BB Healthcare Trust

Monthly News
November 2020

Marketing document

As at 11/30/2020	Value	1 Month (November)	YTD	Since Launch (ITD)
Share	172.00	5.5%	24.6%	86.9%
NAV	172.51	5.6%	23.2%	90.7%

Sources: Bloomberg & Bellevue Asset Management (UK) Ltd., 30.11.2020, NAV and share price returns are adjusted for dividends paid during the period (but not assuming re-investment). Full performance data is on page 6.

Note: 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.

"Remember, remember election November: denial, treason and plot. Trump sees unreason during this season, his lies should never be forgot."

Welcome to our November update. We are grateful to say goodbye to a month of anxious perplexity. We now have some idea what the next four years will look like from a US political perspective. Initial vaccine data, whilst far from pellucid, offers a glimmer of hope that the social restrictions arising from the SARS-CoV-2 pandemic may be overcome.

Markets cheered the perceived reduction in uncertainty and investors rotated their exposures to get on board the 'normalisation' trade. Brexit-driven recrudescence remains a threat, but the 'will they/won't they' EU trade discussion should soon be over too. Whither healthcare sentiment?

Another lap around the sun

Before we discuss the month's key developments and the Trust's performance during that period, November also marks the end of BB Healthcare's fiscal year end and the anniversary of our listing. At inception, we asked investors to judge the effectiveness of the strategy based on rolling three-year performance versus our comparator index; the MSCI World Healthcare (measured in GBP).

We have reproduced this data in the table below and are pleased to report that we have met our twin ambitions of beating the MSCI comparator's performance and delivered teens annualised returns over that three-year period.

We are also pleased to report that we passed the 100% total return since inception in US dollar terms during the month (it was 103.8% by month end) and the Trust's market value is now north of $1.1bn. Our portfolio has tended to have >90% dollar exposure since inception and we do not hedge our currency risk. As such, as the dollar is arguably a more representative currency for measuring portfolio alpha.

% Total return	Since inception	Rolling 3 year	Rolling 3 year (annual eq.)	Calendar ytd
BBH Share	92.0%	59.3%	16.8%	25.1%
BBH NAV	93.1%	64.7%	18.1%	23.8%
MSCI World HC	64.3%	42.9%	12.6%	9.9%
Relative to MSCI World HC				
BBH Share	27.7%	16.4%	4.2%	15.2%
BBH NAV	28.7%	21.9%	5.5%	13.9%

Source: Bloomberg. All performance figures are calculated as total return with dividends being reinvested in the relevant security, calculated in GBP and with the relevant period ending on 30 November 2020.

It bears repeating that, whilst the SARS-CoV-2 pandemic has been a hugely disruptive and emotionally challenging period, we do not see any negative impact from it on the longer-term outlook for healthcare. As such, we see no reason to change those longer-term aspirations for the performance of our investment strategy. It is also worth noting that the gross assets under management have grown from £312m to £843m over the last three years.

We remain confident the current strategy can accommodate substantial additional asset inflows and, as such, we are happy to see the Trust continue to grow via new issuance.

Summary

BB Healthcare Trust Ltd is a high conviction, unconstrained, long-only vehicle invested in global healthcare equities with a max of 35 stocks. The target annual dividend is 3.5% of NAV and the fund offers an annual redemption option. BB Healthcare is managed by the healthcare investment trust team at Bellevue Asset Management (UK) Ltd.

The US political outlook

Only in the self-described "world's greatest democracy" can we still not know the definitive outcome of an election for several months after the voting is over. All being well, the Electoral College will follow the will of the people and lend the majority of votes to Joe Biden, who also seems to have won the popular vote by some distance amidst a record turnout.

Meanwhile, Trump looks set to continue to pursue legal remedies for recounts etc., despite being overwhelmingly unsuccessful in these challenges thus far. In the interim, it is not really apparent how engaged Trump is and what, if any, wider objectives will be pursued between now and the transition of power in late January.

One could rightfully devote pages and pages to the various and serious failings of the 45th President's Administration, but what point would it serve? What's done is done and generally speaking, can also be undone. We would instead offer a quote from consumer champion, FDA co-founder and 26th President Theodore Roosevelt: "The best leader is the one who has sense enough to pick good men to do what he wants done, and the self-restraint to keep from meddling with them while they do it."

