

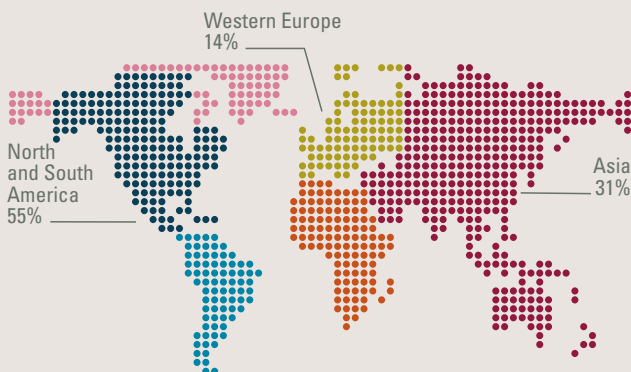
Half-Year Report **2020**
September

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).

Investments by continents⁴⁾

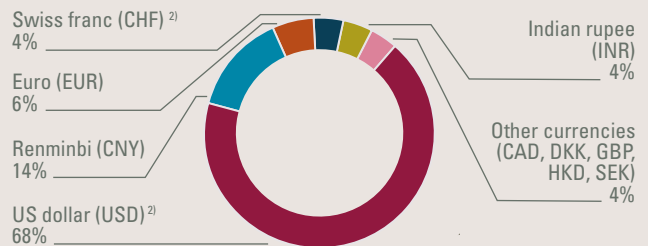
International portfolio focusing on North America.



1) Total consolidated assets as at 30.9.2020: CHF 2 161 million.
2) Net of foreign currency hedge (USD/CHF): about USD 26 percent and CHF 46 percent respectively.

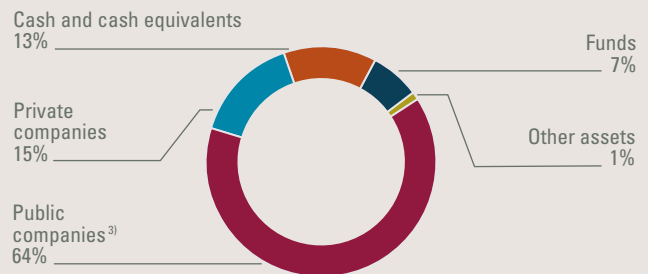
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



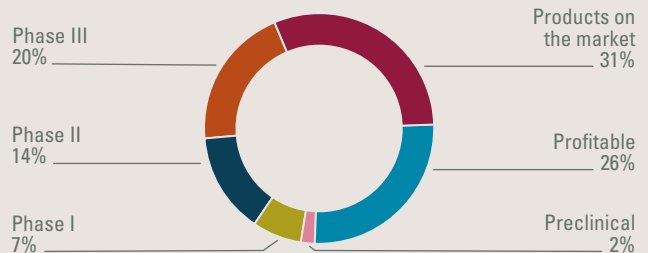
Allocation of assets¹⁾

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



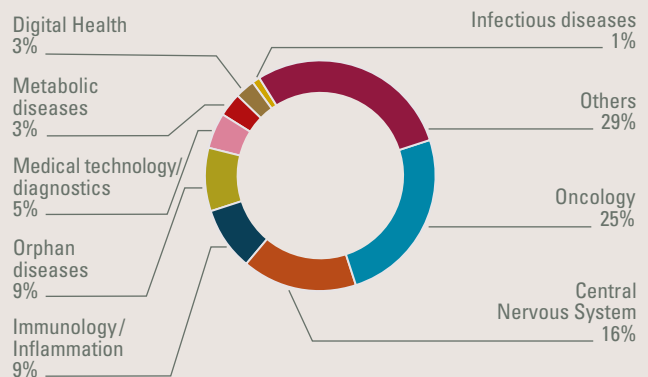
Development phase of portfolio companies⁴⁾

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



Therapeutic area of the lead product of portfolio companies⁴⁾

Broadly diversified areas of activity.



