



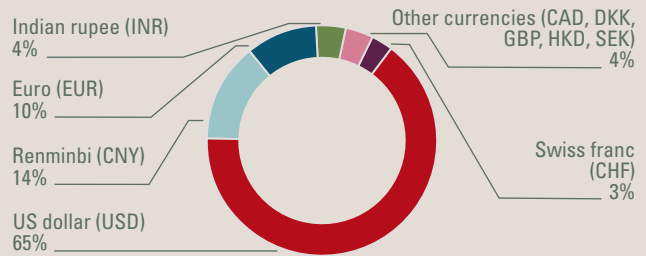
Half-Year Report  
**2019**  
**September**

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).

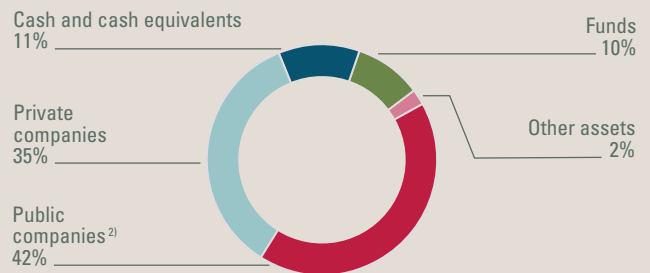
**Currency allocation of assets<sup>1)</sup>**

Emphasis on US dollar investments.



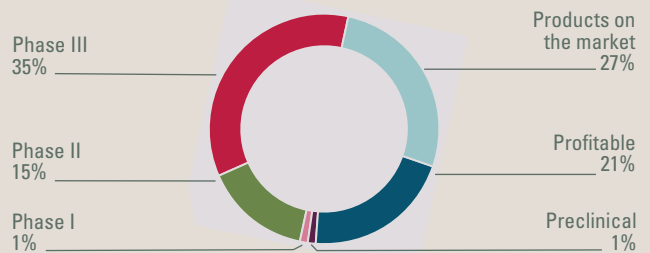
**Allocation of assets<sup>1)</sup>**

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



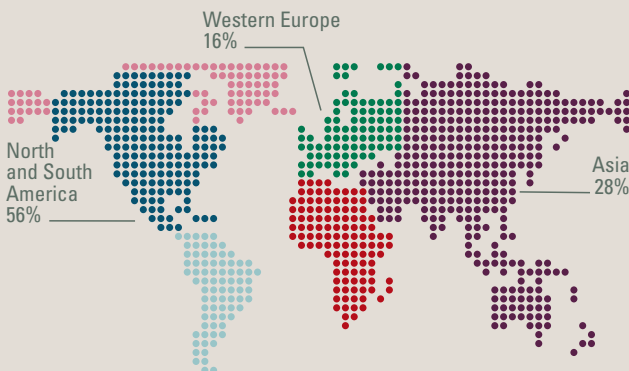
**Development phase of portfolio companies<sup>3)</sup>**

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



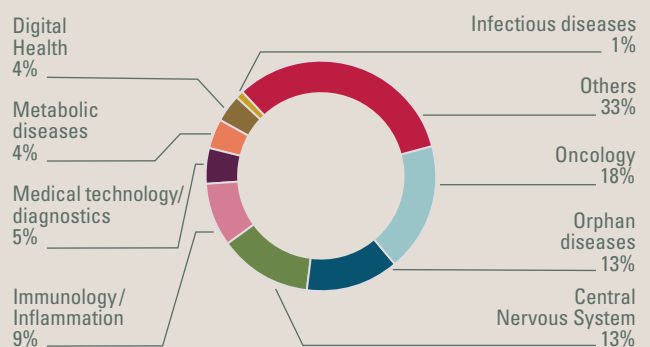
**Investments by continents<sup>3)</sup>**

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 30.9.2019: CHF 1513 million.

