

As at 05/31/2018	Share price	1 month (May)	YTD	NAV
Switzerland: BION SW	CHF 65.40	-2.6%	+6.3%	CHF 59.90
Germany: BBZA GY	EUR 56.65	+0.3%	+6.8%	EUR 51.95
Italy: BB IM	EUR 57.00	+2.0%	+8.3%	EUR 51.95

## MARKET REVIEW

The Nasdaq Biotech Index (NBI) ended the month of May up +4.8% in USD. BB Biotech's NAV was up +0.7% in USD, +0.3% in CHF and up +4.1% in EUR. BB Biotech's share price was down -2.1% in USD, -2.6% in CHF and up +0.3% in EUR.

The month of May proved difficult for BB Biotech AG. BION's NAV underperformed the benchmark NBI by 4.0%. The premium of the BB Biotech share price to its Net Asset Value (NAV) continued to be in the range of 10%.

Our view on President Trump's long awaited speech on drug pricing at the beginning of May is pretty much in line with the consensus knee jerk reaction – this initiative appears to be benign overall as it relates to the biotech sector.

**Celgene (-10.5%, in USD)** reported mixed news in May – while the publication of Revlimid on the FDA's "shame list" was a negative, Celgene's "Deep Dive R&D" investor day was a positive. The analyst day provided new thoughts on positioning of Celgene's myeloma portfolio.

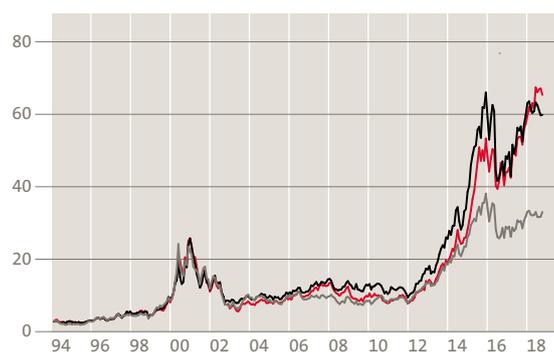
**Cidara (+30.2%, in USD)** announced that it has entered into a securities purchase agreement with certain investors, providing for the purchase and sale of up to an aggregate of USD 120 million of its common stock, in three closings. The market reacted positively to this news as a financing was expected and this removes an overhang on the stock.

**Esperion (-45.4%, in USD)** reported positive top-line results from the phase III, long-term safety study of bempedoic acid. The study met the primary endpoint of LDL-C lowering. However, the street heavily focused on an imbalance of deaths between the drug and placebo groups. Although rates of serious adverse events were comparable, the treatment group saw 13 deaths compared to two in the control group. However, the study investigator concluded these were not drug-related, but rather a function of small numbers.

## OUTLOOK

At the beginning of June, the BB Biotech team and the Board of Directors will meet at their annual strategy meeting in New York. Besides meeting with local biotech companies, the team will take the opportunity to meet with key opinion leaders in cutting-edge medical fields such as immuno-oncology. Overall, important milestones are expected in BB Biotech's portfolio for 2018 and the management team believes these will overcome the short-term downturn in sentiment seen in the first half of 2018.

## SHARE PRICE TREND SINCE FOUNDATION (IN CHF)



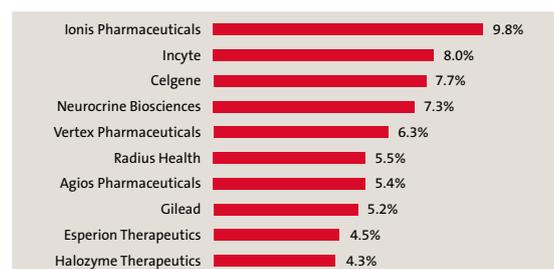
■ BB Biotech Share price ■ BB Biotech Net Asset Value  
■ Nasdaq Biotech Index

Source: Bloomberg, 05/31/2018

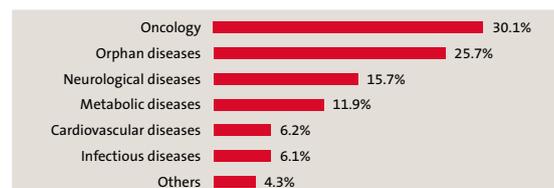
## PERFORMANCE AS OF MAY 31, 2018 (adjusted for dividends)

	Currency	1 month	YTD	3 years	11/15/93
BION SW	CHF	-2.6%	+6.3%	+30.5%	+2255%
BBZA GY	EUR	+0.3%	+6.8%	+16.8%	n.a.
BB IM	EUR	+2.0%	+8.3%	+17.3%	n.a.

