

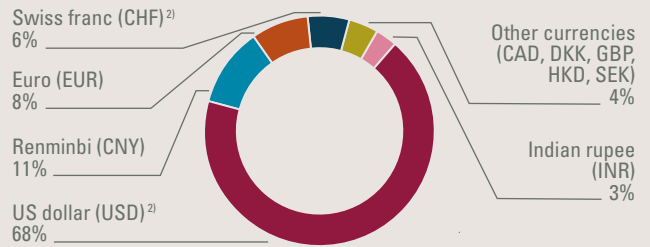
Quarterly Report  
**June 2020**

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).

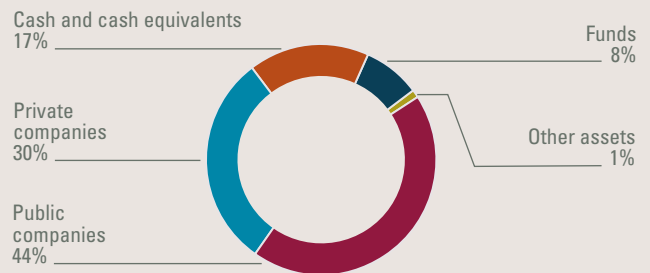
**Currency allocation of assets<sup>1)</sup>**

Emphasis on US dollar investments.



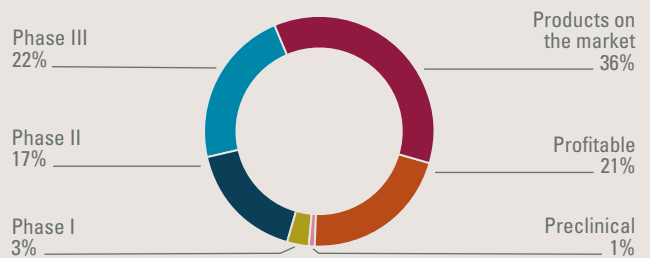
**Allocation of assets<sup>1)</sup>**

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



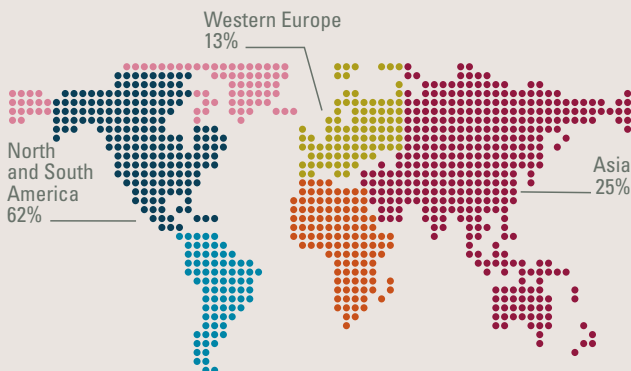
**Development phase of portfolio companies<sup>3)</sup>**

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



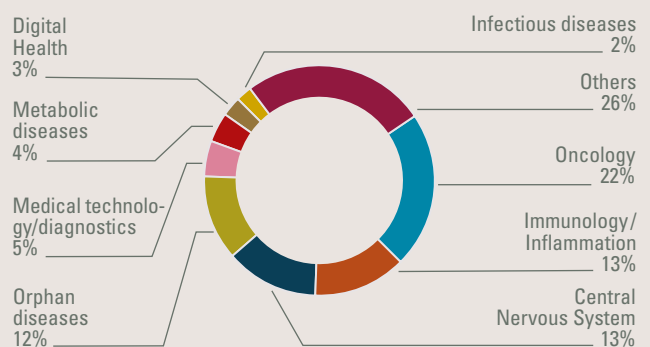
**Investments by continents<sup>3)</sup>**

International portfolio focusing on North America.



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

Broadly diversified areas of activity.



1) Total consolidated assets as at 30.6.2020: CHF 1960 million.

