

Quarterly Report

December

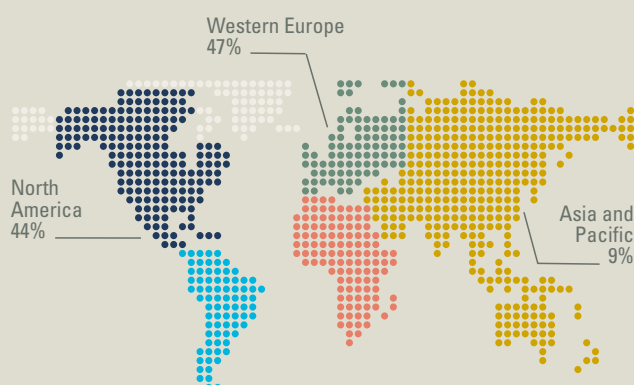
2016

**HBM** Healthcare  
Investments

HBM Healthcare Investments invests in the human medicine, biotechnology, medical technology and diagnostics sectors and related areas. The company holds and actively manages an international portfolio of promising companies.

Many of these companies have their lead products already available on the market or at an advanced stage of development. The portfolio companies are closely tracked and actively guided on their strategic directions. This is what makes HBM Healthcare Investments an interesting alternative to investing in big pharma and biotech companies. HBM Healthcare Investments has an international shareholder base and is listed on SIX Swiss Exchange (ticker: HBMN).

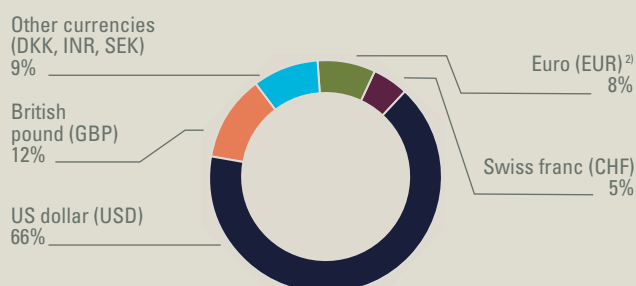
### Investments by continents<sup>3)</sup>



1) Total assets as at 31.12.2016: CHF 1,031 million.

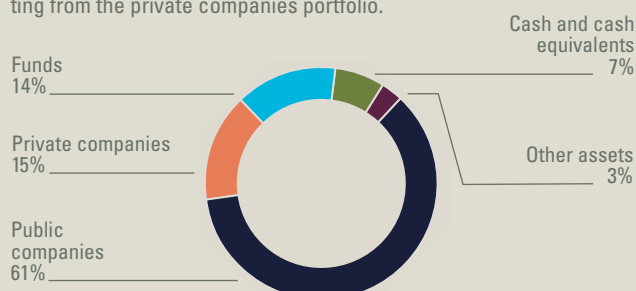
### Currency allocation of assets<sup>1)</sup>

Emphasis on US dollar investments.



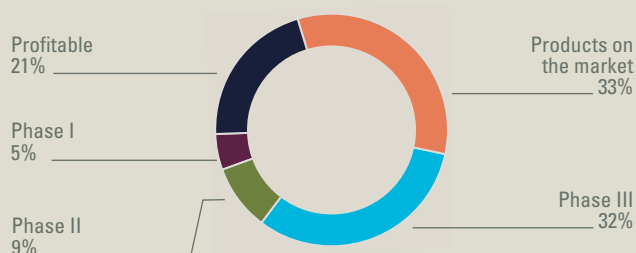
### Allocation of assets<sup>1)</sup>

Mainly invested in private companies or in public companies originating from the private companies portfolio.



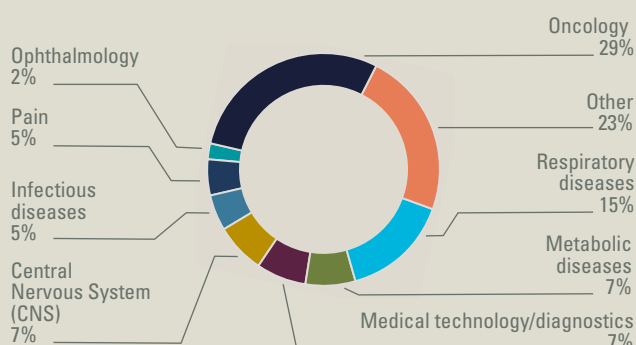
### Development phase of portfolio companies<sup>3)</sup>

Mainly invested in revenue generating companies or in companies with products at an advanced stage of development.



### Therapeutic area of the lead product of portfolio companies<sup>3)</sup>

Broadly diversified areas of activity.



2) EUR-currency risk versus Swiss franc hedged.

3) Total investments as at 31.12.2016: CHF 925 million.

