

Media Release

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Bellevue Group's net profit increased 17% to CHF 11.5 mn in the first half – record-high assets under management present a compelling platform for further growth

- **Group operating profit increased 15% to CHF 13.5 mn**
- **Net inflow of CHF 552 mn in new money from institutional and private clients**
- **AuM increased 6% to a new record high of CHF 12.7 bn**
- **Asset Management grows its operating profit to CHF 19.5 mn**
- **Net loss at Bank am Bellevue, as expected due to start-up investment in Wealth Management**
- **About 70% of the Group's equity strategies beat their benchmarks**

Bellevue Group continued to sharpen its profile as an asset and wealth manager during the first six months of the current year. Its solid business results for the first half of 2018 reflect national and international recognition of its innovative active management expertise. André Rüegg, the CEO of Bellevue Group, remarks: "Growing assets under management combined with our outstanding performance track record create attractive growth prospects for our entire Group. We intend to build more momentum in Asset Management using our broad product offering and through selective innovations. After the successful start of the Wealth Management unit, we now want to accelerate its business activities and thereby further diversify the Group's income base."

Group assets under management at new high, driven by organic and inorganic growth

Bellevue Group's appeal as an internationally active asset management boutique with innovative asset and wealth management services is clearly growing. During the first half of the year Bellevue Group acquired new money of CHF 552 mn. This corresponds to an annualized new money growth rate of about 9% – which is at the upper end of the targeted range of 5-10%. New money in the Asset Management unit amounted to CHF 438 mn and Wealth Management was entrusted with new money of CHF 114 mn from entrepreneurial private clients. StarCapital is carefully moving forward with its long-planned generational change and the process of replacing the company's founder Peter Huber in his function as a fund manager. As expected, this change in portfolio management led to a decline in assets under management at the German subsidiary. StarCapital offset this outflow of funds with the acquisition of Mars Asset Management.

Bellevue Group's organic asset management growth was broadly based. In Wealth Management, domestic and, increasingly, foreign private clients begin to discover the solid portfolio management expertise that Bellevue Group offers. Asset Management's equity strategies for the healthcare and medtech sectors and in the entrepreneurial space attracted considerable interest, as did various fixed income strategies at StarCapital. A digital health fund launched at the end of April had a successful start. This new thematic fund gives investors access to a global portfolio of compelling technology ideas that additionally benefits from the attractive fundamentals of the healthcare sector.

Bellevue Group increased its total assets under management by nearly 6% to CHF 12.7 bn – which marks a new record high for the Group. Besides the net inflow of new money, financial market developments and investment performance also contributed to the steady growth in assets under management, accounting for CHF 132 mn of the overall growth.

Outperformance of numerous equity strategies attests to the Group's investment expertise

The skills of Bellevue's investment experts are reflected in their better-than-average investment performance during the first half of 2018. This substantiates the Group's ambition to create sustainable added value as an active manager with innovative investment ideas. Supported by a still constructive market environment, approximately 70% of all equity strategies managed by Bellevue Group beat their respective benchmarks to the benefit of clients. The best-performing investment vehicle managed by the Group was the BB Adamant Global Healthcare Index Fund (CHF), which outperformed its benchmark by nearly 14% and advanced almost 18% in absolute terms. Other top performers in the first half were the BB Adamant Healthcare Index (USD) with an outperformance of 12.5% (investment performance 14.0%), BB Adamant Global Medtech & Services (CHF) with 8.4% (18.3%) and BB Entrepreneur Europe (EUR) with 3.5% (3.2%). A superior performance was also achieved by the Group's flagship product BB Biotech, which outperformed its benchmark by 3.6% (8.4%), and its London-based counterpart, the BB Healthcare Trust with 7.5% (11.5%).