Surely no statement more aptly captures the dysfunctionality at the heart of the (soon to be ex) Administration. The early signs are that Biden will not be repeating the folly of avoiding dissenting opinions or expecting fealty. So what will define the Biden-Harris Administration?

The transition team website lists four priorities and healthcare isn't one of them: fighting COVID-19, economic recovery, racial equality and climate change. This is a good thing for healthcare investors. As we know, the legislative process in the US is intentionally laborious and time-consuming. Passing any legislation requires two bills in two houses and then a process of reconciliation. The Democrats have retained control of the House of Representatives.

However, the Senate looks unlikely to fall to the Democrats; 98 of 100 seats are resolved: 50 for the Republicans, 46 for Democrats and two for independents (Sanders for Vermont and King for Maine) who nominally caucus with the Democrats. The two remaining seats in Georgia will be decided in a special election in January and both seats are currently held by Republicans.

The special (i.e. runoff) election is being held because neither candidate for each got the threshold 50% that State law requires. On the popular vote, one swung toward its Republican incumbent, the other turned Blue. As such, it seems reasonable to expect the state to go 50/50 (although there is some concern in Republican circles that Trump's attempts to deem the election illegitimate will turn off some centrists who voted Republican in the first round). This would leave the Senate in Republican hands at 51:49. In this circumstance, if any vote were to go to a tie (due to a Republican crossover), then the Democrats could win via VP Harris casting the deciding vote.

In summary then, Biden is going to struggle to pass any contentious legislation before the 2022 mid-terms potentially shift the balance of power in the Senate once more (he hopes in his favour). Either side can still frustrate the passage of legislation through the Senate via the filibuster, as no-one has a 60-seat 'super-majority'.

What does this mean in policy terms? Fighting COVID and the economic recovery will themselves be contentious issues; one need only look at the battles over much needed stimulus packages even when the Republicans held two of the three branches of government.

There will be precious little bandwidth for widespread healthcare reforms. Getting Trump-era cuts to ACA funding and enrolment windows reversed will be an obvious place to start, but wider reform may wait until after the Supreme Court has clarified the fate of the individual mandate (so far, we have only heard the oral arguments and there were some positive noises regarding severability, but we would urge caution in over-interpreting the initial comments regarding any final ruling). In conclusion then, it is a Goldilocks scenario for now. If the court strikes down the mandate or the law more broadly, that would be an issue but this is a 'known unknown'.

"Ending global freeloading"

What about drug pricing, the perennial popularist's political football? Trump has repeatedly tried to legislate on this issue via executive order, taking his 'America First' ethos into drug pricing by invoking a 'most favoured nations' ('MFN') approach to reimbursement, where the 50 most widely used Medicare Part B drugs would have their reimbursement phased down to an international comparator level (the 'MFN price') over four years. Medicare Part B drug spend was ~$30bn in 2019 and the 50 drugs accounted for ~$22bn of this total.

Per CMS, the MFN Price will be based on the lowest GDP-adjusted price paid by any country that was an OECD member on October 1, 2020 and has a PPP adjusted GDP per capita that is at least 60% of the US. It has been estimated that the programme could ultimately reduce spending on these 50 drugs by $9bn per annum.

Will it (finally) happen? It has been variously suggested that the programme will be tied up in litigation or dropped by the Biden Administration. However, the underperformance of the US Pharma sector versus wider healthcare year-to-date (by around 600bp) suggests that the market is pricing in some sort of policy headwind.

The second aspect of Trump's "war on drug pricing" is to remove the safe-harbour provision for rebates on Medicare Part D drugs except when they are directed to patients at the point of sale. Currently rebates paid by manufacturers to so-called Pharmacy Benefit Managers ('PBMs') can be used for any purpose, including subsidising the plan provider's wider healthcare costs. Simply put drugs will appear cheaper but premiums and co-pays for a given level of coverage may rise.

Will the net cost to Medicare recipients rise or fall? This is difficult to know; it could be a zero sum game or it could even increase overall consumer contributions. Part D drug costs were around $130bn in 2019, with the Government paying around 75% of the costs.

This one is all about the 'optics'; the outgoing Administration will be able to claim, without recourse to fake news, that it has lowered drug prices for tens of millions of seniors. The rule becomes effective in January 2022, so again there is plenty of time for industry lobbying or for Biden to throw it out.