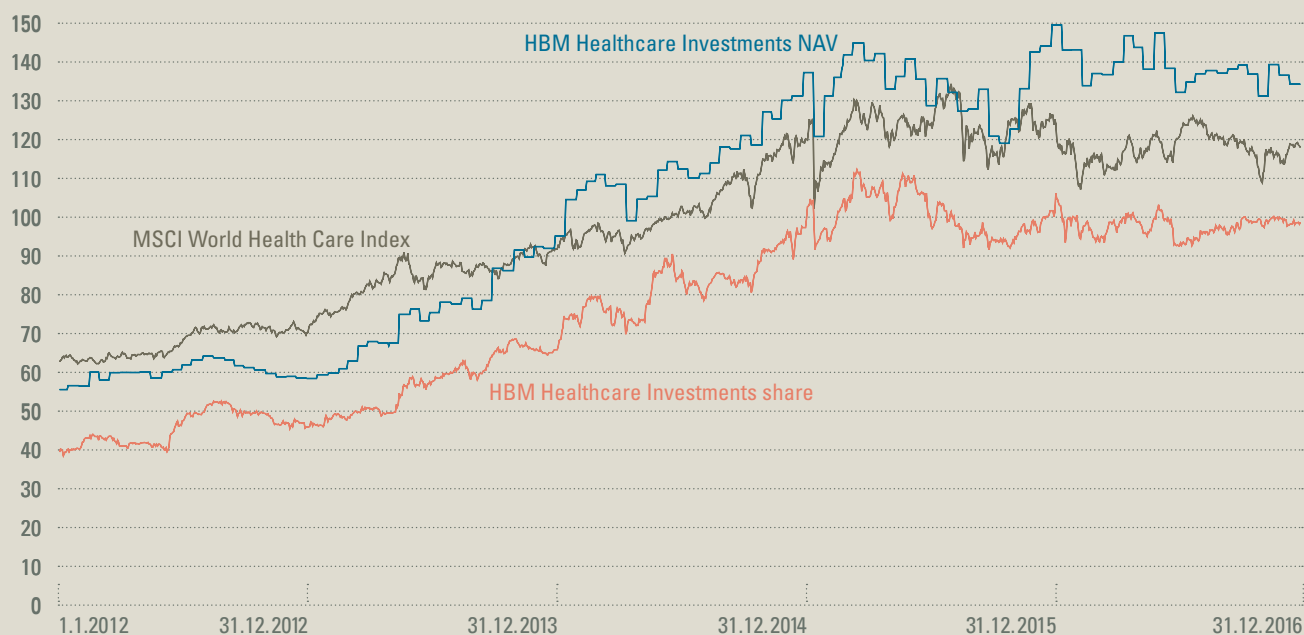
**Key Figures**

		31.12.2016	31.3.2016	31.3.2015	31.3.2014	31.3.2013
<b>Net assets</b>	CHF million	<b>930.6</b>	<b>1,019.9</b>	<b>1,074.2</b>	<b>920.3</b>	<b>601.0</b>
Investments in private companies and funds		296.0	299.5	273.4	218.8	233.4
Investments in public companies		628.8	677.0	748.1	630.5	278.9
Cash and cash equivalents		75.8	104.8	140.4	46.5	51.7
<b>Net cash flow from investing activities</b>	CHF million	<b>52.6</b>	<b>11.9</b>	<b>207.5</b>	<b>42.8</b>	<b>33.2</b>
<b>Net result for the period</b>	CHF million	<b>-20.4</b>	<b>23.1</b>	<b>257.5</b>	<b>353.5</b>	<b>67.0</b>
Basic earnings per share	CHF	-2.87	3.06	32.47	40.98	7.52
Net asset value (NAV) per share	CHF	133.43	140.23	140.60	108.76	68.35
Share price	CHF	99.00	99.45	108.00	75.50	51.35
<b>Discount</b>	%	<b>-25.8</b>	<b>-29.1</b>	<b>-23.2</b>	<b>-30.6</b>	<b>-24.9</b>
Distribution per share	CHF		5.50	5.50	3.00	1.50
Distribution yield	%		5.5	5.1	4.0	2.9
Shares issued	Registered shares (m)	7.3	7.7	8.0	8.9	9.2
Shares outstanding	Registered shares (m)	7.0	7.3	7.6	8.5	8.8

**Performance** (including distributions)

		2016/2017 (9 months)	2015/2016	2014/2015	2013/2014	2012/2013
Net asset value (NAV)	%	-0.9	3.6	32.0	61.3	13.2
Registered share HBMN	%	5.1	-2.8	47.0	50.0	23.7

**Net asset value (NAV) and share price versus MSCI World Health Care Index** in CHF, indexed (12.7.2001 = 100)



HBM Healthcare Investments continues to be affected by a volatile market. Fluctuations in the share prices of public companies resulted in a decline in net asset value during the reporting period. The Company made a loss of CHF 20 million over the first nine months of the current 2016/2017 financial year, while the share price rose both over this period and during the quarter just ended. The portfolio of private companies has gained a further new and promising member in Neurelis. After a good start to the current year, the outlook remains positive, although further volatility is to be expected.

#### **Dear Shareholders**

Net asset value per share (NAV) decreased by 4.3 percent to CHF 133.43 during the third quarter of the 2016/2017 financial year owing to price volatility among public companies. The share price advanced by 1.3 percent to CHF 99.00 in the same period.

These figures result in an overall loss of CHF 20 million for the first nine months of the financial year to 31 December 2016, a decline of 0.9 percent in NAV, and a 5.1 percent increase in the share price (including the cash dividend).

