Bellevue Healthcare Trust

JANUARY 2025

Factsheet

Marketing document

Investment focus

Bellevue Healthcare Trust intends to invest in a concentrated portfolio of listed or quoted equities in the global healthcare industry. The investable universe for the fund is the global healthcare industry including companies within industries such as pharmaceuticals, biotechnology, medical devices and equipment, healthcare insurers and facility operators, information technology (where the product or service supports, supplies or services the delivery of healthcare), drug retail, consumer healthcare and distribution. There are no restrictions on the constituents of the funds portfolio by index benchmark, geography, market capitalisation or healthcare industry sub-sector. Bellevue Healthcare Trust will not seek to replicate the bench-mark index in constructing its portfolio. The fund takes ESG factors into consideration while implementing the aforementioned investment objectives.

Fund facts

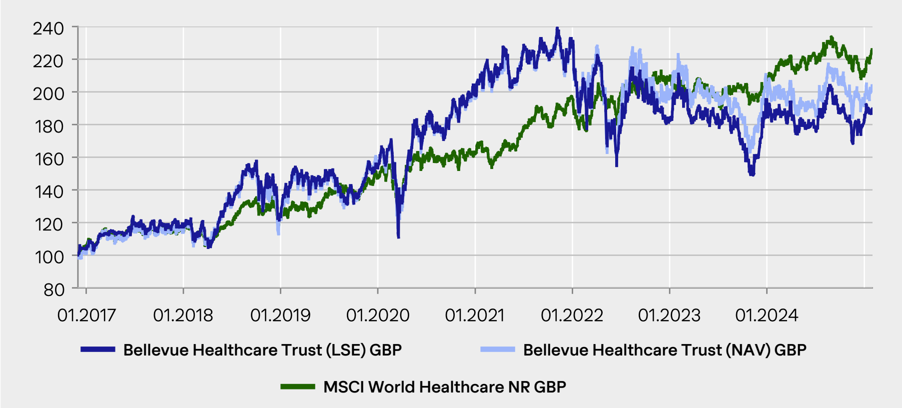
Share price	147.20
Net Asset Value (NAV)	157.97
Market capitalisation	GBP 364.01 mn
Investment manager	Bellevue Asset Management (UK) Ltd.
Administrator	NSM Funds (UK) Limited
Launch date	01.12.2016
Fiscal year end	Nov 30
Benchmark (BM)	MSCI World Healthcare NR
ISIN code	GB00BZCNLL95
Bloomberg	BBH LN Equity
Number of ordinary shares	247,289,903
Management fee	0.95%
Performance fee	none
Min. investment	n.a.
Legal entity	UK Investment Trust (plc)
EU SFDR 2019/2088	Article 8

Key figures

Beta	1.39
Correlation	0.64
Volatility	28.4%
Tracking Error	22.33
Active Share	79.47
Sharpe Ratio	0.04
Information Ratio	-0.15
Jensen's Alpha	-5.52

Source: Bellevue Asset Management, 31.01.2025;
Calculation based on the Net Asset Value (NAV) over the last 3 years to 31 January 2025.

