



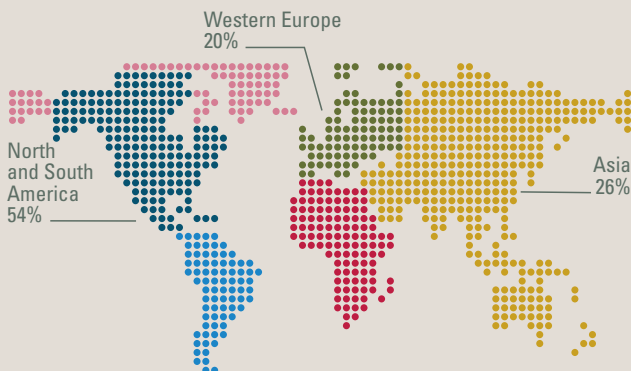
Quarterly Report
June 2019

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 continents³⁾

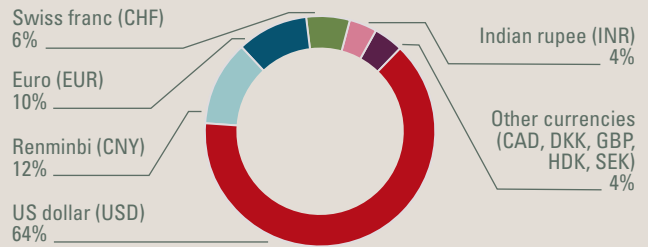
International portfolio focusing on North America.



1) Total assets as at 30.6.2019: CHF 1 566 million.

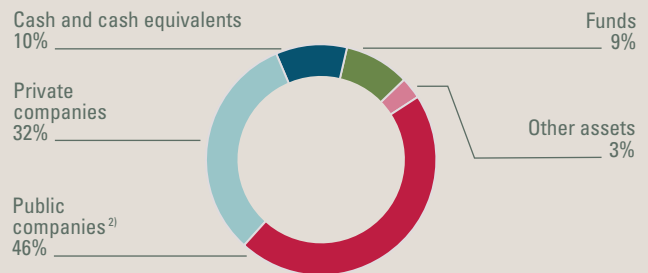
Currency allocation of assets¹⁾

Emphasis on US dollar investments.



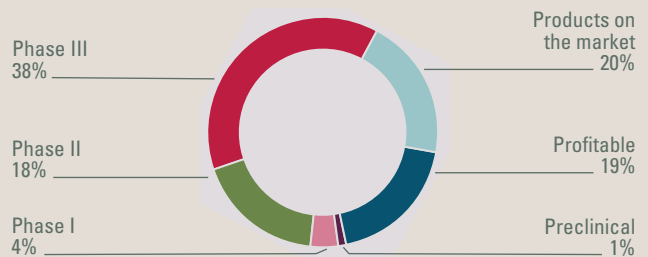
Allocation of assets¹⁾

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



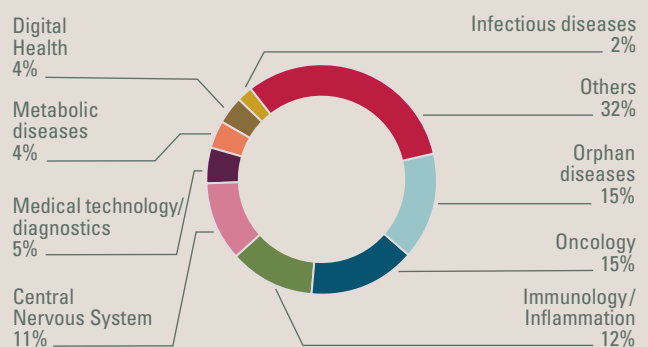
Development phase of portfolio companies³⁾

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 companies³⁾

Broadly diversified areas of activity.



