

## Investment focus

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, while always holding more than 50% of its assets in equity investments. 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. Investments are selected according to a thorough, multi-level due diligence process, with a particular focus placed on the analysis of financial parameters, the respective competitive environment, the development pipeline, the patent portfolio, and end-client perception.

## Facts

Share price	CHF 65.35
Net Asset Value (NAV)	CHF 57.25
Premium/(Discount)	14.1%
Market capitalisation	CHF 3'620.4 million

Investment manager	Bellevue Asset Management AG
AIC sector	Biotechnology
Benchmark (BM)	Nasdaq Biotech Index
Foundation	09.11.1993
Fiscal year end	31.12.
Financial reports	Quarterly

Bloomberg	BION SW Equity
Valor	3838999
ISIN code	CH0038389992
WKN	AONFN3

Legal structure	Incorporate company
Share type	Registered shares
Share structure	55.4 mn
Management fee	All-in 1.10%

## Key figures

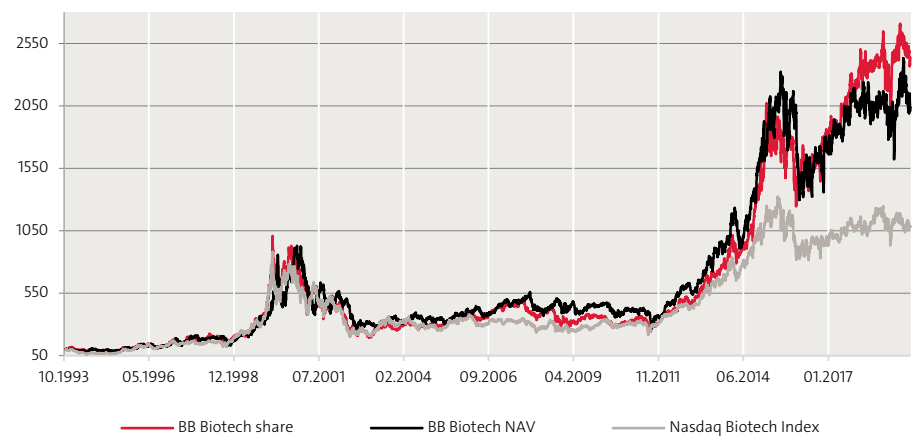
Beta	1.19
Correlation	0.93
Volatility	29.1%

Tracking Error	11.26
Active Share	77.5

Sharpe Ratio	0.51
Information Ratio	0.57
Jensen's Alpha	5.37

Source: BB Biotech AG, 31.07.2019;  
Calculation based on the Net Asset Value (NAV) over the last 3 years.

## Indexed performance since launch



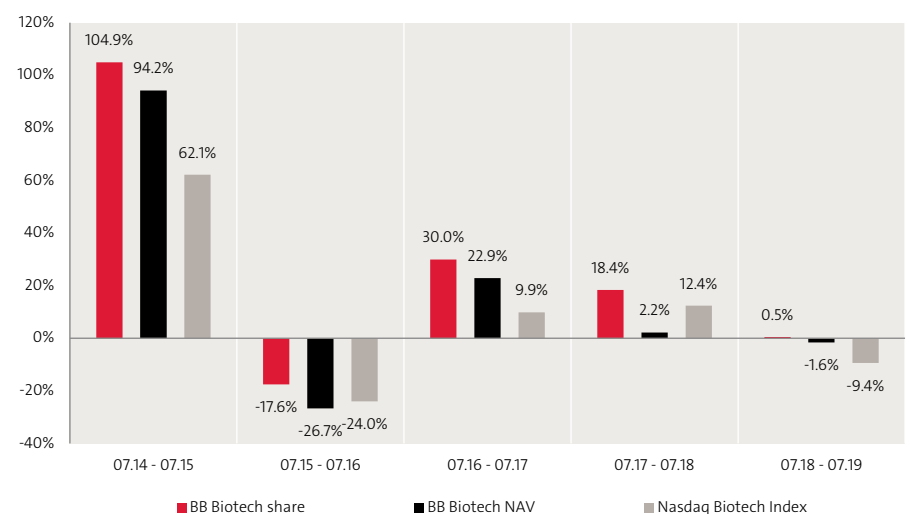
## Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
Share	-1.1%	16.9%	0.5%	54.6%	161.0%	2337.1%	0.5%	15.6%	21.2%	13.2%
NAV	-3.0%	15.3%	-1.6%	23.5%	75.8%	1919.7%	-1.6%	7.3%	11.9%	12.4%
BM	-1.8%	9.9%	-9.4%	12.0%	37.9%	984.9%	-9.4%	3.8%	6.6%	9.7%