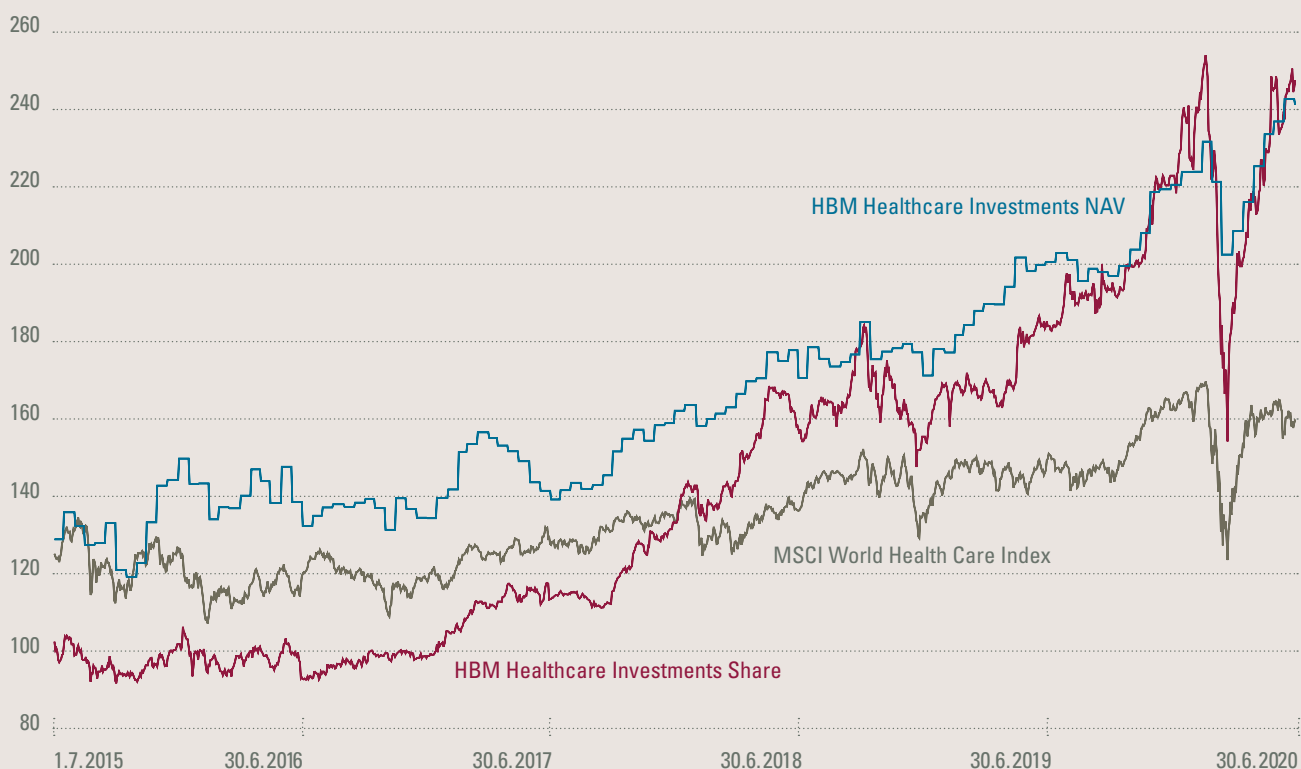
2) Net of market hedge (USD/CHF): about USD 34% and CHF 40%.

3) Total investments as at 30.6.2020: CHF 1614 million.

<b>Key Figures</b>		30.6.2020	31.3.2020	31.3.2019	31.3.2018	31.3.2017
<b>Net assets</b>	CHF million	<b>1674.7</b>	<b>1448.8</b>	<b>1318.3</b>	<b>1157.9</b>	<b>1095.8</b>
Investments in private companies and funds		738.8	706.4	542.1	413.9	274.3
Investments in public companies		875.6	629.9	688.2	750.0	813.6
Cash and cash equivalents (net of liability from market hedging)		186.2	224.2	176.2	72.4	77.0
<b>Net result for the period</b>	CHF million	<b>225.9</b>	<b>182.7</b>	<b>209.1</b>	<b>115.9</b>	<b>136.8</b>
Basic earnings per share	CHF	32.48	26.26	30.05	16.55	18.96
Net asset value (NAV) per share	CHF	240.72	208.25	189.48	166.43	155.09
Share price	CHF	247.00	190.00	168.80	144.00	111.40
<b>Premium (+) / discount (-)</b>	%	<b>+2.6</b>	<b>-8.8</b>	<b>-10.9</b>	<b>-13.5</b>	<b>-28.2</b>
Distribution per share	CHF		7.70	7.50	7.00	5.80
Distribution yield	%		4.1	4.4	4.9	5.2
Shares issued	Registered shares (m)	7.0	7.0	7.0	7.0	7.3
Shares outstanding	Registered shares (m)	7.0	7.0	7.0	7.0	7.1

<b>Performance</b> (including distributions)		2020/2021 (3 months)	2019/2020	2018/2019	2017/2018	2016/2017
Net asset value (NAV)	%	15.6	13.9	18.1	11.1	15.2
Registered share HBMN	%	30.0	17.0	22.1	34.5	17.5

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



HBM Healthcare Investments looks back on a successful first quarter of the 2020/2021 financial year. The significant market recovery, positive corporate news and two acquisitions resulted in a net profit of CHF 226 million, three times the amount achieved in the same period of the previous year. Although partial market hedging slowed further profit growth, it remains in place for the time being and is complemented by a hedge of the US dollar currency exposure. Three new investments in private companies strengthen the broad-based portfolio. Thanks to several upcoming IPOs and study results, HBM Healthcare expects further positive momentum in the second half of 2020.

#### **Dear Shareholders**

In the first quarter of the new financial year, HBM Healthcare Investments benefited from a rise in the share price of public companies as well as from two acquisitions of companies from the private portfolio. Overall, the first three months up to the end of June 2020 resulted in a net profit of CHF 226 million. Net asset value (NAV) increased by 15.6 percent to CHF 240.72 during this period; the share price (HBMN) increased by 30.0 percent to CHF 247.00.

Of the total portfolio profit of CHF 268 million, CHF 23 million was attributable to private companies, CHF –10 million to funds, CHF 247 million to public companies and market hedging, and CHF 1 million to other assets. The negative currency developments were partially compensated by a profit contribution of CHF 7 million from currency hedging.

### **Two acquisitions in the portfolio of private companies**

With Corvidia Therapeutics and Vitaeris, two companies from the private portfolio were acquired in June, both developing an anti-interleukin-6 monoclonal antibody (anti IL-6 mAb). Corvidia is developing Ziltivekimab for the treatment of cardiovascular diseases in patients with chronic kidney disease; Vitaeris is testing Clazakizumab for the treatment of antibody-mediated rejection in kidney transplants.