Vaccines, vaccines, vaccines – let battle commence

The scores are in and the mRNA vaccines from Pfizer/BioNTech and Moderna look better than decent. Strong initial protection across age cohorts and manageable transient adverse events leave us in a position as good as anyone could reasonably have hoped for. We also have data for the Russian Sputnik 5 and Oxford/Astra conjugate vaccines, although these raise many questions in our minds.

There are still many things we do not yet know – do these vaccines prevent person-to-person transmission of SARS-CoV-2 or just symptomatic COVID-19? How long do they confer protection for? How long does natural immunity from exposure last and does that also prevent transmission? How confident can one be on long-term safety with vaccines using novel technologies such as these?

As we detailed last month, these are critical questions because the societal restrictions that we have all had to live with can only be justifiably rolled back when the risk to those susceptible to morbidity is deemed low enough and that is unlikely to be achieved through exposure-driven herd immunity.

Surrogate markers/correlates of protection (e.g. antibody titres, CD8 T-cell assays) from the studies completed to date have not proven very useful. We know antibody levels fell rapidly post immunisation in both mRNA vaccine phase II cohorts but protection was still very good in phase III. We also know that the CD8 assay data for the Moderna vaccine did not look that good but still the level of protection was very high (Pfizer did not conduct a comparable assay). Antibody levels in the elderly were much lower (as expected), but this did not correlate with the degree of protection being similarly impaired. As such, we are still in the dark on the questions above and only time is going to tell us the answers.

The most vexatious aspect of all this is determining uptake. We can be certain that demand will outstrip supply well into the new year (the UK is not expected to receive its order of 7m doses from Moderna until March for instance), with respect to offering these products to those most likely to benefit from them (the elderly, the vulnerable, those frontline staff at much higher risk of accidental exposure to infected people). Here, the risk/reward is obviously positive.

Until a reasonable proportion of these higher risk groups have been vaccinated, we are unlikely to see a long-term decline in hospitalisations for symptomatic disease. We expect this is going to be the litmus test for political acceptance of restriction rollbacks and thus a true return to pre-COVID norms.

Thereafter, one must try to break the cycle of transmission for what is in essence now an endemic pathogen. Assuming the vaccine does help in this regard, this can only be achieved through widespread uptake and herein lies the challenge.

Let us use ourselves as an example. Your managers are both below 55 years of age, lacking pre-existing medical conditions and, whilst we could always do with losing a few pounds, are not obese. Our headline risk of morbidity from COVID is thus very low and our backgrounds and jobs leave us in a position where we know there are still many things about the vaccines that are not yet clear.

Where then is the incentive to get vaccinated when there are still so many unknowns? Objectively, we see little personal reward and uncertain personal risk. There is the argument that, as a potential link in the chain, we should get vaccinated for the "greater good" but firstly we still do not know if vaccination does reduce transmission and secondly at least one of us has already experienced symptomatic COVID (and recovered), so does this even apply? We could both be immune already.

In truth, we are likely to be at the back of the queue based on disease risk and there will be a lot more data by the time we are potential candidates, which makes the whole decision process so much easier. Indeed, the UK government released its vaccine prioritisation guidelines on 2nd December and we are not deemed high enough risk to qualify for either phase I or phase II of the planned rollout.

These are the discussions that everybody in the world will soon be having and you cannot sidestep the incontrovertible reality that no-one was given one of these vaccines before May 2020 and the numbers of patients with multiple months of exposure is tiny. Thus, the long-term risk/benefit remains unknown.

We want to be clear on one point: historical precedent suggests that the risk of a vaccine revealing unexpected and serious adverse events once it is used in a wider population is VERY low. Whilst there have been the inevitable cases of vaccine batches being recalled for manufacturing or contamination issues, the last time an approved vaccine was withdrawn from the market due to an unexpected side effect was RotoShield in 1999.

Many other cases of alleged side effects (e.g. Lymerix causing auto-immune problems in 1999, Menactra causing GBS in 2005) were concluded to be fallacious, based on the retrospective analysis of millions of recipients. Most vaccines that fail in phase III clinical trials do so not due to unexpected adverse events, but due to efficacy failing to live up to expectations - there is no point vaccinating people if the level of protection is very low. This is an easy point to make if you have looked at all of the data, but most people have not and will not get the opportunity to do so, they will need to have their hands held on this point.