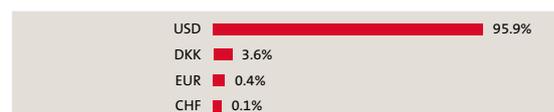
## TOP 10 POSITIONS AS AT MARCH 31, 2018



## BREAKDOWN BY SECTOR AS AT MARCH 31, 2018



## BREAKDOWN BY CURRENCY AS AT MARCH 31, 2018



Weight in % of securities

**INVESTMENT FOCUS**

BB Biotech aims to achieve an average annual double-digit return over the long term, thus outperforming the broad market indices by a significant margin.

BB Biotech invests worldwide in fast growing companies developing and marketing innovative biotech drugs. At least 90% of its shareholdings must be in listed companies. Positions in emerging-market biotech companies will be taken on a selective basis.

The target portfolio of BB Biotech will generally consist of 20 to 35 participations. Large positions will be taken in five to eight companies, the top holdings. Together they will account for no more than two-thirds of the portfolio and no single position will have a weighting greater than 25% of portfolio investments. Due to their substantial portfolio weighting, the top holdings should be generating both revenues and income. The portfolio's smaller participations are companies with promising drug candidates in their R&D pipelines.

During the investment selection process BB Biotech relies on the well established experience of its Board of Directors and the fundamental analyses by the experienced management team of Bellevue Asset Management Group, with access to a network of physicians and specialists for the sectors in question. In doing so, a detailed financial model is created for each holding, which guarantees a compelling illustration of the potential for doubling asset values in a period of four years. This potential is based on the power for innovation, new products for serious or significant illnesses and outstanding management.

**INVESTMENT SUITABILITY**

The investment company's objective is to generate attractive and competitive capital growth in the long term. It is therefore particularly suited to investors with an investment horizon of at least 5 years who want to selectively diversify their portfolio with investments in the biotechnology sector and who are willing to accept the equity risks typical of this sector.

**LISTING**

Stock exchange	Segment	Ticker	Market capitalization
Swiss	SIX Swiss Exchange	BION SW	CHF 3'623mn
German	Prime Standard Segment, TecDax	BBZA GY	EUR 3'143 mn
Italian	Star Segment	BB IM	EUR 3'143 mn

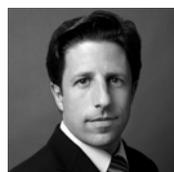
**DISCLAIMER**

This material is not intended as an offer or solicitation for the purchase or sale of shares of BB Biotech. Opinions and estimates constitute the judgement of Bellevue Asset Management and BB Biotech and are subject to change without notice. Past performance is not indicative of future results. This material may not be distributed within the United States or any other country where it may violate applicable law. Information herein is believed to be reliable, but Bellevue Asset Management and BB Biotech do not guarantee its completeness or accuracy.

**FIVE GOOD REASONS**

- Strong growth driven by innovative, high-margin new therapies
- Attractive valuations for fast-growing companies
- Long-term track record of 25 years with above average performance
- Long-term outperformance to industry benchmarks
- Experienced management with strong Board of Directors

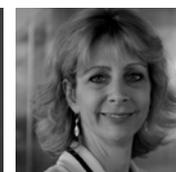
**MANAGEMENT TEAM**



Dr. Daniel Koller



Dallas Webb



Felicia Flanigan



Dr. Stephen Taubenfeld



Dr. Christian Koch



Dr. Maurizio Bernasconi

**GENERAL INFORMATION**

Board of Directors	Dr. Erich Hunziker (Chairman) Dr. Clive A. Meanwell Prof. Dr. Dr. Klaus Strein
Portfolio management	Jan Bootsma Nathalie Isidora-Kwidama Hugo van Neutegem
Legal structure	Incorporated company
Foundation	November 9, 1993
Share type	Registered shares
Share structure	55.4 mn registered shares
ISIN	CH0038389992
Security number (CH)	3838999
Security number (G/I)	AO/NFN3
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