Corvidia, based in Waltham, MA, USA, agreed to be acquired by Novo Nordisk. Novo Nordisk will pay USD 725 million upfront and committed to milestone payments of up to USD 1.4 billion. The transaction is expected to close in July. As for the Canadian Vitaeris, CSL Behring exercised its share purchase right received under a strategic partnership in 2017. Again, shareholders are entitled to upfront and milestone payments.

The overall upfront payments totalling CHF 25 million correspond to approximately 3.5 times the invested capital. The payments due upon achievement of regulatory and commercial milestones are in the books with the probability-weighted and discounted value of CHF 10 million, which brings the two acquisitions' net income contribution for the quarter to CHF 27 million.

### **Public companies benefited from market recovery and positive news**

The portfolio of public companies recovered from the market correction in February and March 2020 and increased by a total of CHF 266 million. The increase was held back by the partial market hedging, which was re-initiated in April and May, and impacted the quarterly result by CHF 19 million.

Some of the public companies also benefited from market approvals and positive study results. Immunomedics was granted approval by the US Food and Drug Administration (FDA) for Trodelvy™ for the treatment of metastatic triple-negative breast cancer, while Viela Bio received approval from the FDA for Uplizna™ (neuromyelitis-optica spectrum disease), and Zogenix for Fintepla® (Dravet syndrome).

Argenx published positive data from the pivotal phase III study for the antibody Efgartigimod for the treatment of patients with myasthenia gravis, a chronic neuromuscular disease characterized by weakness and rapid fatigue of the skeletal muscle. Biohaven published positive phase III data from an additional study on migraine prevention for Nurtec™. The drug has been approved in the United States for the treatment of acute migraine in adult patients since the end of February already.

For Y-mAbs Therapeutics, the FDA accepted the submitted priority review application for Danyelza™ (Naxitamab) for the treatment of neuroblastoma. The approval decision is expected by the end of November 2020.

## New investments

In the quarter under review, HBM Healthcare invested CHF 24 million in private companies. Of this, CHF 13 million went to existing private companies as follow-on financing. New investments of CHF 11 million have been made in the following three US companies:

- > Instil Bio obtained USD 5 million. The company develops cell therapies based on tumour-infiltrating lymphocytes (TIL). The most advanced program for the treatment of metastatic melanoma is about to start pivotal trial.
- > C4 Therapeutics received USD 4 million. C4 explores novel therapies based on the targeted elimination of disease-causing proteins. The aim is to treat cancer, neurological disorders and other diseases.
- > Seer Biosciences secured USD 2.8 million. The HBM Genomics Fund has been invested in the company since 2017. Seer's technology enables information on the proteome – the totality of all proteins in an organism at a given point in time – with high accuracy and at an unprecedented level of detail and speed. This should enable research breakthroughs in serious medical problems, such as the early detection of diseases.

In addition, HBM Healthcare, as a core investor, made a commitment of SEK 80 million (around CHF 8 million) in the capital increase of BioInvent International, which is listed on the Stockholm Stock Exchange. The capital increase was completed in early July. BioInvent develops novel immune-modulating antibodies for the treatment of hematological cancer and solid tumours.

## Outlook

Following the strong performance of the stock markets in recent weeks, we remain cautiously positioned with regard to the general market environment. Therefore, about one-sixth of the market risk posed by public companies continues to be hedged. In addition, around 60 percent of the USD currency risk against the Swiss franc were hedged at the end of June. The portfolio is thus well-balanced in terms of asset classes and currencies.

With regard to our portfolio companies, we remain confident and expect a positive and eventful second half of 2020. ALX Oncology completed its initial public offering in mid-July and iTeos Therapeutics filed for an IPO on the Nasdaq. The Chinese Cathay Biotech is preparing an initial public offering on the STAR Market of the Shanghai Stock Exchange. In addition, we expect added value from the portfolio of private companies through acquisitions, financing rounds and divestments of shareholdings.

Alongside the expected market approval of Y-mAbs Therapeutics mentioned above, there are important results of ongoing clinical studies on the agenda for various other public companies, which could likewise have a positive impact on the net asset value.

We would like to thank you, our valued shareholders, for your continued confidence in HBM Healthcare Investments.



Dr Andreas Wicki  
CEO



Erwin Troxler  
CFO

Balance sheet (CHF 000)	Notes	30.6.2020	31.3.2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		4 137	6 096
Receivables		79	27
<b>Total current assets</b>		<b>4 216</b>	<b>6 123</b>
<b>Non-current assets</b>			
Investment in subsidiary	(3)	1 772 930	1 546 050
<b>Total non-current assets</b>		<b>1 772 930</b>	<b>1 546 050</b>
<b>Total assets</b>		<b>1 777 146</b>	<b>1 552 173</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Liability from performance fee		0	1 576
Other liabilities		2 823	2 248
<b>Total current liabilities</b>		<b>2 823</b>	<b>3 824</b>
<b>Non-current liabilities</b>			
Financial liabilities	(4)	99 606	99 565
<b>Total non-current liabilities</b>		<b>99 606</b>	<b>99 565</b>
<b>Shareholders' equity</b>			
Share capital		344 520	344 520
Treasury shares		-402	-402
Capital reserve		142 115	142 115
Retained earnings		1 188 484	962 551
<b>Total shareholders' equity</b>		<b>1 674 717</b>	<b>1 448 784</b>
<b>Total liabilities and shareholders' equity</b>		<b>1 777 146</b>	<b>1 552 173</b>
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		240.72	208.25



