

BB Biotech

Continuing to outperform the benchmark

BB Biotech (BION) delivered strong 2025 results, with NAV increasing 26.5% (in Swiss franc terms), comfortably outperforming BION's benchmark, the Nasdaq Biotech Index (NBI), which gained 16.6% over the same period. Performance was underpinned by the portfolio's concentrated exposure to innovative mid-cap biotechs with differentiated pipelines, with five portfolio companies acquired by large pharmaceutical companies in the year, directly validating BION's stock selection approach. The proposed dividend of CHF2.25 per share for 2025 also represents a 25% step-up on the prior year. The managers remain confident in the long-term outlook for the sector, with M&A activity expected to remain a structural performance driver as large pharmaceutical companies replenish their pipelines ahead of a significant patent cliff. A selection of clinical and regulatory milestones anticipated across the portfolio in 2026 should provide meaningful near-term upside potential.

BION's performance versus Nasdaq Biotech Index (CHF), 10 years



Source: LSEG Data & Analytics, Edison Investment Research. Note: Total returns in CHF terms.

The analyst's view

- BION's 2025 results validate the quality of its investment process. The continued outperformance over the NBI shows that its concentrated, high-conviction approach can deliver meaningful results to drive value creation.
- The discount to NAV of 10.8% at end-2025 is an improvement from 15.2% at the close of 2024, reflecting improved market recognition of the portfolio's quality and the strong NAV performance in recent periods.
- The sector backdrop is increasingly constructive. Large pharmaceutical companies face a substantial patent cliff this decade, creating demand for externally developed innovation, and biotech valuations remain attractive relative to the quality of the pipelines on offer.
- During Q425, management initiated two new positions in Avidity Biosciences and Amicus Therapeutics. Shortly thereafter, both companies agreed to acquisitions, directly validating the team's ability to identify strategically relevant assets ahead of corporate action.
- A broad pipeline of pivotal data readouts and regulatory decisions anticipated across the portfolio in 2026, spanning oncology, immunology and rare diseases, provides meaningful near-term catalysts for further NAV appreciation.

Investment companies
Biotechnology equities

24 February 2026

Price	CHF47.00
Market cap	CHF2,604m
Total assets	CHF2,786m
NAV	CHF50.3
Discount to NAV	7.0%
¹ As of 23 February 2026	
Current yield	5.0%
Shares in issue	55.4m
Code/ISIN	BION/CH0038389992
Primary exchange	SWX
AIC sector	N/A
Financial year end	31 December
52-week high/low	CHF49.7 CHF24.4
NAV high/low	CHF56.0 CHF36.0
Gross gearing	13.3%

Fund objective

BB Biotech, a Swiss-based investment company (traded as a stock), targets long-term capital growth from biotech companies developing new drugs. At least 90% of the portfolio is held in listed companies, mainly those with marketed products or in advanced stages of development. BION is benchmarked against the Nasdaq Biotech Index (in CHF) but is managed on a bottom-up basis, with a focused c 20–35 stock portfolio.

Bull points

- BB Biotech has 30 years' experience and expertise backing innovative companies, such as Moderna (bought pre-IPO).
- The long-term outlook for the biotech sector remains positive.
- BION makes unique use of AI to support the investment process.

Bear points

- Biotech stocks can be volatile, as the development process for new drugs and therapies is very uncertain.
- Recent political developments have raised concerns with some investors regarding tariffs and regulatory logjams.
- BION invests in foreign currencies, which brings a degree of currency risk.

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Market update: Cautiously optimistic going into 2026

2025 showed signs of recovery for the biotechnology sector, following a prolonged period of valuation pressure driven by rising interest rates, restricted access to capital and weakened investor sentiment. Biotech companies with validated pipelines and clear strategic relevance began to reprice, and M&A activity returned in a meaningful way, including five BION portfolio companies being acquired during the year. Management views this as confirmation that large pharmaceutical companies remain structurally motivated to access external innovation, particularly given the patent cliff over the current decade, which has created sustained pressure to replenish pipelines.

That said, this backdrop is not without its complications. Regulatory and policy uncertainties in the US remain elevated. Leadership changes and evolving priorities within key government agencies have contributed to a more complex and less predictable approval environment, and while review activity across oncology and rare diseases remains active, timelines and outcomes are not always straightforward to anticipate. The Inflation Reduction Act continues to shape pricing dynamics for mature products, and discussions about pharmaceutical tariffs, supply chain resilience and domestic manufacturing remain relevant. Management's view is that these dynamics play an increasing role in corporate and investor planning frameworks, rather than acting as short-term influences on sentiment, although they require ongoing attention.

