

Quarterly Report

September

2016

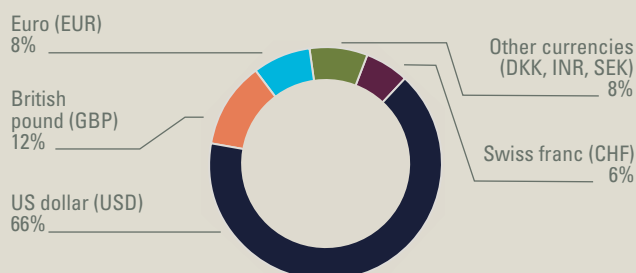
**HBM** Healthcare  
Investments

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).

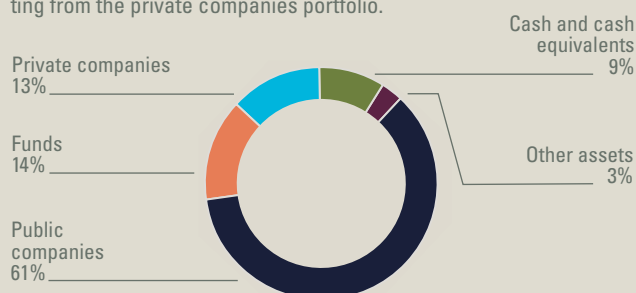
### Currency allocation of assets<sup>1)</sup>

Emphasis on US dollar investments.



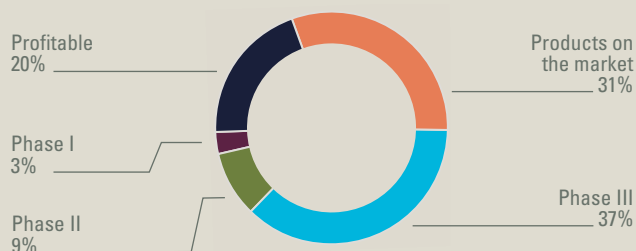
### Allocation of assets<sup>1)</sup>

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

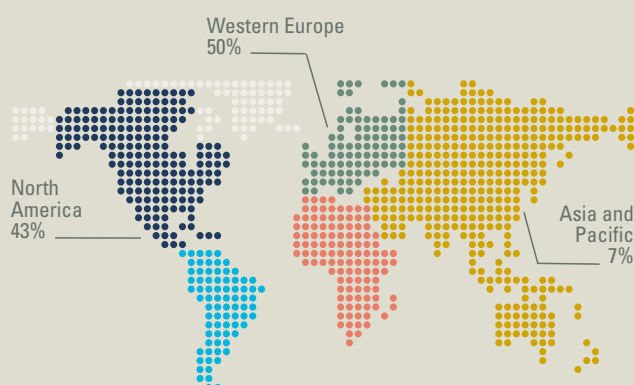


### Development phase of portfolio companies<sup>2)</sup>

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

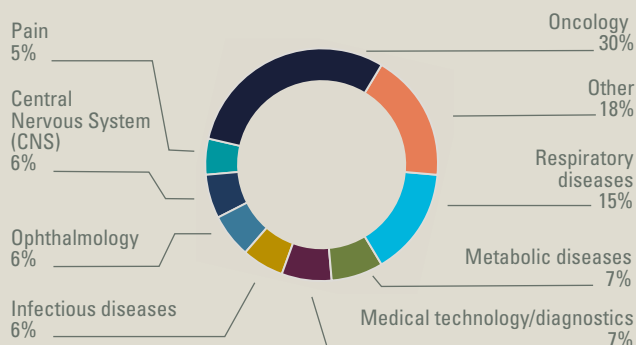


### Investments by continents<sup>2)</sup>



### Therapeutic area of the lead product of portfolio companies<sup>2)</sup>

Broadly diversified areas of activity.