Indexed performance since launch



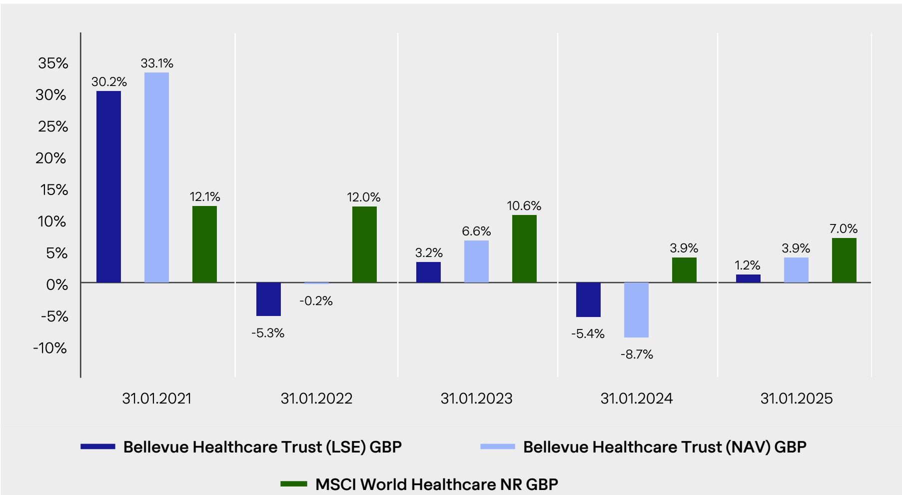
Cumulative & annualised performance

	Cumulative 1M	Cumulative YTD	Cumulative 1Y	Cumulative 3Y	Cumulative 5Y	Cumulative 10Y	Cumulative ITD	Annualised 1Y	Annualised 3Y	Annualised 5Y	Annualised 10Y	Annualised ITD
Share	3.8%	3.8%	1.2%	-1.2%	21.8%	n.a.	89.6%	1.2%	-0.4%	4.0%	n.a.	8.1%
NAV	5.9%	5.9%	3.9%	1.2%	34.4%	n.a.	102.8%	3.9%	0.4%	6.1%	n.a.	9.0%
BM	7.0%	7.0%	7.0%	23.0%	54.4%	n.a.	125.1%	7.0%	7.1%	9.1%	n.a.	10.4%

Annual performance

	2020	2021	2022	2023	2024	YTD
Share	29.1%	16.6%	-21.0%	7.0%	-6.5%	3.8%
NAV	25.7%	15.2%	-11.1%	2.4%	-6.7%	5.9%
BM	10.3%	20.8%	5.8%	-1.6%	3.1%	7.0%

Rolling 12-month-performance



Source: Bellevue Asset Management, 31.01.2025; all figures in GBP %, total return / BVI-methodology

Past performance is not a reliable indicator of future results and can be misleading. Changes in the rate of exchange may have an adverse effect on prices and incomes. All performance figures reflect the reinvestment of dividends and do not take into account the commissions and costs incurred on the issue and redemption of shares, if any. The reference benchmark is used for performance comparison purposes only (dividend reinvested). No benchmark is directly identical to the fund, thus the performance of a benchmark is not a reliable indicator of future performance of the Bellevue Healthcare Trust to which it is compared. There can be no assurance that a return will be achieved or that a substantial loss of capital will not be incurred.

Welcome to our first update of 2025. Life under Trump 2.0 is proving to be as fast paced and uncertain as anyone could have reasonably imagined. The first salvos of a global trade war have been unleashed, and then partially retracted. Where we go from here is anyone's guess. Is this the trade equivalent of gunboat diplomacy, Trump showing his actually a weak paper tiger or a return to 1930s economic orthodoxy? (We all know how the latter went).

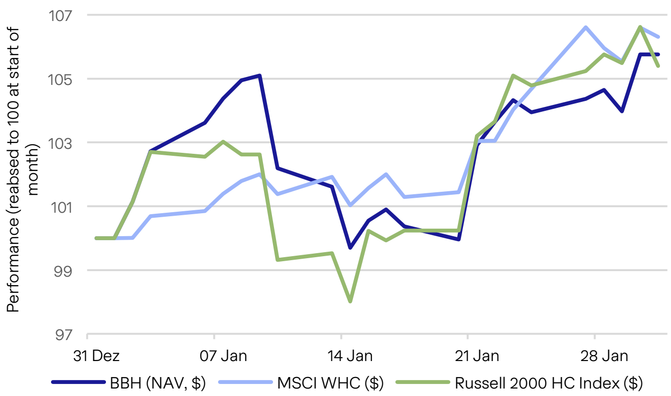
The impact of all of this on the healthcare sector is yet to be determined; supply chains are often longer and more complex than anyone realised before trying to unwind them. Yet, at the same time, there is a cogent argument for excluding such products of necessity (there again, food is quite essential, and it has not been excluded as yet). Even so, Trump has made specific comments about pharmaceutical production needing to 'come home'.

