

**Press Release**

Küsnacht, February 27, 2018

**Bellevue Group generates an operating profit exceeding CHF 29 mn – assets under management reach a record high of CHF 12 bn**

- **Operating profit doubled to CHF 29.3 mn over the year**
- **Group profit after tax amounts to CHF 21.5 mn**
- **Assets under management grow by 14% to CHF 12 bn**
- **Asset and Wealth Management units report strong organic net new money inflow of CHF 1.3 bn**
- **Asset Management posts a record operating profit of CHF 35.2 mn**
- **Bank am Bellevue incurs an operating loss of CHF 2.5 mn following strategic repositioning**
- **10% increase in cash payout to CHF 1.10 per share**
- **Thomas Pixner appointed as CEO of Bank am Bellevue and a member of Bellevue Group's Executive Board**
- **Board expertise to be broadened with the proposed election of Veit de Maddalena**

Bellevue Group adjusted its strategic profile in 2017 by sharpening its focus on innovative, value-accretive products and services within the Asset Management and Wealth Management business. The good results it published for fiscal 2017 demonstrate that sound investment advice and solutions are in demand and much appreciated both in and outside Switzerland. The asset management boutique's positive business trends were also supported by favorable capital markets.

**New strategy is starting to deliver: Net new money and assets under management reach record highs**

The process of rebalancing Bellevue Group's strategic profile as an internationally active asset management boutique commenced more than three years ago with the careful diversification of Asset Management via acquisitions and a methodical expansion of its product range. This process is to be continued by focusing Bank am Bellevue on wealth management and investment advisory services for entrepreneurial private clients.

This more distinctive profile enhanced Bellevue Group's attractiveness in the eyes of a discerning clientele already during the past year. Institutional and private clients entrusted Bellevue Group with CHF 1.3 bn in new money, the highest annual net inflow in the history of the Group. In percentage terms, net new money grew by 11.5%, which is better than the sector's average growth rate and management's targeted growth range of 5% to 10%. Asset Management reported net new money of CHF 842 mn and Wealth Management CHF 421 mn. Wealth Management's total new money inflow amounted to about CHF 551 mn. This organic inflow was broad in scope and gained more momentum during the second half of the year. In Asset Management, strong demand was observed at BB Healthcare Trust, at the equity strategies within the Healthcare and Entrepreneur themes, at the BB Global Macro Fund and at StarCapital's fixed income strategies.

André Rüegg, CEO of Bellevue Group, commenting on the 2017 results: "Our efforts to position Bellevue Group as a distinctive international player with innovative Asset and Wealth Management services have been met with success. The extensive investment expertise we offer and the consistent benchmark-beating

performance of our investment solutions are appreciated by clients in and outside Switzerland. Our results for 2017 demonstrate that the Group has moved to a higher level of operational performance. We plan to generate more profitable growth going forward. With Asset Management performing so well on a solid base, we can astutely invest in the expansion of the Wealth Management business during the coming years.”

### **Consistent outperformance driven by extensive investment expertise**

Bellevue Group's investment experts created sustainable value for clients over the past year. Overall supportive market conditions were tactfully exploited to generate excess return. Most of the Group's broad range of investment instruments ended the year with double-digit gains in absolute terms and handily beat their benchmarks. Top performers were the BB Adamant Healthcare Index (USD) and the BB Adamant Asia Pacific Healthcare (USD) funds with a performance of 32% and 29%, beating their benchmarks by 12% and 11%, respectively. Bellevue Group's flagship product, BB Biotech AG, delivered another stellar performance, having gained more than 23% and outpacing its benchmark by more than 7%. Other strong outperformers were the BB Entrepreneur strategies with annual returns of up to 29% and an excess return of more than 8% versus their benchmarks. The StarCapital family of funds continued to perform very well too. StarCapital's two equity funds Priamos and Starpoint ended the year with gains of 16% and 12%. A pleasing performance was also achieved by its multi-asset vehicles StarCapital Allocator (11%), Huber Strategy (8%) and the Stars Offensiv (9%) and Stars Flexibel (8%) funds.