	Notes	Quarter ended 30.6.2020	Quarter ended 30.6.2019
<b>Statement of comprehensive income for the period 1 April to 30 June (CHF 000)</b>			
Net change in value of investment in subsidiary	(3)	226 880	76 271
<b>Result from investment activities</b>		<b>226 880</b>	<b>76 271</b>
Personnel expenses		- 230	- 237
Other operating expenses		- 111	- 222
<b>Result before interest and taxes</b>		<b>226 539</b>	<b>75 812</b>
Financial expenses		- 606	- 606
Financial income		0	0
Income taxes		0	0
<b>Net result for the period</b>		<b>225 933</b>	<b>75 206</b>
<b>Comprehensive result</b>		<b>225 933</b>	<b>75 206</b>
Number of outstanding shares, time-weighted (in 000)		6 957	6 957
Basic earnings per share (CHF)		32.48	10.81

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

<b>Statement of cash flows for the period 1 April to 30 June (CHF 000)</b>	Quarter ended 30.6.2020	Quarter ended 30.6.2019
Expenses paid (personnel and other operating expenses)	-1 957	-2 741
<b>Net cash flow from operating activities</b>	<b>-1 957</b>	<b>-2 741</b>
Interest paid	-2	-2
Loan from subsidiary	0	10 000
<b>Net cash flow from financing activities</b>	<b>-2</b>	<b>9 998</b>
<b>Currency translation differences</b>	<b>0</b>	<b>0</b>
<b>Net change in cash and cash equivalents</b>	<b>-1 959</b>	<b>7 257</b>
Cash and cash equivalents at beginning of period	6 096	4 703
Cash and cash equivalents at end of period	4 137	11 960

<b>Statement of changes in equity (CHF 000)</b>	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
<b>Balance 31 March 2019</b>	<b>396 720</b>	<b>-402</b>	<b>142 093</b>	<b>779 853</b>	<b>1 318 264</b>
Comprehensive result				75 206	75 206
<b>Balance 30 June 2019</b>	<b>396 720</b>	<b>-402</b>	<b>142 093</b>	<b>855 059</b>	<b>1 393 470</b>
Comprehensive result				107 492	107 492
Par value repayment (12.9.2019)	-52 200		22		-52 178
<b>Balance 31 March 2020</b>	<b>344 520</b>	<b>-402</b>	<b>142 115</b>	<b>962 551</b>	<b>1 448 784</b>
Comprehensive result				225 933	225 933
<b>Balance 30 June 2020</b>	<b>344 520</b>	<b>-402</b>	<b>142 115</b>	<b>1 188 484</b>	<b>1 674 717</b>

## General Statements

### 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 at Bundesplatz 1, 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

The condensed 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 Group Financial Statements for the financial year ended 31 March 2020, 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 as at 31 March 2020. The Group Financial Statements comprise HBM Healthcare Investments Ltd and the nonconsolidated investment in the HBM Healthcare Investments (Cayman) Ltd. subsidiary (Subsidiary). A summary of the newly applied IFRS/IAS standards and interpretations in the reporting period is provided on pages 62 and 63 of the Group Financial Statements of the 2019/2020 Annual Report.

The newly applied standards and interpretations had no material impact on the Group's accounting policies, overall results or financial position.

Unless indicated otherwise, the values are in thousands of CHF.

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

Exchange rates (CHF)	30.6.2020	31.3.2020
CAD	0.6978	0.6835
CNY	0.1341	0.1357
DKK	0.1428	0.1420
EUR	1.0642	1.0602
GBP	1.1747	1.1937
HKD	0.1222	0.1240
INR	0.0125	0.0127
SEK	0.1016	0.0970
USD	0.9473	0.9611

## Notes to the Balance Sheet and Statement of Income

### 3. Investment in Subsidiary

The fair value of the investment in the Subsidiary HBM Healthcare Investments (Cayman) Ltd. developed as follows in the period under review:

	Quarter ended 30.6.2020	Quarter ended 30.6.2019
<b>Development fair value investment (CHF 000)</b>		
<b>Fair value at the beginning of period</b>	<b>1 546 050</b>	<b>1 417 427</b>
Change in value, gross	226 880	76 271
<b>Fair value at the end of period</b>	<b>1 772 930</b>	<b>1 493 698</b>

Net assets of the investment in the Subsidiary comprised the following as at the balance sheet date:

<b>Composition net assets (CHF 000)</b>	Notes	30.6.2020	31.3.2020	30.6.2019
Cash and cash equivalents		324 231	218 104	141 652
Receivables		179	181	592
Loan to parent company		0	0	10 000
Investments	(3.1)			
Private companies		587 710	550 403	494 808
Funds		151 082	155 992	146 536
Public companies		875 639	629 889	721 001
Shares of parent company		7 921	18 689	14 648
Financial instruments	(3.2)	11 264	4 799	635
Other financial assets	(3.3)	15 040	10 694	33 720
<b>Total assets</b>		<b>1 973 066</b>	<b>1 588 751</b>	<b>1 563 592</b>
Financial instruments	(3.2)	-147 261	0	-61 955
Liability from performance fee	(3.4)	-35 227	-24 686	-7 275
Provision for deferred tax on capital gain	(3.5)	-17 162	-17 169	0
Other current liabilities		-486	-846	-664
<b>Total net assets at fair value</b>		<b>1 772 930</b>	<b>1 546 050</b>	<b>1 493 698</b>