#### **Key portfolio developments during the quarter under review**

**Ophthotech** disappointed with negative phase-III trial results for Fovista<sup>®</sup>, for the treatment of wet AMD. The financial consequences were nonetheless limited, because HBM Healthcare Investments has been steadily realising around 90 percent of its holding since Ophthotech went public in September 2013. With a realised profit of USD 114 million and an annualised return of over 40 percent, Ophthotech is financially one of the most successful investments that HBM Healthcare Investments has ever made.

**Advanced Accelerator Applications** is facing a delay of several months in the approval of Lutathera<sup>®</sup> for the treatment of neuroendocrine tumours (GEP-NETs). The result for the quarter was CHF 33 million lower owing to the ensuing decline of the share price. The US Food and Drug Administration FDA has asked the company to supply additional information, and to consolidate the data from the various studies and submit it in a standardised format. HBM Healthcare Investments is still confident that the drug will be approved this year, rather than as at the end of 2016 as originally expected.

In the portfolio of private companies, **Interventional Spine** reported a success in the sale of its "Expandable Cage" technology to DePuy Synthes (J&J Group). The proceeds from the sale will be returned in full to the company's creditors and shareholders. The deal enables us to revalue our holding, which we have reduced in the past, by USD 9 million, up to the expected net liquidation proceeds. By contrast, we made valuation adjustments of USD 14 million to our holdings in **Tensys Medical** and **Iconic Therapeutics**.

During the reporting period, one new investment – totalling USD 8.2 million – was made in San Diego-based private company **Neurelis**. The first tranche of USD 5.5 million of this investment was paid up at the end of December 2016. In NRL-1, Neurelis is developing and testing a formulation that would allow the nasal administration of diazepam to treat epilepsy patients with acute seizures.

### Outlook

The equity markets in the healthcare sector got off to a good start in 2017, which had a positive effect on the NAV of HBM Healthcare Investments. We also expect the recently announced IPOs of ObsEva and AnaptysBio to have a further positive impact on the portfolio. Key approval decisions are expected for a number of the larger companies in the portfolio (Vectura, Advanced Accelerator Applications, Incyte and Neurocrine). If the outcome is positive this will result in a value increase of these holdings. Other companies (Pacira, Genmab, Paratek and Nabriva) will also be publishing clinical phase-III trial data that will affect their valuations.

The uncertainty surrounding discussions about drug prices and healthcare reform in the USA will continue to generate volatility in the equity markets. However, we believe that M&A activity in the healthcare sector will remain lively. Our portfolio is well positioned to benefit from this.



Dr Andreas Wicki  
CEO



Erwin Troxler  
CFO

Consolidated balance sheet (CHF 000)	Notes	31.12.2016	31.3.2016
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		75,791	104,823
Receivables		755	209
Financial instruments		4,669	10,005
<b>Total current assets</b>		<b>81,215</b>	<b>115,037</b>
<b>Non-current assets</b>			
Investments	(4)	924,765	976,575
Other financial assets	(5)	26,104	31,050
<b>Total non-current assets</b>		<b>950,869</b>	<b>1,007,625</b>
<b>Total assets</b>		<b>1,032,084</b>	<b>1,122,662</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial instruments	(3)	249	0
Other liabilities		2,164	3,821
<b>Total current liabilities</b>		<b>2,413</b>	<b>3,821</b>
<b>Non-current liabilities</b>			
Financial liabilities	(6)	99,031	98,908
<b>Total non-current liabilities</b>		<b>99,031</b>	<b>98,908</b>
<b>Shareholders' equity</b>			
Share capital	(7)	427,050	450,450
Treasury shares	(7)	-31,916	-41,698
Capital reserve	(7)	238,519	293,758
Retained earnings		296,987	317,423
<b>Total shareholders' equity</b>		<b>930,640</b>	<b>1,019,933</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,032,084</b>	<b>1,122,662</b>
Number of outstanding shares (in 000)		6,975	7,273
Net asset value (NAV) per share (CHF)		133.43	140.23

<b>Consolidated statement of comprehensive income for the period 1 April to 31 December (CHF 000)</b>	Notes	Quarter ended 31.12.2016	Quarter ended 31.12.2015	9-month period ended 31.12.2016	9-month period ended 31.12.2015
Net result on investments	(4)	-48,109	224,739	-22,761	133,034
Dividend income		68	9	108	23
Result from currency hedging transactions		-71	-1,813	4,296	-14,592
Result from market hedging transactions		0	0	0	1,232
Gains from other financial instruments		2,431	459	2,954	2,358
Losses from other financial instruments		-2,422	-479	-2,534	-1,485
Gains on other financial assets		4,264	1,078	12,354	6,335
Losses on other financial assets		-600	-842	-1,347	-1,843
<b>Result from investment activities</b>		<b>-44,439</b>	<b>223,151</b>	<b>-6,930</b>	<b>125,062</b>
Management fee	(9)	-3,191	-3,074	-9,580	-10,081
Performance fee	(9)	4,002	-10,586	0	-10,586
Personnel expenses		-379	-376	-1,156	-1,160
Other operating expenses		-242	-192	-832	-760
<b>Result before interest and taxes</b>		<b>-44,249</b>	<b>208,923</b>	<b>-18,498</b>	<b>102,475</b>
Financial expenses	(6)	-599	-731	-1,949	-1450
Financial income		2	0	11	1
Income taxes		0	0	0	0
<b>Net result for the period</b>		<b>-44,846</b>	<b>208,192</b>	<b>-20,436</b>	<b>101,026</b>
<b>Comprehensive result</b>		<b>-44,846</b>	<b>208,192</b>	<b>-20,436</b>	<b>101,026</b>
Number of outstanding shares, time-weighted (in 000)		7,019	7,662	7,110	7,645
Basic earnings per share (CHF)		-6.39	27.17	-2.87	13.21

As the Company does not have options or similar instruments outstanding, diluted earnings per share are identical to basic earnings per share.