That said, we have never been in a position where a vaccine has been rolled out so quickly. The onus is thus on the authorities to dispel people's understandable concerns and this relies on credibility, which is certainly not the strongest facet of the current UK government, and Trump's apparent desire to overlook clinical data for political expediency, coupled to the FDA's rapid approval of two purported COVID treatments that were then shown to be ineffective will not so quickly be forgotten by the US public either. Nature abhors uncertainty and there will be no shortage of theories to fill the void.

Let us come back to the investment outlook. We have a situation where apparently rational politicians (is that an oxymoron? We aren't sure anymore) are talking about life beginning to return to normal after Easter. How does work in reality? As we noted last month, tens of millions of people will need to be vaccinated to achieve anything close to herd immunity. The logistics alone are daunting. Then we have the question of willingness. No 'sensible celebrity spokesperson' is going to be able to assuage those who want to see more data and wanting such data does not make you a crazed "anti-vaxxer". Only more data is going to suffice and only time can provide it.

The carrot of more data aside, there is the stick of not being able to participate in the fabled re-opening if you are not vaccinated. We have already had the CEO of Qantas state that a certificate of vaccination will become a pre-requisite to fly on the airline and that he expected other carriers to follow suit. Additionally, our own recently appointed UK Government Vaccine 'Tsar' Nadhim Zahawi MP (relevant biomedical and public health experience: none, of course) has suggested integration of a vaccine certificate into the 'world-beating' NHS test and trace app and that leisure venues would be in their rights to deny the unvaccinated entry. It does appear the Government is now rowing back on this in light of public opprobrium, but the damage is probably done in many people's minds.

This level of apparent coercion will be manna to conspiracy theorists. One can just imagine them furiously pounding their phones, posting to social media that location tracking nanobots in the vaccine will soon know your every move; failing to acknowledge those very same social media Apps and phones have been tracking them very effectively for years now. Never has the dystopian autocrat needed nanotechnology less: China has created a surveillance state already; if you want to follow suit, the template is there. Don't fear the needle, fear the Apps!

To our mind, many public health experts seem overly complacent about the reality of the ideological battle ahead and that complacency in turn influences broader market sentiment. We have already received one strategy piece from a 'bulge-bracket' investment bank arguing that 2021 will see an unleashing of animal spirits and that people should get on board the cyclical equity recovery train that set off in November.

These sorts of calls can be self-reinforcing and thus to an extent will work; to the detriment of defensive sectors like healthcare. Indeed, this rotation into recovery has been the defining narrative of the last few weeks. Of course, if the momentum in share prices is not followed by an upswing in forward guidance and reported results/trading statements then it will snap back the other way.

Performance review

The wider market

As noted above, the twin relief of a contested Congress and positive vaccine data cheered markets and led to an overwhelming narrative around 'normalisation' and 're-opening' that led to significant rotation and repositioning. In US Dollar terms, the MSCI World Index rose 12.7% (+9.2% in sterling), rising even more than it did in April 2020. The rise was led by pro-cyclical sectors (Energy +28%, Automotive +26%, Banks +22%, Cap Goods +18%). Conversely, it was defensives that lagged (HPC +5%, Pharma/Biotech +9%, Food & Bev +9%, Staples +10%).

Although the pandemic's second wave in Europe appears to be abating as the month draws to a close, the situation in the US continues to worsen, albeit at a thankfully slowing pace. This has caused some vacillation in investor risk appetite, although it has really only manifested in brief pauses to the upward trajectory in sentiment. The glass remains very much half full and it is no surprise that healthcare has struggled on a relative basis in such a pro-cyclical 'risk on' dynamic, regardless of how justified (or premature) one thinks all this 'back to normal' excitement may be.

Healthcare

Healthcare was an obvious source of funds during this market rotation. The MSCI World Healthcare Index rose 'only' 8.9% in dollar terms (+5.5% in sterling). Per figure 1 below, it was again a re-opening and vaccination dynamic that drove performance during the month.