During the reporting period, the net assets of the investment in the Subsidiary have developed as follows:

<b>Change in net assets at fair value</b> (CHF 000)	Notes	Quarter ended 30.6.2020	Quarter ended 30.6.2019
Net result on investments	(3.1)	279 178	81 906
Change in provision for deferred tax on capital gain	(3.5)	7	0
Dividend income		29	0
Net result from financial instruments	(3.2)	-12 357	6 090
Net result from other financial assets		-3 077	-726
Net result from shares of parent company		3 763	1 218
<b>Result from investing activities</b>		<b>267 543</b>	<b>88 488</b>
Management fee	(3.4)	-5 195	-4 674
Performance fee	(3.4)	-35 227	-7 275
Personnel and other operating expenses		-242	-276
Financial result		1	8
<b>Change in value, gross</b>		<b>226 880</b>	<b>76 271</b>
<b>Net change in value of investment</b>		<b>226 880</b>	<b>76 271</b>

For details of individual items of net assets (balance and change) please refer to the following explanations.

### 3.1 Investments

During the reporting period, the investments held by the Subsidiary comprised the following and they performed as follows:

<b>Development of investments</b> (CHF 000)	Private companies	Funds	Public companies	Total investments
<b>Fair value 31 March 2020</b>	<b>550 403</b>	<b>155 992</b>	<b>629 889</b>	<b>1 336 284</b>
Purchases	27 344	5 971	128 429	161 744
Sales	-13 117	-549	-149 109	-162 775
Realised gains	4 949	0	68 508	73 457
Realised losses	-22	-13	-12 479	-12 514
Changes in unrealised gains/losses	18 153	-10 319	210 401	218 235
Net result on investments	23 080	-10 332	266 430	279 178
<b>Fair value 30 June 2020</b>	<b>587 710</b>	<b>151 082</b>	<b>875 639</b>	<b>1 614 431</b>

Details on investments can be found on pages 14 to 16.

<b>Private companies</b>	Domicile	Investment currency	Amount disbursed 31.3.2020	Changes in reporting period	Amount disbursed 30.6.2020	Fair value 30.6.2020	Ownership 30.6.2020	Fair value 30.6.2020	Fair value 31.3.2020
		IC	IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Cathay Biotech <sup>1)</sup>	CN	CNY	281.9		281.9	1 593.1	7.9	213 591	216 189
Harmony Biosciences	US	USD	36.4		36.4	65.2	7.9	61 719	62 618
Swixx BioPharma (Amicus)	CH	EUR	25.0	-5.0	20.0	35.0	27.8	37 247	42 408
Neurelis	US	USD	18.8		18.8	38.7	14.6	36 664	37 198
Corvidia Therapeutics <sup>2)</sup>	US	USD	4.8		4.8	29.1	3.0	27 606	4 640
Jianke Pharmaceutical	CN	USD	14.9	5.0	19.9	19.8	6.3	18 780	14 296
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	6.0	16 861	17 079
1mg	IN	INR	872.8		872.8	1 321.4	8.9	16 578	16 793
Westmed Holding	US	USD	7.0		7.0	12.4	25.2	11 779	11 950
FarmaLatam	PA	USD	11.4	1.0	12.4	12.4	69.9	11 720	10 930
Adrenomed	DE	EUR	6.1	2.9	9.0	9.0	8.7	9 578	6 452
Sphingotec	DE	EUR	9.0		9.0	9.0	14.2	9 577	9 541
iTeos Therapeutics	US	USD	7.9		7.9	8.9	3.8	8 435	8 558
Forbius (Formation Biologics)	CA	CAD	11.5		11.5	11.5	11.1	7 990	7 826
Galecto Biotech	US	USD	7.8		7.8	7.8	5.4	7 395	7 502
Shape Memory Medical	US	USD	6.0	1.4	7.4	7.4	16.8	7 010	5 767
Valcare	US	USD	4.3		4.3	7.1	7.7	6 722	6 819
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.8	6 631	6 728
Genalyte (BaseHealth)	US	USD	2.5	2.0	4.5	6.6	3.1	6 216	2 403
Sublimity Therapeutics	IE	EUR	5.8		5.8	5.8	6.3	6 201	6 177
Complexa	US	USD	5.0		5.0	5.0	5.3	4 737	4 806
ALX Oncology	US	USD	5.0		5.0	5.0	1.8	4 736	4 805
Cardialen	US	USD	5.0		5.0	5.0	17.8	4 736	4 805
Instil Bio	US	USD	0.0	5.0	5.0	5.0	1.1	4 736	0
Karius	US	USD	5.0		5.0	5.0	2.5	4 736	4 805
Shriji Polymers	IN	INR	201.0		201.0	361.8	2.8	4 539	4 598
C4 Therapeutics	US	USD	0.0	4.0	4.0	4.0	1.2	3 789	0
Everest Medicines	CN	USD	3.0	1.0	4.0	4.0	0.5	3 789	2 883
Nuance Biotech	CN	USD	4.0		4.0	3.7	3.7	3 519	3 570
Vascular Dynamics	US	USD	12.5		12.5	3.1	13.1	2 958	3 001
MicroOptx	US	USD	3.0		3.0	3.0	8.3	2 842	2 883
Cure Everlife Holdings	MU	USD	3.0		3.0	2.9	7.8	2 741	2 606
Seer	US	USD	0.0	2.7	2.7	2.7	0.7	2 605	0
ConnectRN	US	USD	5.9		5.9	2.4	23.5	2 288	2 322
Vitaeris <sup>3)</sup>	CA	USD	3.0	-3.0	0.0	0.0	0.0	0	3 844
Others								6 659	3 601
<b>Total private companies</b>								<b>587 710</b>	<b>550 403</b>

