare trends

- Chronic diseases e.g. diabetes, cancers
- Obesity – especially among kids



Middle class

- BCG estimated +80mn added to Chinese middle class between 2022 and 2030 i.e. 473mn to 553mn
- Not just about middle class getting richer but the size of the middle class getting bigger
- Like adding an entire Germany!

South Korea's dynamic CDMO scene

Getting ahead of the pack!

SAMSUNG
BIOLOGICS

**CELLTRION**

**LOTTE**
BIOLOGICS

**PRESTIGE**
BIOLOGICS

- Rising global demand
 - Increasing importance of CDMO to the biopharma industry
 - By 2030, >50% of the industry's production capacity at CDMOs
- Geopolitics, Biosecure Act
 - Global firms looking to diversify and de-risk
 - Global supply chain currently being reconfigured
- Changing local competitive scene
 - Looking to follow the footsteps of successful predecessors
 - The market is global and growing
 - Manpower/talents could be a limiting factor

Japanese innovations continue to impress

Making strides in healthcare and beyond

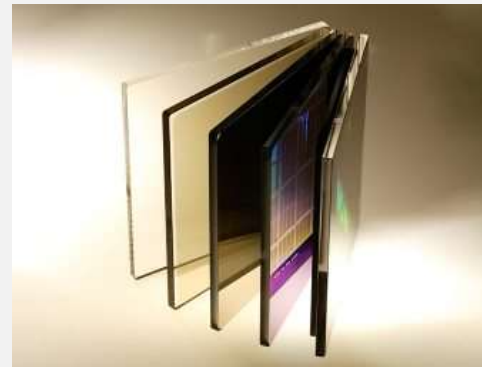


Daiichi-Sankyo

- Enhertu in breast cancer with low-expression HER2 has sales potential of USD 15bn
- Struck USD 22bn deal with Merck for next-gen ADCs (HER3-Dxd, I-Dxd, R-DXd)
- Double-digit sales growth accompanied by margin improvement



- Glass technology company with 2 business areas: Life Science and IT
- Life Science: eyeglass lens (#2 globally), intraocular lens (#3 globally), contact lens, endoscopes, etc.
- IT: mask blanks for integrated circuits/semicon, photomasks for flat panel displays, harddisk glass substrates (only producer in the world)



Japan at the cusp of a new era?

Generational shifts that could bring Japan back



Bizreach platform linked 20 000 companies to 2.3mn highly paid job switchers by 2023

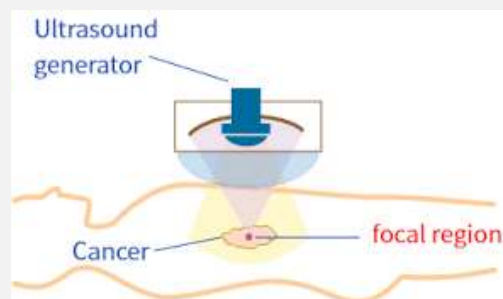
- Dominance of older firms deprive new ones of resources i.e. talents, funding, real estate
- “Creative destruction” needed so that older firms give way to innovative new growing ones
- Combination of trends may finally push Japan to get out of the status quo
- Generational shifts in attitudes and gender norms, technology changes, demographic crunch and political stresses due to low economic growth
- New wave of entrepreneurs are tackling these challenges and tapping on these changes
- Political pressure may finally push through the necessary reforms

Early stage startups

Seeds of the future from the Japanese healthcare startup scene



- Uses high intensity focused ultrasound (HIFU) to heat and destroy cancer cells
- Non-invasive, reaches deep body organs, short treatment duration, no radiation
- Conducting randomised controlled trial for unresectable pancreatic cancer in Japan
- <https://www.sonire-therapeutics.com/en/>