BENCHMARK SUB-SECTOR PERFORMANCE AND WEIGHTINGS

Sub-Sector	Weighting	Perf. (USD)	Perf. (GBP)
Focused Therapeutics	9.0%	9.0%	5.6%
Conglomerate	11.9%	8.0%	4.7%
Dental	0.7%	12.3%	8.8%
Diagnostics	2.3%	4.2%	1.0%
Distributors	1.2%	13.8%	10.3%
Facilities	1.0%	18.6%	14.9%
Generics	0.4%	10.8%	7.4%
Healthcare IT	1.9%	12.5%	9.0%
Healthcare Technology	0.7%	5.3%	2.0%
Managed Care	8.8%	11.1%	7.7%
Med-Tech	15.6%	9.0%	6.2%
Other HC	1.5%	0.8%	-2.3%
Diversified Therapeutics	33.9%	10.2%	6.8%
Services	2.6%	6.4%	3.2%
Tools	8.5%	1.5%	1.6%
Index perf.		**8.8%**	**5.5%**

Source: Bloomberg/MSCI and Bellevue Asset Management (UK) Ltd. Weightings as of 31-10-20. Performance to 30-11-20.

Hospitals (Facilities), which have been forced to defer lucrative elective surgeries to focus on less profitable COVID and emergency caseloads led the way up, in the hope those elderly clients who are the mainstay of procedure volume will be more willing to entertain coming in for non-essential procedures in 2021. These are probably the most operationally geared companies in healthcare given their thin margins and high debt to equity ratios. Even modest additional revenue has significant EPS impact.

It is similar for the Distributors; prescription volumes have fallen during the pandemic due to reluctance to go to the GP/primary care doctor. If a more normal dynamic returns, then volumes will bounce back and that is additional business for them. Dental, which is discretionary to a large extent, also looks to be in a better position in a post-vaccine world and has thus been re-rated.

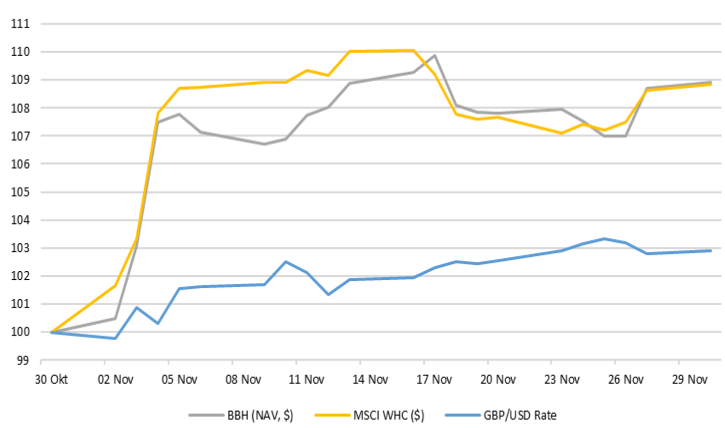
Managed Care outperformed more on the contested Congress angle than on the re-opening trade. We continue to be of the view that insurers will make super-normal profits in the coming months, but are understandably loathe to draw attention to the reality that they are profiting from the pandemic.

Diagnostics and Tools were the obvious laggards; who needs testing when COVID has been all but overcome? The premature nature of this view is difficult to overstate. Whilst one could reasonably have argued that valuations were stretched in the summertime, with some degree of perpetual COVID revenues implied in share prices, this is not really the case now. We have thus actively allocated toward these stocks during the month.

The Trust

The Trust's Net Asset Value rose 5.6% during the month in sterling terms to yield a month-end NAV of 172.51p. Our performance was fractionally ahead of the MSCI World Healthcare comparator. We are pleased to have matched the wider Index during this period, especially given the significant momentum immediately following the election; it was always going to be a challenge to keep up with this initially, when carrying a cash drag of nearly 10% into the event.

However, that same cash buffer gave us the flexibility to reposition relative weightings within the portfolio as the election drama unfolded, aiding our performance in the weeks that followed. The evolution of the NAV over the month is illustrated below:



Source: Bloomberg/MSCI and Bellevue Asset Management (UK) Ltd.