1) During the previous financial year, the holding in Cathay Industrial Biotech, Cayman Islands was exchanged for a direct investment in Cathay Biotech, Shanghai. The fair value of the holding in Cathay Biotech is based on the last financing round in September 2019. A provision for deferred tax on capital gain has been made for any tax on capital gain that may arise on the sale of the investment (note 3.5).

2) The company was acquired during the reporting period. The transaction will be completed after the end of the reporting quarter.

3) This investment was sold during the reporting period.

<b>Funds</b>	Investment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 30.6.2020	Cumulative repayments 30.6.2020	Fair value 30.6.2020	Fair value 30.6.2020	Fair value 31.3.2020
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
WuXi Healthcare Ventures II	USD	20.0	0.6	0.1	18.6	1.4	31.1	29 506	33 033
6 Dimensions Capital	USD	25.0		0.5	21.4	1.7	25.5	24 137	23 744
HBM Genomics	USD	21.8	4.1		21.8	0.0	23.4	22 138	18 622
MedFocus Fund II	USD	26.0			26.0	25.0	23.0	21 829	21 934
HBM BioCapital II <sup>1)</sup>	EUR	42.0			42.6	9.8	16.9	17 969	19 032
Tata Capital HBM Fund I	USD	10.0	0.1		9.7	4.7	7.5	7 081	8 936
BioMedInvest II	CHF	10.0			10.0	3.0	5.4	5 370	6 020
Hatteras Venture Partners III	USD	10.0			10.0	2.0	5.6	5 286	6 201
Galen Partners V	USD	10.0			10.4	8.8	4.9	4 599	5 937
C-Bridge Capital IV	USD	10.0	0.5		4.3	0.2	4.0	3 770	3 426
BioMedInvest I	CHF	26.0			26.0	26.4	3.2	3 224	3 354
LYZZ Capital Fund II	USD	15.0	1.0		2.1	0.0	1.9	1 814	980
BioVeda China IV	USD	5.0			2.4	0.3	1.9	1 759	1 819
Nordic Biotech	DKK	31.0			31.0	221.7	7.8	1 114	1 037
Tata Capital Healthcare Fund II	USD	20.0			0.8	0.0	0.3	311	583
Others								1 175	1 334
<b>Total funds</b>								<b>151 082</b>	<b>155 992</b>

1) The fair value of EUR 16.9 million takes into account the fund's cumulative management fees of EUR 5.8 million. This amount has

