

As at 06/30/2018	Share price	1 month (June)	YTD	NAV
Switzerland: BION SW	CHF 66.70	+2.0%	+8.4%	CHF 59.30
Germany: BBZA GY	EUR 57.40	+1.3%	+8.2%	EUR 51.30
Italy: BB IM	EUR 57.60	+1.1%	+9.5%	EUR 51.30

## MARKET REVIEW

The Nasdaq Biotech Index (NBI) ended the month of June up +1.4% in USD. BB Biotech's NAV was down -1.6% in USD, -0.8% in CHF and down -1.6% in EUR. BB Biotech's share price was up +1.2% in USD, +2.0% in CHF and up +1.3% in EUR.

The world's largest oncology conference ASCO (American Society of Clinical Oncology) took place at the beginning of June in Chicago. It was dominated by big pharma and biotech companies trying to differentiate their checkpoint inhibitors (PD(L)-1, CTLA-4) through combinations with chemotherapy or novel agents. As for BB Biotech's portfolio, attention was primarily focused on the clinical data Celgene and its partner Bluebird Bio presented. Promising data was also reported by Tesaro.

Furthermore, BB Biotech held its semi-annual strategy meeting in New York in June. Aside meeting existing portfolio companies, the BB Biotech team met with a number of promising new investment candidates.

**Sage Therapeutics (+2.5%, in USD)** announced pivotal Phase 3 trial status for SAGE-217 in major depressive disorder and postpartum depression based on a breakthrough therapy meeting with the US FDA. The company rose significantly, after the FDA approved an expedited development plan for what Sage says could be a practice-changing depression treatment.

**Vertex (+10.4%, in USD)** reacted positively on competitive news flow: Galapagos-Abbvie announced incremental Phase II clinical trial results that met the primary endpoint but efficacy proved to be underwhelming. Galapagos-Abbvie now pulled-back from a planned triple-combination trial, which will help Vertex maintain cystic fibrosis dominance.

**Wave Life Sciences (-17.8%, in USD)** shares tumbled massively, following the news that competitor Sarepta achieved impressive results in a Phase I/IIa gene therapy clinical trial assessing Dystrophin in individuals with Duchenne muscular dystrophy (DMD). Wave Life Sciences are developing treatments for DMD using their stereopure chemistry platform.

## OUTLOOK

BB Biotech's ongoing investment strategy mitigates potential changes in US healthcare policy. Our focus on innovative therapeutics addressing substantial unmet medical needs continues to be the basis for pricing power in a more complex reimbursement environment. Most of our portfolio companies are expected to make announcements on clinical trials in 2018 that should move their stock prices and hence drive BB Biotech's stock performance.

## SHARE PRICE TREND SINCE FOUNDATION (IN CHF)



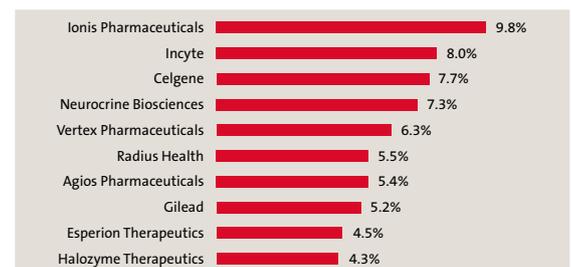
■ BB Biotech Share price ■ BB Biotech Net Asset Value  
■ Nasdaq Biotech Index

Source: Bloomberg, 06/30/2018

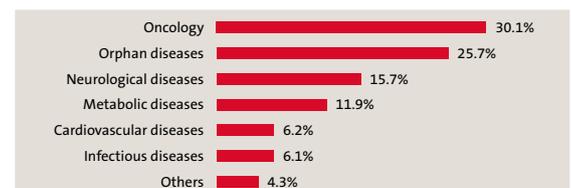
## PERFORMANCE AS OF JUNE 30, 2018 (adjusted for dividends)

	Currency	1 month	YTD	3 years	11/15/93
BION SW	CHF	+2.0%	+8.4%	+41.3%	+2302%
BBZA GY	EUR	+1.3%	+8.2%	+127.0%	n.a.
BB IM	EUR	+1.1%	+9.5%	+26.6%	n.a.

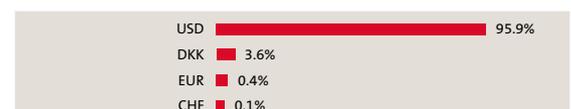
## TOP 10 POSITIONS AS AT MARCH 31, 2018



## 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 3'695mn
German	Prime Standard Segment, TecDax	BBZA GY	EUR 3'195 mn
Italian	Star Segment	BB IM	EUR 3'195 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
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Security number (CH)	3838999
Security number (G/I)	AOJFN3
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