The 27-stock portfolio from September has grown to 28, with the addition of two new holdings in the Med-Tech and Diversified Therapeutics categories and an exit from one of our Diagnostics holdings at the start of the month. The evolution of our sector weightings is illustrated in the table below:

EVOLUTION OF PORTFOLIO WEIGHTINGS

	Subsector end Oct	Subsector end Nov	Change
Diagnostics	10.9%	10.6%	Decreased
Diversified Therapeutics	15.5%	15.9%	Increased
Focused Therapeutics	32.2%	37.0%	Increased
Healthcare IT	1.9%	2.2%	Increased
Managed Care	17.5%	12.9%	Decreased
Med-Tech	10.7%	12.6%	Increased
Services	6.3%	5.4%	Decreased
Tools	5.1%	3.4%	Decreased
	100.0%	100.0%	

Source: Bloomberg/MSCI and Bellevue Asset Management (UK) Ltd. Weightings as of 31-10-20. Performance to 30-11-20.

The reduced exposure to Diagnostics was a combination of the position exit described previously and overall sub-sector relative underperformance, offset by active additions to the portfolio. Therapeutics, both Diversified and Focused, increased through active allocation. Healthcare IT increased through relative outperformance.

We were quite vocal regarding the opportunity for a re-rating in Managed Care ahead of the election and the sector did not disappoint in that regard. These stocks remain cheap on absolute metrics around free cash flow generation, but the obvious deficit in relative valuation closed substantially after the election, prompting us to reduce the extent of our exposure.

Similarly, the outsized exposures to Services and Tools have been part of our tactical pivot during the summer and we have reduced exposure to these more classically defensive areas of healthcare in favour of increased (but selective) exposure to Therapeutics and Med-Tech as we can see the path toward more elective activity in 2021. That said, we remain of the view that projections for certain companies and procedure types still look optimistic and we are being selective in sticking to the higher end of the acuity curve for now, where our conviction is highest.

The net cash position stood at 10.6% at the month end, versus 9.2% at the end of October. In part, this reflects timing differences on some re-allocation decisions (it is more difficult to trade over the Thanksgiving holiday due to reduced volumes) and we would expect it to fall in the coming days.

We have maintained our recent policy of holding the majority of this cash in sterling to reduce the translational impact caused by any Brexit induced GBP/USD volatility versus our dollar-dominated equity holdings. We will review this approach one we have moved beyond the (hopefully final) EU-UK trade agreement negotiations, which seem to be continually pushed back due to COVID-related matters.

We issued 7.1m shares via the tapping programme. 0.6m shares (representing 0.12% of the outstanding share capital at the time) were requested for redemption under our ungated annual redemption option. These were placed in the market on behalf of the Trust and no shares were cancelled.

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@bbhealthcaretrust.co.uk

As ever, we will endeavour to respond in a timely fashion.

This will be our last missive for 2020 and we are sure many of you will also be glad to see the back of what has been a year to forget in so many ways. As traumatic as this year has been, some positives will come out of it: we have seen unprecedented global collaboration at the scientific/medical level. If this can be sustained, then society can only reap rewards, especially when it comes to huge challenges like inequality and the environment. It is clear to everyone, regardless of political persuasion, that healthcare needs urgent reform to be more efficient. This too will be of great benefit over time. Flexible working is here to stay; a boon for many and doubtless a great improvement in the quality of life for those with younger families.

Even leaving aside the morbidity and mortality wrought by SARS-CoV-2, the Schumpeterian destruction and remaking of retail and services to those who previously went to an office five days a week will have huge consequences for hundreds of thousands of people who work in those sectors. We who can work from home are indeed the lucky ones.

Let us all hope that 2021 brings everyone reasons to be optimistic. In the meantime, we wish you and your families a merry Christmas and a happy New Year and thank you for your support of BB Healthcare Trust.

Paul Major and Brett Darke

BB Healthcare Trust

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Standardised discrete performance (%)

12-month total return	1 year Nov 19 - Nov 20	2 years Nov 18 - Nov 20	3 years Nov 17 - Nov 20	since inception
NAV return (inc. dividends)	24.0%	31.1%	60.9%	90.7%
Share price	18.6%	22.9%	44.8%	72.0%
Share price (inc. dividends)	22.0%	29.5%	55.9%	86.9%
MSCI WHC Total Net Return Index	10.3%	19.2%	40.7%	61.0%

Sources: Bloomberg & Bellevue Asset Management (UK) Ltd., 30.11.2020

NAV return and share price returns are adjusted for dividends paid during period where started (but not assuming reinvestment)