Steady increase in recurring income flows – stable cost/income ratio despite capital investment

Bellevue Group continued to improve its income flows in both quantitative and qualitative terms. The significantly enlarged asset base at the end of 2017 laid the groundwork for this ongoing improvement and assets under management continued to grow during the period under review. Fee and commission income rose 11.4% yoy to CHF 48.1 mn. This quantitative improvement was accompanied by an increase in the recurring share of income from 78% to 94%. As in the past, Asset Management generated most of the income. On the expense side, the focused approach of the Group's business model led to a slight decrease in personnel costs but an increase in general expenses, primarily due to investments in the Wealth Management unit's technical infrastructure. A moderate increase in expenses coupled with faster income growth resulted in a 15% increase in the Group's operating profit to CHF 13.5 mn compared to the prior-year period. The cost/income ratio for the first half of 2018 stood at 72.8%, which is already within the mid-term targeted range of 70-75% despite the ongoing spending on professional infrastructure at the Wealth Management unit. Group profit after tax increased 17% to CHF 11.5 mn and the return on equity for the period was a high 14.2%. Bellevue Group employed 117 people at the end of June 2018 (prior year: 100).

Steady growth at Asset Management – expandable income base in Wealth Management

Bellevue Asset Management has sustained its dynamic profitable growth in the current year. Its well-diversified investment competencies – distinctive healthcare and specialized equity strategies complemented by multi-asset strategies and global equity and fixed income funds from StarCapital – are highly regarded by a broad spectrum of the international investment community. Sustained business momentum lifted assets under management by 6% to CHF 10.6 bn and fueled another sharp rise in operating income of 29% to a new high of CHF 46.3 mn. Operating expenses rose at a slower rate of 20% to CHF 26.8 mn, resulting in a new record high operating profit of CHF 19.5 mn for the Asset Management unit, which is 43% more than the figure reported for the prior-year period.

Wealth Management, the unit which has been systematically built up within Bank am Bellevue for the past approximately 12 months, is still in the early stages of its planned development. Its focus on entrepreneurial private clients is starting to bear fruit. Independent, active and highly innovative investment advisory services are ideal for addressing individual asset and investment needs. Furthermore, Thomas Pixner's assumption of the position of Bank am Bellevue CEO and the election of new board director Veit de Maddalena in March have strengthened the Wealth Management unit both operationally and in a strategic sense. Assets under management at the unit increased by 4% to CHF 2.1 bn during the first half thanks to new money inflows and a positive investment performance. The bank ended the period with an operating loss of CHF 3.3 mn, which was not unexpected as assets under management are still low.

Outlook

Bellevue Group has positioned itself as a distinctive financial boutique with a broad range of innovative investment skills for asset and wealth management services. Asset Management's momentum will continue to be actively managed, applying the simple maxim of "grow with the products and innovate". The admission of BB Biotech AG to the SMIM® Index and the SPI® Index effective September 24, 2018 marks another milestone. BB Biotech AG will be the first investment company to join the SMIM® family. Two major innovative products were recently launched, the BB Adamant Sustainable Healthcare Fund and the BB Pureos Bioventures. Bellevue displayed its pioneering spirit with the launch of the first fund, which is focused on sustainability leaders in the healthcare sector, and of BB Pureos Bioventures, a venture capital fund that invests in private early-stage companies researching innovative drug therapies. Subscriptions and capital commitments worth more than CHF 70 mn were already received in the first round of funding. The total targeted investment volume for the next 12 to 18 months is CHF 200 mn.

At Bank am Bellevue, efforts will focus on growing its business activities after its successful repositioning as a wealth manager. The top priority is broadening its asset base and with that, its income base. This will be realized through organic growth as well as selective acquisitions. For its entrepreneurially oriented clients value is created by pursuing an active and innovative investment philosophy and seeking out high-conviction investment ideas.

The full report for the first half of 2018 is available at www.bellevue.ch

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Bellevue Group

Bellevue Group is an independent Swiss asset and wealth management boutique listed on the SIX Swiss Exchange. Established in 1993, the company and its approximately 120 professionals are largely active in the areas of asset management and wealth management. The Asset Management segment offers a select range of active equity strategies in fast-growing markets, the healthcare sector and in other special themes such as owner-managed companies, as well as successful holistic investment strategies across all traditional asset classes. Bank am Bellevue offers first-class wealth and investment advisory services with a special focus on entrepreneurial private clients. The Group's offering of investment-related solutions is rounded out by other services. These include the establishment, management and consultation of Investment Offices, trading and custody services, and selected credit facilities for affluent private clients as well as institutional clients.