Looking into 2026, management's overall outlook is optimistic. Valuations across the sector remain attractive relative to long-term fundamentals, and the portfolio enters the year with a broad set of late-stage clinical, regulatory and commercial catalysts and milestones ahead. The demand for externally sourced innovation from large pharmaceutical companies is expected to persist, supporting the case for continued M&A activity. The managers believe that clinical differentiation will continue to define performance within the sector, conditions that are well suited to BION's concentrated, high-conviction approach.

BION: Robust performance reflected in 2025 results

Another period of outperformance versus the Nasdaq Biotech Index

BION's Q425 results reflect a robust performance, having delivered a total return of +24.0% (in CHF terms), or +26.1% (in euro terms), or +24.6% (in US dollar terms), comfortably outperforming the NBI, which gained +17.1% (US dollar) over the prior quarter. NAV performance for the quarter amounted to +20.4% (Swiss franc), or +21.0% (euro), or +21.0% (US dollar). Encouragingly, the company ended the year with a narrower discount to NAV (CHF) of 10.8%, versus a 15.2% discount at the end of the prior year.

Looking at the full 2025 picture, the results are just as strong. The company delivered a total return of +34.21% (CHF), or +37.0% (euro), or +53.7% (US dollar); this includes the CHF1.80 dividend paid in March 2025. This compares favourably to the +33.4% (US dollar) for the benchmark, resulting in a share price outperformance of +20.3%. NAV performance amounted to +26.5% (CHF), or +27.8% (euro), or +44.8% (US dollar) for 2025, versus +3.0% (CHF), or +1.7% (euro), or -4.6% (US dollar) for 2024.

The full-year performance was underpinned by various constructive factors. Most significantly, M&A activity was a key driver, with five BION portfolio companies acquired over the course of the year. This directly validated the investment team's stock selection approach, and generated meaningful value. Stabilising financial conditions and a more predictable interest rate environment also contributed to improved market fundamentals, serving as a positive driver for BION's year of tangible progress.

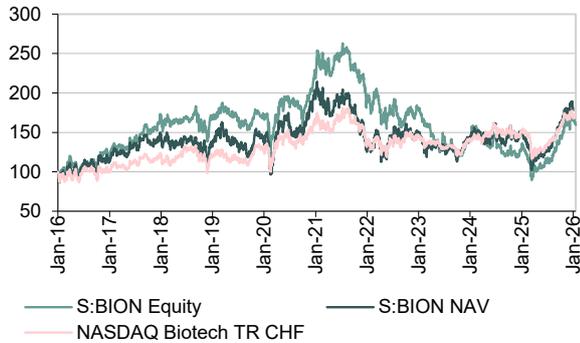
Despite the strength of the 2025 results, the longer-term performance picture relative to the benchmark remains more nuanced. Over the last 10 years, BION has delivered an annualised NAV return of 2.2% in Swiss franc terms, modestly behind the NBI's 3.2% over the same period. This reflects the difficult macroeconomic conditions that weighed on the biotech sector for much of the early 2020s, including sustained interest rate headwinds and constrained access to capital. The 2025 results, in which, the portfolio materially outperformed the NBI, suggest that the period of relative underperformance versus the benchmark is turning, and that the portfolio is well positioned to continue capitalising on improving sector dynamics.

Exhibit 1: Five-year discrete performance data

12 months ending	Total share price return (%)	Total NAV return (%)	NASDAQ Biotech TR CHF (%)	MSCI World Health Care TR CHF (%)	CBOE UK All Cos (%)
31/01/2022	(13)	(31)	(13)	15	22
31/01/2023	(9)	6	4	1	(4)
31/01/2024	(19)	(4)	(5)	1	(1)
31/01/2025	(5)	6	10	11	21
31/01/2026	21	18	11	(7)	13

Source: LSEG Data & Analytics; Bloomberg. Note: All % on a total return basis in CHF; TR: total return.

Exhibit 2: Price, NAV and benchmark total return performance, 10 years rebased



Source: LSEG Data & Analytics; Bloomberg; Edison Investment Research.

Exhibit 3: Price, NAV and benchmark total return performance (%)



Source: LSEG Data & Analytics; Bloomberg; Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

Multiple catalysts for portfolio holdings

In recent periods, BION's portfolio companies have continued to deliver against their clinical and commercial development plans, with several key milestones validating the investment team's approach to portfolio construction:

