

Market commentary as at February 25, 2026

From innovation to value realization: The biotech market in a new phase

By Dr. Christian Koch, Head BB Biotech Team

After several years characterized by elevated capital costs, valuation pressure and pronounced risk aversion, the environment has stabilized noticeably since last year. Financing conditions have become more predictable, the fundamentals of many companies have improved, and the market is increasingly refocusing on clinical substance, strategic relevance and operational execution rather than broad sector allocations.

This renewed emphasis on quality and differentiation was clearly visible in 2025. BB Biotech generated a total return of +53.7% in USD, while the Nasdaq Biotechnology Index advanced by +33.4%. The dynamic was also reflected at NAV level, accompanied by a narrowing of the discount. This development underscores that disciplined selection is gaining importance in an increasingly differentiated environment.

M&A as a signal: Strategic buyers return

A particularly visible expression of this structural dynamic is the renewed increase in M&A activity. The biopharmaceutical industry is approaching a pronounced patent cliff through the mid-2030s. As a result, the pressure to replenish pipelines through external innovation continues to rise. Strategic buyers still have substantial balance sheet capacity and are showing a growing willingness to acquire clinically validated, differentiated assets at attractive premiums.

For BB Biotech, this development was reflected in several portfolio takeovers in 2025 – including Intra-Cellular Therapies, Blueprint Medicines, Avidity Biosciences, as well as Akeru Therapeutics and Amicus Therapeutics. These transactions not only illustrate the strategic demand within the sector, but also implicitly underscore the effectiveness of an investment approach focused on scientific differentiation, clinical maturity and industrial relevance. In particular, the addition of Amicus Therapeutics to the portfolio and the subsequent takeover agreement shortly thereafter exemplify how precise stock picking and strategic timing can translate directly into value realization.

Regulatory visibility remains limited

At the same time, the regulatory environment remains a key influencing factor. Although conditions have stabilized somewhat compared to earlier periods of heightened volatility, political and regulatory uncertainties persist. In the US, discussions around affordability, supply chain resilience and industrial location policy continue to shape the environment. The Inflation Reduction Act is having a structural impact on pricing dynamics, particularly for more mature products. At the same time, differentiated therapies addressing areas of high unmet medical need generally remain viable from both a regulatory and reimbursement perspective.

Regulatory authorities are also operating in a complex context characterized by resource constraints, leadership changes and shifting political priorities. Decisions remain selective and at times difficult to predict. For investors, this means that regulatory stability cannot be taken for granted, but must be actively incorporated as an integral component of a disciplined risk framework.

Outlook 2026: Clinical catalysts and entry points

The outlook for 2026 is shaped by a clear guiding principle: innovation remains strong, capital is being deployed more selectively, and value creation is increasingly generated where clinical progress and strategic execution convincingly converge. The market is likely to be driven less by macroeconomic impulses and more by clinical advancements, strategic demand and companies' ability to translate differentiation into commercial reality.

BB Biotech enters 2026 with a clear strategic positioning. Several portfolio companies are approaching key clinical, regulatory and commercial milestones that are expected to significantly shape their further value creation trajectory.

In immunology, for example, Argenx and Viridian are advancing pivotal Phase-III-programs and label expansions, while Celldex expects topline Phase-III-results in chronic spontaneous urticaria in the second half of 2026. In oncology, Revolution Medicines faces a dense sequence of pivotal and registration-relevant events across multiple KRAS-driven programs, complemented by regulatory milestones at Nuvalent.

Catalysts are also intensifying in the field of rare diseases: Ionis is approaching several Phase-III-readouts and regulatory milestones over the course of the year, Wave Life Sciences is addressing highly relevant neuromuscular indications with RNA-based programs, and Vertex is advancing the commercial rollout of new therapies as well as additional registration programs. This increasing clinical and regulatory visibility, combined with continued attractive valuations, particularly in the mid cap segment, creates an environment in which growth potential, validation and strategic relevance increasingly converge.

The long-term drivers of biotechnology remain clearly intact. Medical need continues to rise, driven by demographic developments, the growing prevalence of chronic diseases and increasing demand for precision-based therapies. At the same time, technological advances in RNA therapeutics, gene therapy and targeted protein degradation are significantly expanding therapeutic possibilities and increasing the probability of development success.

In a market characterized by sustained innovation momentum, selective capital deployment and continued strong strategic demand from large pharmaceutical companies, BB Biotech remains focused on implementing its investment approach in a disciplined and flexible manner. We see a solid foundation for the next phase of the biotechnology cycle, for which BB Biotech is positioned with a portfolio aligned across multiple value realization paths.

More information on the sector and our portfolio is available on our [website](#).

For further information:

Bellevue Asset Management AG, Theaterstrasse 12, 8001 Zurich, Switzerland, Phone +41 44 267 67 00

Head Investor Relations
Rachael Burri, ir@bbbiotech.com

Media Relations
Tanja Chicherio, tch@bellevue.ch



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.