**Consolidated statement of cash flows  
for the period 1 April to 31 December (CHF 000)**

	9-month period ended 31.12.2016	9-month period ended 31.12.2015
Management fee paid	-9,580	-10,081
Performance fee for previous year paid	0	-50,414
Other expenses paid (personnel and other operating expenses)	-2,971	-2,402
<b>Net cash flow from operating activities</b>	<b>-12,551</b>	<b>-62,897</b>
Interest payments received	11	1
Dividend payments received	108	23
Purchase of investments	-268,025	-332,176
Sale of investments	296,288	346,142
Payments received from escrow amounts and milestones	13,892	0
Cash flow from financial instruments for currency hedging	14,371	-8,757
Purchase of financial instruments for market hedging	0	-62,238
Purchase of other financial instruments	-14,146	-1,000
Sale of other financial instruments	10,076	3,061
<b>Net cash flow from investing activities</b>	<b>52,575</b>	<b>-54,944</b>
Interest payments paid	-2,389	-310
Cash distribution from capital reserve	-39,204	-42,273
Issuance of financial liabilities	0	98,790
Purchase of treasury shares	-51,413	-41,558
Sale of treasury shares	21,103	22,213
<b>Net cash flow from financing activities</b>	<b>-71,903</b>	<b>36,862</b>
<b>Currency translation differences</b>	<b>2,847</b>	<b>-650</b>
<b>Net change in cash and cash equivalents</b>	<b>-29,032</b>	<b>-81,629</b>
Cash and cash equivalents at beginning of period	104,823	140,381
Cash and cash equivalents at end of period	75,791	58,752

<b>Consolidated statement of changes in equity (CHF 000)</b>	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
<b>Balance as at 31 March 2015</b>	<b>468,029</b>	<b>-33,744</b>	<b>345,570</b>	<b>294,334</b>	<b>1,074,189</b>
Comprehensive result				101,026	101,026
Purchase of treasury shares		-40,301			-40,301
Sale of treasury shares		19,250	2,963		22,213
Distribution from capital reserve (6.7.2015)			-42,273		-42,273
Capital reduction (9.9.2015)	-17,579	30,143	-12,564		0
<b>Balance as at 31 December 2015</b>	<b>450,450</b>	<b>-24,652</b>	<b>293,696</b>	<b>395,360</b>	<b>1,114,854</b>
Comprehensive result				-77,937	-77,937
Purchase of treasury shares		-24,794			-24,794
Sale of treasury shares		7,748	62		7,810
<b>Balance as at 31 March 2016</b>	<b>450,450</b>	<b>-41,698</b>	<b>293,758</b>	<b>317,423</b>	<b>1,019,933</b>
Comprehensive result				-20,436	-20,436
Purchase of treasury shares		-50,756			-50,756
Sale of treasury shares		21,005	98		21,103
Distribution from capital reserve (30.6.2016)			-39,204		-39,204
Capital reduction (2.9.2016)	-23,400	39,533	-16,133		0
<b>Balance as at 31 December 2016</b>	<b>427,050</b>	<b>-31,916</b>	<b>238,519</b>	<b>296,987</b>	<b>930,640</b>



## 1. Information about the Company and its business

HBM Healthcare Investments Ltd (HBM Healthcare or Company) is a SIX Swiss Exchange-listed holding company domiciled in Zug, Switzerland. The purpose of the Company is the acquisition, holding and sale of positions in other companies as well as the management and financing of such positions in the human medicine, biotechnology, medical technology and diagnostics sectors, and related areas.

## 2. Accounting policies

### 2.1 Basis of preparation of the Consolidated Financial Statements and changes

The condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) IAS 34 on Interim Financial Reporting, and the provisions of the SIX Swiss Exchange Additional Rules on the Listing of Investment Companies. These interim financial statements should be read in conjunction with the Consolidated Financial Statements for the financial year ended 31 March 2016, as they provide an update to the latest full financial report.

In preparing the interim financial statements, the same accounting policies and methods of computation have been applied as in the preparation of the annual financial statements. A summary of the new and revised IFRS/IAS standards and interpretations effective in the year under review is provided on page 61 of the Consolidated Financial Statements of the 2015/2016 Annual Report.

The Company assessed the potential impact of the newly applied standards and interpretations. Based on the analysis, the Company concluded that these revised standards have no material impact on the Group's accounting policies, overall results or financial position.