## Annual performance

	2014	2015	2016	2017	2018	YTD
Share	75.3%	28.1%	0.2%	22.9%	-5.2%	16.9%
NAV	72.4%	19.1%	-19.3%	23.4%	-14.5%	15.3%
BM	49.6%	12.1%	-20.1%	15.9%	-8.5%	9.9%

## Rolling 12-month-performance



Source: BB Biotech AG, 31.07.2019; all figures in CHF %, total return-methodology  
Past performance is not a reliable indicator of future results and can be misleading. Changes in the rate of exchange may have an adverse effect on prices and incomes. All performance figures reflect the reinvestment of dividends and do not take into account the commissions and costs incurred on the issue and redemption of shares, if any. The reference benchmark is used for performance comparison purposes only (dividend reinvested). No benchmark is directly identical to the investment company, thus the performance of a benchmark is not a reliable indicator of future performance of BB Biotech it is compared to. There can be no assurance that a return will be achieved or that a substantial loss of capital will not be incurred.

### Top 10 positions

Ionis Pharmaceuticals		13.2%
Incyte		8.2%
Neurocrine Biosciences		7.9%
Sage Therapeutics		6.4%
Vertex Pharmaceuticals		6.3%
Alexion Pharmaceuticals		4.6%
Celgene		4.6%
Radius Health		4.4%
Esperion Therapeutics		4.4%
Agios Pharmaceuticals		4.2%
Total top 10 positions		64.3%
Total positions		35

### Sector breakdown

Orphan Diseases		37.6%
Oncology		26.6%
Neurological Diseases		18.9%
Metabolic Diseases		6.9%
Cardiovascular Diseases		6.1%
Others		2.1%
Infectious Diseases		1.8%

### Currency breakdown

USD		100.0%
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Source: BB Biotech AG, 30.06.2019;  
For illustrative purposes only. Holdings and allocations are subject to change. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or securities. Where the Sub-Fund is denominated in a currency other than an investor's base currency, changes in the rate of exchange may have an adverse effect on price and income.

### Market commentary

In July, the 2Q19 earnings season began with Alexion, Vertex, Gilead, Celgene and other BB Biotech portfolio companies posting solid results. On the macro side, markets continued to be volatile, amongst other things due to fears of a trade war. However, for the first time in a decade, policymakers at the US central bank voted to cut the benchmark federal funds rate by 25 basis points which resulted in a short-lived push of the market.

**Incyte (+0.0%, in USD)** reported strong Q2 results across the board as the Jakafi franchise returned to growth, which led to a modest increase in the bottom end of the annual Jakafi guidance. The underlying business remains strong and Incyte's late-stage pipeline represents additional opportunity for long-term upside from these levels.

**Neurocrine (+14.2%, in USD)** reported revenue for the second quarter that beat the highest analyst estimate. Increase in net income due to increased Ingrezza net product sales and unrealized gain on the company's Voyager Therapeutics equity investment. The company reported progress across the development pipeline and said that they remain on track to have three FDA-approved treatments in four indications by 2020.

**Intra-Cellular Therapies (-35.7%, in USD)** shares dropped significantly and the stock was halted for volatility after the FDA cancelled an advisory committee meeting that had been planned to discuss a new drug application of lumateperone for oral administration, submitted by Intra-Cellular Therapies, for the treatment of schizophrenia.

**Nektar (-20.0%, in USD)** was down in response to its disclosure that it received a general advice letter from the FDA regarding its marketing application for mu-opioid pain medication NKTR-181. The FDA postponed product-specific advisory committee meetings for the time being and hence cancelled the Ad Com review for August 21.

### 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 2019 that should move their stock prices and hence drive BB Biotech's stock performance.

### Genetic Medicines

**A growing number of medical conditions can be traced to specific genetic causes. As a result, more and more medicines that work better in individual patients or may even bring about a cure are poised for breakthrough. What are genetic medicines?**

An increasing number of companies are engaged in the continuously expanding field of genetic medicine. Genetic medicines are active substances which are either genetic in origin in terms of their biological structure or have a mechanism of action with a genetic target. A more precise diagnosis is the basis for deciding who qualifies for treatment. Advances in molecular diagnostics mean that more and more biomarkers are available for use in such tests. Biomarkers are biological indicators that can be used to investigate cell metabolism or analyze changes in the genome. The stated aim in cancer treatment is to find out which patients have particular gene mutations that trigger the growth of tumor cells.