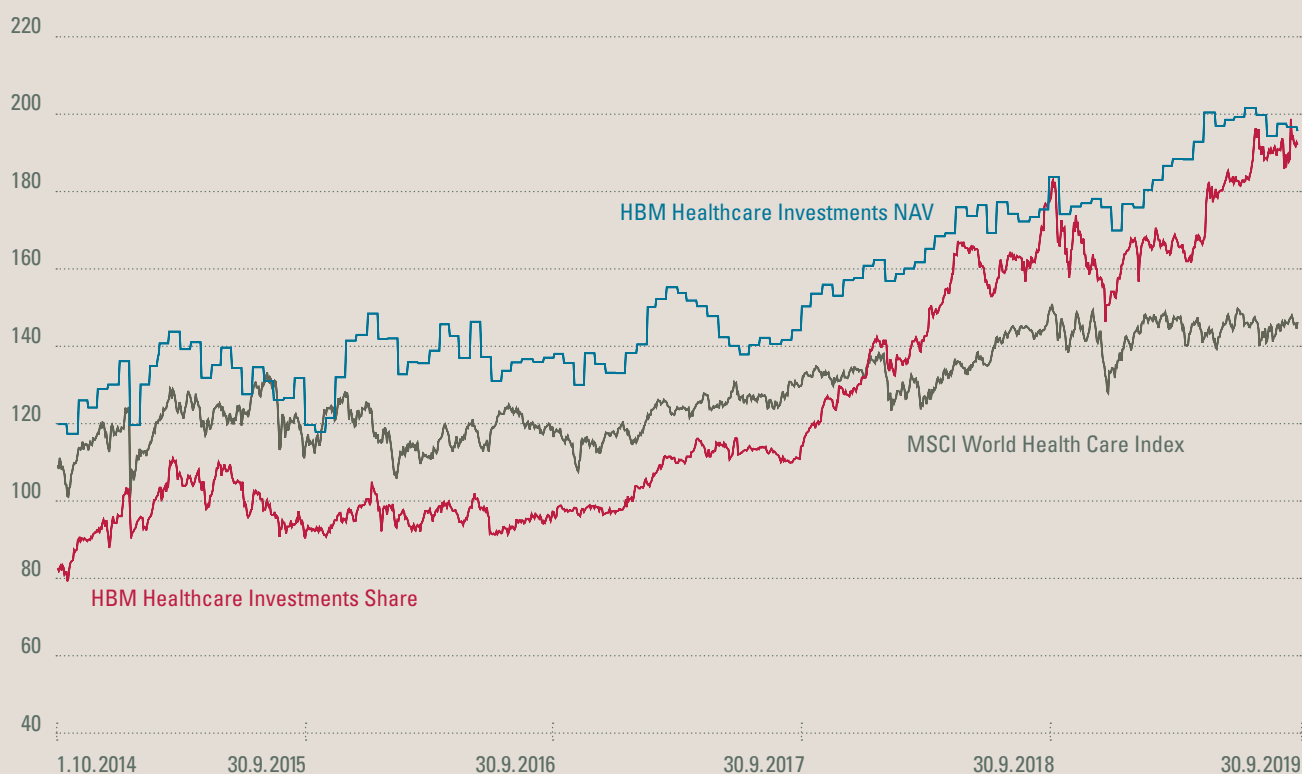
2) About 40 percent net of market hedging.

3) Total investments as at 30.9.2019: CHF 1317 million.

<b>Key Figures</b>		30.9.2019	31.3.2019	31.3.2018	31.3.2017	restated 31.3.2016
<b>Net assets</b>	CHF million	<b>1368.5</b>	<b>1318.3</b>	<b>1157.9</b>	<b>1095.8</b>	<b>1034.8</b>
Investments in private companies and funds		688.8	542.1	413.9	274.3	299.5
Investments in public companies		628.0	688.2	750.0	813.6	677.0
Cash and cash equivalents (net of liability from market hedging)		139.2	176.2	72.4	77.0	104.8
<b>Net result for the period</b>	CHF million	<b>102.5</b>	<b>209.1</b>	<b>115.9</b>	<b>136.8</b>	<b>23.8</b>
Basic earnings per share	CHF	14.73	30.05	16.55	18.96	3.11
Net asset value (NAV) per share	CHF	196.71	189.48	166.43	155.09	139.41
Share price	CHF	193.20	168.80	144.00	111.40	99.45
<b>Discount</b>	%	<b>-1.8</b>	<b>-10.9</b>	<b>-13.5</b>	<b>-28.2</b>	<b>-28.7</b>
Distribution per share	CHF		7.50	7.00	5.80	5.50
Distribution yield	%		4.4	4.9	5.2	5.1
Shares issued	Registered shares (m)	7.0	7.0	7.0	7.3	7.7
Shares outstanding	Registered shares (m)	7.0	7.0	7.0	7.1	7.4

<b>Performance</b> (including distributions)		2019/2020 (6 months)	2018/2019	2017/2018	2016/2017	restated 2015/2016
Net asset value (NAV)	%	7.8	18.1	11.1	15.2	3.4
Registered share HBMN	%	18.9	22.1	34.5	17.5	-2.8

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



**HBM Healthcare Investments continued successfully in the second quarter of the 2019/2020 financial year. A quarterly profit of CHF 27 million took the Company's overall first-half result to CHF 102 million. Net asset value rose by 7.8 percent during the same period, and the share price advanced by 18.9 percent. The principal contributors were positive developments of private portfolio companies, which led to higher valuations. Private companies account for 46 percent in total, while the public portfolio has been scaled back to 40 percent of assets. Thanks to considerable liquidity, HBM Healthcare Investments has plenty of room for manoeuvre.**

#### **Dear Shareholders**

HBM Healthcare Investments achieved a profit of CHF 27 million in the second quarter of the 2019/2020 financial year. Net asset value (NAV) per share rose by 2.0 percent. The Company benefited from growth in the value of a number of holdings in the portfolio of private companies as a result of financing rounds, IPOs, trade sales and milestone payments.