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

Public companies	Investment currency	Balance 31.3.2020	Changes in reporting period	Balance 30.6.2020	Share price 30.6.2020	Ownership 30.6.2020	Fair value 30.6.2020	Fair value 31.3.2020
		IC	Number of shares	Number of shares	Number of shares	IC	%	CHF 000
Y-mAbs Therapeutics <sup>P)</sup>	USD	2 915 803	-745 095	2 170 708	43.20	5.5	88 832	73 142
Vieela Bio <sup>P)</sup>	USD	1 750 000	0	1 750 000	43.32	3.2	71 815	63 913
SpringWorks Therapeutics <sup>P)</sup>	USD	1 327 928	21 200	1 349 128	42.00	3.1	53 677	34 459
Pacira Pharmaceuticals <sup>P)</sup>	USD	950 262	0	950 262	52.47	2.3	47 233	30 623
Biohaven Pharmaceuticals	USD	627 628	-52 964	574 664	73.11	1.0	39 799	20 527
Arcutis <sup>P)</sup>	USD	1 294 160	-4 800	1 289 360	30.24	3.4	36 935	37 066
Immunomedics	USD	1 558 689	-533 223	1 025 466	35.44	0.4	34 427	20 194
Zogenix	USD	956 857	385 000	1 341 857	27.01	2.4	34 333	22 743
Argenx (ADR)	USD	150 000	-25 000	125 000	225.23	0.3	26 670	18 991
Argenx	EUR	150 000	-25 000	125 000	198.30	0.3	26 379	19 560
Turning Point Therapeutics <sup>P)</sup>	USD	308 500	89 900	398 400	64.59	1.0	24 377	13 242
ChemoCentryx	USD	345 144	82 223	427 367	57.54	0.6	23 295	13 328
Esperion Therapeutics	USD	400 000	39 014	439 014	51.31	1.6	21 339	12 121
Akebia Therapeutics	USD	1 008 260	647 086	1 655 346	13.58	1.2	21 295	7 345
Retrophin	USD	974 214	1 028	975 242	20.41	2.0	18 856	13 661
Rocket Pharmaceuticals	USD	784 438	165 562	950 000	20.93	1.7	18 836	10 517
uniQure	USD	400 000	0	400 000	45.06	0.9	17 074	18 242
Trillium Therapeutics	USD	1 000 000	1 000 000	2 000 000	8.09	2.4	15 327	3 883
Zymeworks	USD	400 000	35 115	435 115	36.07	1.0	14 867	13 636
Zealand Pharma	DKK	300 000	150 000	450 000	227.40	1.1	14 612	9 952
Albireo Pharma	USD	421 428	0	421 428	26.49	2.8	10 575	6 630
Intercept Pharmaceuticals	USD	142 396	89 133	231 529	47.91	0.7	10 508	8 617
Nicox	EUR	2 383 808	0	2 383 808	4.07	7.1	10 325	8 997
Xenon Pharmaceuticals	USD	849 289	0	849 289	12.54	2.4	10 089	9 256
Principia Biopharma <sup>P)</sup>	USD	230 054	-52 701	177 353	59.79	0.5	10 045	13 129
Beigene	HKD	700 000	0	700 000	113.50	0.1	9 711	6 627
Iovance Biotherapeutics	USD	326 780	36 330	363 110	27.45	0.3	9 442	9 402
Apellis Pharmaceuticals	USD	300 000	0	300 000	32.66	0.4	9 282	7 724
Alexion Pharmaceuticals	USD	82 930	0	82 930	112.24	0.0	8 818	7 157
Jubilant Life Sciences	INR	1 002 263	0	1 002 263	655.45	0.6	8 242	3 174
Oncopeptides	SEK	0	500 000	500 000	131.20	0.8	6 667	0
Constellation Pharmaceutical	USD	0	228 515	228 515	30.05	0.5	6 505	0
Assembly Biosciences	USD	290 727	0	290 727	23.32	0.9	6 422	4 144
Divis Laboratories	INR	221 265	0	221 265	2 278.90	0.1	6 326	5 593
Blueprint Medicines	USD	0	84 808	84 808	78.00	0.2	6 266	0
Guangzhou Baiyunshan Pharmaceutical	HKD	1 349 000	1 260 000	2 609 000	19.56	1.2	6 237	3 496
Laurus Labs	INR	606 646	340 000	946 646	519.45	0.9	6 169	2 504
ObsEva (ADS) <sup>P)</sup>	USD	1 075 428	0	1 075 428	5.89	2.2	6 000	2 491
Applied Therapeutics	USD	0	161 166	161 166	36.15	0.7	5 519	0
Hansa Medical	SEK	300 000	0	300 000	173.50	0.8	5 290	2 268
Solara Active	INR	611 806	0	611 806	662.70	2.3	5 087	3 456
Collectis (ADR)	USD	300 000	0	300 000	17.80	0.7	5 059	2 653
Cantargia	SEK	2 300 000	0	2 300 000	21.50	2.5	5 026	3 459
Others							52 051	61 967
<b>Total public companies</b>							<b>875 639</b>	<b>629 889</b>
<b>Total investments</b>							<b>1 614 431</b>	<b>1 336 284</b>

P) The position originates from the private companies portfolio.



### 3.2 Financial instruments

The Subsidiary buys and sells derivative financial instruments in the course of its ordinary business

activities and as part of its risk management. The following positions were held as at the balance sheet date:

<b>Holdings of financial instruments (CHF 000)</b>	<b>30.6.2020</b>	<b>31.3.2020</b>
<b>Currency hedging</b>		
Forward contracts for currency hedging purposes	11 264	4 325
<b>Other financial instruments</b>		
Purchased call and put options	0	474
<b>Total financial instruments long</b>	<b>11 264</b>	<b>4 799</b>
<b>Market hedging</b>		
Sale of ETFs	142 174	0
<b>Other financial instruments</b>		
Sale of shares	5 087	0
<b>Total financial instruments short</b>	<b>147 261</b>	<b>0</b>

As at the balance sheet date, a partial hedge of the general market risk derived from public investments was in place. Worth CHF 142.2 million, the hedge consisted of the short sale of 1.34 million units of the SPDR S&P Biotech ETF (Exchange Traded Fund).

partially hedged by means of a forward sale of USD 700.0 million. The market value of this hedging position amounted to CHF 11.3 million as at the balance sheet date

As at the balance sheet date, the foreign currency risk derived from the USD/CHF exchange rate was

The following gains and losses resulted from derivatives transactions conducted during the period under review:

<b>Income from financial instruments (CHF 000)</b>	<b>Quarter ended 30.6.2020</b>	<b>Quarter ended 30.6.2019</b>
Gains from currency hedging transactions	6 940	0
Gains from market hedging transactions	0	5 674
Gains from other financial instruments	875	416
<b>Total gains from financial instruments</b>	<b>7 815</b>	<b>6 090</b>
Losses from market hedging transactions	-18 971	0
Losses from other financial instruments	-1 201	0
<b>Total losses from financial instruments</b>	<b>-20 172</b>	<b>0</b>
<b>Net result from financial instruments</b>	<b>-12 357</b>	<b>6 090</b>

### 3.3 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 claims are recognised at fair value through profit and loss by applying a probability-weighted valuation

approach based on the assessment of the likelihood of attaining the underlying targets. These claims are discounted over time at a discount rate of 11.0 percent (previous year: 11.0 percent). The valuation measures applied refer to commonly used industry statistics as well as own guidelines and estimates.

