Bellevue Healthcare Trust

NOVEMBER 2023

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 benchmark index in constructing its portfolio. The fund takes ESG factors into consideration while implementing the aforementioned investment objectives.

Fund facts

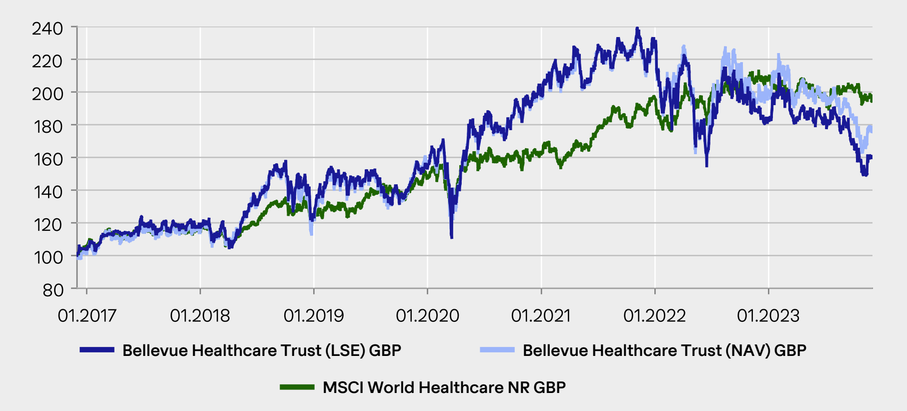
Share price	129.00
Net Asset Value (NAV)	143.87
Market capitalisation	GBP 596.74 mn
Investment manager	Bellevue Asset Management (UK) Ltd.
Administrator	Apex Listed Companies Services (UK) Ltd.
Launch date	01.12.2016
Fiscal year end	Nov 30
Benchmark (BM)	MSCI World Healthcare NR
ISIN code	GB00BZCNLL95
Bloomberg	BBH LN Equity
Number of ordinary shares	462,588,550
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	1.38
Correlation	0.66
Volatility	28.0%
Tracking Error	21.54
Active Share	87.42
Sharpe Ratio	0.01
Information Ratio	-0.26
Jensen's Alpha	-8.60

Source: Bellevue Asset Management, 30.11.2023;
Calculation based on the Net Asset Value (NAV) over the last 3 years to 30 November 2023.

Indexed performance since launch



Cumulative & annualised performance

Cumulative

	1M	YTD	1Y	3Y	5Y	10Y	ITD
Share	6.8%	-12.3%	-15.1%	-16.7%	9.2%	n.a.	60.0%
NAV	8.4%	-11.1%	-12.7%	-7.6%	22.7%	n.a.	78.3%
BM	1.8%	-4.7%	-7.1%	22.8%	46.4%	n.a.	97.7%

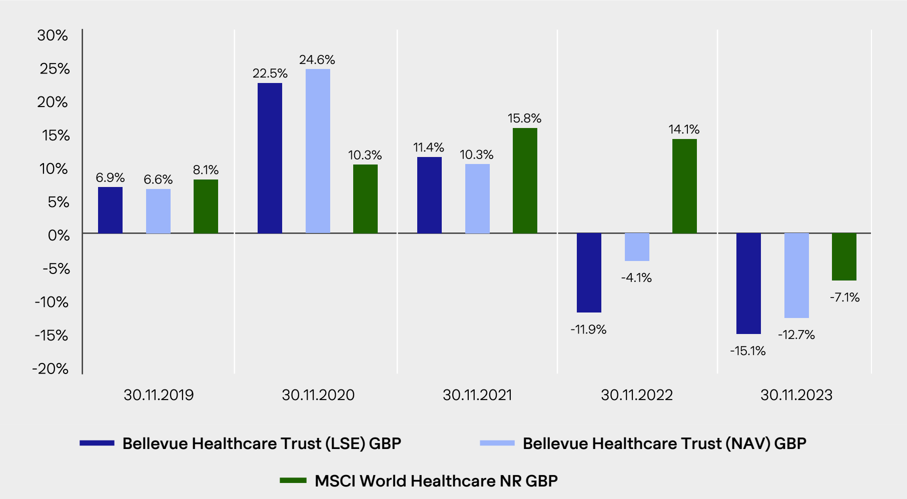
Annualised

1Y	3Y	5Y	10Y	ITD
-15.1%	-5.9%	1.8%	n.a.	6.9%
-12.7%	-2.6%	4.2%	n.a.	8.6%
-7.1%	7.1%	7.9%	n.a.	10.2%

Annual performance

	2018	2019	2020	2021	2022	YTD
Share	4.9%	22.7%	29.1%	16.6%	-21.0%	-12.3%
NAV	8.6%	25.9%	25.7%	15.2%	-11.1%	-11.1%
BM	8.8%	18.4%	10.3%	20.8%	5.8%	-4.7%

Rolling 12-month-performance



Source: Bellevue Asset Management, 30.11.2023; 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 November newsletter. The fickle macro market continues in fits and spasms, this time a more positive one. The extent to which this is justified by improving economic fundamentals remains to be seen.