### 2.2 Significant accounting judgements, estimates and assumptions

The preparation of the condensed consolidated interim financial statements requires Management to make judgements of the application of accounting and valuation policies and estimates and assumptions which affect the reported amounts of income, expenses, assets, liabilities and investment commitments. Should the estimates made by Management to the best of their knowledge at the balance sheet date subsequently be shown to differ from actual circumstances, the original estimates are adjusted accordingly during the reporting year in which circumstances changed. A degree of uncertainty is attached specifically to estimating individual fair values for private companies and funds as well as for contractual claims on the sale proceeds of portfolio companies.

#### IFRS 10 (revised): Consolidated financial statements: Investment entities – Applying the consolidation exception

The revised IFRS 10 standard requires that, as a rule investment entities should not consolidate their subsidiaries, but should instead recognise them at fair value through profit and loss, in accordance with IFRS 9/IAS 39. Subsidiaries that are not themselves investment entities, and that provide services relating to investment management, should be consolidated, however.

The Board of Directors has evaluated the implications of the revised standard, which came into effect on 1 January 2016 for the Company and for the subsidiaries listed under Note 2.3. In particular, they examined whether or not the subsidiaries meet the herein following characteristics of an investment entity, as defined under IFRS 10 para. 28:

- a) It has more than one investment;
- b) It has more than one investor;
- c) It has investors that are not related parties of the entity;
- d) It has ownership interests in the form of equity or similar interests.

While the Company meets the definition of an investment entity, the subsidiaries do not meet two of the typical characteristics of investment entities (b and c). The subsidiaries hold the portfolio of investments on behalf of the Company and according to the Investment Guidelines issued by the Board of Directors of the Company. In addition, the subsidiaries provide investment management services for the Group with their own staff and via the advisory agreement with HBM Partners Ltd, with the associated costs. In this sense, they operate as an extension of the parent company.

Based on these specific facts and circumstances, the Board of Directors concluded that the subsidiaries do not qualify as investment entities, and that in this situation it is appropriate to continue consolidating them in full.

### 2.3. Scope of consolidation

The scope of consolidation (Group) comprises the holding company HBM Healthcare Investments Ltd and the following fully consolidated subsidiaries

## 4. Investments

The individual asset classes that are summarised under investments performed as follows during the reporting period:

<b>Development of investments (CHF 000)</b>	<b>Private companies</b>	<b>Funds</b>	<b>Public companies</b>	<b>Total investments</b>
<b>Fair value as at 31 March 2016</b>	<b>141,097</b>	<b>158,430</b>	<b>677,048</b>	<b>976,575</b>
Purchases	23,673	10,365	233,987	268,025
Sales	-10,597	-16,307	-270,170	-297,074
Realised gains	4,922	75	91,062	96,059
Realised losses	-36	-2,859	-22,563	-25,458
Changes in unrealised gains/losses	-8,699	-4,064	-80,599	-93,362
Total net result on investments	-3,813	-6,848	-12,100	-22,761
<b>Fair value as at 31 December 2016</b>	<b>150,360</b>	<b>145,640</b>	<b>628,765</b>	<b>924,765</b>

## 5. Other financial assets

Other financial assets consist primarily of contractual claims to purchase price payments from earlier trade sales that are contingent on the achievement of defined targets (milestone payments). These

HBM Healthcare Investments (Cayman) Ltd., Cayman Islands, HBM Biomedicine (Cayman) Ltd., Cayman Islands and HBM Private Equity India Ltd., Republic of Mauritius.

### 2.4. Foreign currencies

The following exchange rates were used in the preparation of the financial statements:

<b>Exchange rates (CHF)</b>	<b>31.12.2016</b>	<b>31.3.2016</b>
DKK	0.1442	0.1469
EUR	1.0717	1.0945
GBP	1.2574	1.3811
INR	0.0150	0.0145
SEK	0.1119	0.1185
USD	1.0190	0.9618

## 3. Financial instruments

In the reporting period, the Company hedged its EUR-currency risk with a forward sale of EUR 90 million. As at the balance sheet date of 31 December 2016, the value of this position amounts to a liability of CHF 0.1 million.

Further details on investments can be found on pages 11 and 12.

claims are recorded by applying a probability-weighted valuation approach based on the assessment of the likelihood of occurrence of the defined targets' achievement. These claims are reported in the interim financial statements with a discount

rate of 11 percent (previous year: 11 percent). The valuation measures applied refer to commonly used industry statistics as well as own guidelines and

estimates. The following summary shows the value carried in the balance sheet compared with the potential cash flows:

<b>Balance sheet value and potential cash flows</b> (CHF million)	<b>Book value as at 31.12.2016</b>	<b>Cash flows minimum</b>	<b>Cash flows maximum</b>	<b>Expected period of payment</b>
Ellipse Technologies	14.3	10.1	17.8	2017
mtm laboratories	12.3	0.8	24.6	2017–2018
Tripex (former Mpex) <sup>1)</sup>	1.3	0.6	> 34.0	from 2017 onwards
Other companies	0.0	0.0	27.9	2018–2020
<b>Total</b>	<b>27.9</b>	<b>11.5</b>	<b>&gt; 104.3</b>	

1) Not including any revenue-sharing agreement. The potential return may be higher than this figure.

Of the total book value as at 31 December 2016, CHF 26.1 million is carried under other financial assets (claims from investments held by HBM Healthcare directly). A further CHF 1.8 million is reported under investments, other private companies (claims from investments held indirectly via HBM BioCapital I). If the companies concerned are successful, these contractual claims could result in future payments which are many times the reported book value.