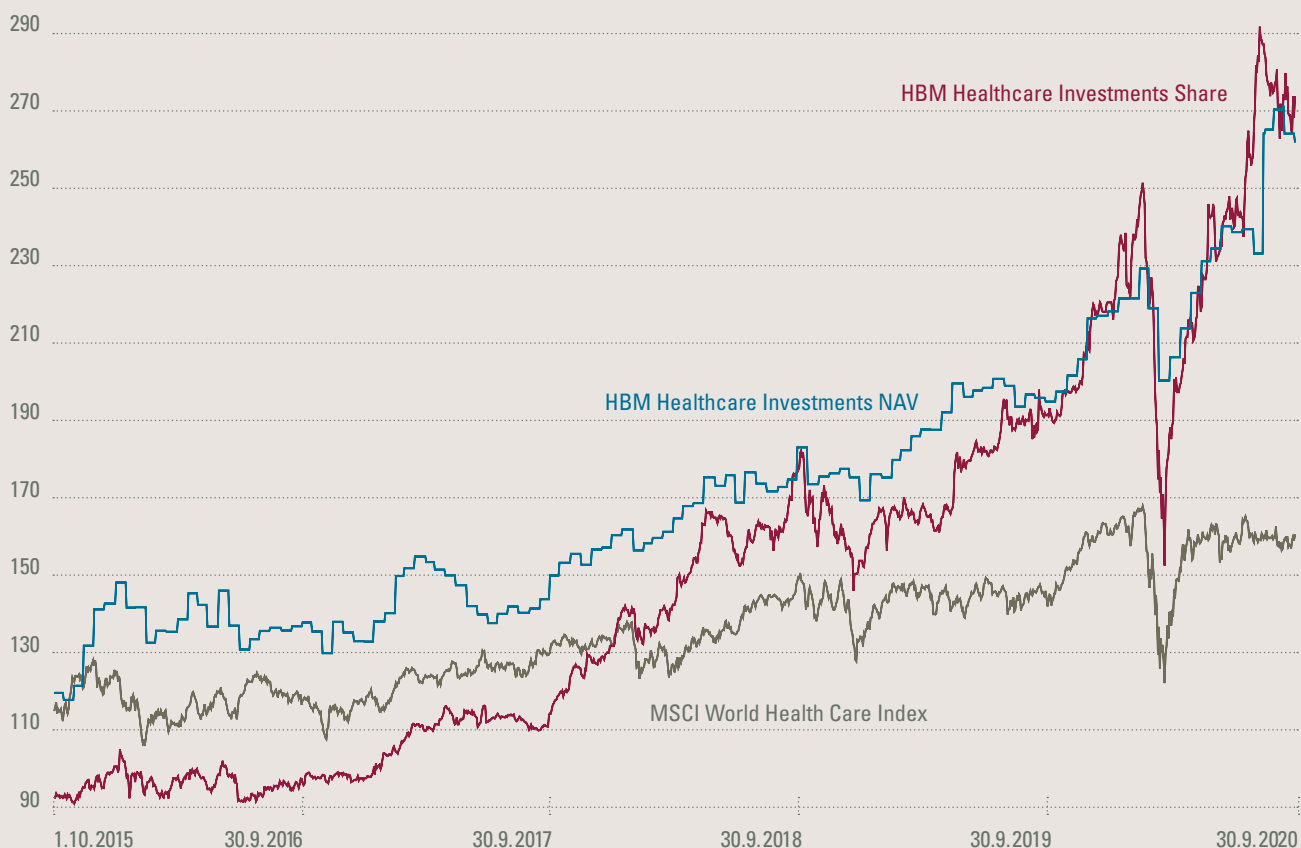
3) About 57 percent net of market hedge.
4) Total investments as at 30.9.2020: CHF 1 852 million.

Key Figures

		30.9.2020	31.3.2020	31.3.2019	31.3.2018	31.3.2017
Net assets	CHF million	1 836.5	1 448.8	1 318.3	1 157.9	1 095.8
Investments in private companies and funds		476.8	706.4	542.1	413.9	274.3
Investments in public companies		1 374.9	629.9	688.2	750.0	813.6
Cash and cash equivalents (net of liability from market hedging)		136.2	224.2	176.2	72.4	77.0
Net result for the period	CHF million	441.3	182.7	209.1	115.9	136.8
Basic earnings per share	CHF	63.43	26.26	30.05	16.55	18.96
Net asset value (NAV) per share	CHF	263.98	208.25	189.48	166.43	155.09
Share price	CHF	270.00	190.00	168.80	144.00	111.40
Premium (+) / discount (-)	%	+2.2	-8.8	-10.9	-13.5	-28.2
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

Performance (including distributions)		2020/2021 (6 months)	2019/2020	2018/2019	2017/2018	2016/2017
Net asset value (NAV)	%	30.5	13.9	18.1	11.1	15.2
Registered share HBMN	%	46.2	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 maintained its strong performance in the second quarter of the 2020/2021 financial year, with four IPOs and three takeovers making a substantial contribution to its quarterly profit of CHF 215 million. This took the profit for the first six months to CHF 441 million, while net asset value increased by 30.5 percent and the HBMN share price climbed by 46.2 percent. The healthcare sector continues to provide an attractive investment universe. HBM Healthcare invested CHF 80 million in private companies, including eight new investments in Switzerland, the United States, Israel and China. The market environment for IPOs and takeovers remains favourable, as indicated by first transactions after the reporting date. HBM Healthcare is confident about the outlook for the second half of the financial year.

Dear Shareholders

HBM Healthcare Investments generated a profit of CHF 215 million in the second quarter of the 2020/2021 financial year. Net asset value (NAV) rose by 12.9 percent. The quarter was an eventful one, with four IPOs and three company sales.