Some reconsideration of over-sold assets, especially those in healthcare that were impacted by the GLP-1 'meme' carry trade is both long overdue and very welcome. Let us hope this next market phase is more considered and data-driven and less reflexive.

As investors say goodbye to 2023 and consider the world anew, they could do much worse than reflect on the unchanged dynamics of healthcare demand, inured as it is from consumer sentiment and consumer credit. Moreover, there is a lot of inherent 'value' in a world where the prices of many other types of assets or other equity sectors appear rich.

Monthly review

The wider market

The mendacious macro rollercoaster ride corkscrewed us all again this month. During November, the MSCI World Index delivered a total monthly return of +9.4% in dollars (+5.3% in sterling), almost fully reversing the index's decline in since the end of July (which represented the high for 2023). Indeed, November was one of the strongest months in US stock market history.

One grows ever more hesitant to ascribe some kind of coherent narrative to this particular carnival ride, but the most simplistic explanation is that a solid-looking Q3 reporting season allied to weakening inflation and falling bond yields augurs the hoped-for Goldilocks scenario of a 'soft landing'.

Regular readers may have long ago concluded that your managers exhibit Eeyorish tendencies. Whilst we wouldn't fight this moniker too hard, we would prefer to be thought of as pragmatic realists and honest commentators. At the end of the day, a spade is just a spade.

Honestly then, we struggle to see why this renewed optimism is well placed. Let us summarise just a few of the open questions that should quieten the siren voices of the equity bulls: the global economy has gorged on cheap debt at a consumer, corporate and government level for over a decade. As rates are expected to remain elevated for some time and defaults consequently grow, lending standards are tightening fast.

Corporate debt-to-revenue is as high today as it was during the pandemic and the Global Financial Crises, except money was essentially free back then. Loan availability and operating profit-driven interest coverage is probably not going to be enough to roll all this debt over and businesses and individuals will be declared bankrupt.

With the US (and UK) running a significant primary budget deficit and spending (or tax take in the UK case) already at levels not seen since WW2, there is very little room for governments to pump-prime a slowing economy as they did in the GFC and the pandemic. There is no "magic money tree" and there never was. Governments don't have money, they take ours and redistribute it, supposedly in a way that makes our lives better.

If the government cannot help, corporates will try to raise prices, but there is little headroom after so much inflation for consumers to bear much more cost increases without slowing spending (credit card spending is already falling quickly). Profits will fall, and so will the tax take. This will further limit governmental ability to help out. Don't expect those potholes to get fixed anytime soon.

As these past few years have illustrated all too clearly, economic cycles begin and end violently, and the transition happens slowly at first, and then very quickly. Moreover, the market seldom predicts recessions, and soft landings are rare. The oft-cited gentle turn of the mid-1990s was unusual in the sense that the economy was in the midst of a profound IT-led productivity boom. Rates doubled without any impact on unemployment or CPI.

Even the most mediocre CEO was staring down double-digit EPS growth on improving margins and this carried us through. You can bang on about 'Artificial Intelligence' all day if you want to, but there is no evidence today that another such productivity improvement is imminently upon us and will see us through the risk of declining underlying earnings power.

Why aren't we seeing more signs of impending recession? Well, they are there if one wants to look. Ignore US GDP growth (powered by a few sectors and distorted by the IRA handouts) and job creation (gig economy distortions) and look at either the GDI to GDP ratio (these are correlated in the long-term but can diverge in the short-term, flagging financial stress), or the Sahm ratio (rising continuous unemployment claims over a short time period).

These lesser followed, but well respected measures are flashing red. Apparently though, few investors seem to care about any of this stuff. It's "back up the (electric) truck" time. Animal spirits reign, until they don't. 2023 was a year of pensivity, as investors waited for the collective strains on the global economy to trigger some sort of denouement. Just because this did not happen yet does not mean that it will not happen ever.