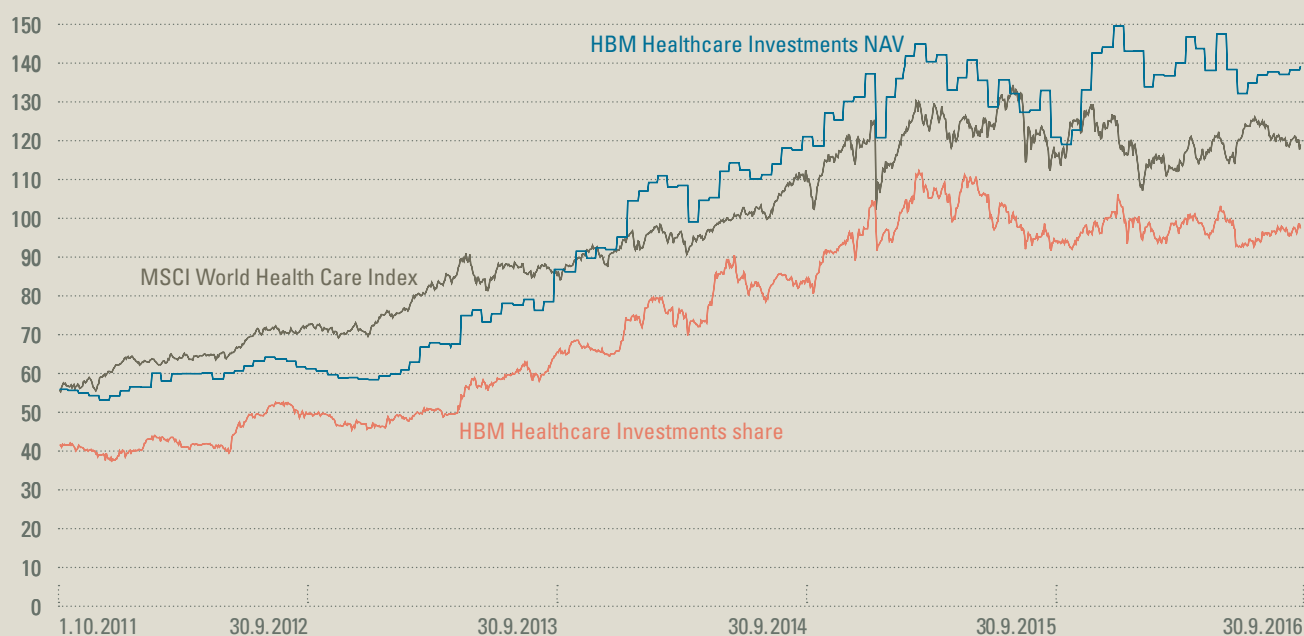
1) Total assets as at 30.9.2016: CHF 1,087 million.

2) Total investments as at 30.9.2016: CHF 948 million.

<b>Key Figures</b>		30.9.2016	31.3.2016	31.3.2015	31.3.2014	31.3.2013
<b>Net assets</b>	CHF million	<b>983.3</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		284.5	299.5	273.4	218.8	233.4
Investments in public companies		663.7	677.0	748.1	630.5	278.9
Cash and cash equivalents		101.1	104.8	140.4	46.5	51.7
<b>Net cash flow from investing activities</b>	CHF million	<b>68.6</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>24.4</b>	<b>23.1</b>	<b>257.5</b>	<b>353.5</b>	<b>67.0</b>
Basic earnings per share	CHF	3.41	3.06	32.47	40.98	7.52
Net asset value (NAV) per share	CHF	139.42	140.23	140.60	108.76	68.35
Share price	CHF	97.75	99.45	108.00	75.50	51.35
<b>Discount</b>	%	<b>-29.9</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)	7.1	7.3	7.6	8.5	8.8

<b>Performance</b> (including distributions)		2016/2017 (6 months)	2015/2016	2014/2015	2013/2014	2012/2013
<b>HBM Healthcare Investments Ltd</b>						
Net asset value (NAV)	%	3.3	3.6	32.0	61.3	13.2
Registered share HBMN	%	3.8	-2.8	47.0	50.0	23.7

### Net asset value (NAV) and share price of HBM Healthcare Investments versus MSCI World Health Care Index in CHF, indexed (12.7.2001 = 100)



HBM Healthcare Investments achieved a profit of CHF 24 million in the first six months of the 2016/2017 financial year, thanks to successful takeovers of listed portfolio companies and the general market recovery in the biotechnology sector. The proceeds have been invested in several companies from the small and mid-cap segment, which remains very attractive. Both net asset value (NAV) per share and the share price rose by around five percent during the quarter ending on 30 September 2016.