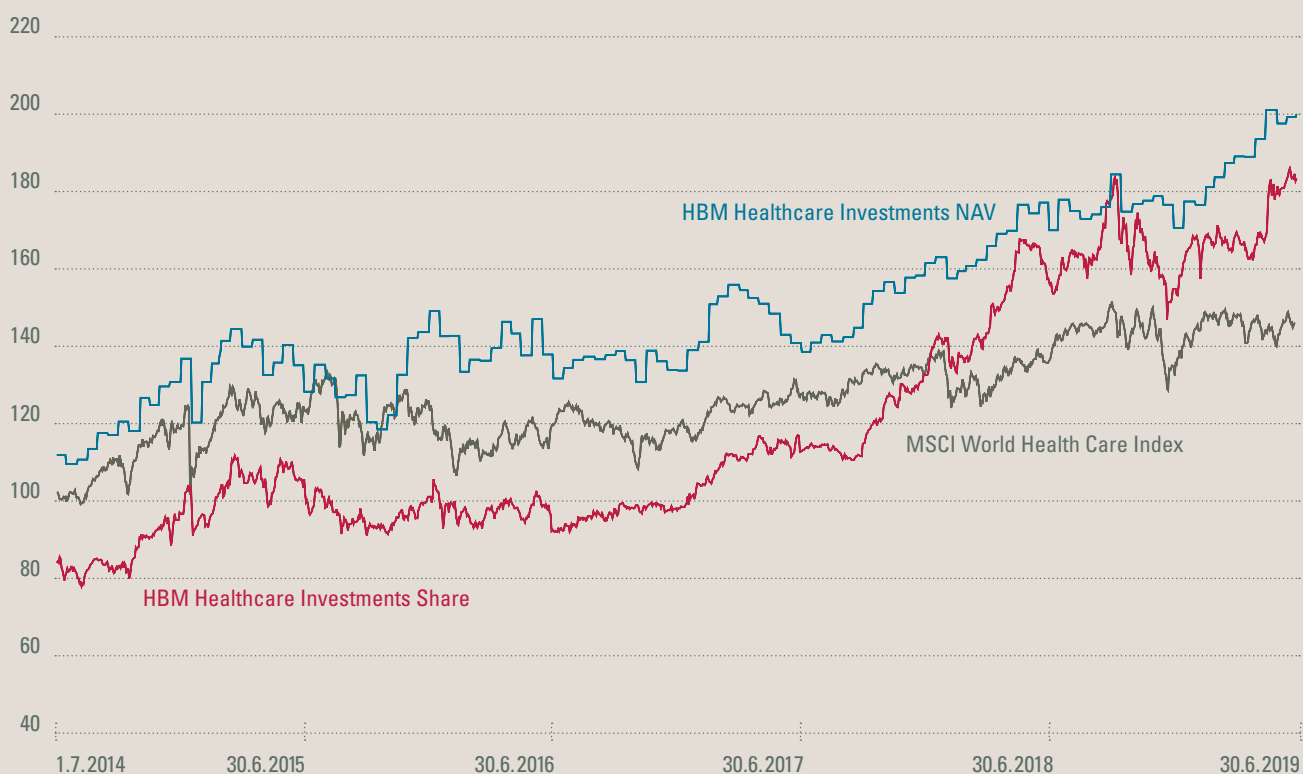
2) About 42 percent net of market hedging.

3) Total investments as at 30.6.2019: CHF 1 362 million.

Key Figures		30.6.2019	31.3.2019	31.3.2018	31.3.2017	restated 31.3.2016
Net assets	CHF million	1393.5	1318.3	1157.9	1095.8	1034.8
Investments in private companies and funds		641.3	542.1	413.9	274.3	299.5
Investments in public companies		721.0	688.2	750.0	813.6	677.0
Cash and cash equivalents (net of liability from market hedging)		91.7	176.2	72.4	77.0	104.8
Net result for the period	CHF million	75.2	209.1	115.9	136.8	23.8
Basic earnings per share	CHF	10.81	30.05	16.55	18.96	3.11
Net asset value (NAV) per share	CHF	200.29	189.48	166.43	155.09	139.41
Share price	CHF	183.80	168.80	144.00	111.40	99.45
Discount	%	-8.2	-10.9	-13.5	-28.2	-28.7
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

Performance (including distributions)		2019/2020 (3 months)	2018/2019	2017/2018	2016/2017	restated 2015/2016
Net asset value (NAV)	%	5.7	18.1	11.1	15.2	3.4
Registered share HBMN	%	8.9	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 had a successful start to the new 2019/2020 financial year. Net asset value per share rose by 5.7 percent in the first three months to 30 June 2019, while the share price was up by 8.9 percent during the same period. A profit of CHF 75 million was generated overall, drawn primarily from the upward revaluation of Cathay Industrial Biotech, and the IPO of Turning Point Therapeutics. Two new investments have been added to the portfolio of private companies: Viela Bio develops drugs to treat severe inflammatory diseases, and Arrakis uses its development platform for a new class of small-molecule drugs. The portfolio's currency diversification has been broadened, while the market hedge for the public section of the portfolio remains at a lower level.