## 6. Long-term financial liabilities

Since the beginning of July 2015, the Company has the following long-term financial liabilities outstanding:

- CHF 50m par value, 2.0%, due on 10 July 2021
- CHF 50m par value, 2.5%, due on 10 July 2023

The bond tranches could become due for early repayment, if the outstanding investment commitments to investment funds exceed the amount of CHF 100 million or the fair value of all investments in public portfolio companies plus cash and cash equivalents is less than two and a half times the amount of the interest-bearing financial liabilities.

The straight bonds are carried at amortised cost, subject to the effective interest method. The difference between the net proceeds (after the deduction of CHF 1.2 million transaction costs) and the amount repayable when the bonds fall due for redemption is amortised over the term of the

bonds and charged to financial expenses along with the interest that has been paid. The effective interest rates applied are 2.22 and 2.67 percent, respectively.

## 7. Shareholders' equity

### 7.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital amounts to CHF 427.1 million, divided into 7,300,000 registered shares at a par value of CHF 58.50 each. The Shareholders' Meeting of 24 June 2016 decided to cancel 400,000 of the Company's own shares. This capital reduction was entered in the Commercial Register of the Canton of Zug on 2 September 2016.

In addition to this capital reduction, the Shareholders' Meeting approved a withholding tax-exempt distribution to shareholders of CHF 5.50 per registered share drawn from the reserve from capital brought in. The payment was made on 30 June 2016.

### 7.2 Treasury shares

The Shareholders' Meeting of 24 June 2016 authorised the Board of Directors to repurchase up to a maximum of 10 percent of the Company's outstanding shares via a second trading line. The share buy-back programme is intended for the purpose of cancellation as part of a capital reduction and will be completed no later than 23 June 2019 ("2016 share

buy-back programme"). The programme started on 6 October 2016. Under this share buy-back programme a total of 76,500 of the Company's own shares have been repurchased to date. The remaining 99,000 of the Company's own shares have been acquired under the terminated 2014 share buy-back programme, but have not been cancelled yet.

The Company holds 175,500 of its own shares (as at 31 March 2016: 277,000 shares) as at the balance sheet date. In the 9-month period of the current financial year, a total of 298,500 of the Company's own shares were acquired at an average price of CHF 98.77 per share (previous year: 132,003 shares at CHF 102.24).

<b>Holdings from second trading line</b> (Number of own shares)	31.12.2016
<b>Beginning of financial year</b>	<b>277,000</b>
Purchase of shares within share buy-back programme via second trading line	298,500
Capital reduction owing to cancellation of own shares	-400,000
<b>End of reporting period</b>	<b>175,500</b>

In addition, as at the balance sheet date, the Company holds via its subsidiary HBM Healthcare Investments (Cayman) Ltd 149,805 treasury shares (as at 31 March 2016: 149,757 shares), acquired via the regular trading line. During the 9-month period up to the end of December 2016, a total of 216,295 treasury shares were acquired via the regular trading line at an average price of CHF 98.35 per share (previous year: 276,540 shares at CHF 96.93), while 216,247 treasury shares were sold at an average price of CHF 97.59 per share (previous year: 212,864 shares at CHF 104.36). The gain of CHF 0.1 million (previous year: gain of CHF 3.0 million) from trading in treasury shares, which is reported in shareholders' equity, is based on the proceeds of shares sold, minus the pro-rata average acquisition price of all shares purchased via the regular trading line.

## 8. Off-balance-sheet commitments

HBM Healthcare has the following investment commitments as at 31 December 2016:

<b>Investment commitments (CHF 000)</b>	31.12.2016	31.3.2016
HBM BioCapital I	251	342
HBM BioCapital II	11,155	14,481
Private companies	2,772	0
Funds	26,431	32,096
<b>Total investment commitments</b>	<b>40,609</b>	<b>46,919</b>

## 9. Management fee and performance fee

The management fee due to HBM Partners amounts to 0.75 percent per year of the Company's assets plus 0.75 percent per year of its market capitalisation, payable quarterly at the beginning of a quarter. In the 9-month period up to the end of December 2016, HBM Partners was paid CHF 9.6 million (previous year: CHF 10.1 million).

No provision for a performance fee was made during the reporting period (previous year: CHF 10.6 million) because net assets as at the balance sheet date did not exceed the highest net assets (high water mark) used as the calculation basis for the last performance fee payment. The provision for a performance fee, which was made as at 30 September 2016, has been cancelled. The high water mark for all outstanding shares is CHF 136.20 (adjusted for any dividends and capital repayments to shareholders). The cut-off date for the payment of any performance fee is 31 March of a financial year.

## 10. Transactions with related parties

HBM Healthcare holds an investment in the Hatteras Venture Partners III fund, where Board member Robert A. Ingram serves as General Partner. For details on the investment commitment, paid-in capital and valuation of this investment, please refer to the overview of funds on page 11.