### **Operating profit doubled to CHF 29.3 mn thanks to higher assets under management**

The growth in assets under management had a substantial impact on the operating results of Bellevue Group. Fee and commission income, the Group's primary source of income, exceeded the prior-year figure by 37%. Total operating income climbed 37% year-on-year to CHF 98.5 mn thanks to the stronger course of business in the second half of the year. In addition to this quantitative growth, the overall quality of the income flows remained at a high level, with recurring revenue accounting for a high 82% of total revenue. The main driver behind the sustained income growth was Asset Management, and it will remain so for the near future. Consolidated personnel expenses increased by 26%, which reflects the Group's strong operating results and its performance-based compensation systems. Total operating expenses rose by just under 20%. Thanks to the substantial income growth and the relatively slower increase in expenses, Bellevue Group posted an operating profit of CHF 29.3 mn. Its earnings power has thus more than doubled within the space of a year, which also led to a significant improvement in the cost/income ratio to 70% from 80% in the previous year. Group net profit after taxes amounted to CHF 21.5 mn, compared to a minor loss in the previous fiscal year, which was due in part to impairment charges. Bellevue Group employed 100 people at the end of 2017.

### **Record operating profit at Asset Management – Wealth Management progressing as planned**

Bellevue Asset Management addresses a broad spectrum of investor needs with its diverse range of investment solutions. Its internationally recognized core competencies are backed by a long and strong track record in managing distinct healthcare strategies and specialized regional funds. The multi-asset strategies and global equity and bond funds offered by StarCapital round out Asset Management's diverse range of products, which is attracting increasing interest from the broader investment community. The substantial increase in assets under management propelled the 46% growth in the segment's operating income to CHF 84.0 mn. Operating expenses rose as well, primarily due to the increase in staff numbers and variable pay, by 34% to CHF 49.0 mn. Asset Management's operating profit rose by 65% to CHF 35.2 mn, setting a new record high for this unit.

At Bank am Bellevue, 2017 was marked by its strategic realignment and the discontinuation of its Brokerage and Corporate Finance activities. The Bank was able to turn its undivided attention to the ongoing establishment of its wealth management activities for entrepreneurial private clients as of mid-year. Bellevue Investment Partners has developed an active and innovative investment strategy to achieve attractive risk-adjusted returns. The growing inflow of assets under management is an indicator of market demand for

innovative and distinctive investment solutions. The narrower focus of the Bank's business activities is evident on both the income and expense sides and resulted in a slight decline in its operating loss to CHF 2.5 mn. Assets under management of about CHF 2.0 bn reflect the positive reception of Bellevue Investment Partners by entrepreneurial private clients.

As already communicated in the media release of July 26, 2017, Thomas Pixner joined Bank am Bellevue AG on February 1, 2018. At the meetings of the directors of Bank am Bellevue AG and Bellevue Group AG on February 26, 2018, Thomas Pixner was appointed as CEO of Bank am Bellevue AG and a member of the Group Executive Board of Bellevue Group, effective March 1, 2018. Thomas Pixner brings wealth management expertise into the Group and will oversee the ongoing expansion of the Wealth Management business. Veit de Maddalena shall broaden Bellevue Group's wealth management expertise at the Board level upon his election to the Board of Directors at the upcoming general meeting of shareholders.

### **10% increase in cash payout proposed**

In light of the sustainable increase in earnings, the Board of Directors will propose a cash payout of CHF 1.10 per share from capital contribution reserves at the Annual General Meeting on March 20, 2018. This proposal underscores the shareholder-friendly payout policy and the financial strength of Bellevue Group.

### **Outlook**

A solid foundation for the next chapter of Bellevue Group's development was built during the past year. It will be used to generate sustainable growth for the company as an active asset and wealth manager. The primary focus in Asset Management will be on further organic growth, while maintaining high levels of performance and service quality. At the same time, the range of products and services offered will be flexibly adapted in response to changing client needs and market conditions. In Wealth Management, the priorities will be growing the client base and assets under management, which we aim to achieve through organic growth and appropriate acquisitions. The new Wealth Management business will be expanded with patience and the attendant investments over the next two to three years.

The 2017 annual report can be downloaded at [www.bellevue.ch](http://www.bellevue.ch).

### **Events calendar**

March 20, 2018	Annual General Meeting
July 27, 2018:	Half-year results 2018

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