Based on the test results, the treatment likely to respond best to specific individual characteristics will be selected. For patients, this means better chances of a cure and fewer unwanted side effects. The first genetic medicines ready to enter the market were for the treatment of cancer. Oncology continues to account for the lion's share of market-ready products and clinical candidates. New genetic medicines are increasingly being used in other therapeutic areas, however, primarily in the management of rare inherited diseases or in the treatment of metabolic disorders, autoimmune disorders and cardiovascular diseases.

## *Risk and return profile*

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.

## *Target market*

The investment company is suitable for retail and professional investors in Switzerland as well as for professional and semi-professional investors in Germany and the UK.

## *Board of Directors*

Dr. Erich Hunziker (President)  
Dr. Clive Meanwell  
Prof. Dr. Dr. Klaus Strein  
Dr. Thomas von Planta

## *Team Curaçao*

Rudy LeBlanc  
Hugo van Neutegem  
Jan Bootsma  
Nathalie Isidora-Kwidama

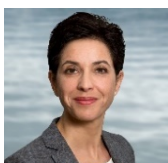
## *Investor & Media Relations*



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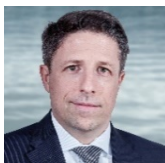
## *Chances*

- Unique opportunity for European investors to access the global biotech sector, a non-cyclical growth industry that is strongly supported by increasing demand, driven by demographic trends and life style changes.
- New innovative drugs and technologies are powering sustainable momentum in the biotech sector.
- Focus on a diversified portfolio of profitable companies as well as small and midcap companies with strong pipelines.
- Management Team with strong scientific and medical expertise. Renowned three-member Board of Directors.
- Attractive dividend policy; Dividend payment of 5% p.a.

## *Inherent risks*

- BB Biotech invests in equities. Equities are subject to strong price fluctuations and so are also exposed to the risk of price losses.
- Biotech equities can be subject to sudden substantial price movements owing to market, sector or company factors.
- BB Biotech invests in foreign currencies, which means a corresponding degree of currency risk against the reference currency.
- The price investors pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company.
- BB Biotech may take a leverage of up to 15%, which may lead to even higher price movements compared to the underlying market.

## *Investment Management*



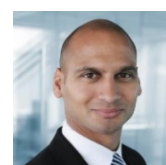
**Dr. Daniel Koller**  
Head Investment  
Management Team  
since 2010 (since 2004  
at BB Biotech)  
Expertise: Hematology



**Dallas Webb**  
Portfolio Manager at  
BB Biotech since 2006.  
Expertise: Oncology,  
antibiotics, Women's  
Health



**Felicia Flanigan**  
Portfolio Manager at  
BB Biotech since 2004.  
Expertise: Immune  
Oncology, infectious  
diseases



**Dr. Christian Koch**  
Portfolio Manager at  
BB Biotech since 2014.  
Expertise: Metabolic  
and cardiovascular  
diseases and Genetic  
Medicines



**Dr. Stephen Taubenfeld**  
Portfolio Manager at  
BB Biotech since 2013.  
Expertise: Neurology,  
Psychiatry



**Dr. Maurizio Bernasconi**  
Portfolio Manager at  
BB Biotech since 2016.  
Expertise: Inflammatory  
and autoimmune diseases

Bellevue Asset Management AG is responsible for portfolio management, finance, marketing, sales and administration of BB Biotech AG.



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### *Important information*

This information document relates to BB Biotech AG (hereinafter the "Company"). As defined under Swiss law, the Company is structured as an investment company with fixed capital (SICAF, cf. Art. 110 ff. of the Swiss Collective Investment Schemes Act, "CISA"), but it is not subject to the CISA due to its listing on the SIX Swiss Exchange, the German Stock Exchange and the Italian Stock Exchange (Art. 2 para. 3 and Art. 110 para. 1c CISA); instead the Company is subject to the supervision of the respective stock exchange authorities.

This information document is issued by Bellevue Asset Management AG, which is an authorized asset manager subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA) and which acts as the Investment Manager of the Company.

The prospectus, statutes, the annual and half-yearly reports, share price information and other data about the Company can be obtained free of charge in English and German from the Company, BB Biotech AG, Schwertstrasse 6, CH-8200 Schaffhausen, from the Investment Manager of the Company, Bellevue Asset Management AG, Seestrasse 16, CH-8700 Küsnacht, or online at [www.bbbiotech.ch](http://www.bbbiotech.ch).

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