HBM Healthcare Investments made a total profit of CHF 102 million in the first half of the reporting year to 30 September 2019, leading to a NAV increase of 7.8 percent. The share price surged by 18.9 percent during the same period. This meant that HBM Healthcare Investments' performance over the past six months has significantly exceeded that of the relevant stock market indices in the healthcare sector (MSCI World Health Care Index +0.7 percent, Nasdaq Biotechnology Index -10.5 percent).

#### **Value-driving developments at private companies**

In August, Harmony Biosciences received US market approval for Wakix<sup>®</sup>, a drug to treat narcolepsy. The company also completed a financing round of USD 50 million, in which HBM Healthcare Investments took a USD 6 million stake. Since this financing round resulted in the company's upward revaluation, the value of our holding increased by CHF 27 million.

Chinese company Shanghai Cathay Biotech conducted a further capital increase of CNY 1 billion (CHF 140 million) in September, which also raised the company's valuation. HBM Healthcare Investments did not participate in this financing round. However, the value of our holding increased by CHF 14 million as a result of it.

SpringWorks Therapeutics, a US company working in the field of targeted cancer treatment, went public on the Nasdaq in September, generating a book profit of CHF 17 million for HBM Healthcare Investments.

Claims to performance-related sales proceeds from a variety of previous trade sales yielded a total of CHF 32 million for HBM Healthcare Investments during the quarter under review – a gain of CHF 15 million compared with balance sheet figures to date. The largest such amount originated from the 2011 sale of German diagnostics company mtm laboratories to Roche.

The medical technology company Rebound Therapeutics was acquired by Integra LifeSciences during the quarter. Rebound was founded and held by the Medfocus Fund. The sale increased the market value of our units in the Medfocus Fund by CHF 6 million.

### **Balanced portfolio**

The portfolio of private companies was expanded by a small investment of CHF 3 million in MicroOptx. Based in Maple Grove, Minneapolis, the company is developing an implant to treat patients with elevated pressure in the eye.

The portfolio retains its very cautious and balanced composition. Private companies account for 46 percent of assets, comprising 35 percent direct investments, 10 percent funds, and one percent expected milestone payments.

Meanwhile, public companies make up 42 percent of assets, or 40 percent when the market hedge is taken into account. The quarter just ended saw profit-taking on certain investments, and the disposal of just under CHF 90 million of listed positions. These moves were prompted by liquidity considerations (par value repayment), and the IPOs of SpringWorks Therapeutics and Viela Bio in September and early October respectively, both of which increased the size of the Company's public portfolio. The scale of the market hedge was reduced slightly.

Following the par value repayment, cash and cash equivalents represented 11 percent of assets, or 9 percent when the repurchase obligation under the market hedging arrangement is taken into account.

## Outlook

In addition to the companies mentioned above, many of our other private portfolio companies are also developing very well. Neurelis expects the approval for its Valtoco nasal spray to treat acute epileptic seizures at the beginning of 2020. Viela Bio achieved its listing on the US Nasdaq in early October, after the balance sheet date. Other private companies are also planning to go public.

Some of the companies in which HBM Healthcare Investments initially invested relatively small amounts are proceeding as planned with their clinical trials and will be publishing results over the coming months. If positive, this will open up considerable value-generation potential for these companies.

Among our public companies, we are expecting Y-mAbs Therapeutics to submit applications for the market approval of its Naxitamab and Omburtamab compounds to treat rare cancers in the nervous systems of children by the end of 2019. Pivotal study data and approval decisions are also likely at a range of other companies in the months to come, which should have a positive overall effect on their value.

General sentiment on the financial markets was a little subdued in the first few trading days of October. However, with a sound portfolio of companies that are performing very well operationally, not to mention a reduced allocation of public companies, HBM Healthcare Investments is less exposed to market turbulences and volatility.

Our thanks to you, our shareholders, for your confidence in us. We start the second half of the financial year with great confidence in the further development of our portfolio companies, but proceed with a certain degree of caution because the general market environment is difficult to assess.