The MSCI World Index's total return at a sector level is summarised in Figure 1 below. It is interesting to note that the classical defensive areas fared poorly (Consumer Durables and Staples, Household and Personal Products, Food, Beverage and Tobacco, Telecoms and Pharma), befitting a more positive economic stance and pro-risk market positioning. More interesting though is that the best performers are corporate-oriented Technology companies, followed by Automotive and then Financial Services. The Magnificent Seven ride again.

Sector	Monthly perf
Semiconductors & Semiconductor Equipment	+16.1%
Software & Services	+14.7%
Automobiles & Components	+14.2%
Financial Services	+13.0%
Equity Real Estate Investment	+12.3%
Banks	+11.1%
Capital Goods	+10.8%
Technology Hardware & Equipment	+10.3%
Consumer Discretionary Distributors	+10.0%
Commercial & Professional Services	+9.8%
Transportation	+9.7%
Consumer Services	+9.6%
Real Estate Management & Development	+9.2%
Materials	+8.4%
Media & Entertainment	+8.0%
Health Care Equipment & Services	+6.9%
Utilities	+6.8%
Insurance	+6.4%
Telecommunication Services	+6.3%
Pharmaceuticals, Biotechnology	+5.2%
Food, Beverage & Tobacco	+4.4%
Household & Personal Products	+4.2%
Consumer Staples Distribution	+3.4%
Energy	+0.3%
Consumer Durables & Apparel	+0.0%

Source: Bellevue Asset Management, 30.11.2023

Putting performance aside for a moment, one need not look very far to find articles during the month that focused on corporate capital expenditures slowing (surely bad for IT spending), and the emerging default crisis in auto loans (surely bad for the financial services firms on the hook for them and also for the car companies that depend on auto financing to peddle their ever-more costly wares to consumers). We really hope that we are wrong about all of this, but it feels very fragile indeed…

Healthcare

In keeping with the most irritatingly consistent pattern of this volatile period, healthcare under-performed the rising market. We could quote all manner of stats about how unusual this is, or how long it has gone on for, but really is there any need? At this juncture, we are as bored and frustrated with repeatedly commenting on it as you probably are of reading about it.

The dollar total return of the MSCI World Healthcare Index was +5.7% (+1.8% in sterling), which left this index ~3.3% below its 2023 high from July and down 0.6% for the year at the end of the month. One can at least rationalise a defensive sector underperforming during a period of more bullish sentiment on the economic outlook, however misplaced that sentiment might be.

The healthcare sub-sector performances are summarised in Figure 2 below. The partial unwinding of the GLP-1 carry trade can be seen in the stellar performance of Healthcare Technology. This was driven by Dexcom's stellar Q3 results and, to a lesser extent, Tandem Diabetes Care recovering on both companies laying out a constructive view on what their prospects might be in a future market dynamic where GLP-1 usage is significantly elevated versus today (in short – not really any different).

The re-discovered love for the Dental sector feels very reflective of the unthinking nature of this snap back to risk and consumer exposure. The data for the dental market coming out of Q3 was not reassuring in our view, but that probably does not matter in this ongoing dynamic of "trade first, think later".

Similarly, the elevated position of Services and Tools, long in the 'most shorted' bucket for healthcare is more suggestive of an unwinding of short positions than a perception of improved fundamentals, although it feels increasingly that expectations for 2024 in the Tools space are now appropriately cautious around the funding environment and China slowdown.

The positive impact on Services from GLP-1 carry trade reversal on the dialysis stocks was more muted than one might expect, owing to the combined weightings of Fresenius Medical Care (+24% in the month) and DaVita (+31%) in this group being less than 10%.

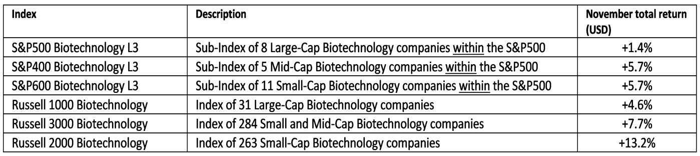
	Weighting	Perf (USD)	Perf (GBP)
Healthcare Technology	0.7%	33.0%	28.0%
Dental	0.5%	16.2%	11.9%
Services	2.1%	14.6%	10.3%
Tools	7.9%	14.9%	10.3%
Other HC	1.3%	11.3%	7.3%
Facilities	0.9%	11.0%	6.2%
Med-Tech	13.2%	9.9%	5.8%
Distributors	1.8%	7.0%	3.4%
Generics	0.4%	7.0%	3.0%
Diagnostics	1.3%	4.8%	0.9%
Conglomerate	10.2%	4.5%	0.6%
Focused Therapeutics	8.3%	4.1%	-0.1%
Diversified Therapeutics	39.8%	3.5%	-0.4%
Managed Care	11.1%	1.2%	-2.6%
Healthcare IT	0.5%	-5.8%	-9.3%
Index perf		**5.7%**	**1.8%**