Whatever form they take, the economic impact of tariffs is bound to be negative overall; they are the antithesis of free trade. Prices will rise and discretionary demand will likely fall at the margin, as more goes toward food and financing costs. Defensive sectors may well offer a safe port in this storm, although healthcare must contend with inevitable changes to entitlement programmes like Medicaid and potentially RFK Jr too.

Monthly review

The Trust

During January, the Trust's Net Asset Value rose 5.3% in US dollar terms (+5.9% in sterling) to 157.97p, underperforming the total return of the MSCI World Healthcare Index, which rose +6.4% (+7.0% in sterling) by 107bp. The evolution of the NAV across the month is illustrated in Figure 1 below, and largely tracks the healthcare benchmarks.



Source: Bellevue Asset Management, 31.01.2025

Size factor was not an appreciable issue during the month. However, Figure 1 highlights the elevated volatility mid-month, where the sector gave back all of its progress during the marquee JPM Healthcare conference and then bounced again post the inauguration.

Within the portfolio, Medical Technology was the largest contributing sub-sector by far, followed by Focused Therapeutics and Diagnostics. Services and Healthcare IT delivered negative returns over the month. The portfolio remained at 34 active positions, with one addition in Medical Technology, and one exit in Focused Therapeutics.

The evolution of the sub-sector weightings is summarised in Figure 2 opposite, and we would make the following comments:

Given rising political uncertainties over the funding for the Medicaid programme, we significantly reduced our exposure to stocks with a high level of dependency on this market. This is most obvious in the reduction in weighting of Healthcare IT.

At the beginning of the month, we held a substantial position in the surgical robotics company Intuitive Surgical. This made new all-time highs on the back of positive pre-announcement (that we and many others were anticipating), so we sold the position down meaningfully, not least because it manufactures around 80% of its consumables in a very large facility in Northern Mexico, was high on our list of potential tariff exposures. This drove the reduction in the Med-Tech weighting, despite its positive performance and the addition of another name to the holdings.

The increase in the Diagnostics weightings mostly reflects positive relative performance. We actively added to our holdings in Distributors and reduced our holdings in Focused Therapeutics. We bought back some of our Managed Care exposure following recent weakness and added materially to our Tools exposure.

	Subsectors end Dec 24	Subsectors end Jan 25	Change
Diagnostics	17.3%	17.9%	Increased
Distributors	1.6%	2.1%	Increased
Focused Therapeutics	27.5%	23.7%	Decreased
Healthcare IT	2.1%	0.9%	Decreased
Healthcare Technology	11.4%	13.4%	Increased
Managed Care	4.1%	5.7%	Increased
Med-Tech	20.1%	17.8%	Decreased
Services	9.7%	10.0%	Increased
Tools	6.2%	8.5%	Increased
	100.0%	**100.0%**	

Source: Bellevue Asset Management, 31.01.2025

The share buyback programme was very active again during the month, and ~9.3m shares were repurchased. The share buyback parameters are set by Trust's board and the programme is operated on an 'arms length' basis by the Company's broker, JP Morgan.