#### **Dear Shareholders**

A strong second quarter to the 2016/2017 financial year enabled HBM Healthcare Investments to offset the negative result of the first three months. The Company's net asset value (NAV) per share rose by 5.3 percent to CHF 139.42 as at 30 September 2016, while the share price advanced by 5.0 percent to CHF 97.75. All in all, HBM Healthcare Investments made a profit of CHF 24 million for the first half of the year.

The portfolio of public companies rose in value by CHF 32 million during this first six months of fiscal 2016/2017. In addition to the general recovery in equity valuations in the biotechnology sector, the takeovers of Relypsa (by Galenica), Anacor and Medivation (both by Pfizer) contributed CHF 27 million to earnings.

The performance of the portfolios of private companies and funds was neutral on aggregate, with a modest increase of CHF 1 million. Contributors here included two final milestone payments totalling CHF 16 million from the sale of the former private portfolio companies Syntonix (sold to Biogen Idec in 2007) and ESBATech (sold to Alcon/Novartis in 2009). Value adjustments on the investments in Tensys and Kolltan had a negative effect on results.

#### **New investments**

In the portfolio of public companies, HBM Healthcare Investments invested the proceeds of the aforementioned takeovers in a number of new companies. All have development pipelines which have already been validated by positive clinical data, or have even secured product approval. In addition, most of these companies are promising candidates for a takeover at a later date. Furthermore, the Company used capital increases at some small-cap firms as an opportunity to expand its shareholdings.

In the portfolio of private companies, a new CHF 10 million investment in Californian True North Therapeutics was completed successfully in mid October. True North is developing an antibody to treat cold agglutinin disease (CAD), a rare auto-immune condition. Its current phase-I b study has already delivered promising initial data.

### Outlook

HBM Healthcare Investments continues to view the small and mid-cap segment of the biotechnology sector as highly attractive. The great innovative drive of these companies is generating added value, and making them attractive takeover candidates for major pharmaceutical and biotechnology players. Selecting the right companies is key, and requires the appropriate expertise.

The fourth calendar quarter of 2016 and first quarter of 2017 will hold important milestones for some of our portfolio holdings, with the corresponding effect on these companies' valuations. The focus is on phase-III data from Ophthotech on Fovista® (wet AMD), the approval decision for Lutathera® (neuroendocrine tumours), which has been developed by Advanced Accelerator Applications, and phase-III data from Pacira Pharmaceuticals on Exparel® (approval to be extended to use as a nerve block). Looking further ahead, the US Food and Drug Administration FDA will decide in the second quarter of 2017 on the Vectura Group's application for approval for a generic version of asthma blockbuster Advair®. Success would also have a positive effect on the value of this shareholding.

The climate for IPOs and M&A activity remains favourable, and the HBM Healthcare Investments portfolio continues to enjoy an attractive position.



Dr Andreas Wicki  
CEO



Erwin Troxler  
CFO

Consolidated balance sheet (CHF 000)	Notes	30.9.2016	31.3.2016
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		101,089	104,823
Receivables		339	209
Financial instruments		13,300	10,005
<b>Total current assets</b>		<b>114,728</b>	<b>115,037</b>
<b>Non-current assets</b>			
Investments	(3)	948,254	976,575
Other financial assets	(4)	24,772	31,050
<b>Total non-current assets</b>		<b>973,026</b>	<b>1,007,625</b>
<b>Total assets</b>		<b>1,087,754</b>	<b>1,122,662</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Provisions	(8)	4,002	0
Other liabilities		1,489	3,821
<b>Total current liabilities</b>		<b>5,491</b>	<b>3,821</b>
<b>Non-current liabilities</b>			
Financial liabilities	(5)	98,990	98,908
<b>Total non-current liabilities</b>		<b>98,990</b>	<b>98,908</b>
<b>Shareholders' equity</b>			
Share capital	(6)	427,050	450,450
Treasury shares	(6)	-24,084	-41,698
Capital reserve	(6)	238,474	293,758
Retained earnings		341,833	317,423
<b>Total shareholders' equity</b>		<b>983,273</b>	<b>1,019,933</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,087,754</b>	<b>1,122,662</b>
Number of outstanding shares (in 000)		7,053	7,273
Net asset value (NAV) per share (CHF)		139.42	140.23