- Avidity Biosciences agreed to be acquired by Novartis, announced in October 2025, shortly after BION had established its position in the company. Avidity's differentiated antibody-oligonucleotide conjugate platform (a technology that combines targeted antibodies with RNA-based medicines to treat rare neuromuscular diseases) had attracted significant strategic interest and the transaction, expected to close within Q126, confirmed the team's ability to identify high-quality assets.
- Amicus Therapeutics similarly entered into a definitive acquisition agreement with BioMarin Pharmaceutical, announced in December 2025, again, shortly after BION initiated its position. The deal is expected to close by Q226 and underscores the sustained appetite among larger pharmaceutical companies for commercially mature rare disease assets, like those included in BION's portfolio.
- Revolution Medicines continued to build momentum behind its RAS(ON) inhibitor portfolio, advancing pivotal combination studies for zoldonrasib and elironrasib (treatments that block mutant KRAS proteins, a key genetic driver found across a large proportion of difficult-to-treat solid tumours, including pancreatic and lung cancers). With Phase III data in pancreatic ductal adenocarcinoma expected in 2026, this programme represents a key potential near-term catalyst within the portfolio.
- Wave Life Sciences reported that a single 240mg dose of WVE-007 (an RNA-based metabolic therapy) produced meaningful improvements in body composition at three months relative to baseline, including a 9.4% reduction in visceral fat (the fat stored around internal organs, closely associated with cardiometabolic risk), a 4.5% reduction in total body fat and a 3.2% increase in lean mass. The potential for once- or twice-yearly dosing adds meaningful commercial differentiation in an increasingly competitive metabolic disease space.
- Ionis Pharmaceuticals continued to build momentum across its cardiometabolic and rare disease pipeline, with regulatory milestones for olezarsen (Tryngolza) in severe hypertriglyceridaemia (dangerously elevated blood fat levels that increase cardiovascular risk) expected to progress through the review process, further de-risking what is already one of the portfolio's most productive late-stage platforms.

Investment decisions validate approach, reflecting broader opportunities

BION's investment team continued to demonstrate disciplined capital allocation during the prior quarter, with the portfolio standing at 24 companies at year-end. As mentioned above, Avidity Biosciences and Amicus Therapeutics were two new positions initiated during Q425. Avidity Biosciences, with its differentiated antibody-oligonucleotide conjugate platform, was the subject of the Novartis acquisition, following BION's entry earlier in the quarter. Amicus Therapeutics is a commercial-stage rare disease company with an established enzyme replacement therapy franchise in Fabry disease. Shortly after its addition to the portfolio, BioMarin announced an agreement to acquire Amicus. In both cases, the acquisitions materialised shortly after BION had established its positions, demonstrating a consistent ability to identify strategically relevant assets at the precise point at which large pharmaceutical companies are ready to act.

Selective position increases were made in Revolution Medicines and Ionis Pharmaceuticals, reflecting continued high conviction in both platforms as they move towards pivotal Phase III data readouts and further regulatory milestones. These additions reflect BION's clear focus on innovative companies with differentiated late-stage pipelines, while the two rapid M&A exits further underscore the strategic value that large pharmaceutical companies continue to assign to precisely the kind of companies that the investment team is seeking.

Throughout 2025, the portfolio was actively refined. Positions were exited where long-term conviction weakened or risk-reward profiles deteriorated. Furthermore, positions such as Blueprint Medicines and Intra-Cellular Therapies were monetised following their respective acquisitions earlier in the year. Collectively, these exits reflect a disciplined approach to capital recycling, allowing proceeds to be redeployed into new opportunities, while preserving portfolio coherence and risk discipline.

Numerous milestones anticipated throughout 2026

There are multiple near-term catalysts for BION's portfolio expected in 2026. The most closely watched pivotal data readout is Revolution Medicines' top-line Phase III results from its registrational study of daraxonrasib in pancreatic cancer. Significant clinical milestones are also anticipated for Viridian Therapeutics' top-line REVEAL-1 and REVEAL-2 Phase III results in thyroid eye disease. Ionis Pharmaceuticals is also on track with the commercial launch of Tryngolza in severe hypertriglyceridemia, expected to be a key value driver. Management highlighted that 2026 will not be dependent on binary events, but by this array of potential milestones throughout the year.

Dividend payments: A key differentiator versus peers

As well as providing exposure to a rapidly growing, innovative sector, BION pays a dividend equivalent to 5% of the volume-weighted average share price during December each year. The board is proposing a dividend of CHF2.25 per share with respect to the year ended 31 December 2025 (2024: CHF1.80 per share; 2023: CHF2.00 per share; 2022: CHF2.85 per share), subject to approval at the annual general meeting scheduled for 19 March 2026, with payment to follow shortly thereafter. The proposed dividend represents a meaningful step-up of 25% versus the prior year distribution, reflecting the strength of the portfolio's earnings in 2025 and the board's confidence in the sustainability of future distributions. The proposed dividend continues to compare favourably with BION's peers in the biotechnology and healthcare sectors, as all other investment companies in this group pay no, or low, dividends. This is because many biotech companies are at a relatively early stage of development and the investment companies prefer to reinvest any cash generated for future growth.

BION's directors recognise shareholders' appetite for income and, in response, BION has maintained a differentiated approach to that of its peers. This high distribution policy, which was introduced in 2013, appears to be appreciated by shareholders and is arguably one of the factors underlying the long-term support for the share price. It is important for shareholders to be aware that the company's dividend payments may in part represent a return of their capital.