Dr Andreas Wicki  
CEO



Erwin Troxler  
CFO

<b>Balance sheet</b> (CHF 000)	Notes	30.9.2019	31.3.2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2 772	4 703
Receivables		123	26
<b>Total current assets</b>		<b>2 895</b>	<b>4 729</b>
<b>Non-current assets</b>			
Investment in subsidiary	(3)	1 522 037	1 417 427
<b>Total non-current assets</b>		<b>1 522 037</b>	<b>1 417 427</b>
<b>Total assets</b>		<b>1 524 932</b>	<b>1 422 156</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Liability to subsidiary		56 000	0
Liability from performance fee		0	2 034
Other liabilities		913	2 457
<b>Total current liabilities</b>		<b>56 913</b>	<b>4 491</b>
<b>Non-current liabilities</b>			
Financial liabilities	(4)	99 483	99 401
<b>Total non-current liabilities</b>		<b>99 483</b>	<b>99 401</b>
<b>Shareholders' equity</b>			
Share capital		344 520	396 720
Treasury shares		-402	-402
Capital reserve		142 115	142 093
Retained earnings		882 303	779 853
<b>Total shareholders' equity</b>		<b>1 368 536</b>	<b>1 318 264</b>
<b>Total liabilities and shareholders' equity</b>		<b>1 524 932</b>	<b>1 422 156</b>
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		196.71	189.48

<b>Statement of comprehensive income for the period 1 April to 30 September (CHF 000)</b>	Notes	Quarter ended 30.9.2019	Quarter ended 30.9.2018	6-month period ended 30.9.2019	6-month period ended 30.9.2018
Net change in value of investment in subsidiary	(3)	28 339	111 512	104 610	179 031
<b>Result from investment activities</b>		<b>28 339</b>	<b>111 512</b>	<b>104 610</b>	<b>179 031</b>
Personnel expenses		- 194	- 198	- 431	- 410
Other operating expenses		- 283	- 339	- 505	- 478
<b>Result before interest and taxes</b>		<b>27 862</b>	<b>110 975</b>	<b>103 674</b>	<b>178 143</b>
Financial expenses		- 618	- 621	- 1 224	- 1 226
Financial income		0	0	0	0
Income taxes		0	0	0	0
<b>Net result for the period</b>		<b>27 244</b>	<b>110 354</b>	<b>102 450</b>	<b>176 917</b>
<b>Comprehensive result</b>		<b>27 244</b>	<b>110 354</b>	<b>102 450</b>	<b>176 917</b>
Number of outstanding shares, time-weighted (in 000)		6 957	6 957	6 957	6 957
Basic earnings per share (CHF)		3.92	15.86	14.73	25.43

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



	6-month period ended 30.9.2019	6-month period ended 30.9.2018
<b>Statement of cash flows for the period 1 April to 30 September (CHF 000)</b>		
Other expenses paid (personnel and other operating expenses)	-3 486	-2 345
<b>Net cash flow from operating activities</b>	<b>-3 486</b>	<b>-2 345</b>
Interest payments paid	-2 267	-2 269
Loan from subsidiary	56 000	52 000
Cash distribution from capital reserve	0	-38 264
Par value repayment	-52 179	-10 435
<b>Net cash flow from financing activities</b>	<b>1 554</b>	<b>1 032</b>
<b>Currency translation differences</b>	<b>1</b>	<b>-1</b>
<b>Net change in cash and cash equivalents</b>	<b>-1 931</b>	<b>-1 314</b>
Cash and cash equivalents at beginning of period	4 703	6 522
Cash and cash equivalents at end of period	2 772	5 208

<b>Statement of changes in equity (CHF 000)</b>	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
<b>Balance 31 March 2018</b>	<b>411 840</b>	<b>-10 048</b>	<b>185 318</b>	<b>570 786</b>	<b>1 157 896</b>
Comprehensive result				176 917	176 917
Distribution from capital reserve (29.6.2018)			-38 264		-38 264
Capital reduction (10.9.2018)	-4 680	9 646	-4 966		0
Par value repayment (21.9.2018)	-10 440		5		-10 435
<b>Balance 30 September 2018</b>	<b>396 720</b>	<b>-402</b>	<b>142 093</b>	<b>747 703</b>	<b>1 286 114</b>
Comprehensive result				32 150	32 150
<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				102 450	102 450
Par value repayment (12.9.2019)	-52 200		22		-52 178
<b>Balance 30 September 2019</b>	<b>344 520</b>	<b>-402</b>	<b>142 115</b>	<b>882 303</b>	<b>1 368 536</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 2019, 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 2019. The Group Financial Statements comprise HBM Healthcare Investments Ltd and the non-consolidated 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 2018/2019 Annual Report. Unless indicated otherwise, the values are in thousands of CHF.

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

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

Exchange rates (CHF)	30.9.2019	31.3.2019
CAD	0.7535	0.7455
CNY	0.1396	0.1483
DKK	0.1456	0.1495
EUR	1.0874	1.1164
GBP	1.2261	1.2972
HKD	0.1273	0.1268
INR	0.0141	0.0144
SEK	0.1014	0.1071
USD	0.9977	0.9952

