

Media release as at October 25, 2024

Portfolio of BB Biotech AG as at September 30, 2024

## BB Biotech: Strategic reallocation of portfolio assets progressing

**In the third quarter of 2024, stock markets remained volatile. The recent rate cut by the US central bank has improved the market dynamics for the biotechnology sector because lower interest rates typically increase the flow of investment capital into growth sectors such as biotech. BB Biotech AG shares showed a return of -9.2% in CHF and -6.7% in EUR for the third quarter of 2024. The portfolio's total return during this period was -6.6% in CHF, -4.4% in EUR, and -0.6% in USD. BB Biotech closed the third quarter with a net loss of CHF 157 mn. At the nine-month mark, BB Biotech showed a net profit of CHF 16 mn compared to a net loss of CHF 316 mn in the first nine months of 2023. Gains on the sale of several portfolio investments enabled new investments in faster-growing companies with promising drugs and pipeline assets. Several portfolio companies performed very well during the period under review, Edgewise Therapeutics, Ionis Pharmaceuticals, Rivus Pharmaceuticals, Relay Therapeutics, Wave Life Sciences and Vertex Pharmaceuticals, for example, while Exelixis and Neurocrine Biosciences sold off after falling short of market expectations. The outcome of the US elections is highly relevant to the biotech industry as it could change the balance of power in Congress and have an impact on healthcare policymaking and drug-pricing legislation. BB Biotech's currently high level of investment of 112.3% reflects the investment management team's confidence regarding future developments.**

A key event during the period under review was the US Federal Reserve's decision in September to lower interest rates by 50 bps, marking its first rate cut in four years. This shift signals a potential further easing of monetary policy heading into 2025, with markets anticipating rates to gradually decrease to around 3.5% by the end of 2025. Historically, lower interest rates have correlated with increased capital flows into sectors such as biotech, as investors seek growth opportunities. This dynamic positions the biotech industry for potential capital inflows as market conditions improve.

### Portfolio update Q3 2024

In the third quarter, portfolio adjustments focused on capitalizing on gains from larger, long-term holdings in line with BB Biotech's S-curve investment strategy. This allowed it to reallocate capital into selectively identified companies with strong growth trajectories, further advancing its continuous process of portfolio rejuvenation. By rotating investments strategically, BB Biotech aims to enhance exposure to promising novel assets while staying aligned with its long-term objectives.

As the third quarter concluded, the investment level decreased slightly but remained near the upper limit of the target range at 112.3%. This sustained high level of investment reflects the investment management team's continued confidence, with an increasing proportion of holdings featuring de-risked business models and attractive valuations.

### Portfolio milestones in the third quarter of 2024

Several portfolio companies achieved key milestones in the third quarter, as highlighted below.

- Ionis Pharmaceuticals: Positive results from a Phase I/II study of ION582 (Angelman syndrome)
- Vertex Pharmaceuticals: FDA acceptance of its suzetrigine NDA (acute pain)
- Alnylam Pharmaceuticals: Successful Phase III trial of vutrisiran (ATTR cardiomyopathy)

- Neurocrine Biosciences: Phase II data on NBI-568 (schizophrenia) fell short of expectations
- Celldex Therapeutics: Positive Phase II results for barzolvolimab (chronic inducible urticaria)
- Biohaven: Unexpected positive results for troriluzole (spinocerebellar ataxia)
- Relay Therapeutics: Positive interim data for RLY-2608 (breast cancer)
- Exelixis: Mixed survival benefits from a study of Cabometyx (cancer)
- Rivus Pharmaceuticals: Successful Phase IIa data for HU6 (obesity-related heart failure)
- Edgewise Therapeutics: Positive data for EDG-7500 (cardiomyopathy)
- Wave Life Sciences: Promising results for WVE-N531 (Duchenne muscular dystrophy)

## Financing and M&A

In the third quarter, several biotech companies raised capital following positive pipeline developments, including Ionis, Relay Therapeutics, and Wave Life Sciences. We typically directly support our portfolio companies in such transactions with capital injections. We participated in Relay Therapeutics's offerings due to key data that aligned with its investment thesis. However, Ionis Pharmaceuticals's capital increase was perceived as unexpected, as the company was already well capitalized. While Wave Life Sciences's DMD program showed promise, BB Biotech remains focused on its AIMers RNA editing platform and A1ATD program, with ongoing updates expected. M&A activity has significantly slowed in 2024 compared to 2023 but may rebound after the US presidential election in November.