Sector outlook: Unique dynamics at play, fundamentals robust

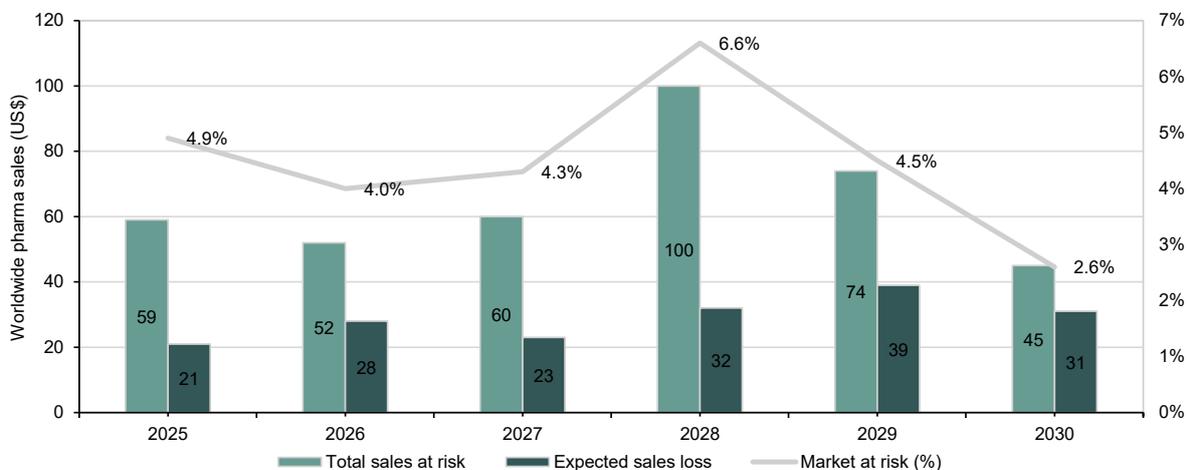
The macroeconomic backdrop for the biotechnology sector has improved materially relative to the conditions that prevailed for much of the preceding three years. Financial conditions stabilised during 2025 as interest rate expectations became more predictable following a period of aggressive monetary tightening, and the operating environment for innovation-driven companies has gradually normalised. This shift has allowed investors to return their focus to company-specific fundamentals and clinical progress, rather than broad sector risk-on/off positioning, a dynamic that has historically been favourable for high-conviction investment approaches, such as BION's.

The policy environment in the US remains a key focus, although it is increasingly being embedded within corporate and investor planning frameworks, rather than acting as an acute source of volatility. The Inflation Reduction Act continues to shape pricing dynamics for mature pharmaceutical products, although differentiated therapies addressing significant unmet medical needs retain viable regulatory and commercial pathways. Discussions around tariffs on pharmaceutical imports, domestic manufacturing requirements and supply chain resilience continue, and while none of these represents an immediate material threat to the mid-cap biotechnology companies that dominate BION's portfolio, they warrant continued monitoring as they are important within the sector.

M&A activity is expected to continue to be a significant structural feature of the sector over the coming years. The biopharmaceutical industry faces a sizeable patent cliff through the mid-2020s (Exhibit 4), with over \$200bn in annual revenue at risk as key brands lose market exclusivity. Internal research and development alone is insufficient to offset this erosion at scale, which means large pharmaceutical companies are structurally motivated to acquire externally developed innovation. BION's portfolio, concentrated in clinically mature companies with differentiated science and demonstrated strategic relevance to large pharmaceutical buyers, is well positioned to continue benefiting from this theme, as illustrated by the five acquisitions completed during 2025.

Scientific progress across key disease areas continues to accelerate. In oncology, the largest therapeutic area within biotech and pharma, targeted therapies addressing specific genetic mutations (such as those directed at KRAS, a gene fault found in a large proportion of difficult-to-treat cancers) are generating response rates that were considered previously unachievable. In immunology and rare diseases, RNA-based medicines, next-generation biologics and targeted small molecules are expanding both the breadth and the durability of treatment options available to patients. The integration of AI in drug discovery and portfolio analysis is further improving the efficiency of development decisions across the industry. Collectively, these advances are expected to improve success rates across the board, which is gradually but meaningfully improving the risk-adjusted return profile of the sector for long-term investors.

Exhibit 4: Worldwide sales at risk from patent expiration (data and projections shown from 2025 to 2030)



Source: Evaluate Pharma, Edison Investment Research

Discount

BION's shares have historically traded at a premium to NAV, having traded at an average premium of c 5% over the past 10 years, underpinned by strong investor interest in the biotech sector, the company's high distribution policy and, at various points, buying activity from passive investors following index inclusion (Exhibit 5). BION reached a record-high premium to NAV of c 40% in January 2022, but the share price subsequently dipped into discount territory in 2023 as high interest rates took their toll on the sector, especially small and mid-cap companies. By year-end 2025, the discount had narrowed from 15.2% at the close of 2024 to 10.8%, reflecting improved market recognition of the portfolio's quality and the strong NAV performance delivered over the year. As of 23 February 2026, the discount had further narrowed to c 7%.