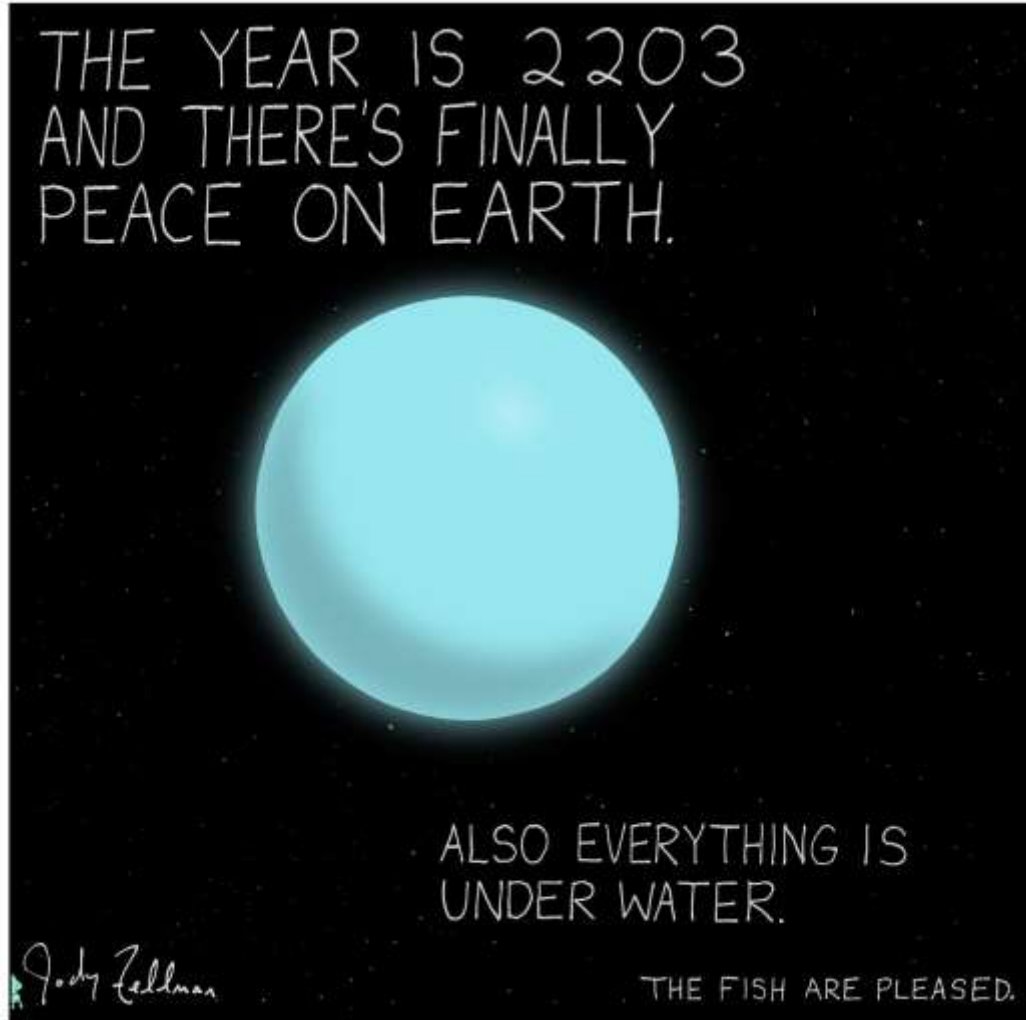


- Enables production of wide variety of high-value low-volume chemicals/medicines
- Modular, automated, continuous production that offers flexibility
- <https://ifactory.tokyo/>



Conclusion

Opportunities in a sea of changes



Source: CartoonStock.com

- Even with “de-coupling”, China’s healthcare industry will continue to advance
- Truly innovative Chinese drugs and devices will find ways to reach the global markets
- Investments will remain in Asia as it remains the fastest growing and most dynamic region on the planet
- The next China IS China!

Q&A

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Ab Januar 2025 sind wir an unserem
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Bellevue Asset Management AG
Theaterstrasse 12 | 8001 Zürich



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BELLEVUE FUNDS (LUX)
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DATED NOVEMBER 2021

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