Source: Bloomberg/MSCI and Bellevue Asset Management, Weightings as of 31.10.2023, Performance to 30.11.2023

When animal spirits are unleashed, it is no surprise to see Managed Care and big pharma (Diversified Therapeutics) languishing toward the bottom of the table. More interesting perhaps is the presence of biotechnology (Focused Therapeutics) at the bottom of the pile. This, like Tools and Services, has been hated on all year and has understandably been at the forefront of the debate around a tougher financing environment. Surely then, one might have expected more of a relief rally?

The issue here is one of size. The MSCI World Healthcare is market cap weighted and so only includes biotech behemoths. These are generally commercial-stage, cashflow-positive (and thus self-sustaining) companies and stand apart from the 'availability of financing' and 'duration of cashflows' debates.

Picking up a theme from last month's missive, the Table below summarises US biotechnology returns by market cap grouping and shows a performance skew more in line with what one might expect from the overall market dynamics. The broader financing discussion is one that we will return to in the Musings section.



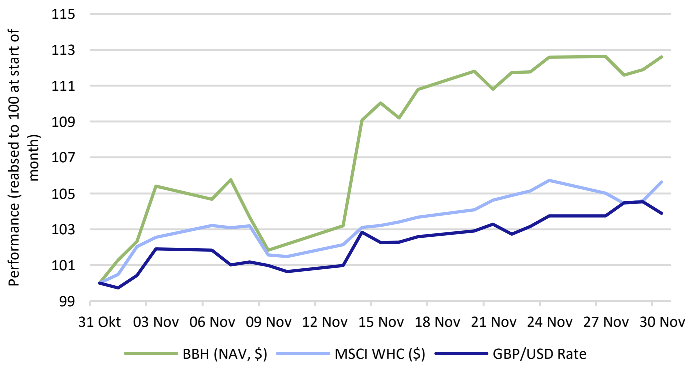
Index	Description	November total return (USD)
S&P500 Biotechnology L3	Sub-Index of 8 Large-Cap Biotechnology companies within the S&P500	+1.4%
S&P400 Biotechnology L3	Sub-Index of 5 Mid-Cap Biotechnology companies within the S&P500	+5.7%
S&P600 Biotechnology L3	Sub-Index of 11 Small-Cap Biotechnology companies within the S&P500	+5.7%
Russell 1000 Biotechnology	Index of 31 Large-Cap Biotechnology companies	+4.6%
Russell 3000 Biotechnology	Index of 284 Small and Mid-Cap Biotechnology companies	+7.7%
Russell 2000 Biotechnology	Index of 263 Small-Cap Biotechnology companies	+13.2%

Source: Bloomberg

The Healthcare IT sub-sector is only two stocks and one of these (Veeva Systems) revised down its medium-term outlook on caution regarding customer projects. Given the company's close correlation to the Tools sector in terms of customer base, this is not that surprising and it is interesting that bookings held up so well though 2023.

The Trust

In light of the previous comments, and the background of an extremely challenging couple of months of share price declines that were not driven by fundamentals, it is probably no surprise to read that the Trust outperformed in November. The Net Asset Value (reported on a redemption-adjusted basis) rose 12.6% in dollar terms (+8.4% in sterling) to 143.87p. It was a broad-based performance, with two thirds of the portfolio posting positive returns and only one stock showing a double-digit decline. The evolution of the NAV over the course of the month is illustrated in Figure 4 below:



Source: Bellevue Asset Management, 30.11.2023

All sub-sectors made a positive contribution to the NAV evolution this month, with Diagnostics the largest contributor, followed by Tools, Healthcare IT and Medical Technology. The evolution of the sub-sector weightings is summarised in Figure 5 overleaf and we would make the following comments: given the 14.3% share redemption, resulting in a return of capital of c£110m, we were net sellers across the portfolio during the month.