With BION's shares still trading below NAV, and with good reasons to be constructive about the longer-term outlook for BION's portfolio and the broader biotech sector, investors may see value in the shares at current levels. The recently announced share buyback programme, authorising the repurchase of up to 10% of shares over three years, provides an additional structural mechanism to support further discount narrowing, alongside the continued improvement in portfolio performance and sector sentiment.

Exhibit 5: Premium/discount over 10 years (%)



Source: LSEG Data & Analytics; Bloomberg; Edison Investment Research

Peer group

BION is not included in the Association of Investment Companies (AIC) Biotechnology & Healthcare sector as its primary listing is in Switzerland, but below we present it and another Swiss company, HBM Healthcare Investments (HBMN), alongside members of the AIC peer group, to provide a relevant comparison (Exhibit 6). The table includes four funds (BION, Biotech Growth Trust, International Biotechnology Trust and RTW Biotech Opportunities) that focus primarily on biotech stocks, and four funds (BB Healthcare, HBMN, Polar Capital Global Healthcare and Worldwide Healthcare Trust) that focus on healthcare more broadly and generally include some biotech stocks alongside stocks from other sectors. Syncona is a venture capital/growth capital investor focused on backing and building early-stage companies, mainly in the biotech space.

BION remains the largest fund in this group. Its recent performance has lagged due to its small and mid-cap bias, as these sectors have underperformed the market, and this has proved a drag on its long-term performance relative to peers, although its recent re-focus on mid- to late-stage companies may help reposition it in this regard. BION now ranks fourth among its peers for performance over 10 years, fifth over the past five-year period, and third over the past three- and one-year periods. One key differentiator for BION is that it is the only company among its peers to pay a substantial dividend, which is set at 5% of the average share price over December each year. The company's ongoing charge aligns with the average of its peers and, unlike most of its peers, it is not subject to a performance fee. These factors may help account for the fact that BION's share price discount (c 7%) is below the average of its peers (average discount of c 12%).

Exhibit 6: Selected peer group as at February 2026 (in Swiss francs)

Group/Investment	Latest Market Capitalisation	1 year	3 year	5 year	10 year	Ongoing Charge*	Performance Fee	Latest Discount (Cum Fair)	Latest Net Gearing (Ex Par)	Income Only Yield (NAV) - UK
		NAV TR (Cumulative)	NAV TR (Cumulative)	NAV TR (Cumulative)	NAV TR (Cumulative)					
BB Biotech	2,554	18	20	(4)	83	1	No	(7)	103	5
BelleVue Healthcare	103	(9)	(13)	(15)		1	No	(4)	97	0
Biotech Growth	268	22	14	(29)	43	1	Yes	(8)	112	0
HBM Healthcare Investments	1,531	13	17	9	168	1	Yes	(19)	100	0
International Biotechnology	303	20	42	31	116	1	Yes	(11)	109	0
Polar Capital Gb Healthcare	430	(1)	14	35	85	1	Yes	-1	97	-1
RTW Biotech Opportunities	524	6	22	2		2	Yes	(12)	100	0
Syncona	630	(12)	(19)	(28)	6	2	No	(43)	100	0
Worldwide Healthcare	1,429	(5)	7	(5)	66	1	Yes	(7)	102	1
Simple average	863	6	11	(0)	81	1		(12)	102	1
Weighted average		8	14	(1)	91	1		(12)	102	3
Rank	1	3	3	5	4	1		3	3	1

Source: Morningstar; Bloomberg; Edison Investment Research. Note: Performance at 31 January 2026; TR: total return. *Ongoing charges in line with AIC guidelines.

Portfolio allocation

BION is differentiated from its NBI benchmark by its concentrated portfolio. As of February 2026, the company's top 10 holdings comprised 75% of its NAV (Exhibit 7). The company also differs from the NBI by being able to hold up to 10% of its assets in private equity, although it currently only holds small positions in two unlisted companies, Rivus Pharmaceuticals (focused on fat-selective weight loss), which comprises c 1.6% of the portfolio, and Galecto Inc (Series C Preferred; focused on cancer and severe liver diseases), which comprises 0.7%.