## Investments

Private companies	Domicile	Investment currency	Amount	Changes in	Amount	Fair value	Ownership	Fair value	Fair value
			disbursed as at 31.3.2016	reporting period	disbursed as at 31.12.2016	as at 31.12.2016	as at 31.12.2016	as at 31.12.2016	as at 31.3.2016
		IC	IC m	IC m	IC m	IC m	%	CHF 000	CHF 000
Cathay Industrial Biotech	CN	USD	28.0		28.0	43.9	9.5	44,684	42,175
Westmed Holding	US	USD	7.0		7.0	12.4	22.3	12,670	11,959
True North Therapeutics	US	USD	0.0	10.0	10.0	10.0	3.1	10,190	0
ARMO BioSciences	US	USD	10.0		10.0	10.0	4.4	10,190	9,618
ObsEva	CH	CHF	10.0		10.0	10.0	8.0	10,000	10,000
Interventional Spine	US	USD	18.0	-5.9	12.1	8.8	31.3	8,990	5,662
Vascular Dynamics	US	USD	8.0		8.0	8.0	15.8	8,152	7,694
AnaptysBio	US	USD	7.0		7.0	7.0	5.6	7,133	6,733
Neurelis	US	USD	0.0	5.5	5.5	5.5	11.0	5,604	0
SAI Life Sciences	IN	INR	256.4		256.4	352.7	6.3	5,292	3,722
FarmaLatam	PA	USD	2.5	1.9	4.3	4.3	51.0	4,388	2,357
Vitaeris	CA	USD	0.0	3.0	3.0	4.0	20.0	4,076	0
Iconic Therapeutics	US	USD	7.5		7.5	3.8	7.1	3,821	7,214
Tensys Medical <sup>1)</sup>	US	USD	18.5	1.1	19.6	0.0	99.6	0	17,745
Other investments								15,170	16,218
<b>Total private companies</b>								<b>150,360</b>	<b>141,097</b>

1) Position has been fully value-adjusted during the reporting period.

Funds	Investment currency	Total commitment	Payments	Repayments	Cumulative payments	Cumulative repayments	Fair value	Fair value	Fair value
			in reporting period	in reporting period	as at 31.12.2016	as at 31.12.2016	as at 31.12.2016	as at 31.12.2016	as at 31.3.2016
	IC	IC m	IC m	IC m	IC m	IC m	IC m	CHF 000	CHF 000
HBM BioCapital II <sup>1)</sup>	EUR	42.0	2.8		31.6	0.0	27.3	29,240	31,921
Nordic Biotech	DKK	31.0			31.0	11.8	190.6	27,478	29,034
MedFocus Fund II	USD	16.0		15.0	16.0	15.0	18.9	19,244	32,980
Hatteras Venture Partners III	USD	10.0	0.4		9.8	2.0	10.9	11,111	9,167
BioMedInvest I	CHF	26.0			26.0	21.5	10.6	10,634	10,764
Galen Partners V	USD	10.0		0.1	9.6	1.5	10.3	10,492	10,561
WuXi Healthcare Ventures II	USD	20.0	2.4	0.1	9.6	0.1	9.0	9,199	6,870
BioMedInvest II	CHF	10.0	2.0	1.0	10.0	1.8	8.4	8,430	7,860
BioVeda China	USD	8.5			8.5	27.2	6.0	6,111	5,771
HBM Genomics	USD	15.0	2.3		6.2	0.0	5.4	5,549	3,285
Tata Capital HBM Fund I	USD	10.0	0.3	0.5	4.1	0.5	3.3	3,323	3,085
Other investments								4,829	7,132
<b>Total funds</b>								<b>145,640</b>	<b>158,430</b>

1) The fair value of EUR 27.3 million takes into account the fund's cumulative management fees of EUR 4.1 million. As explained in note 5 to the Consolidated Financial Statements, this amount has

been reimbursed in full to HBM Healthcare so that fees are not levied twice.

