

## 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 52.00
Net Asset Value (NAV)	EUR 46.20
Premium/(Discount)	12.6%
Market capitalisation	EUR 2'871.0 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%

## Indexed performance since launch



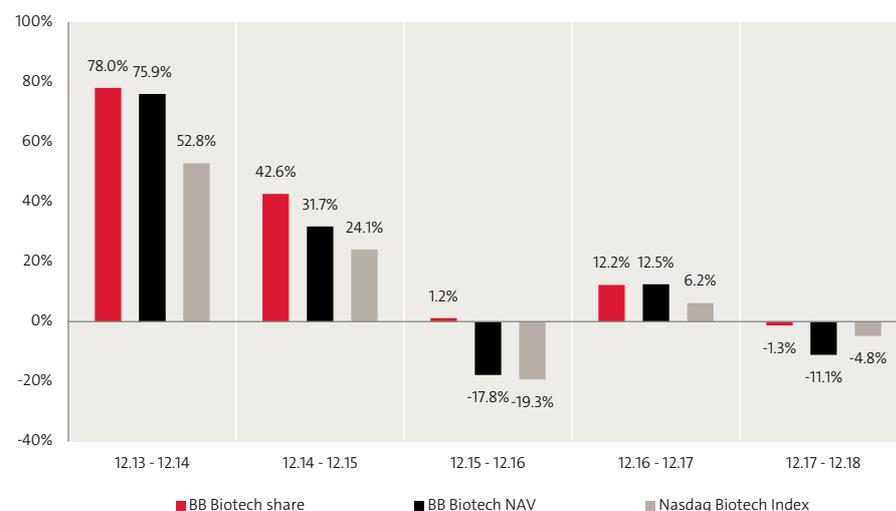
## Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
Share	-9.1%	-1.3%	-1.3%	12.0%	184.3%	271.5%	-1.3%	3.9%	23.2%	7.5%
NAV	-12.0%	-11.1%	-11.1%	-17.8%	90.5%	211.5%	-11.1%	-6.3%	13.8%	6.4%
BM	-12.3%	-4.8%	-4.8%	-18.4%	54.7%	80.6%	-4.8%	-6.6%	9.1%	3.3%

## Annual performance

	2013	2014	2015	2016	2017	YTD
Share	64.9%	78.0%	42.6%	1.2%	12.2%	-1.3%
NAV	74.1%	75.9%	31.7%	-17.8%	12.5%	-11.1%
BM	58.5%	52.8%	24.1%	-19.3%	6.2%	-4.8%

## Rolling 12-month-performance



Source: BB Biotech AG, 31.12.2018; 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		11.4%
Neurocrine Biosciences		9.9%
Celgene		6.8%
Vertex Pharmaceuticals		6.7%
Incyte		6.7%
Alexion Pharmaceuticals		4.7%
Agios Pharmaceuticals		4.3%
Sage Therapeutics		3.9%
Gilead		3.9%
Halozyme Therapeutics		3.8%

Total top 10 positions	62.2%
Total positions	35

## Sector breakdown

Oncology		29.4%
Orphan Diseases		27.4%
Neurological Diseases		19.1%
Metabolic Diseases		8.9%
Cardiovascular Diseases		6.7%
Infectious Diseases		4.6%
Others		3.8%

## Currency breakdown

USD		98.3%
DKK		1.7%

Source: BB Biotech AG, 30.09.2018;

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

The year 2018 ended with a difficult month, mainly due to persisting macro issues. Concerns over a global economic slowdown and fears about China led to a broad equity market correction, with higher beta stocks such as biotech reacting disproportionately.

In this challenging market environment, Moderna, BB Biotech's only private company, started trading on the Nasdaq at the beginning of December – after the biggest initial public offering (IPO) in biotech history. Moderna sold more than 26 million shares, raising over USD 600 mn, a biotech record.

Tesaro (+60.1%, in USD) announced that it has entered into a definitive agreement with GlaxoSmithKline per which the latter will acquire Tesaro's outstanding shares and net debt for USD 5.1 bn. Glaxo has offered Tesaro's investors USD 75 for each share in cash, which represents a 110% premium on the one-month volume weighted average price. Tesaro had been looking for a buyer for a while and shares had already rallied one month prior on buyout rumors. The deal is expected to close in the first quarter of 2019.

Argenx (-0.7%, in USD) signed a deal with Johnson & Johnson affiliate Janssen to develop cusatuzumab in certain types of cancer. The deal, which is potentially worth up to USD 1.6 billion, represents a global collaboration and licensing agreement. Janssen will pay Argenx USD 300 million in upfront cash, while Johnson & Johnson Innovation will make an equity investment of USD 200 million in Argenx. Furthermore, Argenx published data from its phase II trial of efgartigimod in immune thrombocytopenia (ITP) and phase I data of cusatuzumab in acute myeloid leukemia (AML).

Macrogenics (-16.2%, in USD) shares fell sharply in response to the Food and Drug Administration's (FDA) decision to place a partial clinical hold on the biotech's bispecific DART molecule, MGD009. The hold reportedly stems from liver-related side effects. Macrogenics will suspend enrollment in the drug's current studies, but patients already receiving treatment may continue to do so at their pre-assigned dose.

G1 Therapeutics (-49.9%, in USD) announced positive topline results from a phase II trial of their drug candidate trilaciclib showing multi-lineage myelopreservation benefits in 2nd and 3rd line small cell lung cancer. Both primary endpoints were achieved, resulting in statistically significant reductions in the duration and occurrence of grade 4 neutropenia. As for myelopreservation, topline results look favourable, on the efficacy side, however, data are still maturing across trials.

## Outlook

The new year has immediately launched with breaking news – Bristol-Myers Squibb announced that it will buy Celgene for about USD 74 billion, combining two of the world's largest cancer drug businesses in the biggest pharmaceutical deal ever. We view M&A activity as an important driver for biotech performance and believe the recent deal could trigger further transactions in 2019.

From January 7-10, 2019, the annual JP Morgan Healthcare Conference will take place in San Francisco, where investors, scientists and companies meet & mingle to discuss the latest data and hot topics in the field. The BB Biotech team will be in town to meet with existing portfolio companies and potential new investment candidates.

## *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

## *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)



**Dallas Webb**  
Portfolio Manager at  
BB Biotech since 2006.  
Expertise: Oncology,  
antibiotics, diabetes



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



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



**Dr. Stephen Taubenfeld**  
Portfolio Manager at  
BB Biotech since 2013.  
Expertise: Central nervous  
system



**Dr. Maurizio Bernasconi**  
Portfolio Manager at  
BB Biotech since 2016.  
Expertise: Inflammatory  
diseases, platform  
technologies

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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Every investment involves risk, especially with regard to fluctuations in value and return, and investors' capital may be at risk. If the currency of a financial product is different from your reference currency, the return can increase or decrease as a result of currency fluctuations. Past performance is not an indicator of the current or future performance. The performance data are calculated without taking account of commissions and costs that result from subscriptions and redemptions. Commissions and costs have a negative impact on performance.

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