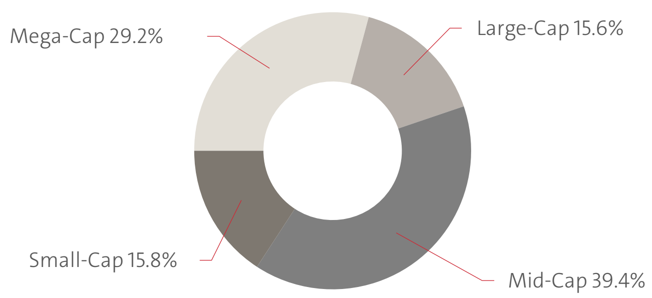
Note: Past performance is not a guide to future performance. The value of an investment and the income from it may fall as well as rise and is not guaranteed

TOP 10 HOLIDINGS

Bristol Myers Squibb	7.5%
GW Pharmaceuticals	6.7%
Hill-Rom Holding	6.0%
Anthem	5.9%
Insmed	5.3%
Vertex Pharmaceuticals	5.1%
Jazz Pharmaceuticals	4.8%
Caredx	4.8%
Alnylam Pharmaceuticals	4.5%
Humana	4.1%
Total	**54.6%**

Source: Bellevue Asset Management, 30.11.2020

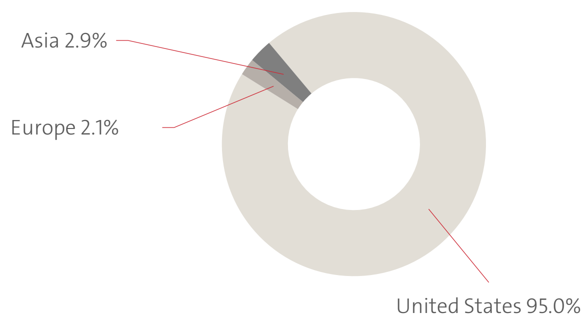
MARKET CAP BREAKDOWN



Source: Bellevue Asset Management, 30.11.2020

"Mega Cap >$50bn, Large Cap >$10bn, Mid-Cap $2-10bn, Small-Cap <$2bn."

GEOGRAPHICAL BREAKDOWN (OPERATIONAL HQ)



Source: Bellevue Asset Management, 30.11.2020

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INVESTMENT FOCUS

- The BB Healthcare Trust invests in a concentrated portfolio of listed equities in the global healthcare industry (maximum of 35 holdings)
- Managed by Bellevue group ("Bellevue"), who manage BB Biotech AG (ticker: BION SW), Europe's leading biotech investment trust
- The overall objective for the BB Healthcare Trust is to provide shareholders with capital growth and income over the long term
- The investable universe for BB Healthcare 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 will be no restrictions on the constituents of BB Healthcare's portfolio by index benchmark, geography, market capitalisation or healthcare industry sub-sector. BB Healthcare will not seek to replicate the benchmark index in constructing its portfolio

DISCLAIMER

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FIVE GOOD REASONS

- 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 Trust offers a combination of high quality healthcare exposure and targets a dividend payout equal to 3.5% of the prior financial year-end NAV
- BB Healthcare has an experienced management team and strong board of directors

MANAGEMENT TEAM

Paul Major

Brett Darke

GENERAL INFORMATION

Issuer	BB Healthcare Trust (LSE main Market (Premium Segment, Offical List) UK Incorporated Investment Trust
Launch	December 2, 2016
Market capitalization	GBP 849.9 million
ISIN	GB00BZCNLL95
Investment Manager	Bellevue Asset Management (UK) Ltd.; external AIFM
Investment objective	Generate both capital growth and income by investing in a portfolio of global healthcare stocks
Benchmark	MSCI World Healthcare Index (in GBP) - BB Healthcare Trust will not follow any benchmark
Investment policy	Bottom up, multi-cap, best ideas approach (unconstrained w.r.t benchmark)
Number of ordinary shares	488 719 689
Number of holdings	Max. 35 ideas
Gearing policy	Max. 20% of NAV
Dividend policy	Target annual dividend set at 3.5% of preceding year end NAV, to be paid in two equal instalments
Fee structure	0.95% flat fee on market cap (no performance fee)
Discount management	Annual redemption option at/close to NAV

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