Within this, there were certain areas where we chose to sell more. We exited our remaining Diversified Therapeutics holding and significantly reduced our exposure to Managed Care. Most of the other changes were incremental and the increase in the weightings toward Diagnostics, Healthcare Technology and Healthcare IT were driven in part by material relative outperformance.

	Subsectors end Oct 23	Subsectors end Nov 23	Change
Diagnostics	10.5%	13.3%	Increased
Diversified Therapeutics	0.7%	0.0%	Exited
Focused Therapeutics	24.5%	22.2%	Decreased
Healthcare IT	9.3%	10.4%	Increased
Healthcare Technology	4.5%	5.7%	Increased
Managed Care	12.2%	7.8%	Decreased
Med-Tech	18.0%	19.1%	Increased
Services	12.0%	11.7%	Decreased
Tools	7.9%	9.9%	Increased
	100.0%	**100.0%**	

Source: Bellevue Asset Management, 30.11.2023

Following the aforementioned exit from Diversified Therapeutics and the selling out of two other smaller positions (one in Focused Therapeutics, the other in Services) , the portfolio stood at 27 companies at month end, as compared to 30 at the end of October.

The average discount to NAV widened during November to 10.0%, compared with 8.0% in October. Only 0.5m shares were repurchased during the month, to preserve distributable reserves ahead of the pay out of the redemption. The general meeting resolution allowing the distributable reserves to be increased was passed on 20 November and the legal process to complete this is underway.

The cash built up to pay the redemption is now escrowed against the liability arising from it, so is excluded from the NAV and gearing calculations. On this basis, the leverage ratio has increased to 4.0%, compared to 2.4% at the end of October.

Managers' musings

"Engage!"

The second half of November and early December are generally a busy time for your managers, as we attend a number of investor events, in and around which we engage with all manner of healthcare companies. Not only those that we are invested in or might consider investing in, but their competitors and the leaders in all sorts of different fields and those newer companies (often private) that might be the next wave of competition for our holdings or prospective investments for the Trust.

As unreconstructed science geeks, these meetings are always informative, even if they do not lead us (directly or otherwise) to new investment opportunities. One must always take them with a pinch of salt though. Rare is the founder CEO or CSO who isn't imbued with enthusiasm for their innovation, for we are cashflow wonks as well and need numbers rather than dreams to put into a spreadsheet. No model, no investment.

For most of the last decade, the dream has really been all you needed; a good idea and a credible narrative. We know from our own inquisitions that few investors were interested in tedious real-world metrics such as valuation, or cash flow projections to break-even. Some management teams positively bristled at the intrusion of financial reality into their little science bubbles and got short shrift from us as a result (we have yet to invest in any IPOs).

Against this backdrop, several things struck us about this year's winter conference season. Firstly, some trivialities: there were a lot more people than last year; normality (and all the congestion and travails that inevitably brings) is upon us. That said, there still seem to be significantly fewer European investors venturing to the US than the other way around. Make of that what you will.

We would reiterate that getting out and about only serves to remind one how inferior the virtual world of Zoom and Teams is when it comes to kicking the tyres, and we expect to be travelling more in 2024 than in 2023. Difficult markets and challenging performance may mean less fee income for asset managers, but the correct response to that is not to cut the travel and research budgets.

"Change always comes later than we think it should"

Onto more important observations. Of more interest were many of the companies themselves. Three things were notable and their collective weight *may* represent the beginnings of a sea change that could improve sentiment in the cash burning/pre-commercial areas of healthcare. For this reason alone, we think it worth mentioning.

Firstly, many companies are in the midst of management change. The group we are thinking of is a rag-tag but significant grouping, and we shall keep this on a no-names basis for reasons that may become obvious in due course. Some are in challenging situations, some are in that difficult transition from R&D to commercial and some are just very, very cheap (i.e. unloved).

Sometimes it isn't clear why it is happening "now" and the timing is "interesting". Building up a business is hard work and we fully understand why someone might want to retire, or look for a new challenge. Generally though, the voluntary version of this typically happens after some milestone is achieved; going out on a high and all that.

It becomes far more interesting to the impartial observer when the decision to sidle off comes at a less fortuitous moment. Are we seeing boards being more accountable to investors, and investors being more activist? If so, this is long overdue and frankly very healthy. To the extent one can generalise, we feel that the cohort of incoming management is less science-oriented and more financial and business strategy minded. This cannot be a bad thing.