## 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 6-month period:

	6-month period ended 30.9.2019	6-month period ended 30.9.2018
<b>Development fair value investment (CHF 000)</b>		
<b>Fair value at the beginning of period</b>	<b>1 417 427</b>	<b>1 253 924</b>
Change in value, gross	104 610	179 031
<b>Fair value at the end of period</b>	<b>1 522 037</b>	<b>1 432 955</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	30.9.2019	31.3.2019	30.9.2018
Cash and cash equivalents		166 903	263 702	232 295
Receivables		499	525	269
Loan to parent company		56 000	0	52 000
Investments	(3.1)			
Private companies		535 696	409 571	293 655
Funds		153 104	132 574	137 764
Public companies		627 991	688 232	847 783
Shares of parent company		6 195	15 696	10 532
Financial instruments	(3.2)	1 592	259	2 319
Other financial assets	(3.3)	17 750	31 978	31 809
<b>Total assets</b>		<b>1 565 730</b>	<b>1 542 537</b>	<b>1 608 426</b>
Financial instruments	(3.2)	-31 129	-92 224	-146 595
Liability from performance fee	(3.4)	-12 089	-31 871	-28 227
Other current liabilities		-475	-1 015	-649
<b>Total net assets at fair value</b>		<b>1 522 037</b>	<b>1 417 427</b>	<b>1 432 955</b>

During the 6-month period, the net assets of the investment in the Subsidiary have developed as follows:

	Notes	6-month period ended 30.9.2019	6-month period ended 30.9.2018
<b>Change in net assets at fair value (CHF 000)</b>			
Net result on investments	(3.1)	100 873	219 148
Dividend income		127	296
Net result from financial instruments	(3.2)	12 899	-12 650
Net result from other financial assets		11 041	6 620
Net result from shares of parent company		1 973	2 737
<b>Result from investing activities</b>		<b>126 913</b>	<b>216 151</b>
Management fee	(3.4)	-9 684	-8 324
Performance fee	(3.4)	-12 089	-28 227
Personnel and other operating expenses		-556	-594
Financial result		26	25
<b>Change in value, gross</b>		<b>104 610</b>	<b>179 031</b>
<b>Net change in value of investment</b>		<b>104 610</b>	<b>179 031</b>

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

### 3.1 Investments

During the 6-month period, the investments held by the Subsidiary comprised the following and they performed as follows:

Development of investments (CHF 000)	Private companies	Funds	Public companies	Total investments
<b>Fair value 31 March 2019</b>	<b>409 571</b>	<b>132 574</b>	<b>688 232</b>	<b>1 230 377</b>
Reclassification owing to IPO (Turning Point Therapeutics)	-9 952	0	9 952	0
Reclassification owing to IPO (SpringWorks Therapeutics)	-11 942	0	11 942	0
<b>Fair value 31 March 2019 (after reclassification)</b>	<b>387 677</b>	<b>132 574</b>	<b>710 126</b>	<b>1 230 377</b>
Purchases	58 136	9 000	170 272	237 408
Sales	-256	-2 711	-248 900	-251 867
Realised gains	142	402	88 515	89 059
Realised losses	-2 716	-154	-48 517	-51 387
Changes in unrealised gains/losses	92 713	13 993	-43 505	63 201
Net result on investments	90 139	14 241	-3 507	100 873
<b>Fair value 30 September 2019</b>	<b>535 696</b>	<b>153 104</b>	<b>627 991</b>	<b>1 316 791</b>

Details on investments can be found on pages 13 to 15.