<b>Consolidated statement of comprehensive income for the period 1 April to 30 September (CHF 000)</b>	Notes	Quarter ended 30.9.2016	Quarter ended 30.9.2015	6-month period ended 30.9.2016	6-month period ended 30.9.2015
Net result on investments	(3)	49,364	-61,085	25,348	-91,705
Dividend income		27	8	40	14
Result from currency hedging transactions		0	-6,824	4,367	-12,779
Result from market hedging transactions		0	3,344	0	1,232
Gains from other financial instruments		367	1,899	523	1,899
Losses from other financial instruments		-112	-762	-112	-1,006
Gains on other financial assets		6,759	6,585	8,090	7,177
Losses on other financial assets		-720	-117	-747	-2,921
<b>Result from investment activities</b>		<b>55,685</b>	<b>-56,952</b>	<b>37,509</b>	<b>-98,089</b>
Management fee	(8)	-3,064	-3,399	-6,389	-7,007
Performance fee	(8)	-4,002	0	-4,002	0
Personnel expenses		-380	-381	-777	-784
Other operating expenses		-350	-220	-590	-568
<b>Result before interest and taxes</b>		<b>47,889</b>	<b>-60,952</b>	<b>25,751</b>	<b>-106,448</b>
Financial expenses	(5)	-712	-670	-1,350	-719
Financial income		0	0	9	1
Income taxes		0	0	0	0
<b>Net result for the period</b>		<b>47,177</b>	<b>-61,622</b>	<b>24,410</b>	<b>-107,166</b>
<b>Comprehensive result</b>		<b>47,177</b>	<b>-61,622</b>	<b>24,410</b>	<b>-107,166</b>
Number of outstanding shares, time-weighted (in 000)		7,094	7,662	7,154	7,645
Basic earnings per share (CHF)		6.65	-8.04	3.41	-14.02

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

<b>Consolidated statement of cash flows for the period 1 April to 30 September</b> (CHF 000)	6-month period ended 30.9.2016	6-month period ended 30.9.2015
Management fee paid	-6,389	-7,007
Performance fee for previous year paid	0	-50,414
Other expenses paid (personnel and other operating expenses)	-1,962	-1,971
<b>Net cash flow from operating activities</b>	<b>-8,351</b>	<b>-59,392</b>
Interest payments received	9	1
Dividend payments received	40	14
Purchase of investments	-155,210	-174,684
Sale of investments	208,362	209,259
Payments received from escrow amounts and milestones	13,892	0
Cash flow from financial instruments for currency hedging	14,372	0
Purchase of financial instruments for market hedging	0	-62,238
Purchase of other financial instruments	-13,020	-1,010
Sale of other financial instruments	131	2,982
<b>Net cash flow from investing activities</b>	<b>68,576</b>	<b>-25,676</b>
Interest payments paid	-2,393	-182
Cash distribution from capital reserve	-39,204	-42,273
Issuance of financial liabilities	0	98,790
Purchase of treasury shares	-40,955	-17,973
Sale of treasury shares	18,347	16,823
<b>Net cash flow from financing activities</b>	<b>-64,205</b>	<b>55,185</b>
<b>Currency translation differences</b>	<b>246</b>	<b>-2,464</b>
<b>Net change in cash and cash equivalents</b>	<b>-3,734</b>	<b>-32,347</b>
Cash and cash equivalents at beginning of period	104,823	140,381
Cash and cash equivalents at end of period	101,089	108,034

<b>Consolidated statement of changes in equity</b> (CHF 000)	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				-107,166	-107,166
Purchase of treasury shares		-16,079			-16,079
Sale of treasury shares		13,925	2,898		16,823
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 30 September 2015</b>	<b>450,450</b>	<b>-5,755</b>	<b>293,631</b>	<b>187,168</b>	<b>925,494</b>
Comprehensive result				130,255	130,255
Purchase of treasury shares		-49,016			-49,016
Sale of treasury shares		13,073	127		13,200
<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				24,410	24,410
Purchase of treasury shares		-40,213			-40,213
Sale of treasury shares		18,294	53		18,347
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 30 September 2016</b>	<b>427,050</b>	<b>-24,084</b>	<b>238,474</b>	<b>341,833</b>	<b>983,273</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.