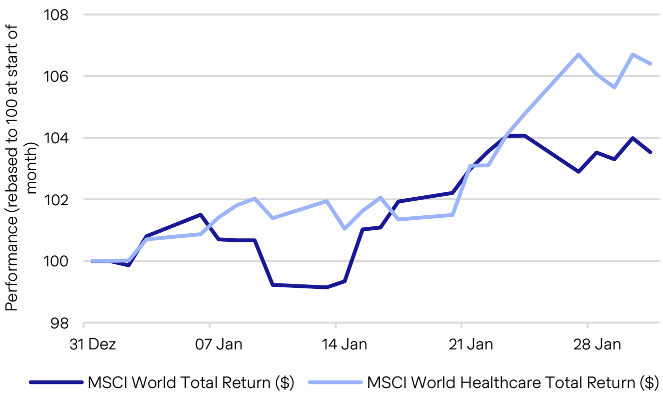
Following these portfolio changes and share repurchases, the cash balance increased slightly from 3.3% of gross assets to 4.0%. In January, the average share price discount to NAV declined further to 6.1%, as compared to 8.1% during December 2024.

The Healthcare Sector

As noted previously, the dollar total return of the MSCI World Healthcare Index during January was +6.4% (+7.0% in sterling), significantly outperforming the wider MSCI World Index, which delivered -3.5% over the month (+4.1% in sterling), as illustrated in Figure 3 overleaf. This is essentially a reversal of December 2024's performance in relative and absolute terms.

The sector was generally tracking the upward trend in the broader market until the 'DeepSeek AI' reveal over the weekend preceding the 27th January trading session, during which we saw a major sell-off in AI-linked technology stocks.

Healthcare seemed to be a safe haven as investors moved away from what has been a multi-year cycle of over-weighting a narrow group of mega-cap tech stocks on the expectation that they have some sort of unassailable technological advantage. These assumptions have looked questionable to us for some time, but the DeepSeek rollout seemed to crystallise the debate.



Source: Bellevue Asset Management, 31.01.2025

January is always a busy month, with the marquee JP Morgan Healthcare conference delivering its usual slew of pre-announcements, 2025 guidance statements, strategic updates and C-Suite musings on the outlook for the coming 12 months.

At the same time, we have had to contend with a series of announcements from team Trump, both before and after the inauguration on 20th January. This led to increased levels of volatility across the month. The Index's sub-sector performance breakdown is summarised in Figure 4 below:

	Weighting	Perf (USD)	Perf (GBP)
Healthcare IT	0.6%	10.6%	11.2%
Conglomerate	9.0%	10.0%	10.6%
Healthcare Technology	0.7%	9.8%	10.4%
Dental	0.4%	9.3%	10.0%
Facilities	1.0%	8.6%	9.2%
Tools	7.3%	8.1%	8.7%
Med-Tech	17.3%	7.7%	8.3%
Other HC	1.3%	7.6%	8.2%
Distributors	2.1%	7.5%	8.0%
Managed Care	9.8%	7.4%	8.0%
Services	2.0%	5.2%	5.8%
Diversified Therapeutics	40.1%	4.6%	5.2%
Diagnostics	1.3%	4.4%	4.9%
Focused Therapeutics	7.8%	4.4%	4.9%
Generics	0.8%	-4.4%	-3.8%
Index perf		**6.4%**	**7.0%**

Source: Bloomberg/MSCI and Bellevue Asset Management, Weightings as of 31.12.2024, Performance to 31.01.2025

We would offer the following observations on the performance dispersion:

The lagging performance of the pharma/biotech stocks (Diversified and Focused Therapeutics) was notable and to our minds reflected two things; drug pricing being on the thematic agenda for the incoming administration (no surprise) and, more bizarrely to our minds, apparent disappointment at a lack of therapeutics M&A being announced at the JPM event.

As we have noted several times in past missives, the FTC under Biden had a chilling impact on public market M&A and, based on the people put forward to run the agency under Trump, it seems logical to expect more benign oversight in the future. As with all things Trump though, there is great uncertainty; things may unfold very differently to initial expectations.

As such, expecting an immediate increase in public M&A seems rash to us. It is interesting to see that large caps suffered as well as the 'usual' biotech target stocks; it just goes to show how depressed sentiment is to some of the larger companies due to their thin pipelines.