Secondly, there is the messaging. For so many years, in so many meetings, the conversation has been dominated by the CEO and CSO, around themes of science or commercial strategy. The CFO might be there in the room (or on stage for the analyst-led 'fireside chat') and might get the odd question so as to not feel left out, but the emphasis lay elsewhere.

More recently, CFOs have received far more airtime and sometimes been the sole C-suite representative. Questions around the longer-term outlook, the assumptions underpinning the long-range plan, cash needs and plans for additional funding have been addressed head-on and fulsomely. There is clear recognition that capital is both scarcer and more expensive than it used to be, and needs careful stewardship rather than rapid consumption in the push for growth at all costs.

Thirdly, there is the interaction with the interlocutors. Pockets of cloying sycophancy are ever-present, but there is both a notably greater willingness on the part of the sell-side to interrogate companies more robustly around financial metrics, and also a harder edge to some of the responses to questions.

We can think of several examples where companies have been asked about the next leg to the story, or the appetite for acquisitions or in-licensing, only to rebut forcefully about a relentless focus on maximising the opportunity for existing assets and executing in a way that will create long-term shareholder value. Again, this is all to be commended.

There have been a number of companies that we have previously diligenced as potential investments for the Trust but decided not to proceed owing to concerns over management quality within the C-suite (regardless of any valuation considerations). Two of these have replaced what we consider to be the weak links within management during 2023, and both of them are now back under active consideration as a potential future investments.

"Make it so"

These past two years have been unremittingly tough. As we touched upon last month, sentiment toward healthcare in general is low and the wariness of smaller, less diversified companies, and those not yet financially self-sustaining, is greater still.

We are quite rightly and repeatedly asked to offer an opinion on what might change this picture and shake the sector free of this morass. One can talk about fundamentals and valuation all day, but once in a funk, the market tends to need a catalyst to re-assess and re-engage. So what might prompt such a reassessment?

As we noted last month, our feeling is that the healthcare sector is out of fashion and confidence has been drained by an over-interpretation of the risks to funding for many of the smaller companies. Continued lamentable R&D productivity does not help matters at any level of market capitalisation, but this has been the industry backdrop for nearly two decades, so that in and of itself cannot be held responsible for the current de-rating.

Demonstrable pragmatism around the notion that funding will be harder to come by is surely going to be welcome. This should have always been a bigger part of the conversation in the biotech world, since any investment is ultimately a judgment about capital stewardship on the part of management.

It also remains true that the least worst option is often the best option. In a world where economic growth looks likely to slow, investors may well pivot towards sectors with defensive end-market characteristics. The lofty valuations in the technology space might also prompt them toward value, of which there is plentiful in healthcare at the lower end of the market cap scale.

The allure of cheap companies positing realistic and readily understandable business plans to investors might even be enough to get some of the generalists off the side-lines...

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 wish you and your loved ones a merry Christmas and a prosperous new year.

Paul Major and Brett Darke

Top 10 positions

Option Care Health	6.9%
Insmed	6.9%
Axonics	6.8%
Evolent Health	6.6%
Exact Sciences	6.4%
Intuitive Surgical	5.2%
Pacific Biosciences of California	5.1%
Apellis Pharmaceuticals	4.8%
Bio-Rad Laboratories	4.8%
Charles River Laboratories	4.8%
Total top 10 positions	58.3%
Total positions	27

Sector breakdown

Focused Therapeutics	22.0%
Med-Tech	19.1%
Diagnostics	13.4%
Services	11.7%
Healthcare IT	10.4%
Tools	9.9%
Managed Care	7.8%
Health Tech	5.7%

Geographic breakdown

United States	97.4%
China	2.6%

Market cap breakdown

Mega-Cap	10.9%
Large-Cap	14.5%
Mid-Cap	52.5%
Small-Cap	22.1%

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 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):	22.1 (Low)	Coverage:	96%
MSCI ESG Rating (AAA - CCC):	BBB	Coverage:	96%

Based on portfolio data as per 30.11.2023; – 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; for further information c.f. www.bellevue.ch/sustainability-at-portfolio-level.

Source: Bellevue Asset Management, 30.11.2023;
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.

Objective

The fund's investment objective is to achieve capital growth 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 that specific, or any, time period.

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 classified this product as risk class 5 on a scale of 1 to 7, where 5 corresponds to a medium-high risk class. The risk of potential losses from future performance is classified as medium-high. In the event of very adverse market conditions, it is 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 circum-stances 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.

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.

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