### 3. 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	6,880	4,950	143,380	155,210
Sales	-4,301	-15,977	-188,601	-208,879
Realised gains	201	20	88,510	88,731
Realised losses	-2	-2,829	-17,959	-20,790
Changes in unrealised gains/losses	-6,258	2,319	-38,654	-42,593
Total net result on investments	-6,059	-490	31,897	25,348
<b>Fair value as at 30 September 2016</b>	<b>137,617</b>	<b>146,913</b>	<b>663,724</b>	<b>948,254</b>

### 4. 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 recorded by applying a probability-weighted valuation approach based on the assessment of the likelihood of occurrence of the defined

### 2.3. Scope of consolidation

The scope of consolidation (Group) comprises the holding company HBM Healthcare Investments Ltd and the following fully consolidated subsidiaries 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>30.9.2016</b>	<b>31.3.2016</b>
DKK	0.1466	0.1469
EUR	1.0914	1.0945
GBP	1.2601	1.3811
INR	0.0146	0.0145
SEK	0.1133	0.1185
USD	0.9714	0.9618

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

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)	Book value as at 30.9.2016	Cash flows minimum	Cash flows maximum	Expected period of payment
Ellipse Technologies	13.1	9.6	17.0	2017
mtm laboratories	12.2	0.8	25.1	2016–2018
Tripex (former Mpex) <sup>1)</sup>	1.2	0.6	32.4	from 2017 onwards
Other companies	0.0	0.0	26.6	2016–2020
<b>Total</b>	<b>26.5</b>	<b>11.0</b>	<b>101.1</b>	

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

Of the total book value as at 30 September 2016, CHF 24.8 million is carried under other financial assets (claims from investments held by HBM Healthcare directly). A further CHF 1.7 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.

## 5. 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.

## 6. Shareholders' equity

### 6.1 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.

### 6.2 Treasury shares

The Shareholders' Meeting of 20 June 2014 authorised the Board of Directors to repurchase up to a maximum of 800,000 of the Company's own 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 19 June 2017 ("2014 share buy-back programme"). The programme started on 3 November 2014. Under this share buy-back programme a total of 799,503 of the Company's own shares have been repurchased to date and thereof 700,503 have been cancelled.

The Company holds 99,000 of its own shares (as at 31 March 2016: 277,000 shares) as at the balance sheet date of 30 September 2016. In the 6-month period of the current financial year, a total of 222,000

of the Company's own shares were acquired at an average price of CHF 98.48 per share (previous year: 55,003 shares at CHF 107.80).

<b>Holdings from second trading line</b> (Number of own shares)	30.9.2016
<b>Beginning of financial year</b>	<b>277,000</b>
Purchase of shares within share buy-back programme via second trading line	222,000
Capital reduction owing to cancellation of own shares	-400,000
<b>End of reporting period</b>	<b>99,000</b>

In addition, as at the balance sheet date, the Company holds via its subsidiary HBM Healthcare Investments (Cayman) Ltd 148,171 treasury shares (as at 31 March 2016: 149,757 shares), acquired via the regular trading line. During the 6-month period up to the end of September 2016, a total of 186,905 treasury shares were acquired via the regular trading line at an average price of CHF 98.19 per share (previous year: 100,926 shares at CHF 100.56), while 188,491 treasury shares were sold at an average price of CHF 97.34 per share (previous year: 157,224 shares at CHF 107.00). The gain of CHF 0.1 million (previous year: gain of CHF 2.9 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.

## 7. Off-balance-sheet commitments

HBM Healthcare has the following investment commitments as at 30 September 2016:

<b>Investment commitments</b> (CHF 000)	30.9.2016	31.3.2016
HBM BioCapital I	341	342
HBM BioCapital II	12,020	14,481
Private companies	0	0
Funds	29,862	32,096
<b>Total investment commitments</b>	<b>42,223</b>	<b>46,919</b>

## 8. 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 up to the end of September 2016, HBM Partners was paid CHF 6.4 million (previous year: CHF 7.0 million).