Over the first six months to 30 September 2020, profit increased to a total of CHF 441 million, while NAV increased by 30.5 percent. The share price rose by a disproportionately high 46.2 percent in this period.

Four IPOs and three company sales

The four IPOs of Cathay Biotech, Harmony Biosciences, ALX Oncology and iTeos Therapeutics unlocked added value from the portfolio of private companies and contributed CHF 229 million overall to the quarterly result. This equates to average growth of around 80 percent on the carrying values of these investments reported prior to going public.

The added value generated received an additional CHF 56 million boost in the reporting period from the sale of the three portfolio companies Forbius, Immunomedics and Shriji Polymers.

In August, Bristol Myers Squibb acquired the private portfolio company Forbius for an upfront payment and performance-based milestone payments. The upfront payment equated to a two-fold return on the capital invested by HBM Healthcare of CHF 8.5 million. In the event of a successful outcome, the milestone payments could additionally correspond to several times the invested capital.

The public portfolio company Immunomedics received a takeover offer of USD 21 billion from Gilead Sciences in September. Immunomedics was founded back in 1982, making it one of the oldest biotechnology companies around. In spring 2020, after almost forty years of research and development and numerous setbacks, the company was granted first-time authorisation for one of its in-house developed medications, Trodelvy™, which is used to treat patients with triple negative breast cancer. HBM Healthcare Investments acquired its first stake in Immunomedics in May 2017 and has generated around CHF 80 million from the investment over the years.

The shareholding in India-based company Shriji Polymers was sold to a group of investors in India for around twice the amount invested. The investment in Shriji was made in 2017 as a co-investment with Tata Capital HBM Healthcare Fund. The latter has sold its holding in Shriji too.

The USD 5 million investment in Complexa was written off in full due to unsatisfactory data from phase II studies. The company is in liquidation.

Eight new investments in private companies

The portfolio of private companies was bolstered by CHF 66 million in the past quarter with eight promising new investments. An additional CHF 14 million were invested in existing private portfolio companies as part of follow-up financings.

- > Two new investments with a Swiss connection were made in Polyneuron Pharmaceuticals (CHF 10 million) and Monte Rosa Therapeutics (USD 10 million, USD 5 million paid in). Polyneuron was founded in 2014 as a spin-off of the University of Basel and is developing a cutting-edge therapy to treat antibody-mediated autoimmune diseases of the nervous system.

Monte Rosa was founded by Ridgeline, a research platform of Versant Ventures headquartered at the Technologiepark Basel. The company conducts research into medications aimed at the targeted degradation of pathogenic proteins.

- > A total of USD 19 million has been allocated to two companies active in cancer research that are based in California, USA. BioAtla (USD 11.5 million) in San Diego develops novel monoclonal antibody and cell-based therapeutics. The two programmes run by BioAtla are in phase I/II clinical development to treat lung and skin cancer as well as soft tissue and bone tumours.

Dren Bio (USD 7.5 million, USD 3.7 million paid in) in Forster City is conducting pre-clinical studies into antibody-based therapies for LGL leukaemia and other cancers.

- > The Israeli company NovellusDx (USD 9 million, USD 3.3 million paid in) is also involved in developing targeted cancer therapies. The company has created an automated high-throughput platform for the functional analysis of hundreds of observed mutations in cancer genes, and to investigate their driver status and their response to drug candidates. On this basis, NovellusDx is testing the non-V600 BRAF inhibitor PLX8394 in a phase I/II clinical trial. This candidate potentially inhibits the growth of mutant cancer cells.

- > Three investments were made in Chinese companies: Connect Biopharma (USD 10 million), BioShin (USD 8 million) and NiKang Therapeutics (USD 5 million). Connect Biopharma develops next-generation immune modulators for the treatment of autoimmune diseases and inflammation. The most advanced global clinical studies to treat atopic dermatitis (a chronic inflammatory skin disorder) and ulcerative colitis (a chronic inflammatory bowel disease) are in phase II clinical development.

BioShin was founded in 2018 as a subsidiary of the Nasdaq-listed HBM portfolio company Biohaven (ticker: BHVN) for the purpose of developing and marketing in China its portfolio of therapies to treat disorders of the central nervous system (migraine and Alzheimer's Disease).

The holding in NiKang Therapeutics was acquired as a co-investment with C-Bridge Capital, the HBM portfolio fund that had founded NiKang. The company is conducting pre-clinical studies into an HIF2 inhibitor as a potential treatment for renal cancer.

Outlook

The power of innovation and the long-term growth prospects of the healthcare sector remain intact. This offers HBM Healthcare an attractive universe with very promising investment opportunities, while also favouring the market environment for takeovers and IPOs of innovative companies. Our carefully compiled portfolio of private and public companies is ideally positioned to take advantage of this positive market climate.