Public companies	Investment currency	Balance as at 31.3.2016	Changes last 9 months	Changes last 3 months	Balance as at 31.12.2016	Ownership as at 31.12.2016	Fair value as at 31.12.2016	Fair value as at 31.3.2016
		IC	Number of shares	Number of shares	Number of shares	Number of shares	%	CHF 000
Vectura Group <sup>1)</sup>	GBP	83,507,230	-14,828,074	-1,407,809	68,679,156	10.1	118,400	181,951
Advanced Accelerator Applications <sup>P)</sup>	USD	3,492,611	-56,977	75,474	3,435,634	8.0	93,684	117,639
Incyte	USD	416,000	2,605	2,605	418,605	0.2	42,771	28,996
Pacira Pharmaceuticals <sup>P)</sup>	USD	1,100,000	0	0	1,100,000	2.9	36,205	56,052
Genmab	DKK	302,500	-100,000	0	202,500	0.3	34,244	40,324
Tesaro	USD	3,000	154,000	73,750	157,000	0.3	21,515	127
Paratek Pharmaceuticals <sup>P)</sup>	USD	1,643,742	-293,742	0	1,350,000	6.0	21,185	23,983
Neurocrine Biosciences	USD	456,000	73,500	-25,500	529,500	0.6	20,881	17,346
Nabryva Therapeutics <sup>P)</sup>	USD	2,968,980	0	0	2,968,980	10.9	18,031	25,586
Ultragenyx Pharmaceutical	USD	103,000	99,750	-250	202,750	0.5	14,526	6,272
Eagle Pharmaceuticals	USD	170,000	0	0	170,000	1.1	13,744	6,622
GW Pharmaceuticals	USD	0	119,332	43,332	119,332	0.5	13,589	0
Galapagos	EUR	114,000	40,000	-50,000	154,000	0.4	10,058	4,615
Probiobdrug <sup>P)</sup>	EUR	481,812	32,895	47,451	514,707	6.3	9,943	12,762
Esperion Therapeutics	USD	750,000	0	0	750,000	3.3	9,568	12,198
PTC Therapeutics <sup>P)</sup>	USD	839,942	-14,942	-14,942	825,000	2.4	9,172	5,203
Antares Pharma	USD	3,740,732	0	0	3,740,732	2.4	8,882	3,130
Coherus Biosciences	USD	362,900	-57,900	105,000	305,000	0.7	8,749	7,410
Actelion	CHF	2,000	34,508	34,258	36,508	0.0	8,050	287
Prothena	USD	2,000	151,500	0	153,500	0.5	7,694	79
Intersect ENT	USD	124,900	475,100	342,000	600,000	2.1	7,398	2,282
Eiger BioPharmaceuticals <sup>P)</sup>	USD	603,819	0	0	603,819	7.2	7,168	9,739
Nicox	EUR	0	750,000	0	750,000	3.0	6,857	0
Oxford Immunotec	USD	715,000	-287,089	-287,089	427,911	1.9	6,519	6,815
Amicus Therapeutics	USD	300,000	886,604	886,604	1,186,604	0.8	6,009	2,438
Bluebird Bio	USD	288,300	-194,800	-106,500	93,500	0.2	5,879	11,785
Hansa Medical	SEK	0	400,000	400,000	400,000	1.1	5,215	0
Ascendis Pharma	USD	0	235,000	235,000	235,000	0.2	4,847	0
Clarix Lifesciences	INR	497,917	442,276	389,876	940,193	1.7	4,514	943
Argenx	EUR	5,000	250,000	0	255,000	1.3	4,356	57
Regenxbio	USD	0	206,000	6,000	206,000	0.8	3,894	0
Avexis	USD	0	80,000	3,000	80,000	0.3	3,891	0
Laurus Labs	INR	0	501,698	501,698	501,698	0.5	3,619	0
Alimera Sciences	USD	0	3,250,000	0	3,250,000	5.0	3,577	0
Erytech Pharma	EUR	0	240,000	240,000	240,000	2.8	3,534	0
Sarepta Therapeutics	USD	0	123,000	0	123,000	0.2	3,438	0
Zealand Pharma	DKK	0	200,716	-42,963	200,716	0.8	3,081	0
Ophthotech <sup>P)</sup>	USD	603,000	-603,000	-562,500	0	0.0	0	24,515
Relypsy <sup>2)</sup>	USD	1,025,000	-1,025,000	0	0	0.0	0	13,358
Medivation <sup>2)</sup>	USD	167,500	-167,500	0	0	0.0	0	7,407
Anacor Pharmaceuticals <sup>2)</sup>	USD	104,000	-104,000	0	0	0.0	0	5,346
Other investments							24,078	41,781
<b>Total public companies</b>							<b>628,765</b>	<b>677,048</b>
<b>Total investments</b>							<b>924,765</b>	<b>976,575</b>

P) The position originates from the private companies portfolio.

1) The company acquired Skyepharma. The transaction was closed during the reporting period. The number of shares at the beginning of the reporting period has been adjusted accordingly.

2) The company was acquired during the reporting period by Galenica and Pfizer respectively. HBM Healthcare sold all of its shares.

# hbmhealthcare.com

# HBMN

SIX Swiss Exchange Ticker

## Significant shareholders

Based on the notifications received by the Company, the following shareholders reported equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 31 December 2016:

## Shareholding

15–20 %	Nogra Pharma Invest S.à.r.l., Luxemburg
3– 5 %	HBM Healthcare Investments Ltd, Zug

## Information on shares

Swiss security number	1.262.725
German security number	984345
ISIN	CH 0012627250
CUSIP	H 3553X112
Telekurs	126,126272
SIX Swiss Exchange Ticker	HBMN
Internet	<a href="http://www.hbmhealthcare.com">www.hbmhealthcare.com</a>

## Board of Directors and Management

Hans Peter Hasler, Chairman  
Prof. Dr Dr h.c. mult. Heinz Riesenhuber,  
Vice Chairman  
Mario G. Giuliani, Member  
Dr Eduard E. Holdener, Member  
Robert A. Ingram, Member  
Dr Rudolf Lanz, Member  
Dr Benedikt Suter, Secretary  
  
Dr Andreas Wicki, Chief Executive Officer  
Erwin Troxler, Chief Financial Officer

## Investment Advisor

HBM Partners Ltd, Zug [www.hbmpartners.com](http://www.hbmpartners.com)

## Fees

Management fee (paid quarterly):  
0.75% p.a. of Company assets plus  
0.75% p.a. of the Company's market capitalisation  
Performance fee (paid annually):  
15% on increase in value above the high water mark  
High water mark (per share for all outstanding shares):  
NAV of CHF 136.20

## Credits

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