The portfolio currently has 24 holdings, a similar figure to the 26 holdings of February 2025. Across the past year, BION's investment team has actively refined the composition of the portfolio, with a pronounced rotation towards mid-cap companies. Mid-cap stocks (market caps of \$5–30bn) now represent c 40% of the portfolio, up materially from c 25% the prior year, while small-cap exposure (market caps \$1–5bn) has come down to c 27%, from c 40% the prior year. This reflects a deliberate repositioning towards companies at the steepest point of the clinical and commercial growth curve, where the team believes the risk-adjusted return potential is most compelling (Exhibit 8). In terms of drug modality, small molecule approaches continue to dominate (Exhibit 9). However, we see an increasing allocation towards RNA and antibody therapies, reflecting the team's long-term conviction in these rapidly evolving technologies, where clinical success rates have improved markedly and several portfolio companies have now achieved commercial-stage products.

Recent complete exits include Intra-Cellular Therapies, following completion of its acquisition by Johnson and Johnson; Moderna, Agios Pharmaceuticals and Arvinas, where long-term conviction weakened or the risk-reward profile deteriorated; and Sage Therapeutics, Fate Therapeutics and Esperion Therapeutics. The manager has trimmed positions in Ionis Pharmaceuticals, argenx, Alnylam Pharmaceuticals and Neurocrine Biosciences to manage position sizing following strong share price appreciation. Revolution Medicines and Vertex Pharmaceuticals have both seen position increases, reflecting continued high conviction in their near-term catalyst profiles.

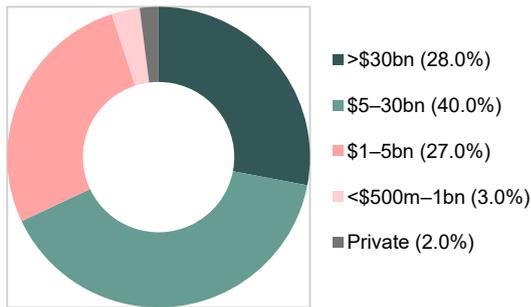
While the portfolio now has a greater emphasis on mid-cap stocks, recent portfolio changes have not had a dramatic effect on portfolio structure at the stock level. The company still has relatively large core holdings (up to around eight) comprising most of its portfolio, with diversification provided by various smaller positions. BION's top 10 holdings are largely unchanged over the past year, with seven common positions a strong indicator of the manager's high conviction in the portfolio's key positions.

Exhibit 7: Top 10 holdings (%)

Company	Country	Main clinical focus	Portfolio weight		Change in portfolio weight
			Feb-26	Feb-25	
Revolution Medicines	US	Oncology	12	7	5
Argenx	Netherlands	Orphan diseases	11	14	(2)
Ionis Pharmaceuticals	US	Genetic diseases	11	10	1
Vertex Pharmaceuticals	US	Orphan diseases	9	7	2
Neurocrine Biosciences	US	Neurological diseases/women's health	7	9	(2)
Avidity Biosciences	US	Genetic diseases	6	N/A	N/A
Scholar Rock Holding	US	Protein growth factors	5	4	1
Alnylam Pharmaceuticals	US	Genetic diseases	5	7	(2)
Amicus Therapeutics	US	Orphan diseases	5	N/A	N/A
Viridian Therapeutics	US	Orphan diseases	4	N/A	N/A
Top 10 (% of holdings)			75	59	

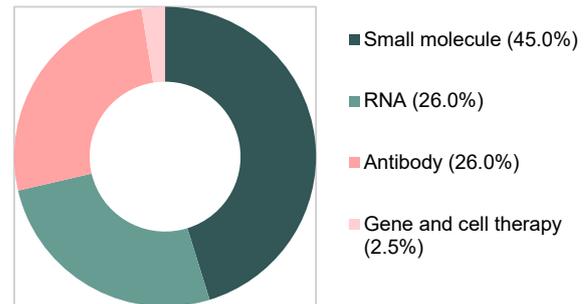
Source: BB Biotech; Edison Investment Research. Note: *N/A where not in February 2025 portfolio.

Exhibit 8: Portfolio breakdown by market cap



Source: BB Biotech. Note: As at February 2026.

Exhibit 9: Portfolio breakdown by technology



Source: BB Biotech. Note: As at February 2026.

Investment process

A highly experienced team...

BION's lead portfolio manager, Dr Chris Koch, assumed responsibility for the portfolio at the beginning of 2025, following the retirement of Dr Daniel Koller, after 20 years in the company's investment management team. Dr Koch heads a team that now includes investment professionals based in New York, London and Zurich, with a variety of experience in finance, medicine and natural sciences, including six investment analysts plus up to five AI and data scientists. Dr Koch is the longest-serving member of the management team, having been involved with the fund since 2014. The scientific backgrounds of the manager and his team are fundamental to their understanding of the drug development landscape, and they keep their knowledge up to date through meetings with clinicians and biotech company executives, monitoring medical journals and attending industry conferences.