Dear Shareholders

The 2019/2020 financial year got off to a pleasing start, with net asset value (NAV) per share rising by 5.7 percent to CHF 200.29 during the first quarter. The share price increased by 8.9 percent to CHF 183.80 during the same period. Overall, the quarter under review generated a profit of CHF 75 million as at 30 June 2019.

This positive result was driven by two events, in particular. The fair value of our holding in privately owned Chinese company Cathay Industrial Biotech rose by CHF 57.5 million during the quarter under review owing to a secondary market transaction at a significantly higher valuation. HBM Healthcare Investments participated in this transaction, increasing its investment in the company by CHF 10 million. With a fair value of CHF 192.6 million, Cathay is by far the largest holding in our portfolio.

In addition, in view of a potential IPO, HBM Healthcare Investments accepted the exchange of its holding in Cathay Industrial Biotech, based in the Cayman Islands, for a direct stake in its China-based parent company Shanghai Cathay Biotechnology R&D Center Co. This share swap means that our holding will now be reported in Renminbi instead of US dollars.

Turning Point Therapeutics, which focuses on targeted treatments for cancer, went successfully public in April 2019. This generated a book profit of CHF 27.9 million for HBM Healthcare Investments during the quarter under review. The company issued 10.6 million new shares at a price of USD 18 each at its IPO, thereby raising USD 191.5 million in new capital. By the end of June, the company's share price had risen to over USD 40. HBM Healthcare Investments took an initial USD 10 million stake in Turning Point in October 2018, and increased its holding by a further USD 4.5 million as part of the IPO.

Two new investments in private companies

HBM Healthcare Investments made two new investments in private companies during the quarter just ended.

USD 20 million has been invested in US company Viela Bio, which specialises in the treatment of severe inflammatory and autoimmune diseases. Its lead product candidate is inebilizumab, which is an antibody to treat neuromyelitis optica spectrum disorder. It has successfully completed phase III clinical trials, and an application for approval will be submitted to the US FDA in the near future. Neuromyelitis optica spectrum disorder is an inflammation of the central nervous system that can have severe, lasting consequences. It typically affects the optic nerve and the spinal cord.

US company Arrakis Therapeutics, based in Waltham near Boston, received an investment commitment of USD 7 million. The first tranche of USD 1.4 million has now been paid in. Arrakis uses a proprietary platform for the identification and development of a new class of small-molecule compounds which do not bind to proteins, but directly to ribonucleic acids (RNAs) to change their biological function and thereby treat diseases.

Outlook

Cathay's new investment currency increases the portfolio's foreign exchange diversification, with the proportion in Renminbi now standing at 12 percent. The US dollar allocation thus falls from 76 percent to 64 percent.

The HBM Healthcare Investments portfolio continues to exhibit a balanced composition in terms not only of the respective shares of private and public companies, but also its geographical focus. Many of our major portfolio companies are performing very well operationally, with key events such as approval decisions and clinical study data due in the near future as expected. These should have a positive effect on net asset value overall. We are also expecting the publication of trial results from a number of our smaller portfolio companies, some of which are subject to somewhat elevated risk. If positive, we are likely to increase our holdings in these companies further if an appropriate opportunity presents itself.

We expect further private portfolio companies to go public or to release added value following financing rounds or strategic transactions over the coming year and a half. We are encouraged by the fundamental development of many listed portfolio companies. With regard to the general market development nothing has changed fundamentally in recent months; we continue to closely monitor global economic and monetary policy developments with regard to a potential increase in market volatility. The partial market hedging remains at a lower level.

Our thanks to you, our valued shareholders, for your continued confidence in HBM Healthcare Investments.