For instance, at the beginning of October, just after the balance sheet date, two other private portfolio companies successfully went public: C4 Therapeutics in the United States and Everest Medicines in Hong Kong. Other companies are planning to follow suit. We also anticipate value-adding transactions from the portfolio of private companies through financing rounds and takeovers.

In the portfolio of public companies, Harmony Biosciences received approval from the US Food and Drug Administration (FDA) in mid-October for expanded use of Wakix™ for the indication of cataplexy. Y-mAbs Therapeutics is likewise facing an important regulatory milestone with approval for Danyelza™ for the treatment of neuroblastoma. Moreover, a number of other companies are waiting on important study results that could have a positive impact on our net asset value overall.

With that in mind, HBM Healthcare Investments enters the second half of the financial year with confidence, but remains cautiously positioned by hedging about ten percent of the market risk and around 70 percent of the USD currency risk due to geopolitical uncertainties (pandemic, US elections, Brexit, etc.).

We thank you, our valued shareholders, for the confidence you place in us.



Dr Andreas Wicki
CEO



Erwin Troxler
CFO

Balance sheet (CHF 000)	Notes	30.9.2020	31.3.2020
Assets			
Current assets			
Cash and cash equivalents		6 605	6 096
Receivables		98	27
Total current assets		6 703	6 123
Non-current assets			
Investment in subsidiary	(3)	1 989 315	1 546 050
Total non-current assets		1 989 315	1 546 050
Total assets		1 996 018	1 552 173
Liabilities			
Current liabilities			
Liability to subsidiary		59 000	0
Financial liabilities	(4)	49 902	0
Liability from performance fee		0	1 576
Other liabilities		838	2 248
Total current liabilities		109 740	3 824
Non-current liabilities			
Financial liabilities	(4)	49 759	99 565
Total non-current liabilities		49 759	99 565
Shareholders' equity			
Share capital		290 928	344 520
Treasury shares		-402	-402
Capital reserve		142 137	142 115
Retained earnings		1 403 856	962 551
Total shareholders' equity		1 836 519	1 448 784
Total liabilities and shareholders' equity		1 996 018	1 552 173
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		263.98	208.25

Statement of comprehensive income for the period 1 April to 30 September (CHF 000)	Notes	Quarter ended 30.9.2020	Quarter ended 30.9.2019	6-month period ended 30.9.2020	6-month period ended 30.9.2019
Net change in value of investment in subsidiary	(3)	216 385	28 339	443 265	104 610
Result from investment activities		216 385	28 339	443 265	104 610
Personnel expenses		- 206	- 194	- 436	- 431
Other operating expenses		- 177	- 283	- 288	- 505
Result before interest and taxes		216 002	27 862	442 541	103 674
Financial expenses		- 630	- 618	- 1 236	- 1 224
Financial income		0	0	0	0
Income taxes		0	0	0	0
Net result for the period		215 372	27 244	441 305	102 450
Comprehensive result		215 372	27 244	441 305	102 450
Number of outstanding shares, time-weighted (in 000)		6 957	6 957	6 957	6 957
Basic earnings per share (CHF)		30.96	3.92	63.43	14.73

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

Statement of cash flows for the period 1 April to 30 September (CHF 000)	6-month period ended 30.9.2020	6-month period ended 30.9.2019
Expenses paid (personnel and other operating expenses)	-2 654	-3 486
Net cash flow from operating activities	-2 654	-3 486
Interest paid	-2 267	-2 267
Loan from subsidiary	59 000	56 000
Par value repayment	-53 570	-52 179
Net cash flow from financing activities	3 163	1 554
Currency translation differences	0	1
Net change in cash and cash equivalents	509	-1 931
Cash and cash equivalents at beginning of period	6 096	4 703
Cash and cash equivalents at end of period	6 605	2 772

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance 31 March 2019	396 720	-402	142 093	779 853	1 318 264
Comprehensive result				102 450	102 450
Par value repayment (12.9.2019)	-52 200		22		-52 178
Balance 30 September 2019	344 520	-402	142 115	882 303	1 368 536
Comprehensive result				80 248	80 248
Balance 31 March 2020	344 520	-402	142 115	962 551	1 448 784
Comprehensive result				441 305	441 305
Par value repayment (10.9.2020)	-53 592		22		-53 570
Balance 30 September 2020	290 928	-402	142 137	1 403 856	1 836 519

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 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 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)	30.9.2020	31.3.2020
CAD	0.6914	0.6835
CNY	0.1356	0.1357
DKK	0.1450	0.1420
EUR	1.0794	1.0602
GBP	1.1898	1.1937
HKD	0.1188	0.1240
INR	0.0125	0.0127
SEK	0.1028	0.0970
USD	0.9209	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 6-month period:

	6-month period ended 30.9.2020	6-month period ended 30.9.2019
Development fair value investment (CHF 000)		
Fair value at the beginning of period	1 546 050	1 417 427
Change in value, gross	443 265	104 610
Fair value at the end of period	1 989 315	1 522 037

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

	Notes	30.9.2020	31.3.2020	30.9.2019
Composition net assets (CHF 000)				
Cash and cash equivalents		277 950	218 104	166 903
Receivables		221	181	499
Loan to parent company		59 000	0	56 000
Investments	(3.1)			
Private companies		318 047	550 403	535 696
Funds		158 728	155 992	153 104
Public companies		1 374 911	629 889	627 991
Shares of parent company		3 460	18 689	6 195
Financial instruments	(3.2)	12 639	4 799	1 592
Other financial assets	(3.3)	35 952	10 694	17 750
Total assets		2 240 908	1 588 751	1 565 730
Financial instruments	(3.2)	-149 723	0	-31 129
Liability from performance fee	(3.4)	-73 241	-24 686	-12 089
Provision for deferred tax on capital gain and other taxes	(3.5)	-28 202	-17 169	0
Other current liabilities		-427	-846	-475
Total net assets at fair value		1 989 315	1 546 050	1 522 037

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

	Notes	6-month period ended 30.9.2020	6-month period ended 30.9.2019
Change in net assets at fair value (CHF 000)			
Net result on investments	(3.1)	536 207	100 873
Change in provision for deferred tax on capital gain and other taxes	(3.5)	- 11 033	0
Dividend income		292	127
Net result from financial instruments	(3.2)	8 321	12 899
Net result from other financial assets		- 9 834	11 041
Net result from shares of parent company		4 641	1 973
Result from investing activities		528 594	126 913
Management fee	(3.4)	- 11 557	- 9 684
Performance fee	(3.4)	- 73 241	- 12 089
Personnel and other operating expenses		- 529	- 556
Financial result		- 2	26
Change in value, gross		443 265	104 610
Net change in value of investment		443 265	104 610

For details of 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
Fair value 31 March 2020	550 403	155 992	629 889	1 336 284
Reclassification owing to IPO (ALX Oncolog)	- 4 805	0	4 805	0
Reclassification owing to IPO (iTeos Therapeutics)	- 8 558	0	8 558	0
Reclassification owing to IPO (Cathay Biotech)	- 216 189	0	216 189	0
Reclassification owing to IPO (Harmony Biosciences)	- 62 618	0	62 618	0
Fair value 31 March 2020 (after reclassification)	258 233	155 992	922 059	1 336 284
Purchases	94 253	9 865	237 172	341 290
Sales	- 74 074	- 2 877	- 285 144	- 362 095
Realised gains	50 475	710	130 869	182 054
Realised losses	- 23	- 2 249	- 27 164	- 29 436
Changes in unrealised gains/losses	- 10 817	- 2 713	397 119	383 589
Net result on investments	39 635	- 4 252	500 824	536 207
Fair value 30 September 2020	318 047	158 728	1 374 911	1 851 686