In a reprise of the December reversal and elevated volatility themes described previously, it was Teva giving back a majority of last month's outsized gain that drove the generics sub-sector to the bottom of the pile. Excluding Teva's fall, this sub-sector would still be toward the bottom, but in mid-single digit positive territory.

The political and regulatory outlook for US healthcare

Tariffs remain at the forefront of investor's minds and it is clear that Trump is serious about using them to get concessions from trading partners, friend and foe alike. At this point, it seems prudent to assume this threat will come and go. The more they prove effective to leverage other goals (e.g. firming up the Southern border, the more likely Trump will be to raise the threat of imposition.

Beyond these tariff threats, the new administration could well impact the healthcare sector more directly. So what have we learnt or concluded thus far regarding the regulatory and political outlook for healthcare in the US over the coming four years? The simple answer is – nothing is definitive as yet, but some clarity is beginning to emerge.

As described previously, we expect to see more M&A activity in the fullness of time.

As we go to press, the Senate will decide whether or not to advance the confirmation process for Robert Kennedy Jr. He has been a polarising character throughout this election cycle and many see him a 'worst case scenario' for government healthcare (Medicare, Medicaid and the ACA) and for regulation on Food and Drugs (FDA), making this a highly consequential appointment.

As we have noted before, we think he will be a more moderate figure in a position of authority than he was on the campaign trail, where more extreme views garner more press and voter engagement. This is an important point to be kept in mind when reflecting on Trump's prognostications. He has prior form for failing to follow through, or moderating his views; look how quickly he rolled back the tariffs for Mexico and Canada, on what seem to be relatively small and inexpensive concessions to the US from both nations.

Moreover, we still think his personal crusades are far more about food than healthcare per se, and he is not wrong to argue that the US is suffering an epidemic of chronic morbidity and mortality that is eminently preventable.

If his appointment is confirmed, it will take some months for the market to figure out what he will focus on, but we think this uncertainty is largely priced in already.

Beyond RFK, the other major issue is around the 'DOGE' cost-cutting effort. The Trump/Musk cost-cutting axe seems very likely to fall on Medicaid. This welfare programme is state-administered but majority federally funded.

It's importance cannot be overstated: Medicaid is the single-largest health insurance program in the United States, providing access to essential services for low-income individuals, pregnant women, seniors, and people with disabilities. It is also the largest funder of long-term care for disabled and senior Americans.

The current funding mechanism is complex and somewhat unpredictable, in the sense that it has capitation and disease burden elements, so as eligibility or acuity rises and falls (e.g. during the pandemic), so do the Federal payments. Undoubtedly, Medicaid spending has risen hugely through the pandemic years and has inflected to a much higher rate of growth than previously, none of which was expected or planned for.

The nexus of the current Trump/Musk proposals seem to be a simplification of Federal payments to a block grant (which already operates in the US dependency of Puerto Rico). In theory, the Feds can push more of the funding onto the states and they can decide to make up the shortfalls or cut entitlements.

However, most states cannot run any sort of a deficit, so a foreseen increase in spending would require higher state taxes to offset. Raising taxes will be anathema in some Republican states.

Whilst the uncertainty around this continues, we think it makes sense to limit direct exposure to it and also to facilities operators who may face higher levels of uncompensated care. Reduced coverage and/or higher eligibility criteria (as has occurred in Puerto Rico) may reduce procedure volumes and worsen public health.

Greater cost pressures may accelerate the already underway transition of Medicare systems to a value-based care approach, which has already proven to be more cost effective than fee-for service approaches.

Given that the situation remains fluid, our approach will continue to be to try and avoid material exposures to areas of known uncertainty with downside risk. In the meanwhile, all we can to is follow the progress of Trump's merry dance, one that does not follow any conventional rhythms.

We always appreciate the opportunity to interact with our investors directly and you can submit questions regarding the Trust at any time via:

shareholder_questions@bellevuehealthcaretrust.com

As ever, we will endeavour to respond in a timely fashion and we thank you for your continued support during these volatile months.