Dr Andreas Wicki
CEO



Erwin Troxler
CFO

Balance sheet (CHF 000)	Notes	30.6.2019	31.3.2019
Assets			
Current assets			
Cash and cash equivalents		11 960	4 703
Receivables		104	26
Total current assets		12 064	4 729
Non-current assets			
Investment in subsidiary	(3)	1 493 698	1 417 427
Total non-current assets		1 493 698	1 417 427
Total assets		1 505 762	1 422 156
Liabilities			
Current liabilities			
Liability to subsidiary		10 000	0
Liability from performance fee		0	2 034
Other liabilities		2 850	2 457
Total current liabilities		12 850	4 491
Non-current liabilities			
Financial liabilities	(4)	99 442	99 401
Total non-current liabilities		99 442	99 401
Shareholders' equity			
Share capital	(5.1)	396 720	396 720
Treasury shares	(5.2)	-402	-402
Capital reserve	(5.1)	142 093	142 093
Retained earnings		855 059	779 853
Total shareholders' equity		1 393 470	1 318 264
Total liabilities and shareholders' equity		1 505 762	1 422 156
Number of outstanding shares (in 000)		6 957	6 957
Net asset value (NAV) per share (CHF)		200.29	189.48

Statement of comprehensive income for the period 1 April to 30 June (CHF 000)	Notes	Quarter ended 30.6.2019	Quarter ended 30.6.2018
Net change in value of investment in subsidiary	(3)	76 271	67 519
Result from investment activities		76 271	67 519
Personnel expenses		– 237	– 212
Other operating expenses		– 222	– 139
Result before interest and taxes		75 812	67 168
Financial expenses	(4)	– 606	– 605
Financial income		0	0
Income taxes		0	0
Net result for the period		75 206	66 563
Comprehensive result		75 206	66 563
Number of outstanding shares, time-weighted (in 000)		6 957	6 957
Basic earnings per share (CHF)		10.81	9.57

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

	Quarter ended 30.6.2019	Quarter ended 30.6.2018
Statement of cash flows for the period 1 April to 30 June (CHF 000)		
Other expenses paid (personnel and other operating expenses)	-2 741	-1 590
Net cash flow from operating activities	-2 741	-1 590
Interest payments paid	-2	0
Loan from subsidiary	10 000	40 000
Cash distribution from capital reserve	0	-38 264
Net cash flow from financing activities	9 998	1 736
Currency translation differences	0	1
Net change in cash and cash equivalents	7 257	147
Cash and cash equivalents at beginning of period	4 703	6 522
Cash and cash equivalents at end of period	11 960	6 669

Statement of changes in equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total shareholders' equity
Balance 31 March 2018	411 840	-10 048	185 318	570 786	1 157 896
Comprehensive result				66 563	66 563
Distribution from capital reserve (29.6.2018)			-38 264		-38 264
Balance 30 June 2018	411 840	-10 048	147 054	637 349	1 186 195
Comprehensive result				142 504	142 504
Capital reduction (10.9.2018)	-4 680	9 646	-4 966		0
Par value repayment (21.9.2018)	-10 440		5		-10 435
Balance 31 March 2019	396 720	-402	142 093	779 853	1 318 264
Comprehensive result				75 206	75 206
Balance 30 June 2019	396 720	-402	142 093	855 059	1 393 470

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 nonconsolidated investment in the HBM Healthcare Investments (Cayman) Ltd. subsidiary (Subsidiary). A summary of the newly applied IFRS/IAS standards and interpretations in the reporting period is provided on pages 62 and 63 of the Group Financial Statements of the 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)	30.6.2019	31.3.2019
CAD	0.7456	0.7455
CNY	0.1422	0.1483
DKK	0.1488	0.1495
EUR	1.1103	1.1164
GBP	1.2395	1.2972
HKD	0.1250	0.1268
INR	0.0141	0.0144
SEK	0.1052	0.1071
USD	0.9763	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 period under review:

	Quarter ended 30.6.2019	Quarter ended 30.6.2018
Development fair value investment (CHF 000)		
Fair value at the beginning of period	1 417 427	1 253 924
Change in value, gross	76 271	67 519
Fair value at the end of period	1 493 698	1 321 443