<b>Private companies</b>	Domicile	Investment currency	Amount disbursed 31.3.2019	Changes in reporting period	Amount disbursed 30.9.2019	Fair value 30.9.2019	Ownership 30.9.2019	Fair value 30.9.2019	Fair value 31.3.2019
		IC	IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Shanghai Cathay Biotech	CN	CNY	212.6	69.3	281.9	1 480.5	7.9	206 641	125 101
Harmony Biosciences	US	USD	30.0	6.4	36.4	65.2	8.0	65 003	32 452
Neurelis	US	USD	17.8		17.8	37.7	15.1	37 617	37 522
Swixx BioPharma (Amicus)	CH	EUR	20.0		20.0	20.0	29.0	21 748	22 329
1mg	IN	INR	872.8		872.8	1 452.4	9.9	20 447	20 899
VieLa Bio	US	USD	0.0	20.0	20.0	20.0	3.1	19 954	0
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.3	18 920	19 339
Jianke Pharmaceutical	CN	USD	14.9		14.9	14.9	3.3	14 840	14 803
Westmed Holding	US	USD	7.0		7.0	12.4	25.2	12 406	12 374
FarmaLatam	PA	USD	8.9	2.0	10.9	10.9	70.2	10 847	8 830
Sphingotec	DE	EUR	4.5	4.5	9.0	9.0	14.2	9 786	5 029
Valcare	US	USD	4.3		4.3	7.1	8.4	7 034	7 017
Forbius (Formation Biologics)	CA	CAD	6.5	2.5	9.0	9.0	10.4	6 745	4 809
Vascular Dynamics	US	USD	11.3	1.2	12.5	6.5	13.1	6 474	9 657
Shape Memory Medical	US	USD	6.0		6.0	6.0	17.4	5 986	5 971
ConnectRN	US	USD	4.0	1.5	5.5	5.4	19.9	5 355	6 557
Sublimity Therapeutics	IE	EUR	3.5	1.1	4.6	4.7	7.1	5 096	3 960
Cardialen	US	USD	5.0		5.0	5.0	17.8	4 988	4 976
Galera Therapeutics	US	USD	5.0		5.0	5.0	2.0	4 988	4 976
Corvidia Therapeutics	US	USD	4.0		4.0	4.0	3.1	3 991	3 981
Vitaeris	CA	USD	3.0		3.0	4.0	18.7	3 991	3 981
Complexa	US	USD	4.0		4.0	4.0	4.7	3 943	3 933
Shriji Polymers	IN	INR	201.0		201.0	268.2	3.0	3 776	3 860
Nuance Biotech	CN	USD	4.0		4.0	3.7	3.7	3 706	3 696
iTeos Therapeutics	BE	EUR	1.6	1.6	3.2	3.2	5.0	3 508	1 801
Galecto Biotech	DK	EUR	3.2		3.2	3.2	4.3	3 460	3 552
Adrenomed	DE	EUR	0.3	2.8	3.1	3.2	4.6	3 448	381
MicroOptx	US	USD	0.0	3.0	3.0	3.0	8.3	2 993	0
Cure Everlife Holdings	MU	USD	3.0		3.0	3.0	7.8	2 993	2 986
Everest Medicines	CN	USD	3.0		3.0	3.0	1.0	2 993	2 986
BaseHealth	US	USD	2.5		2.5	2.5	6.3	2 494	2 488
Arrakis Therapeutics	US	USD	0.0	1.4	1.4	1.4	1.8	1 397	0
Others								8 128	7 431
<b>Total private companies</b>								<b>535 696</b>	<b>387 677</b>

<b>Funds</b>	Investment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 30.9.2019	Cumulative repayments 30.9.2019	Fair value 30.9.2019	Fair value 30.9.2019	Fair value 31.3.2019
	IC	IC million	IC million	IC million	IC million	IC million	IC million	CHF 000	CHF 000
WuXi Healthcare Ventures II	USD	20.0	0.8	0.7	18.0	1.3	34.7	34 664	28 388
MedFocus Fund II	USD	26.0	10.0	10.0	26.0	25.0	24.1	24 070	18 740
6 Dimensions Capital	USD	25.0	2.3		18.6	0.1	21.5	21 436	13 987
HBM BioCapital II <sup>1)</sup>	EUR	42.0	1.4	0.6	42.6	9.8	18.0	19 530	23 009
HBM Genomics	USD	15.0	1.8		14.0	0.0	13.2	13 188	11 523
Tata Capital HBM Fund I	USD	10.0	0.2		9.6	4.7	8.9	8 833	8 177
Hatteras Venture Partners III	USD	10.0			10.0	2.0	8.7	8 664	5 853
Galen Partners V	USD	10.0			10.4	8.8	6.0	6 036	4 865
BioMedInvest II	CHF	10.0			10.0	3.0	5.5	5 510	7 010
BioMedInvest I	CHF	26.0		0.8	26.0	26.4	3.6	3 588	5 092
C-Bridge Capital IV	USD	10.0	1.6	0.1	3.0	0.2	2.5	2 523	1 242
BioVeda China IV	USD	5.0	0.3	0.3	1.7	0.3	1.4	1 388	1 260
Nordic Biotech	DKK	31.0			31.0	221.7	9.4	1 367	1 578
Tata Capital Healthcare Fund II	USD	20.0	0.5		0.5	0.0	0.5	524	0
LYZZ Capital Fund II	USD	15.0			0.0	0.0	0.0	0	0
Others								1 783	1 850
<b>Total funds</b>								<b>153 104</b>	<b>132 574</b>

1) The fair value of EUR 18.0 million takes into account the fund's cumulative management fees of EUR 5.5 million. This amount has

