

Press release, 23 July 2010

## Report on the first half of 2010

### Bellevue Group achieves a positive result in the first half of the year despite difficult market conditions

- Positive Group net profit of CHF 1.6 million after tax
- Solid equity base for future growth remains unchanged

The market conditions were plagued by uncertainty in the first half of 2010. Turnovers on the stock exchange remained at a low level, and raising new money from new customers to any significant extent is challenging. Overall Bellevue Group has been able to defend its market position.

“The first half of the year did not live up to our expectations. We did not achieve our budgets,” explains Martin Bisang, CEO of Bellevue Group. Regarding inflows of new money and volume in share trading, the Group had been anticipating a more dynamic market. The situation on the market remains tense this year. This can be seen in the reticence among investors to make new investments with promising prospects. The reluctance to take risks is reflected in the low turnovers on the stock markets, which are trading at their 2005 levels.

In the first half of 2010, Bellevue Group achieved a Group net profit of CHF 1.6 million, which was practically unchanged in comparison with the same period in the previous year. Operating income reached a total of CHF 27.5 million (previous year: CHF 26.7 million, +3%), operating expenses reached CHF 23.3 million (previous year: CHF 22.1 million, +5%). Thus an operating result of CHF 4.2 million (previous year: CHF 4.6 million, –9%) was achieved. After depreciation, the slightly negative result in seed capital and taxes, the Group net profit stood at CHF 1.6 million, which is virtually unchanged from the previous year. As at 30 June 2010, Bellevue Group had a consolidated balance sheet total of CHF 576 million (end of 2009: CHF 718 million) and an unchanged solid equity base at CHF 294 million (end of 2009: CHF 333 million). The decrease reflects the dividend of CHF 42 million. At the end of the second quarter Bellevue Group had 99 employees on a full-time equivalent basis (end of 2009: 103).

#### Bank am Bellevue

Despite a significant decline in the volumes in capital market transactions in Switzerland, the persistently difficult market conditions and a disappointing increase in turnover on the Swiss stock exchange, Bank am Bellevue generated an operating income of CHF 17.5 million (previous year: CHF 18.5 million, –5%). Fees and commissions therefore remain the Bank’s main source of income and are primarily a result of the excellent relationships with clients in the brokerage area and the high quality of work in the research department.

Lastly we have established that, in line with its business policy and owing to persistently low interest rates in the market, the Bank was unable to increase its interest margin without exposing itself to additional market risks. As a result, rather low levels of turnover were also recorded in this area. Personnel expenses of CHF 6.4 million were slightly higher than in the previous year (CHF 5.8 million), operating expenses could be kept virtually constant at a level of CHF 10.8 million (previous year: CHF 10.7 million).

## **Bellevue Asset Management**

After more than four years of cash outflows, the highly specialised asset management boutique was able to reverse the trend. For the first time, the inflow of new money in new products is exceeding the outflow in existing products. The investment funds that were launched last year as part of the growth strategy were recording constant inflows. At the same time, the targeted expansion of the product mix led to a significant increase in the margin of 25% compared with the previous year. The range of new equity-based fund products in the areas of "healthcare" (quality and know-how at an expert level), "new markets" (innovative und liquid portfolios in emerging markets) and "selected niches" (exclusive investment opportunities in niche strategies) are balanced and basically complete. Selective additions and complements to round off the products are possible. "In a generally difficult market, the new products are being accepted by investors and are attracting an increasing number of new assets. We believe that we have been vindicated by our strategy, and we are convinced that we have created the necessary requirements for profitable growth," explains Hans-Peter Diener, CEO Bellevue Asset Management.

The healthcare sector suffered in the first half of the year, which affected Bellevue Asset Management as it is one of the largest providers of products in this sector. Thus the US healthcare reform as well as the announced savings measures of the European countries in the second quarter made investors uneasy and led to hectic and partly exaggerated market reactions. As expected, the conversion of the holding company BB Medtech into a fund according to Luxembourg law caused a shift in the shareholder and investor structure and led to outflows in the first half of the year, despite the relative outperformance of the investment fund.

Bellevue Asset Management recorded an operating income of CHF 9.1 million for the first half of 2010 (previous year: CHF 9.8 million, -7%). This consisted mostly of management fees for managed assets, which at CHF 9.5 million were considerably higher than in the previous year (CHF 7.8 million, +22%) and can be traced back to higher margins. Operating expenses of CHF 10.1 million were almost 10% higher than in the same period of the previous year (CHF 9.2 million). This can be traced back to the reduction in staff numbers, the full effect of which was not felt during the first half of 2009 where costs were concerned. The operating result stood at CHF -0.7 million (previous year: CHF -1.0 million). Following the slightly negative investment result (CHF -0.2 million, previous year: CHF 1.6 million) as well as depreciation and taxes, the segment result stood at CHF -1.1 million (previous year: CHF 0.4 million).

## **Assets under management**

As of 30 June 2010 Bellevue Group was managing assets worth CHF 4.9 billion (on 31 December 2009: CHF 5.5 billion). The decrease is primarily related to performance. In contrast the net inflow of new money stands at CHF 83 million (CHF 95 million during the same period in the previous year).

## **Patience and stamina are called for**

The implementation of the growth strategy will – as has been shown previously – only start to have a significant effect in one to two years' time. Bellevue Group is well prepared for this test of its patience and will at the same time make every effort to ensure that its anticyclical decisions have a positive effect on results in the near future.

## **For further information:**

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# BELLEVUE GROUP

**Agenda 2011:**

2010 Consolidated financial statements: 28 February 2011

Annual General Meeting: 21 March 2011

The full version of the financial statements is available at [www.bellevue.ch](http://www.bellevue.ch)

**Bellevue Group**

Bellevue Group is an independent Swiss financial group domiciled in Küsnacht. The parent company Bellevue Group AG is listed on the SIX Swiss Exchange.

Bank am Bellevue is a provider of research and brokerage services in Swiss equities and selected international stocks as well as corporate finance services.

Bellevue Asset Management manages specialised equity investment vehicles focused on selected sector and regional strategies and provides selected institutional asset management services.