

Ad hoc announcement pursuant to Art. 53 of the SWX Listing Rules

Zurich, July 25, 2024

Half-year results for 2024

Bellevue Group reports net profit of CHF 7.4 mn – stabilization of assets under management thanks to modest market rebound

- Modest upturn in the segment of small and mid-cap growth stocks within the healthcare sector helped stabilize assets under management at CHF 6.7 bn (year-end 2023: CHF 6.9 bn)
- Reduction in average assets under management compared to the prior-year period of 21%, moderate decline in operating profit of 12% to CHF 36.4 mn thanks to significantly higher financial income
- Operating expenses reduced by 11% to CHF 25.6 mn thanks in part **to the company's** entrepreneurial compensation model
- Consolidated net profit of CHF 7.4 mn, 7% less than in the prior-year period
- Executive management of Bellevue Group strengthened through the recruitment of Fabian Stähler as Chief Operating Officer
- Above-average performance of Bellevue's newly launched and established healthcare and entrepreneur strategies is attracting increasing investor interest

Gebhard Giselsbrecht, CEO of Bellevue Group, on the first-half results for 2024: "Our business performance stabilized during the first six months of the current year. We used the more constructive market environment to generate solid but not yet satisfactory results. The positive performance of most of our equity strategies attracted increasing investor interest and provides a promising basis for acquiring additional client assets. Our group was nevertheless confronted with an overall outflow of client assets during the period under review, which reflects the below average returns from healthcare sector investments over the past three years. The strategic measures we have initiated to optimize both our product portfolio and our investment performance and our intensified client and sales activities put us in a good position to benefit directly from a sustained upturn in the investment universe relevant to Bellevue. The attractive performance of our newly launched Bellevue AI Health and Bellevue Obesity Solutions funds as well as other healthcare and entrepreneur strategies shows how Bellevue can generate value for its clients and shareholders through innovation as well as through proven strategies."

As yet only modest upturn in Bellevue's investment universe

Global financial markets closed the first half with very strong gains but the healthcare sector, by definition a growth market with a defensive profile, showed an only modest upturn during the period under review. Large-cap healthcare stocks showed the best performance, while the small and mid-cap segment within the healthcare sector – Bellevue's core investment universe – generally traded sideways. The strong rebound toward the end of 2023 did not continue in the current year due to the shift in rate cut expectations witnessed during the spring of 2024. Bellevue was able to use brief tailwinds to stabilize its business performance, but the sub-par performance of the healthcare sector in general once again left a mark on the Group's operating results.

Stabilization of assets under management at almost CHF 7 bn

After the steady, primarily market-induced erosion of our client asset base over the past few years, assets under management stabilized during the current year thanks to the partial market recovery within the healthcare sector. Assets under management were nearly unchanged at CHF 6.7 bn compared to CHF 6.9 bn at the end of 2023. The positive performance of Bellevue's investment vehicles and asset inflows of more than CHF 500 mn, most of which flowed into its healthcare and entrepreneur strategies, partially offset clients' reallocation of approximately CHF 860 mn in assets in response to the lagging relative performance of the healthcare sector.

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

For the bottom line Bellevue reported a 7% yoy decline in net profit to CHF 7.4 mn. The corresponding cost-income ratio of 70% is currently above management's mid-term target range of 60-65%.

New product launches and traditional strategies offer attractive growth potential

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

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

Bellevue's private markets unit offers additional attractive earnings potential thanks to its well-diversified and mature portfolio of direct investments. The current portfolio of investments will be selectively optimized and profitable exits are being pursued with patience and diligence. Although the general environment for M&A is still challenging, the positive developments seen at various portfolio companies are grounds for confidence regarding exit opportunities. In light of the anticipated exits from the first vintage, plans to open a second fund under the aegis of Bellevue Entrepreneur Private are being made. Bellevue's efforts towards this end will benefit from its increased sourcing capacity, which enables it to identify compelling investment opportunities with a higher cadence.

Group executive management strengthened

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

Bellevue intends to tap into the vast potential the fast-growing Asia region offers by establishing a local office there. Its previous business activities in the region will be intensified and the Bellevue brand actively marketed.

Strategic priorities for renewed success

Bellevue will continue to focus on its current strategic priorities in the months ahead, first and foremost the further optimization of the product range and product performance. The product range was streamlined through the merger of funds and various measures were taken to improve the performance of its investment vehicles, taking advantage of the more constructive market environment. On the client and sales front, the new Key Client Coverage function will help Bellevue to address the needs of its key accounts from a more comprehensive perspective. The planned establishment of its own local presence in Asia is likely to lead to promising new business prospects.

Bellevue is confident that the action taken and its clear strategic priorities will set the stage for the gradual resumption of more dynamic growth. Valuations in the healthcare sector remain at attractive levels, especially with respect to the small and mid-cap companies that Bellevue is focused on. Most of Bellevue's distinctive investment solutions are generating positive returns again, which will likely stoke further interest in Bellevue's equity strategies.

Visit www.bellevue.ch and report.bellevue.ch/H12024 to view the half-year report and presentation for 2024.

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Bellevue

Bellevue is a specialized asset manager listed on the SIX Swiss Exchange with core competencies covering healthcare strategies, alternative investments (including private equity) and selected niche strategies. Established in 1993, Bellevue, a House of Investment Ideas staffed by 90 professionals, generates attractive investment returns and creates value added for clients and shareholders alike. Bellevue managed assets of CHF 6.7 bn at the end of June 2024.