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

Composition net assets (CHF 000)	Notes	30.6.2019	31.3.2019	30.6.2018
Cash and cash equivalents		141 652	263 702	284 373
Receivables		592	525	535
Loan to parent company		10 000	0	40 000
Investments	(3.1)			
Private companies		494 808	409 571	288 593
Funds		146 536	132 574	138 054
Public companies		721 001	688 232	681 003
Shares of parent company		14 648	15 696	6 221
Financial instruments	(3.2)	635	259	1 352
Other financial assets	(3.3)	33 720	31 978	37 620
Total assets		1 563 592	1 542 537	1 477 751
Financial instruments	(3.2)	-61 955	-92 224	-146 875
Liability from performance fee	(3.4)	-7 275	-31 871	-8 755
Other current liabilities		-664	-1 015	-678
Total net assets at fair value		1 493 698	1 417 427	1 321 443

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

	Notes	Quarter ended 30.6.2019	Quarter ended 30.6.2018
Change in net assets at fair value (CHF 000)			
Net result on investments	(3.1)	81 906	84 414
Dividend income		0	122
Net result from financial instruments	(3.2)	6 090	-13 196
Net result from other financial assets		-726	7 784
Net result from shares of parent company		1 218	1 456
Result from investing activities		88 488	80 580
Management fee	(3.4)	-4 674	-4 050
Performance fee	(3.4)	-7 275	-8 755
Personnel and other operating expenses		-276	-266
Financial result		8	10
Change in value, gross		76 271	67 519
Net change in value of investment		76 271	67 519

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

3.1 Investments

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

Development of investments (CHF 000)	Private companies	Funds	Public companies	Total investments
Fair value 31 March 2019	409 571	132 574	688 232	1 230 377
Reclassification owing to IPO (Turning Point Therapeutics)	-9 952	0	9 952	0
Fair value 31 March 2019 (after reclassification)	399 619	132 574	698 184	1 230 377
Purchases	42 434	2 082	87 901	132 417
Sales	-110	-110	-82 135	-82 355
Realised gains	132	1	26 082	26 215
Realised losses	-385	-11	-17 118	-17 514
Changes in unrealised gains/losses	53 118	12 000	8 087	73 205
Net result on investments	52 865	11 990	17 051	81 906
Fair value 30 June 2019	494 808	146 536	721 001	1 362 345

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

Private companies	Domicile	Investment currency	Amount disbursed 31.3.2019	Changes in reporting period	Amount disbursed 30.6.2019	Fair value 30.6.2019	Ownership 30.6.2019	Fair value 30.6.2019	Fair value 31.3.2019
		IC	IC million	IC million	IC million	IC million	%	CHF 000	CHF 000
Shanghai Cathay R&D	CN	CNY	212.6	69.3	281.9	1 354.7	8.3	192 604	125 101
Neurelis	US	USD	17.8		17.8	37.7	15.0	36 810	37 522
Harmony Biosciences	US	USD	30.0		30.0	32.6	7.6	31 836	32 452
Swixx BioPharma (Amicus)	CH	EUR	20.0		20.0	20.0	29.0	22 207	22 329
1mg	IN	INR	872.8		872.8	1 452.4	10.5	20 542	20 899
Vielia Bio	US	USD	0.0	20.0	20.0	20.0	3.1	19 526	0
SAI Life Sciences	IN	INR	449.0		449.0	1 343.9	5.3	19 008	19 339
Jianke Pharmaceutical	CN	USD	14.9		14.9	14.9	3.3	14 522	14 803
Westmed Holding	US	USD	7.0		7.0	12.4	25.2	12 139	12 374
SpringWorks Therapeutics	US	USD	12.0		12.0	12.0	3.6	11 716	11 942
Vascular Dynamics	US	USD	11.3	1.2	12.5	10.9	13.1	10 628	9 657
Sphingotec	DE	EUR	4.5	4.5	9.0	9.0	14.2	9 993	5 029
FarmaLatam	PA	USD	8.9		8.9	8.9	70.2	8 662	8 830
Valcare	US	USD	4.3		4.3	7.1	8.4	6 883	7 017
ConnectRN	US	USD	4.0		4.0	6.6	18.7	6 432	6 557
Shape Memory Medical	US	USD	6.0		6.0	6.0	17.4	5 858	5 971
Cardialen	US	USD	5.0		5.0	5.0	17.8	4 881	4 976
Galera Therapeutics	US	USD	5.0		5.0	5.0	2.0	4 881	4 976
Forbius (Formation Biologics)	CA	CAD	6.5		6.5	6.5	9.6	4 810	4 809
Sublimity Therapeutics	IE	EUR	3.5		3.5	3.5	7.1	3 938	3 960
Corvidia Therapeutics	US	USD	4.0		4.0	4.0	3.1	3 905	3 981
Vitaeris	CA	USD	3.0		3.0	4.0	18.7	3 905	3 981
Complexa	US	USD	4.0		4.0	4.0	4.7	3 859	3 933
Shriji Polymers	IN	INR	201.0		201.0	268.2	3.0	3 794	3 860
Nuance Biotech	CN	USD	4.0		4.0	3.7	3.7	3 626	3 696
iTeos Therapeutics	BE	EUR	1.6	1.6	3.2	3.2	5.0	3 582	1 801
Galecto Biotech	DK	EUR	3.2		3.2	3.2	4.3	3 533	3 552
Adrenomed	DE	EUR	0.3	2.9	3.2	3.2	4.3	3 521	381
Cure Everlife Holdings	MU	USD	3.0		3.0	3.0	7.8	2 929	2 986
Everest Medicines	CN	USD	3.0		3.0	3.0	1.0	2 929	2 986
BaseHealth	US	USD	2.5		2.5	2.5	6.3	2 441	2 488
Arrakis Therapeutics	US	USD	0.0	1.4	1.4	1.4	1.8	1 367	0
Others								7 541	7 431
Total private companies								494 808	399 619