Paul Major and Brett Darke

Top 10 positions

CareDx	7.3%
Tandem Diabetes Care	6.5%
UnitedHealth Group	5.7%
Exact Sciences	5.4%
Biomarin Pharmaceuticals	4.8%
Abbott Laboratories	4.2%
Sarepta Therapeutics	3.7%
Neogenomics	3.7%
Dexcom	3.5%
Insmed	3.4%
Total top 10 positions	48.1%
Total positions	34

Sector breakdown

Focused Therapeutics	23.7%
Diagnostics	17.9%
Med-Tech	17.8%
Health Tech	13.4%
Services	10.0%
Tools	8.5%
Managed Care	5.7%
Distributors	2.1%
Healthcare IT	0.9%

Geographic breakdown

United States	99.7%
China	0.3%

Market cap breakdown

Small-Cap	23.5%
Mid-Cap	19.8%
Large-Cap	36.4%
Mega-Cap	20.3%

Source: Bellevue Asset Management, 31.01.2025;
Due to rounding, figures may not add up to 100.0%. Figures are shown as a percentage of gross assets.
For illustrative purposes only. Holdings and allocations are subject to change. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or securities. Where the fund is denominated in a currency other than an investor's base currency, changes in the rate of exchange may have an adverse effect on price and income.
Market Cap Breakdown defined as: Mega Cap >$50bn, Large Cap >$10bn, Mid-Cap $2-10bn, Small-Cap $2bn. Geographical breakdown is on the basis of operational HQ location.

Benefits

- Healthcare has a strong, fundamental demographic-driven growth outlook.
- The fund has a global and unconstrained investment remit.
- It is a concentrated high conviction portfolio.
- The fund offers a combination of high quality healthcare exposure and a targeted 3.5% dividend yield.
- Bellevue Healthcare Trust has a strong board of directors and relies on the experienced management team of Bellevue Asset Management (UK) Ltd

Inherent risks

- The fund actively invests in equities. Equities are subject to strong price fluctuations and so are also exposed to the risk of price losses.
- Healthcare equities can be subject to sudden substantial price movements owning to market, sector or company factors.
- The fund invests in foreign currencies, which means a corresponding degree of currency risk against the reference currency.
- The price investors pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company.
- The fund may take a leverage, which may lead to even higher price movements compared to the underlying market.

You can find a detailed presentation of the risks faced by this fund in the “Risk factors” section of the sales prospectus.

Management Team

Paul Major
Co-Portfolio Manager

Brett Darke
Co-Portfolio Manager

Sustainability Profile – ESG

EU SFDR 2019/2088 product category: Article 8

Exclusions:		ESG Risk Analysis:		Stewardship:	
Compliance UNGC, HR, ILO	✓	ESG-Integration	✓	Engagement	✓
Norms-based exclusions	✓			Proxy Voting	✓
Controversial weapons	✓				

Key Figures:

CO_2-intensity (t CO_2/mn USD sales):	21.2 (Low)	Coverage:	94%
MSCI ESG Rating (AAA - CCC):	A	Coverage:	94%

Based on portfolio data as per 31.01.2025; – ESG data base on MSCI ESG Research and are for information purposes only; compliance with global norms according to the principles of UN Global Compact (UNGC), UN Guiding Principles for Business and Human Rights (HR) and standards of International Labor Organisation (ILO); no involvement in controversial weapons; norms-based exclusions based on annual revenue thresholds; ESG Integration: Sustainability risks are considered while performing stock research and portfolio construction; Stewardship: Engagement in an active and constructive dialogue with company representatives on ESG aspects as well as exercising voting rights at general meetings of shareholders.MSCI ESG Rating ranges from "leaders" (AAA-AA), "average" (A, BBB, BB) to “laggards" (B, CCC). The CO_2-intensity expresses MSCI ESG Research's estimate of GHG emissions measured in tons of CO_2 per USD 1 million sales. The decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in the prospectus. For further information c.f. www.bellevue.ch/sustainability-at-portfolio-level.

