

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	EUR 60.60
Net Asset Value (NAV)	EUR 53.05
Premium/(Discount)	14.2%
Market capitalisation	EUR 3'330.3 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	BB IM 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

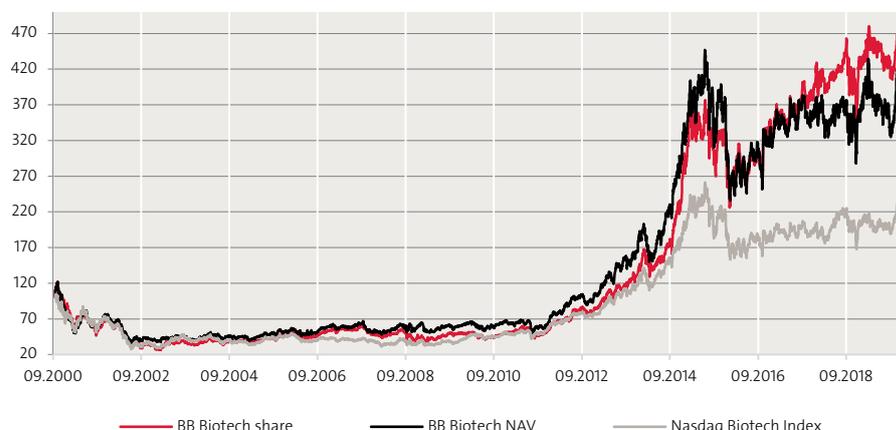
Beta	1.19
Correlation	0.93
Volatility	28.0%

Tracking Error	11.22
Active Share	80.01

Sharpe Ratio	0.56
Information Ratio	0.23
Jensen's Alpha	0.46

Source: BB Biotech AG, 31.01.2020;
Calculation based on the Net Asset Value (NAV) over the last 3 years.

Indexed performance since launch



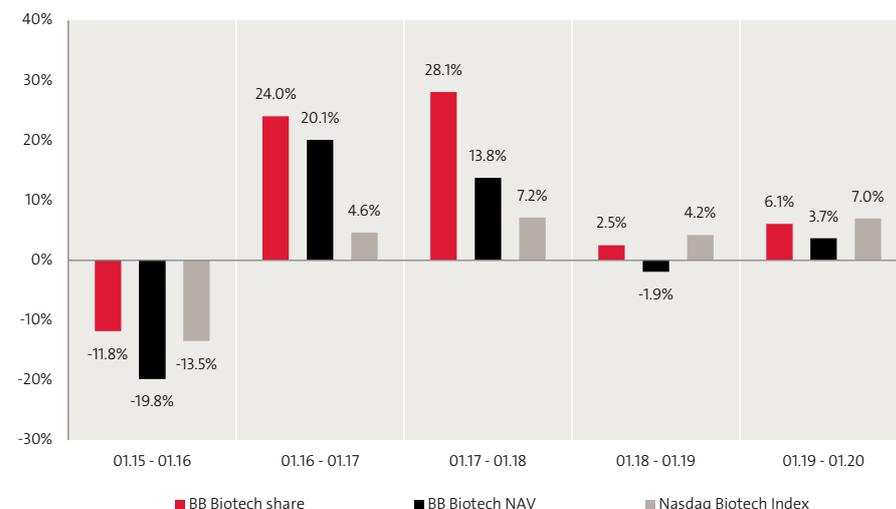
Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
Share	-0.7%	-0.7%	6.1%	39.3%	52.4%	352.4%	6.1%	11.7%	8.8%	8.1%
NAV	-6.0%	-6.0%	3.7%	15.7%	11.4%	275.0%	3.7%	5.0%	2.2%	7.1%
BM	-4.4%	-4.4%	7.0%	19.5%	8.2%	119.2%	7.0%	6.1%	1.6%	4.2%

Annual performance

	2015	2016	2017	2018	2019	YTD
Share	42.6%	1.2%	12.2%	-1.3%	22.6%	-0.7%
NAV	31.7%	-17.8%	12.5%	-11.1%	28.1%	-6.0%
BM	24.1%	-19.3%	6.2%	-4.8%	26.6%	-4.2%

Rolling 12-month-performance



Source: BB Biotech AG, 31.01.2020; all figures in EUR %, 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		14.8%
Neurocrine Biosciences		9.0%
Incyte		8.2%
Vertex Pharmaceuticals		6.7%
Sage Therapeutics		5.6%
Radius Health		5.4%
Alnylam Pharmaceuticals		4.2%
Esperion Therapeutics		4.1%
Alexion Pharmaceuticals		4.0%
Halozyme Therapeutics		3.8%
Total top 10 positions		65.8%
Total positions		35

Sector breakdown

Orphan Diseases		39.1%
Oncology		24.5%
Neurological Diseases		19.1%
Metabolic Diseases		7.6%
Cardiovascular Diseases		6.2%
Others		2.5%
Infectious Diseases		1.0%

Currency breakdown

USD		100.0%
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Source: BB Biotech AG, 30.09.2019;

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

From January 12th to 16th our portfolio management team participated in the annual J.P. Morgan Healthcare Conference in San Francisco. This conference is the largest and probably most informative healthcare symposium in the industry. Our team met with more than 50 companies this year – both current portfolio companies and potential new investment candidates.

The general feedback from our team was that there seems to be an optimistic view on the outlook for the biotech sector. More specifically there was positive momentum amongst companies active in oncology and rare disease drug development – BB Biotech's portfolio is more than 60% invested into these two disease areas. There was also talk of 2020 being an election year with investors expecting volatility heading into November.

Agios (+2.1%, in USD) announced its "Agios 2025" strategy at the J.P. Morgan Healthcare Conference. The plan was well received by investors. According to the plan Agios by 2025 have; four marketed medicines discovered and developed, approvals in more than eight disease indications, more than six molecules in clinical development and be cash flow positive. Agios is a company focused on developing small-molecule anti-cancer therapeutics targeting cancer cell metabolism via the growth factor pathway.

Incyte (-16.3%, in USD) announced in early January that the Phase III study of itacitinib missed the primary and secondary endpoints in treatment-naïve graft-versus-host disease (GVHD). The difference between the treatment group and the placebo response rates was too small to be statistically significant, causing the trial to miss its primary endpoint. Itacitinib also did not meet its secondary endpoint which was to show positive effect on non-relapse mortality at six months. Incyte is still testing itacitinib in other related disease indications. Later in January the company signed a global license agreement for commercialisation of MorphoSys anti-CD-19 programme tafasitamab. The antibody is in clinical development for the treatment of B cell malignancies. Incyte has Jakafi, a JAK1 and JAK2 inhibitor, approved for the treatment of intermediate or high-risk myelofibrosis.

Intra-Cellular (-33.9%, in USD) issued new shares in the beginning of January with a gross proceeds of approximately USD 295 mn. Intra-Cellular is a biotech company founded on Paul Greengard's Nobel-prize winning research that uncovered how therapies affect the inner-working of cells in the body. Intra-Cellular leverages this approach to develop treatments for people living with complex psychiatric and neurological diseases. The company's lead product ITI-007, which possesses a unique mechanism of action targeting multiple brain systems, is currently being tested in a phase III trial in patients suffering schizophrenia.

Outlook

We are looking forward to an interesting 2020, with key milestones and possible approvals from BB Biotech's portfolio that should move their stock prices and hence drive BB Biotech's share price performance. After the J.P. Morgan Healthcare Conference we remain optimistic about the future of the biotech industry.

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

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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.



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 marketing communication 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.

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