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

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2020	Changes in reporting period	Amount disbursed 30.9.2020	Fair value 30.9.2020	Ownership 30.9.2020	Fair value 30.9.2020	Fair value 31.3.2020
		IC	IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Swixx BioPharma (Amicus)	CH	EUR	25.0	-3.0	22.0	37.0	27.8	39 937	42 408
Neurelis	US	USD	18.8		18.8	38.7	14.6	35 642	37 198
1mg	IN	INR	872.8	380.2	1 253.1	1 701.7	7.5	21 242	16 793
Jianke Pharmaceutical	CN	USD	14.9	5.0	19.9	19.9	6.3	18 257	14 296
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	6.0	16 776	17 079
FarmaLatam	PA	USD	11.4	2.0	13.4	13.4	69.9	12 315	10 930
Westmed Holding	US	USD	7.0		7.0	12.4	25.2	11 451	11 950
Sphingotec	DE	EUR	9.0	1.5	10.5	10.5	14.2	11 333	9 541
Galecto Biotech	US	USD	7.8	4.0	11.8	12.1	5.4	11 168	7 502
BioAtla	US	USD	0.0	11.5	11.5	11.5	7.3	10 590	0
Polyneuron Pharmaceuticals	CH	CHF	0.0	9.9	9.9	9.9	16.2	9 927	0
Adrenomed	DE	EUR	6.1	2.9	9.0	9.0	8.7	9 714	6 452
Connect Biopharma	CN	USD	0.0	10.0	10.0	10.0	2.2	9 209	0
BioShin	CN	USD	0.0	8.0	8.0	8.0	4.1	7 367	0
Sublimity Therapeutics	IE	EUR	5.8	0.9	6.7	6.7	7.4	7 299	6 177
Shape Memory Medical	US	USD	6.0	1.4	7.4	7.4	16.8	6 815	5 767
Valcare	IL	USD	4.3		4.3	7.1	7.7	6 534	6 819
Arrakis Therapeutics	US	USD	7.0		7.0	7.0	4.8	6 446	6 728
Genalyte (BaseHealth)	US	USD	2.5	2.0	4.5	6.6	3.1	6 043	2 403
Monte Rosa Therapeutics	CH	USD	0.0	5.0	5.0	5.0	3.6	4 605	0
Cardialen	US	USD	5.0		5.0	5.0	17.8	4 604	4 805
NiKang Therapeutics	CN	USD	0.0	5.0	5.0	5.0	4.7	4 604	0
Karius	US	USD	5.0		5.0	5.0	2.5	4 604	4 805
Instil Bio	US	USD	0.0	5.0	5.0	5.0	1.1	4 604	0
Nuance Biotech	CN	USD	4.0		4.0	4.2	3.7	3 838	3 570
Everest Medicines	CN	USD	3.0	1.0	4.0	4.0	0.4	3 684	2 883
C4 Therapeutics	US	USD	0.0	4.0	4.0	4.0	1.2	3 684	0
Dren Bio	US	USD	0.0	3.7	3.7	3.7	5.7	3 430	0
NovellusDx	IL	USD	0.0	3.3	3.3	3.3	9.2	3 014	0
Vascular Dynamics	US	USD	12.5		12.5	3.1	13.1	2 875	3 001
MicroOptx	US	USD	3.0		3.0	3.0	8.3	2 763	2 883
Cure Everlife Holdings	MU	USD	3.0		3.0	2.9	7.8	2 672	2 606
Seer	US	USD	0.0	2.7	2.7	2.7	0.7	2 532	0
ConnectRN	US	USD	5.9		5.9	2.4	23.5	2 225	2 322
Vitaeris ¹⁾	CA	USD	3.0	-3.0	0.0	0.0	0.0	0	3 844
Corvidia Therapeutics ¹⁾	US	USD	4.8	-4.8	0.0	0.0	0.0	0	4 640
Shriji Polymers ¹⁾	IN	INR	201.0	-201.0	0.0	0.0	0.0	0	4 598
Forbuis (Formation Biologics) ¹⁾	CA	CAD	11.5	-11.5	0.0	0.0	0.0	0	7 826
Complexa ²⁾	US	USD	5.0		5.0	0.0	5.3	0	4 806
Others								6 244	3 601
Total private companies								318 047	258 233

1) The investments have been sold during the 6-month period.

2) The investment has been value-adjusted during the 6-month period.

Funds	Investment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 30.9.2020	Cumulative repayments 30.9.2020	Fair value 30.9.2020	Fair value 30.9.2020	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	1.2	0.1	19.2	1.4	38.1	35 105	33 033
6 Dimensions Capital	USD	25.0	2.4	0.9	23.8	2.2	29.8	27 415	23 744
HBM Genomics	USD	21.9	4.2		21.9	0.0	23.3	21 486	18 622
MedFocus Fund II	USD	26.0			26.0	25.0	22.2	20 428	21 934
HBM BioCapital II ¹⁾	EUR	42.0			42.6	9.8	17.4	18 787	19 032
Tata Capital HBM Fund I	USD	10.0	0.2		9.8	4.7	7.7	7 090	8 936
Hatteras Venture Partners III	USD	10.0			10.0	2.0	5.9	5 453	6 201
Galen Partners V	USD	10.0			10.4	8.8	5.7	5 224	5 937
BioMedInvest II	CHF	10.0		0.4	10.0	3.4	5.2	5 180	6 020
C-Bridge Capital IV	USD	10.0	1.3		5.2	0.2	4.9	4 558	3 426
BioMedInvest I	CHF	26.0		0.7	26.0	27.1	2.2	2 158	3 354
LYZZ Capital Fund II	USD	15.0	1.2		2.3	0.0	2.1	1 892	980
BioVeda China IV	USD	5.0	0.1	0.2	2.5	0.5	1.9	1 780	1 819
Nordic Biotech	DKK	31.0			31.0	221.7	7.6	1 095	1 037
Tata Capital Healthcare Fund II	USD	20.0			0.8	0.0	0.2	171	583
Others								906	1 334
Total funds								158 728	155 992