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

Public companies	Investment currency	Balance	Changes	Changes	Balance	Share price	Ownership	Fair value	Fair value
		31.3.2019	6 months	3 months	30.9.2019	30.9.2019	30.9.2019	30.9.2019	31.3.2019
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Y-mAbs Therapeutics <sup>P)</sup>	USD	2 858 555	-301 261	-321 261	2 557 294	26.06	7.5	66 490	74 563
Pacira Pharmaceuticals	USD	950 262	0	0	950 262	38.07	2.3	36 093	35 993
Turning Point Therapeutics <sup>1P)</sup>	USD	853 510	0	0	853 510	37.60	2.4	32 018	9 952
SpringWorks Therapeutics <sup>1P)</sup>	USD	1 263 846	17 589	17 589	1 281 435	21.68	3.0	27 718	11 942
Vectura Group	GBP	41 579 924	-17 117 967	-3 478 958	24 461 957	0.86	3.7	25 733	38 513
Zogenix	USD	513 219	99 887	59 887	613 106	40.04	1.4	24 492	28 097
Alnylam Pharmaceuticals	USD	265 616	-8 257	-31 915	257 359	80.42	0.2	20 649	24 703
Principia Biopharma <sup>P)</sup>	USD	833 923	-125 000	-125 000	708 923	28.24	3.0	19 974	28 217
Galapagos	EUR	292 142	-162 142	-120 000	130 000	139.80	0.2	19 762	33 887
Esperion Therapeutics	USD	571 257	-35 979	0	535 278	36.66	2.0	19 578	22 826
XBioTech	USD	0	1 735 467	0	1 735 467	10.46	4.2	18 111	0
Ultragenyx Pharmaceutical	USD	450 000	-45 000	-20 000	405 000	42.78	0.7	17 286	31 062
Argenx (ADR)	USD	184 000	-34 000	-22 000	150 000	113.96	0.4	17 055	22 860
Argenx	EUR	186 000	-36 000	-34 000	150 000	104.10	0.4	16 980	22 842
Immunomedics	USD	1 311 490	-34 162	-51 037	1 277 328	13.26	0.7	16 898	25 073
RA Pharmaceuticals	USD	846 958	-151 360	12 366	695 598	23.65	1.5	16 413	18 881
Biohaven Pharmaceuticals	USD	0	355 208	59 154	355 208	41.72	0.7	14 785	0
Idorsia	CHF	600 000	0	0	600 000	24.54	0.5	14 724	10 512
Retrophin	USD	587 149	617 864	617 864	1 205 013	11.59	2.8	13 934	13 223
Arena Pharmaceuticals	USD	365 000	-75 628	-75 628	289 372	45.77	0.6	13 214	16 284
Uniqure	USD	176 822	128 178	155 000	305 000	39.36	0.7	11 977	10 497
Alexion Pharmaceuticals	USD	0	100 000	100 000	100 000	97.94	0.0	9 771	0
Intercept Pharmaceuticals	USD	0	139 743	0	139 743	66.36	0.4	9 252	0
Nicox	EUR	1 673 304	0	0	1 673 304	4.99	5.6	9 080	10 527
ObsEva (ADS) <sup>P)</sup>	USD	1 386 598	-308 430	-246 071	1 078 168	8.33	2.5	8 960	17 649
Amicus Therapeutics	USD	1 059 061	0	0	1 059 061	8.02	0.4	8 474	14 334
Global Blood Therapeutics	USD	0	150 000	0	150 000	48.52	0.3	7 261	0
Apellis Pharmaceuticals	USD	0	300 000	246 569	300 000	24.09	0.5	7 210	0
Jubilant Life Sciences	INR	608 006	394 257	394 257	1 002 263	505.15	0.6	7 128	5 816
Albireo Pharma	USD	319 800	30 200	0	350 000	20.00	2.8	6 984	10 251
Beigene	HKD	700 000	0	0	700 000	75.10	0.1	6 691	6 851
Beigene (ADR)	USD	50 000	0	0	50 000	122.46	0.1	6 109	6 568
Divis Laboratories	INR	472 300	-188 035	-188 035	284 265	1 665.50	0.1	6 665	11 575
Zealand Pharma	DKK	0	250 000	149 240	250 000	174.40	0.7	6 350	0
Zymeworks	USD	0	200 000	200 000	200 000	24.80	0.5	4 949	0
Xenon Pharmaceuticals	USD	521 789	0	0	521 789	9.01	2.0	4 691	5 276
Bicycle Therapeutics (ADR)	USD	0	357 143	0	357 143	11.39	2.0	4 059	0
Hansa Medical	SEK	150 000	150 000	0	300 000	129.60	0.8	3 942	3 615
Coherus Biosciences	USD	817 442	-625 356	-469 856	192 086	20.26	0.3	3 883	11 096
Cytokinetics	USD	0	306 145	306 145	306 145	11.38	0.5	3 476	0
Solara Active	INR	611 806	0	0	611 806	373.95	2.4	3 221	3 684
Laurus Labs	INR	606 646	0	0	606 646	374.35	0.6	3 197	3 488
Collectis (ADR)	USD	269 363	30 637	0	300 000	10.40	0.7	3 113	4 916
Vicore Pharma	SEK	1 941 714	-110 848	-110 848	1 830 866	16.75	4.3	3 109	3 390
Novan	USD	1 294 400	-119 070	0	1 175 330	2.58	4.5	3 025	1 230
Others								23 507	109 933
<b>Total public companies</b>								<b>627 991</b>	<b>710 126</b>
<b>Total investments</b>								<b>1 316 791</b>	<b>1 230 377</b>

P) The position originates from the private companies portfolio.