Of the total book value as at 30 June 2020, CHF 15.0 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 1.6 million are 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.

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</b> 30.6.2020	<b>Cash flows</b> minimum	<b>Cash flows</b> maximum	<b>Expected period</b> of payment
True North Therapeutics	5.1	0.0	10.7	2020–2021
Vitaeris	4.2	0.2	84.8	2021–2024
TandemLife (Cardiac Assist)	3.8	4.4	7.9	2020–2021
Nereus <sup>1)</sup>	3.5	0.0	21.1	2020–2025
Tripex (former Mpex) <sup>2)</sup>	0.0	0.0	8.4	from 2020 onwards
<b>Total</b>	<b>16.6</b>	<b>4.6</b>	<b>132.9</b>	

1) The valuation is based on a previous asset sale to Triphase Accelerator and on the share price of BeyondSpring, and thus depends on the share price development.

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

### 3.4 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 reporting period, HBM Partners was paid CHF 5.2 million (previous year: CHF 4.7 million).

A provision for a performance fee of CHF 35.2 million was made during the reporting period (previous year: CHF 7.3 million) because net assets as at the balance sheet date exceeded the highest net assets (high water mark) used as the calculation basis for the last performance fee payment.

The high water mark for all outstanding shares is CHF 212.03 (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.

### 3.5 Provision for deferred tax on capital gain

During the previous financial year, the holding in Cathay Industrial Biotech, Cayman Islands was exchanged for a direct investment in Cathay Biotech, Shanghai. The tax on capital gain owed in China at the time of the exchange was paid by Cathay Industrial Biotech. The fair value of the holding in Cathay Biotech is based on the last financing round which has taken place in September 2019. A provision for deferred tax on capital gain in the amount of CHF 17.2 million (as at 31 March 2020: CHF 17.2 million) has been made for any tax on capital gain that may arise on the sale of the investment. The tax is calculated on the difference between the relevant tax base and the disclosed fair value. In previous periods the provision for deferred tax on capital gain had been directly reflected in the fair value of the investment in Cathay Industrial Biotech.

### 3.6 Off-balance-sheet commitments

The Subsidiary had the following investment commitments as at the balance sheet date:

Investment commitments (CHF 000)	30.6.2020	31.3.2020
HBM BioCapital I+II	250	249
Other funds	43 613	46 327
Private companies	23 755	19 782
<b>Total investment commitments</b>	<b>67 618</b>	<b>66 358</b>

### 4. Non-current financial liabilities

The following non-current financial liabilities were outstanding as at the balance sheet date: two straight bond tranches with a par value of CHF 50 million each, coupons of 2.0 and 2.5 percent and maturing on 10 July 2021 and 10 July 2023 respectively; to be redeemed at 100 percent of par value.

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 in transaction costs) and the amount repayable when the bond falls 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 are 2.22 and 2.67 percent, respectively.

The fair value of the two straight bond tranches amounts to CHF 103.2 million (as at 31 March 2020: CHF 100.7 million) with a carrying amount of CHF 99.6 million (as at 31 March 2020: CHF 99.6 million).

## 5. Shareholders' equity

### 5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 344.52 million, divided into 6 960 000 registered shares at a par value of CHF 49.50 each.

The Shareholders' Meeting of 22 June 2020 approved a cash distribution of CHF 7.70 per share by means of a withholding tax-exempt par value repayment. The cash payment will be made after the expiration of the legal deadlines in the third quarter of calendar year 2020.

## 5.2 Treasury shares

The Shareholders' Meeting of 24 June 2019 authorised the Board of Directors to repurchase a maximum of 696 000 of the Company's own shares via a second trading line. The aim of this share buy-back programme is to cancel the shares as part of a capital reduction. It will be completed no later than 27 June 2022 ("2019 share buy-back programme").

The Company holds 2 910 of its own shares (as at 31 March 2020: 2 910) as at the balance sheet date. In the reporting period, none of the Company's own shares were acquired (previous year: none).

### Holdings from second trading line (number of own shares)

<b>Beginning of period 1 April 2020</b>	<b>2 910</b>
Acquired via second trading line under share buy-back programme	0
<b>End of period 30 June 2020</b>	<b>2 910</b>

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 32 067 treasury shares (as at 31 March 2020: 98 363), acquired via the regular trading line. During the reporting period, the Subsidiary acquired a total of 64 970 treasury shares via the regular trading line at an average price of CHF 221.77 per share (previous year: 47 569 at CHF 173.75) and sold 131 266 treasury shares at an average price of CHF 220.46 (previous year: 60 851 at CHF 173.04).

## 6. 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 15.

**hbmhealthcare.com**  
Company website

**CH 0012627250**  
ISIN

**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 30 June 2020:

#### Shareholding

15–20%	Nogra Pharma Invest S.à.r.l., Luxemburg
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#### Fees

Management fee (paid quarterly):  
0.75% of Company assets plus  
0.75% 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) for financial year 2020/2021:  
NAV of CHF 212.03

#### 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 Stella X. Xu, 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)

**Credits**

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