A provision for a performance fee was made during the reporting period (previous year: none) because net assets as at the balance sheet date of 30 September 2016 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 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.

## 9. 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 30.9.2016	as at 30.9.2016	as at 30.9.2016	as at 30.9.2016	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	42,596	42,175
Westmed Holding	US	USD	7.0		7.0	12.4	22.3	12,079	11,959
ObsEva	US	USD	10.0		10.0	10.0	8.0	10,000	10,000
ARMO BioSciences	CH	CHF	10.0		10.0	10.0	4.4	9,714	9,618
Tensys Medical <sup>1)</sup>	US	USD	18.5	0.7	19.2	9.6	99.6	9,301	17,745
Vascular Dynamics	US	USD	8.0		8.0	8.0	15.8	7,771	7,694
Iconic Therapeutics	US	USD	7.5		7.5	7.5	7.1	7,286	7,214
AnaptysBio	US	USD	7.0		7.0	7.0	5.6	6,800	6,733
Interventional Spine	US	USD	18.0	0.2	18.2	6.1	31.3	5,913	5,662
SAI Life Sciences	IN	INR	256.4		256.4	352.7	6.3	5,144	3,722
Vitaeris	US	USD	0.0	3.0	3.0	4.0	20.0	3,886	0
Kolltan <sup>2)</sup>	US	USD	4.6		4.6	2.5	2.8	2,429	4,802
Other investments								14,698	13,773
<b>Total private companies</b>								<b>137,617</b>	<b>141,097</b>

1) A lender of Tensys Medical Inc. has a conversion right for 30% of the total outstanding shares of Tensys Medical Inc. following conversion.

2) As explained in note 5 to the Consolidated Financial Statements, this investment was made partly or wholly through HBM

BioCapital I. Pro-rata fees charged by HBM BioCapital I are reimbursed in full to HBM Healthcare so that fees are not levied twice.

Funds	Invest- ment currency	Total commitment	Payments	Repayments	Cumulative	Cumulative	Fair value	Fair value	Fair value
			in reporting period	in reporting period	payments as at 30.9.2016	repayments as at 30.9.2016	as at 30.9.2016	as at 30.9.2016	as at 31.3.2016
	IC	IC m	IC m	IC m	IC m	IC m	IC m	CHF 000	CHF 000
Nordic Biotech	DKK	31.0			31.0	11.8	235.2	34,478	29,034
HBM BioCapital II <sup>1)</sup>	EUR	42.0	2.2		31.0	0.0	28.8	31,394	31,921
MedFocus Fund II	USD	16.0		15.0	16.0	15.0	19.0	18,450	32,980
BioMedInvest I	CHF	26.0			26.0	21.5	10.5	10,452	10,764
Hatteras Venture Partners III	USD	10.0	0.4		9.8	2.0	9.4	9,147	9,167
Galen Partners V	USD	10.0			9.6	1.4	9.1	8,828	10,561
WuXi Healthcare Ventures II	USD	20.0	1.0		8.2	0.0	7.9	7,709	6,870
BioMedInvest II	CHF	10.0		1.0	8.0	1.8	6.6	6,550	7,860
BioVeda China	USD	8.5			8.5	27.2	6.0	5,827	5,771
HBM Genomics	USD	15.0	0.9		4.9	0.0	4.2	4,046	3,285
Tata Capital HBM Fund I	USD	10.0	0.3	0.5	4.1	0.5	3.2	3,144	3,085
Other investments								6,888	7,132
<b>Total funds</b>								<b>146,913</b>	<b>158,430</b>