1) The fair value of EUR 17.4 million takes into account the fund's cumulative management fees of EUR 5.9 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
		31.3.2020	6 months	3 months	30.9.2020	30.9.2020	30.9.2020	30.9.2020	31.3.2020
	IC	Number of shares	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Cathay Biotech ^{1)2)P)}	CNY	29 610 798	0	0	29 610 798	80.81	7.1	324 466	216 189
Harmony Biosciences ^{1)3)P)}	USD	4 478 566	163 213	163 213	4 641 779	33.90	8.2	144 909	62 618
Y-mAbs Therapeutics ^{P)}	USD	2 915 803	-745 095	0	2 170 708	38.39	5.4	76 742	73 142
Immunomedics	USD	1 558 689	-819 876	-286 653	738 813	85.03	0.3	57 852	20 194
Vielia Bio ^{P)}	USD	1 750 000	0	0	1 750 000	28.08	3.2	45 253	63 913
SpringWorks Therapeutics ^{P)}	USD	1 327 928	-304 639	-325 839	1 023 289	47.67	2.4	44 922	34 459
Pacira Pharmaceuticals ^{P)}	USD	950 262	-257 392	-257 392	692 870	60.12	1.6	38 360	30 623
Arcutis ^{P)}	USD	1 294 160	-4 800	0	1 289 360	29.30	3.4	34 790	37 066
Biohaven Pharmaceuticals	USD	627 628	-62 964	-10 000	564 664	65.01	1.0	33 805	20 527
ALX Oncology ^{1)P)}	USD	526 475	362 651	362 651	889 126	37.74	2.4	30 901	4 805
Argenx	EUR	150 000	-25 000	0	125 000	225.00	0.3	30 358	19 560
Argenx (ADR)	USD	150 000	-25 000	0	125 000	262.52	0.3	30 219	18 991
iTeos Therapeutics ^{1)P)}	USD	1 009 393	275 361	275 361	1 284 754	24.67	3.7	29 188	8 558
Zymeworks	USD	400 000	274 244	239 129	674 244	46.58	1.5	28 922	13 636
ChemoCentryx	USD	345 144	96 613	14 390	441 757	54.80	0.6	22 293	13 328
Zogenix	USD	956 857	385 000	0	1 341 857	17.93	2.4	22 156	22 743
Turning Point Therapeutics ^{P)}	USD	308 500	-37 864	-127 764	270 636	87.36	0.6	21 773	13 242
Rocket Pharmaceuticals	USD	784 438	165 562	0	950 000	22.86	1.7	19 999	10 517
Trillium Therapeutics	USD	1 000 000	474 375	-525 625	1 474 375	14.21	1.5	19 294	3 883
Esperion Therapeutics	USD	400 000	134 014	95 000	534 014	37.17	1.9	18 279	12 121
Laurus Labs	INR	606 646	4 126 584	3 786 584	4 733 230	287.15	0.9	16 966	2 504
Zealand Pharma	DKK	300 000	150 000	0	450 000	241.60	1.1	15 762	9 952
Beigene	HKD	700 000	0	0	700 000	169.30	0.1	14 082	6 627
Hansa Medical	SEK	300 000	235 000	235 000	535 000	238.00	1.2	13 091	2 268
Albireo Pharma	USD	421 428	-19 465	-19 465	401 963	33.37	2.1	12 353	6 630
Retrophin	USD	974 214	-254 732	-255 760	719 482	18.46	1.4	12 231	13 661
Iovance Biotherapeutics	USD	326 780	36 330	0	363 110	32.92	0.3	11 008	9 402
Alexion Pharmaceuticals	USD	82 930	19 000	19 000	101 930	114.43	0.1	10 741	7 157
Cantargia	SEK	2 300 000	0	0	2 300 000	43.00	2.5	10 168	3 459
Nicox	EUR	2 383 808	0	0	2 383 808	3.66	7.1	9 417	8 997
BiolInvent	SEK	0	57 971 014	57 971 014	57 971 014	1.57	6.1	9 334	0
Jubilant Life Sciences	INR	1 002 263	0	0	1 002 263	730.95	0.6	9 145	3 174
Intercept Pharmaceuticals	USD	142 396	89 133	0	231 529	41.46	0.7	8 840	8 617
Xenon Pharmaceuticals	USD	849 289	0	0	849 289	11.07	2.4	8 658	9 256
Dicerna Pharmaceuticals	USD	0	522 200	441 994	522 200	17.99	0.7	8 651	0
uniQure	USD	400 000	-145 781	-145 781	254 219	36.83	0.6	8 622	18 242
Solara Active	INR	611 806	0	0	611 806	1 076.10	2.3	8 218	3 456
Divis Laboratories	INR	221 265	-10 900	-10 900	210 365	3 047.95	0.1	8 004	5 593
Oncopeptides	SEK	0	500 000	0	500 000	132.20	0.7	6 796	0
Vicore Pharma	SEK	2 419 438	184 661	500 000	2 604 099	23.00	4.3	6 158	2 465
Guangzhou Baiyunshan	HKD	1 349 000	1 260 000	0	2 609 000	19.34	1.2	5 996	3 496
Collectis (ADR)	USD	300 000	0	0	300 000	18.50	0.7	5 111	2 653
Others								81 078	94 334
Total public companies								1 374 911	922 059
Total investments								1 851 686	1 336 284

P) The position originates from the private companies portfolio.
1) The companies went public on SSE Star Market or US NASDAQ respectively during the 6-month period. The investments were listed under private companies in previous reports.
2) The tax on capital gain and other taxes which may be owed in China upon the sale of the investment are accrued separately (note 3.5). The shares are subject to a holding period until August

2023 and the disclosed fair value of the investment includes a lock-up discount. The share price of CNY 97.65 as at 30.9.2020 was adjusted by a discount of 17.25 percent to CNY 80.81.
3) The number of shares of the investment in the previously privately owned company was corrected after the IPO due to an adjustment in the conversion factor at the end of August.