Funds	Investment currency	Total commitment	Payments in reporting period	Repayments in reporting period	Cumulative payments 30.6.2019	Cumulative repayments 30.6.2019	Fair value 30.6.2019	Fair value 30.6.2019	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			17.2	0.6	40.0	39 040	28 388
HBM BioCapital II ¹⁾	EUR	42.0			41.2	9.2	20.9	23 173	23 009
MedFocus Fund II	USD	26.0			16.0	15.0	18.6	18 173	18 740
6 Dimensions Capital	USD	25.0			16.2	0.1	14.7	14 312	13 987
HBM Genomics	USD	15.0	1.0		13.2	0.0	12.5	12 200	11 523
Tata Capital HBM Fund I	USD	10.0	0.1		9.5	4.7	8.9	8 691	8 177
Hatteras Venture Partners III	USD	10.0			10.0	2.0	7.5	7 361	5 853
BioMedInvest II	CHF	10.0			10.0	3.0	6.3	6 250	7 010
Galen Partners V	USD	10.0			10.4	8.8	5.6	5 426	4 865
BioMedInvest I	CHF	26.0			26.0	25.6	5.2	5 226	5 092
C-Bridge Capital IV	USD	10.0	1.0	0.1	2.4	0.2	1.9	1 881	1 242
BioVeda China IV	USD	5.0			1.4	0.0	1.4	1 387	1 260
Nordic Biotech	DKK	31.0			31.0	221.7	9.1	1 351	1 578
LYZZ Capital Fund II	USD	15.0			0.0	0.0	0.0	0	0
Others								2 065	1 850
Total funds								146 536	132 574

1) The fair value of EUR 20.9 million takes into account the fund's cumulative management fees of EUR 5.4 million. This amount has