1) The fair value of EUR 28.8 million takes into account the fund's cumulative management fees of EUR 3.7 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	IC	Balance as at 31.3.2016	Changes last 6 months	Changes last 3 months	Balance as at 30.9.2016	Ownership as at 30.9.2016	Fair value as at 30.9.2016	Fair value as at 31.3.2016
			Number of shares	Number of shares	Number of shares	Number of shares	%	CHF 000	CHF 000
Advanced Accelerator Applications	P <sup>1)</sup>	USD	3,492,611	-132,451	22,999	3,360,160	8.7	124,295	117,639
Vectura Group <sup>1)</sup>		GBP	83,507,230	-13,420,265	7,983	70,086,965	10.4	122,318	181,951
Incyte		USD	416,000	0	0	416,000	0.2	38,103	28,996
Pacira Pharmaceuticals	P <sup>1)</sup>	USD	1,100,000	0	0	1,100,000	3.0	36,565	56,052
Genmab		DKK	302,500	-100,000	-35,686	202,500	0.3	33,538	40,324
Neurocrine Biosciences		USD	456,000	99,000	-2,000	555,000	0.6	27,301	17,346
Ophthotech	P <sup>1)</sup>	USD	603,000	-40,500	-40,000	562,500	1.6	25,206	24,515
Nabriva Therapeutics	P <sup>1)</sup>	USD	2,968,980	0	0	2,968,980	14.0	20,333	25,586
Paratek Pharmaceuticals	P <sup>1)</sup>	USD	1,643,742	-293,742	0	1,350,000	6.0	17,061	23,983
Ultragenyx Pharmaceutical		USD	103,000	100,000	50,000	203,000	0.5	13,989	6,272
Bluebird Bio		USD	288,300	-88,300	-50,000	200,000	0.5	13,168	11,785
Galapagos		EUR	114,000	90,000	30,000	204,000	0.4	12,720	4,615
Eagle Pharmaceuticals		USD	170,000	0	0	170,000	1.1	11,560	6,622
Probiodrug	P <sup>1)</sup>	EUR	481,812	-14,556	-5,676	467,256	6.3	11,474	12,762
PTC Therapeutics	P <sup>1)</sup>	USD	839,942	0	0	839,942	2.5	11,431	5,203
Esperion Therapeutics		USD	750,000	0	0	750,000	3.3	10,090	12,198
GW Pharmaceuticals		USD	0	76,000	76,000	76,000	0.3	9,799	0
Prothena		USD	2,000	151,500	20,000	153,500	0.5	8,942	79
Oxford Immunotec		USD	715,000	0	0	715,000	3.2	8,724	6,815
Tesaro		USD	3,000	80,250	80,250	83,250	0.2	8,106	127
Eiger BioPharmaceuticals	P <sup>1)</sup>	USD	603,819	0	0	603,819	8.7	7,854	9,739
Sarepta Therapeutics		USD	0	123,000	123,000	123,000	0.2	7,337	0
Nicox		EUR	0	750,000	425,000	750,000	3.0	6,701	0
Antares Pharma		USD	3,740,732	0	0	3,740,732	2.4	6,105	3,130
Bristol Myers		USD	4,000	96,000	96,000	100,000	0.0	5,238	246
Coherus Biosciences		USD	362,900	-162,900	-150,000	200,000	0.5	5,203	7,410
Alimera Sciences		USD	0	3,250,000	3,250,000	3,250,000	5.0	4,704	0
Dynavax Technologies		USD	204,000	256,000	-101,400	460,000	1.2	4,687	3,775
K2M Group Holdings		USD	200,000	50,000	0	250,000	0.6	4,318	2,853
argenx		EUR	5,000	250,000	25,000	255,000	1.3	4,258	57
Intersect ENT		USD	124,900	133,100	0	258,000	0.9	3,970	2,282
Zealand Pharma		EUR	0	243,679	243,679	243,679	1.0	3,518	0
Avexis		USD	0	77,000	75,000	77,000	0.3	3,082	0
Swedish Orphan Biovitrum	P <sup>1)</sup>	SEK	10,000	240,000	-250,000	250,000	0.1	3,019	135
Relypsa <sup>2)</sup>		USD	1,025,000	-1,025,000	-975,000	0	0.0	0	13,358
Medivation <sup>2)</sup>		USD	167,500	-167,500	-107,500	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								29,007	38,440
<b>Total public companies</b>								<b>663,724</b>	<b>677,048</b>
<b>Total investments</b>								<b>948,254</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. 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 30 September 2016:

## Shareholding

10– 15 %	Nogra SA, Luxemburg
3– 5 %	Astellas Pharma, Inc., Tokyo, Japan
	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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