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:

Holdings of financial instruments (CHF 000)	30.9.2020	31.3.2020
Currency hedging		
Forward contracts for currency hedging purposes	10 550	4 325
Other financial instruments		
Purchased call and put options	2 089	474
Total financial instruments long	12 639	4 799
Market hedging		
Sale of ETFs	148 355	0
Other financial instruments		
Sold call and put options	1 368	0
Total financial instruments short	149 723	0

As at the balance sheet date, a partial hedge of the general market risk derived from public investments was in place. Worth CHF 148.4 million, the hedge consisted of the short sale of 1.45 million units of the SPDR S&P Biotech ETF (Exchange Traded Fund).

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

partially hedged by means of a forward sale of USD 1 billion. The market value of this hedging position amounted to CHF 10.6 million as at the balance sheet date

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

Income from financial instruments (CHF 000)	6-month period ended 30.9.2020	6-month period ended 30.9.2019
Gains from currency hedging transactions	24 093	0
Gains from market hedging transactions	0	11 645
Gains from other financial instruments	1 342	1 254
Total gains from financial instruments	25 435	12 899
Losses from currency hedging transactions	-1 072	0
Losses from market hedging transactions	-14 270	0
Losses from other financial instruments	-1 772	0
Total losses from financial instruments	-17 114	0
Net result from financial instruments	8 321	12 899

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 2020, CHF 36.0 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 1.3 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:

Balance sheet value and potential cash flows (CHF million)	Book value 30.9.2020	Cash flows minimum	Cash flows maximum	Expected period of payment
Forbuis (Formation Biologics)	13.4	2.1	83.5	2021–2029
Corvidia Therapeutics	7.5	2.2	42.7	2021–2029
True North Therapeutics	5.1	0.0	10.4	2020–2021
Vitaeris	4.2	0.2	82.4	2021–2024
TandemLife (Cardiac Assist)	3.8	4.3	7.0	2020–2021
Nereus ¹⁾	3.3	0.0	20.5	2020–2025
Tripex (former Mpex) ²⁾	0.0	0.0	8.1	from 2020 onwards
Total	37.3	8.8	254.6	

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 11.6 million (previous year: CHF 9.7 million).

A provision for a performance fee of CHF 73.2 million was made during the 6-month period

(previous year: CHF 12.1 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 204.33 (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 and other taxes

A provision in the amount of CHF 28.2 million (as at 31 March 2020: CHF 17.2 million) has been made for any tax on capital gain and other taxes owed in China that may arise on the sale of the investment. The tax on capital gain is calculated on the difference between the relevant tax base and the disclosed fair value. In addition, a sales tax may arise, which is calculated on the difference between the potential selling and the issue price of the shares at the IPO. In previous years, until the holding in Cathay Industrial Biotech, Cayman Islands, was exchanged for a direct investment in Cathay Biotech, Shanghai, 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)	30.9.2020	31.3.2020
HBM BioCapital I+II	253	249
Other funds	38 522	46 327
Private companies	34 049	19 782
Total investment commitments	72 824	66 358

4. Financial liabilities

The following 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 102.5 million (as at 31 March 2020: CHF 100.7 million) with a carrying amount of CHF 99.7 million (as at 31 March 2020: CHF 99.6 million). These are recognised under current and non-current liabilities.

5. Shareholders' equity

5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 290.93 million, divided into 6960000 registered shares at a par value of CHF 41.80 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 was made on 10 September 2020 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 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 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 2020	2 910
Acquired via second trading line under share buy-back programme	0
End of period 30 September 2020	2 910

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 12 816 treasury shares (as at 31 March 2020: 98 363), acquired via the regular trading line. During the 6-month period, the Subsidiary acquired a total of 102 242 treasury shares via the regular trading line at an average price of CHF 238.89 per share (previous year: 121 656 at CHF 184.27) and sold 187 789 treasury shares at an average price of CHF 235.53 (previous year: 182 571 at CHF 183.60).

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 September 2020:

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 2020/2021:
NAV of CHF 204.33

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

Credits

Editorial HBM Healthcare Investments Ltd

Concept and realisation Weber-Thedy Strategic Communication

Design Küng Art Direction

Layout Bader + Niederöst AG

Copyright © 2020 HBM Healthcare Investments Ltd

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