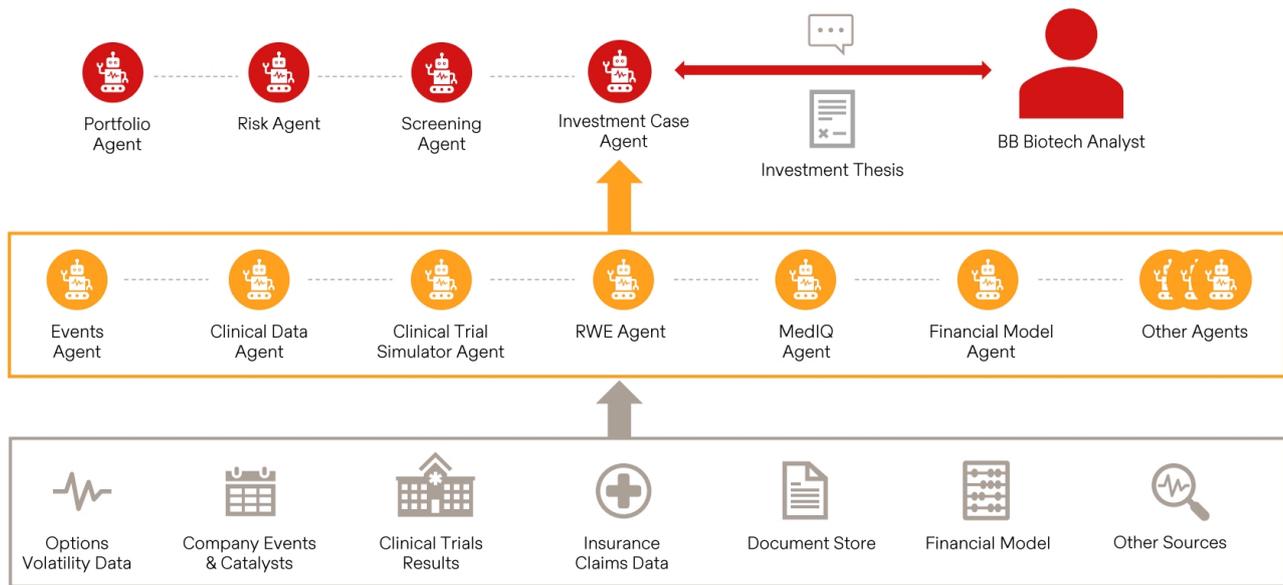
...supported by advancing analytical capabilities...

BION's investment approach continuously evolves, with the management team at Bellevue Asset Management enhancing its analytical capabilities through progressive digitalisation and the integration of AI-assisted research tools. These developments support a more systematic approach to opportunity identification and risk assessment. A key recent focus has been on utilising agentic AI to improve internal processes, working towards what the company describes as a high-performance human-AI investment team. This has led to the development of AI agents for sub-tasks of the company's due diligence processes. Over time, the managers hope that these developments will eventually be able to scale from the shallower end of productivity, through to being able to generate novel insights based on real-world evidence, with the goal of streamlining the entire investment process (Exhibit 10).

The investment process remains guided by the S-curve model, which focuses capital on companies at different stages of maturity, from preclinical research, through clinical development, to commercialisation. This framework enables the portfolio to be balanced along the curve, combining earnings stability from established commercial-stage holdings with pipeline-driven growth from mid-stage development companies, and selective exposure to innovative early-stage companies. The approach allows BION to benefit from the cash generation and reduced volatility of mature biotech businesses, while capturing the substantial value-creation potential that occurs as promising therapies progress through the clinical development process. Portfolio construction under this model is complemented by a gate-based approach to managing risk, exposure and time horizons, with capital allocation reflecting both the stage of development and the quality of scientific differentiation.

Portfolio construction reflects genuine conviction, with 24 holdings (as of February 2026) currently positioned at the lower end of the 20-35 company target range. The top 10 positions represent approximately 75% of NAV, demonstrating a concentrated approach that allows meaningful impact from individual successes. The permanent capital structure enables the team to maintain positions through periods of volatility, avoiding forced selling during market dislocations.

Exhibit 10: BION's AI agents landscape



Source: BION Investor Presentation (January 2026)

...and close scrutiny of the fundamentals

The universe of established and developing biotechs globally, from which BION's managers construct the portfolio, stands at c 8,000 companies, so a variety of filters are employed to arrive at the final concentrated portfolio of c 20–35 companies. The investment team begins by focusing on clinical areas where advances in science and technology co-exist with strong market potential, looking at factors such as indication and mechanism of action. This brings the opportunity set down to c 600–800 companies, which is further refined to a 'long list' of c 100 stocks by applying a variety of quantitative and qualitative screens. These candidate stocks are modelled and analysed by the investment team, assessing factors such as innovation, quality of company management, intellectual property (the team prefers wholly owned assets), potential commerciality and company financials. The team also conducts extensive dialogue with the management of target companies to assess the quality of the target's management team. This dialogue is maintained after investment.