1) The companies went public on NASDAQ during the 6-month period just ended. The investments were listed under private companies in previous reports.

### 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>30.9.2019</b>	<b>31.3.2019</b>
<b>Other financial instruments</b>		
Purchased call and put options	1 592	259
<b>Total financial instruments long</b>	<b>1 592</b>	<b>259</b>
<b>Market hedging</b>		
Sale of Exchange Traded Funds ETF	30 430	92 224
<b>Other financial instruments</b>		
Sale of shares	699	0
<b>Total financial instruments short</b>	<b>31 129</b>	<b>92 224</b>

As at the balance sheet date, a partial hedge of the general market risk derived from public investments was in place. Worth CHF 30.4 million, the hedge consisted of the short sale of 0.40 million units of the SPDR S&P Biotech ETF (Exchange Traded Fund).

The following gains and losses resulted from derivatives transactions conducted during the 6-month period:

<b>Income from financial instruments (CHF 000)</b>	<b>6-month period ended 30.9.2019</b>	<b>6-month period ended 30.9.2018</b>
Gains from market hedging transactions	11 645	0
Gains from other financial instruments	1 254	2 577
<b>Total gains from financial instruments</b>	<b>12 899</b>	<b>2 577</b>
Losses from market hedging transactions	0	-15 203
Losses from other financial instruments	0	-24
<b>Total losses from financial instruments</b>	<b>0</b>	<b>-15 227</b>
<b>Net result from financial instruments</b>	<b>12 899</b>	<b>-12 650</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 September 2019, CHF 17.8 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 1.7 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 (CHF million)</b>	<b>Book value 30.9.2019</b>	<b>Cash flows minimum</b>	<b>Cash flows maximum</b>	<b>Expected period of payment</b>
Nereus <sup>1)</sup>	8.4	0.0	26.6	2019–2025
TandemLife (Cardiac Assist)	6.8	4.7	9.0	2019–2021
True North Therapeutics	4.3	0.0	11.3	2019–2020
Interventional Spine	0.0	0.0	1.9	2020
Tripex (vormals Mpex) <sup>2)</sup>	0.0	0.0	8.8	from 2019 onwards
<b>Total</b>	<b>19.5</b>	<b>4.7</b>	<b>&gt;57.6</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 6-month period, HBM Partners was paid CHF 9.7 million (previous year: CHF 8.3 million).

A provision for a performance fee of CHF 12.1 million was made during the reporting period (previous year: CHF 28.2 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 186.86 (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 Off-balance-sheet commitments

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

<b>Investment commitments (CHF 000)</b>	<b>30.9.2019</b>	<b>31.3.2019</b>
HBM BioCapital I+II	263	1 182
Other funds	54 909	37 412
Private companies	37 580	52 445
<b>Total investment commitments</b>	<b>92 752</b>	<b>91 039</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 103.9 million as at the balance sheet date (as at 31 March 2019: CHF 102.7 million) with a carrying amount of CHF 99.5 million (as at 31 March 2019: CHF 99.4 million).

#### 5. Shareholders' equity

##### 5.1 Share capital

As at the balance sheet date, the Company's share capital stood at CHF 344.52 million, divided into 6960000 registered shares at a par value of CHF 49.50 each.

The Shareholders' Meeting of 24 June 2019 approved a cash distribution of CHF 7.50 per share by means of a withholding tax-exempt par value repayment. The cash payment to Shareholders was made on 12 September 2019 after the expiration of the legal deadlines.

#### 5.2 Treasury shares

The Shareholders' Meeting of 24 June 2019 authorised the Board of Directors to repurchase a maximum of 696000 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 2910 of its own shares (as at 31 March 2019: 2910) as at the balance sheet date. In the 6-month period, none of the Company's own shares were acquired (previous year: none).

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

Beginning of period 1 April 2019	2910
Acquired via second trading line under share buy-back programme	0
End of period 30 September 2019	2910

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 32065 treasury shares (as at 31 March 2019: 92980), acquired via the regular trading line. During the 6-month period, the Subsidiary acquired a total of 121656 treasury shares via the regular trading line at an average price of CHF 184.27 per share (previous year: 137737 at CHF 160.00) and sold 182571 treasury shares at an average price of CHF 183.60 (previous year: 130114 at CHF 164.19).

#### 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 14.

# hbmhealthcare.com

Internet address

# 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 September 2019:

## Shareholding

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

## 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 2019/2020:  
NAV of CHF 186.86

## 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	<a href="http://www.hbmpartners.com">www.hbmpartners.com</a>
-----------------------	--

**Credits**

Editorial HBM Healthcare Investments Ltd

Concept and realisation Weber-Thedy Strategic Communication

Design Küng Art Direction

Layout Bader + Niederöst AG

Copyright © 2019 HBM Healthcare Investments Ltd

Published in English and German. The German version is binding in all matters of interpretation.