## Outlook

In September, the US Federal Reserve implemented its first interest rate cut, signaling a shift that could benefit the biotech sector by easing funding conditions. This change, coupled with potential policy shifts, will be important to monitor throughout the remainder of 2024. The US presidential election and possible shifts in the control of Congress may influence healthcare policy and drug pricing. While healthcare has not been central to campaign discussions, medical costs – particularly drug pricing – remain a key concern for voters. The Inflation Reduction Act (IRA) negotiations have had limited impact on cost savings thus far. Key challenges remain, including eligibility timelines for small molecules and biologics and the orphan drug exemptions. Additionally, as of 2025, Medicare Part D's USD 2 000 out-of-pocket cap could improve drug adherence and compliance, benefiting the broader healthcare system. Many of the companies in BB Biotech's portfolio have strengthened their financial position and are well-positioned to benefit from positive clinical news, regulatory approvals, and new product launches in the months ahead. This view is reinforced by the brighter mood across financial markets and a gradually reawakening IPO market, signaling renewed investor interest. Small and mid-cap names in BB Biotech's portfolio and across the industry have achieved impressive clinical milestones, leading to notable share price inflections.

BB Biotech AG's interim report as at September 30, 2024, is available under [report.bbbiotech.ch/Q324](https://report.bbbiotech.ch/Q324) or [www.bbbiotech.com](http://www.bbbiotech.com).

## For further information:

### Investor Relations

Bellevue Asset Management AG, Seestrasse 16, 8700 Küsnacht, Switzerland, tel. +41 44 267 67 00  
Dr. Silvia Siegfried-Schanz, [ssc@bellevue.ch](mailto:ssc@bellevue.ch)  
Maria-Grazia Alderuccio, [mga@bellevue.ch](mailto:mga@bellevue.ch)  
Claude Mikkelsen, [cmi@bellevue.ch](mailto:cmi@bellevue.ch)

**Media Relations**

Bellevue Asset Management AG, Seestrasse 16, 8700 Küsnacht, Switzerland, tel. +41 44 267 67 00  
Tanja Chicherio, tch@bellevue.ch

TE Communications AG, St. Leonhard-Strasse 45, 9001 St. Gallen, Switzerland, tel. +41 79 423 22 28  
Thomas Egger, teg@te-communications.ch

**[www.bbbiotech.com](http://www.bbbiotech.com)**

**Company profile**

BB Biotech AG is an investment company with its registered office in Schaffhausen/Switzerland and listed on the Swiss and German stock exchanges. It has invested in innovative drug developers headquartered primarily in the US and Western Europe. BB Biotech is one of the world's largest investors in this sector. The competent Board of Directors with its long-standing experience set the investment strategy and guidelines. Investment decisions are taken by the experienced investment management team of Bellevue Asset Management AG based on their extensive investment research.

**Disclaimer**

This release contains forward-looking statements and expectations as well as assessments, beliefs and assumptions. Such statements are based on the current expectations of BB Biotech, its directors and officers, and are, therefore, subject to risks and uncertainties that may change over time. As actual developments may significantly differ, BB Biotech and its directors and officers accept no responsibility in that regard. All forward-looking statements included in this release are made only as of the date of this release and BB Biotech and its directors and officers assume no obligation to update any forward-looking statements as a result of new information, future events or other factors.

## Composition of BB Biotech's portfolio as at September 30, 2024

(in % of securities, rounded values)

Argenx SE	11.5%
Ionis Pharmaceuticals	10.6%
Vertex Pharmaceuticals	8.0%
Revolution Medicines	7.4%
Alnylam Pharmaceuticals	7.4%
Neurocrine Biosciences	7.2%
Intra-Cellular Therapies	6.1%
Agios Pharmaceuticals	5.6%
Incyte	4.8%
Moderna	3.6%
Celldex Therapeutics	3.5%
Biohaven	3.4%
Arvinas	2.0%
Relay Therapeutics	1.8%
Essa Pharma	1.6%
Exelixis	1.4%
Rivus Pharmaceuticals <sup>1)</sup>	1.4%
Edgewise Therapeutics	1.3%
Immunocore	1.3%
Beam Therapeutics	1.3%
Black Diamond Therapeutics	1.3%
Wave Life Sciences	1.1%
Macrogenics	1.1%
Sage Therapeutics	1.1%
Annexon	1.0%
Crispr Therapeutics	1.0%
Scholar Rock Holding	0.6%
Fate Therapeutics	0.6%
Esperion Therapeutics	0.6%
Generation Bio Co.	0.3%
Molecular Templates	0.1%
Molecular Templates - Prefunded Warrant	0.0%
Molecular Templates - Warrants, 2.4.29	0.0%
Radius Health – CVR	0.0%

**Total securities** **CHF 2 503.8 mn**

Other assets CHF 2.4 mn

Other payables CHF (277.2) mn

**Net Asset Value** **CHF 2 229.0 mn**

<sup>1)</sup> Unlisted company