Risk Return Profile acc. to SRI

This product should form part of an investor's overall portfolio. It will be managed with a view to the holding period being not less than three years given the volatility and investment returns that are not correlated to the wider healthcare sector and so may not be suitable for investors unwilling to tolerate higher levels of volatility or uncorrelated returns.

low risk — high risk

1	2	3	4	5	**6**	7

We have rated this product as risk class 6 on a scale of 1 to 7, with 6 being the second highest risk class. The risk of potential losses from future performance is considered high. In the event of very adverse market conditions, it is very likely that the ability to execute your redemption request will be impaired. The calculation of the risk and earnings profile is based on simulated/historical data, which cannot be used as a reliable indication of the future risk profile. The classification of the fund may change in future and does not constitute a guarantee. Even a fund classed in category 1 does not constitute a completely risk-free investment. There can be no guarantee that a return will be achieved or that a substantial loss of capital will not be incurred. The overall risk exposure may have a strong impact on any return achieved by the fund or subfund. For further information please refer to the fund prospectus or PRIIP-KID.

Liquidity risk
The fund may invest some of its assets in financial instruments that may in certain circumstances reach a relatively low level of liquidity, which can have an impact on the fund's liquidity.

Risk arising from the use of derivatives
The fund may conclude derivatives transactions. This increases opportunities, but also involves an increased risk of loss.

Currency risks
The fund may invest in assets denominated in a foreign currency. Changes in the rate of exchange may have an adverse effect on prices and incomes.

Operational risks and custody risks
The fund is subject to risks due to operational or human errors, which can arise at the investment company, the custodian bank, a custodian or other third parties.

Target market

The fund is available for retail and professional investors in the UK who understand and accept its Risk Return Profile.

Objective

The Bellevue Healthcare Trust invests in a concentrated portfolio of listed equities in the global healthcare industry (maximum of 35 holdings). The overall objective for the Bellevue Healthcare Trust is to provide shareholders with capital growth and income over the long term. The Company's specific return objectives are: (i) to beat the total net return of the MSCI World Healthcare Index (in GBP) on a rolling 3 year period and (ii) to seek to generate a total shareholder return of at least 10% p.a., net of fees, over a rolling three-year period. Capital is at risk and there is no guarantee that the positive return will be achieved over the specific, or any, time period.

Important information

This document is only made available to professional clients and eligible counterparties as defined by the Financial Conduct Authority. The rules made under the Financial Services and Markets Act 2000 for the protection of retail clients may not apply and they are advised to speak with their independent financial advisers. The Financial Services Compensation Scheme is unlikely to be available.

Bellevue Healthcare Trust PLC (the "Company") is a UK investment trust premium listed on the London Stock Exchange and is a member of the Association of Investment Companies. As this Company may implement a gearing policy investors should be aware that the share price movement may be more volatile than movements in the price of the underlying investments. **Past performance is not a guide to future performance. The value of an investment and the income from it may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested.** Changes in the rates of exchange between currencies may cause the value of investment to fluctuate. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Investment trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as the "bid-offer" or "dealing" spread. This is set by the market markers and varies from share to share. This net asset value per share is calculated in accordance with the guidelines of the Association of Investment Companies. The net asset value is stated inclusive of income received. Any opinions on individual stocks are those of the Portfolio Manager and no reliance should be given on such views. This communication has been prepared by Bellevue Asset Management (UK) Ltd., which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Any research in this document has been procured and may not have been acted upon by Bellevue Asset Management (UK) Ltd. for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the view of Bellevue Asset Management (UK) Ltd. and no assurances are made as to their accuracy.

The most important terms are explained in the glossary at www.bellevue.ch/en/glossary.