While the clinical side is the main driver of investment decisions, companies considered for inclusion in the portfolio should also have the potential to achieve above-average sales and profit growth. The investment team produces an investment proposal for each potential holding that passes through the due diligence process, which is then presented to BION's executive board. The proposal includes a financial model, clinical data, recommendations on purchase price and position size (new positions tend to come into the portfolio at 0.5–4.0% of NAV) and estimates of potential upside and downside. The executive board signs off on all new positions, complete exits and major changes in weightings.

While the investment universe is global, BION has a bias towards the US, as this is where the majority of the world's biotech companies are based. The portfolio tends to focus away from the largest 'evergreen' stocks that dominate the NBI, preferring companies that still have growth potential but are not necessarily higher risk, as many already have products on the market and may be less exposed to the expiry of patents.

The team actively manages the fund, trimming positions to lock in gains and keep them from becoming too large, and topping up holdings if valuations become more attractive. Complete exits may occur where a stock has reached its valuation target, or if poor clinical data or regulatory outcomes call the original investment thesis into question. Recent adjustments to the process include more dynamic responses to market conditions, more cautious capital deployment in early-stage companies and more disciplined divestments.

Sustainability remains key, with recent inclusion in the SPI ESG Index

BION has a business-driven approach to sustainability. It has a more than 30-year history of acting as an engaged and responsible investment company, focused on delivering long-term value to investors and society as a whole. The company has strict exclusion criteria related to activities that violate universal norms regarding the environment, human rights and good corporate governance practices, and ESG factors are integrated into the fundamental analysis of every

company. ESG ratings compiled by MSCI ESG Research, a global leading ESG research provider, are referenced in this process.

The managers also strive to have an active and constructive dialogue with the management and other stakeholders of portfolio companies regarding ESG considerations. BION has a sustainability and governance committee and at its behest, BION continues to evolve its ESG processes, gradually introducing new and meaningful ESG initiatives. Most recently the team has implemented new policies regarding diversity, human rights, data privacy, political involvement, responsible marketing, anti-bribery and corruption, tax, health and safety and anti-money laundering.

BION's manager, Bellevue Asset Management, is a signatory of the UN Principles for Responsible Investment. BION's inclusion in the SPI ESG Index in September recognises its commitment to responsible investing, with environmental, social and governance factors integrated into the investment process alongside fundamental financial and scientific analysis. The index measures the development of Swiss equities based on an ESG rating metric provided by ratings agency Inrate. BION strives to keep all board members updated on recent developments regarding ESG.

Fund profile

Launched in 1993, BION is one of the largest specialist funds investing in the fast-growing sector of biotechnology. It is managed by Bellevue Asset Management, a healthcare investment manager headquartered in Switzerland, and has an executive board of industry experts who oversee major investment decisions. BION has a strong focus on innovation and aims to achieve capital growth for its investors, while also paying a 5% dividend (based on the average share price during December each year). Returns can be volatile, as biotech companies' share prices can move significantly following positive or negative clinical developments.

BION is incorporated and listed in Switzerland and has listings on German and Italian exchanges. The fund measures its performance against the NBI (in Swiss franc terms), although its concentrated portfolio (between 20–35 stocks) and greater focus on mid-cap companies means its performance is likely to differ significantly from that of the benchmark. The portfolio blends earlier-stage biotech companies with those that already have products on the market and are profitable. BION's manager has scope to use gearing to enhance returns.

Capital structure

BION is a Switzerland-incorporated, closed-end investment company with one class of share. Its primary Swiss franc-denominated stock market listing is on the SIX Swiss Exchange, and it also has euro-denominated listings in Germany and Italy. As of September 2025, it has been a constituent of the SPI ESG Index of the SIX Swiss Exchange, highlighting the company's commitment to responsible investing and sustainable corporate governance. There are currently 55.4m shares in issue. BION had authority to repurchase up to 10% of its shares (5,540,000 shares) over a period of 36 months from April 2022. At the end of the programme in April 2025, the company had repurchased 250,750 shares under this share buyback programme. This authority was not renewed at the AGM held in March 2025. The shareholder base is broadly diversified with few significant holders.

Following the strong financial performance in 2025, BION and its board announced a new share buyback programme in February 2026, authorising repurchases of up to 10% of outstanding shares over a three-year period. This announcement, in combination with the proposed dividend increase to CHF2.25 per share and alongside the robust recent performance, reflects the company's commitment to managing the discount, while maintaining flexibility in capital allocation.

The board

BION's board members are all renowned and highly experienced practitioners within the biotech sector. The prior AGM was held in March 2025, whereby shareholders re-elected the previous board members (Dr Thomas von Planta (chairman), Dr Clive Meanwell, Laura Hamill, Dr Pearl Huang, Prof Dr Mads Krogsgaard Thomsen and Camilla Soenderby) for another one-year term each. The next AGM is scheduled for 19 March 2026.

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