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

Public companies	Investment currency	Balance	Changes in	Balance	Share price 30.6.2019	Ownership 30.6.2019	Fair value	Fair value
		31.3.2019	reporting period	30.6.2019			30.6.2019	30.6.2019
	IC	Number of shares	Number of shares	Number of shares	IC	%	CHF 000	CHF 000
Y-mAbs Therapeutics ^{P)}	USD	2 858 555	20 000	2 878 555	22.87	8.4	64 272	74 563
Pacira Pharmaceuticals ^{P)}	USD	950 262	0	950 262	43.49	2.3	40 347	35 993
Turning Point Therapeutics ^{1)P)}	USD	853 510	0	853 510	40.70	2.7	33 915	9 952
Galapagos	EUR	292 142	-42 142	250 000	113.45	0.5	31 492	33 887
Vectura Group	GBP	41 579 924	-13 639 009	27 940 915	0.86	4.2	29 906	38 513
Principia Biopharma ^{P)}	USD	833 923	0	833 923	33.19	3.5	27 022	28 217
Ultragenyx Pharmaceutical	USD	450 000	-25 000	425 000	63.50	0.7	26 348	31 062
Zogenix	USD	513 219	40 000	553 219	47.78	1.3	25 806	28 097
Argenx	EUR	186 000	-2 000	184 000	123.20	0.5	25 170	22 842
Argenx (ADR)	USD	184 000	-12 000	172 000	141.58	0.5	23 775	22 860
Esperion Therapeutics	USD	571 257	-35 979	535 278	46.52	2.0	24 311	22 826
Arena Pharmaceuticals	USD	365 000	0	365 000	58.63	0.7	20 893	16 284
Alnylam Pharmaceuticals	USD	265 616	23 658	289 274	72.56	0.3	20 492	24 703
RA Pharmaceuticals	USD	846 958	-163 726	683 232	30.07	1.6	20 058	18 881
Acadia Pharmaceuticals	USD	700 000	0	700 000	26.73	0.5	18 268	18 705
Immunomedics	USD	1 311 490	16 875	1 328 365	13.87	0.7	17 988	25 073
ObsEva (ADS) ^{P)}	USD	1 386 598	-62 359	1 324 239	11.31	3.0	14 622	17 649
Coherus Biosciences	USD	817 442	-155 500	661 942	22.10	1.0	14 282	11 096
Idorsia	CHF	600 000	0	600 000	22.30	0.5	13 380	10 512
Amicus Therapeutics	USD	1 059 061	0	1 059 061	12.48	0.4	12 904	14 334
XBiotech	USD	0	1 735 467	1 735 467	7.58	4.2	12 843	0
Biohaven Pharmaceuticals	USD	0	296 054	296 054	43.79	0.6	12 657	0
Retrophin	USD	587 149	0	587 149	20.09	1.4	11 516	13 223
Uniqure	USD	176 822	-26 822	150 000	78.15	0.4	11 445	10 497
Iovance Biotherapeutics	USD	0	468 456	468 456	24.52	0.4	11 214	0
Albireo Pharma	USD	319 800	30 200	350 000	32.24	2.9	11 017	10 251
Intercept Pharmaceuticals	USD	0	139 743	139 743	79.57	0.4	10 856	0
Divis Laboratories	INR	472 300	0	472 300	1 596.95	0.2	10 668	11 575
Nicox	EUR	1 673 304	0	1 673 304	4.99	5.6	9 271	10 527
Arrowhead Pharmaceuticals	USD	550 000	-200 000	350 000	26.50	0.4	9 055	10 044
Global Blood Therapeutics	USD	0	150 000	150 000	52.60	0.3	7 703	0
Beigene	HKD	700 000	0	700 000	75.05	0.1	6 567	6 851
Beigene (ADR)	USD	50 000	0	50 000	123.95	0.1	6 051	6 568
Hansa Medical	SEK	150 000	150 000	300 000	172.40	0.8	5 439	3 615
Xenon Pharmaceuticals	USD	521 789	0	521 789	9.86	2.0	5 023	5 276
Myokardia	USD	100 000	0	100 000	50.14	0.2	4 895	5 174
Collectis (ADR)	USD	269 363	30 637	300 000	15.60	0.7	4 569	4 916
Collectis	EUR	150 000	100 000	250 000	13.54	0.6	3 759	2 698
Jubilant Life Sciences	INR	608 006	0	608 006	512.10	0.4	4 404	5 816
Nabryva Therapeutics	USD	1 834 007	0	1 834 007	2.43	2.5	4 351	4 454
Solara Active	INR	611 806	0	611 806	446.45	2.4	3 863	3 684
Assembly Biosciences	USD	290 727	0	290 727	13.49	1.1	3 829	5 697
Vicore Pharma	SEK	1 941 714	0	1 941 714	18.70	4.6	3 818	3 390
Bicycle Therapeutics (ADR)	USD	0	357 143	357 143	10.06	2.0	3 508	0
Rubius Therapeutics	USD	207 592	0	207 592	15.73	0.3	3 188	3 739
Novan	USD	1 294 400	-119 070	1 175 330	2.70	4.5	3 098	1 230
Alimera Sciences	USD	3 500 000	0	3 500 000	0.89	4.9	3 041	3 692
Sesen Bio	USD	2 065 367	0	2 065 367	1.50	2.0	3 025	2 117
Others							25 077	57 101
Total public companies							721 001	698 184
Total investments							1 362 345	1 230 377

P) The position originates from the private companies portfolio.

1) The company went public on NASDAQ in April 2019. The investment was 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:

Holdings of financial instruments (CHF 000)	30.6.2019	31.3.2019
Other financial instruments		
Purchased call and put options	635	259
Total financial instruments long	635	259
Market hedging		
Sale of Exchange Traded Funds (ETFs)	61 955	92 224
Total financial instruments short	61 955	92 224

As at the balance sheet date, a partial hedge of the general market risk derived from public investments was in place. Worth CHF 62.0 million, the hedge consisted of the short sale of 0.72 million units of the SPDR S&P Biotech ETF (Exchange Traded Fund).

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

Income from financial instruments (CHF 000)	Quarter ended 30.6.2019	Quarter ended 30.6.2018
Gains from market hedging transactions	5 674	0
Gains from other financial instruments	416	2 361
Total gains from financial instruments	6 090	2 361
Losses from market hedging transactions	0	-15 483
Losses from other financial instruments	0	-74
Total losses from financial instruments	0	-15 557
Net result from financial instruments	6 090	-13 196

3.3 Other financial assets

Other financial assets consist primarily of contractual claims to purchase price payments from earlier trade sales that are contingent on the achievement of defined targets (milestone payments). These claims are recognised at fair value through profit and loss by applying a probability-weighted valuation

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

Of the total book value as at 30 June 2019, CHF 33.7 million were carried as other financial assets (claims from investments held directly by HBM Healthcare). An additional CHF 3.4 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 30.6.2019	Cash flows minimum	Cash flows maximum	Expected period of payment
mtm laboratories	14.8	0.8	25.5	2019
TandemLife (Cardiac Assist)	8.7	4.6	11.6	2019–2021
Nereus ¹⁾	8.2	0.0	26.0	2019–2025
True North Therapeutics	4.5	0.0	11.8	2019–2020
Interventional Spine	0.9	0.0	4.1	2019–2020
Tripex (former Mpex) ²⁾	0.0	0.0	8.6	from 2019 onwards
Total	37.1	5.4	>87.6	

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 reporting period, HBM Partners was paid CHF 4.7 million (previous year: CHF 4.0 million).

A provision for a performance fee of CHF 7.3 million was made during the reporting period (previous year: CHF 8.8 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 194.36 (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:

Investment commitments (CHF 000)	30.6.2019	31.3.2019
HBM BioCapital I+II	1 175	1 182
Other funds	49 306	37 412
Private companies	46 213	52 445
Total investment commitments	96 694	91 039

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 104.3 million (as at 31 March 2019: CHF 102.7 million) with a carrying amount of CHF 99.4 million (as at 31 March 2019: CHF 99.4 million).

5. Shareholders' equity

5.1 Share capital and capital reserve

As at the balance sheet date, the Company's share capital stood at CHF 396.72 million, divided into 6960000 registered shares at a par value of CHF 57.00 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 will be made after the expiration of the legal deadlines in the third quarter of calendar year 2019.

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 reporting 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 June 2019	2910

In addition, the subsidiary HBM Healthcare Investments (Cayman) Ltd. holds 79698 treasury shares (as at 31 March 2019: 92980), acquired via the regular trading line. During the reporting period, the Subsidiary acquired a total of 47569 treasury shares via the regular trading line at an average price of CHF 173.75 per share (previous year: 82734 at CHF 158.40) and sold 60851 treasury shares at an average price of CHF 173.04 (previous year: 94572 at CHF 164.39).

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.

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ISIN

HBMN

SIX Swiss Exchange Ticker

Significant shareholders

Based on the notifications received by the Company, the following shareholders reported equity holdings in HBM Healthcare Investments Ltd of three percent or more as at 30 June 2019:

Shareholding

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

Management fee (paid quarterly):
0.75% of Company assets plus
0.75% of the Company's market capitalisation
Performance fee (paid annually):
15% on increase in value above the high water mark
High water mark (per share for all outstanding
shares) for financial year 2019/2020:
NAV of CHF 194.36

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

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Credits

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