

Factsheet

Marketing document

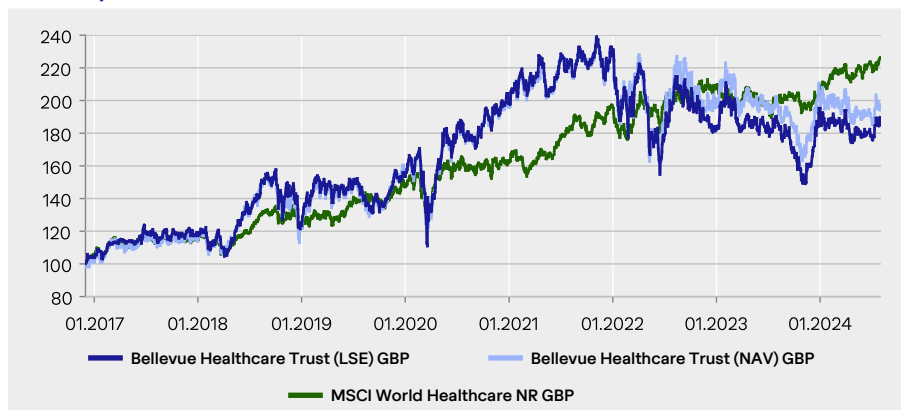
Investment focus

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	149.80
Net Asset Value (NAV)	156.24
Market capitalisation	GBP 687.67 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	459,057,205
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	1.40
Correlation	0.64
Volatility	28.8%
Tracking Error	22.71
Active Share	85.06
Sharpe Ratio	-0.06
Information Ratio	-0.31
Jensen's Alpha	-10.00

Indexed performance since launch



Cumulative & annualised performance

Cumulative

	1M	YTD	1Y	3Y	5Y	10Y	ITD
Share	6.4%	-2.8%	-0.3%	-14.6%	29.6%	n.a.	89.8%
NAV	3.9%	-3.9%	-2.1%	-11.2%	36.0%	n.a.	97.5%
BM	1.7%	10.9%	13.5%	24.5%	60.8%	n.a.	126.3%

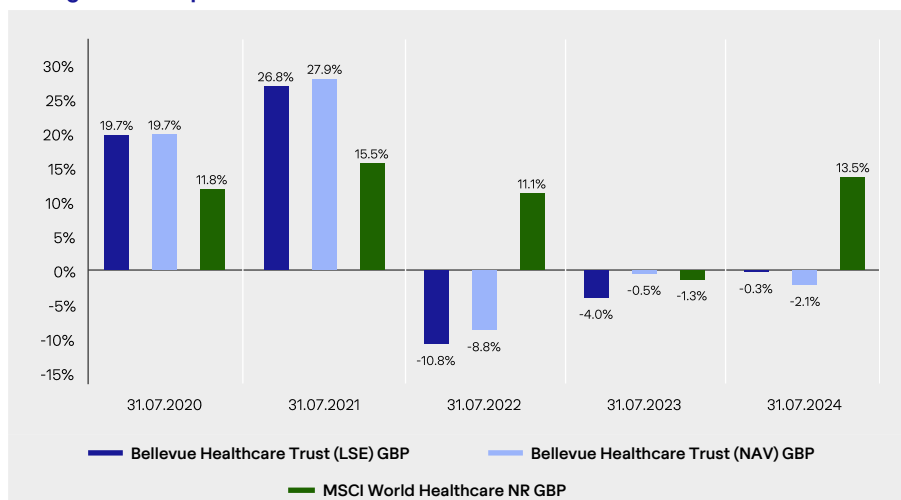
Annualised

	1Y	3Y	5Y	10Y	ITD
Share	-0.3%	-5.1%	5.3%	n.a.	8.7%
NAV	-2.1%	-3.9%	6.3%	n.a.	9.3%
BM	13.5%	7.6%	10.0%	n.a.	11.2%

Annual performance

	2019	2020	2021	2022	2023	YTD
Share	22.7%	29.1%	16.6%	-21.0%	7.0%	-2.8%
NAV	25.9%	25.7%	15.2%	-11.1%	2.4%	-3.9%
BM	18.4%	10.3%	20.8%	5.8%	-1.6%	10.9%

Rolling 12-month-performance



Source: Bellevue Asset Management, 31.07.2024; 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 July missive. The UK has finally enjoyed a whole week that felt like a real summer, even if social unrest and the entirely unsurprising “taxes need to go up” has taken some of the feelgood factor away.

Markets are wrestling with a long-overdue rotation. These gyrations are often violent and volatility is likely to remain elevated for a while, especially against the backdrop of a US election. However, there is much within this to be pleased about: a more considered and economically anchored market dynamic is potentially emerging.

Having been overlooked for so long amidst the meme-stock hype of the last two years, we think healthcare should be a beneficiary of any reconsideration of potential investment opportunities.

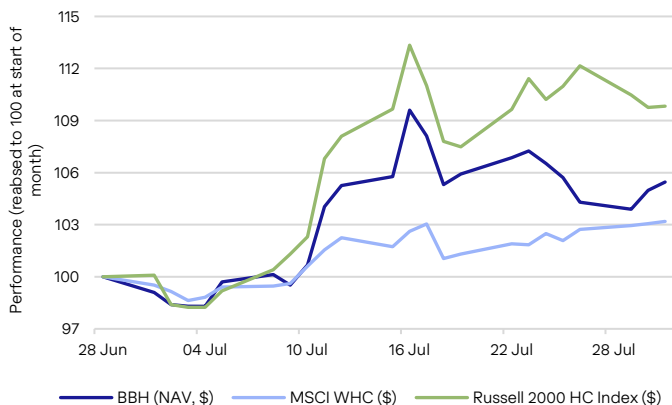
We are particularly busy over the next few months with various projects, and so the factsheet’s ‘Musings’ section will take a pause over the summer, potentially returning with September’s missive.

Monthly review

The Trust

During July the Trust’s Net Asset Value rose 5.5% in US dollar terms (+3.9% in sterling) to 156.24p. This result represented an outperformance relative to both the Healthcare sector and the wider market. We would note that the shares are trading ex. for the 2.52p FY24 interim dividend as of 1 August 2024; this dividend will be paid before the end of August.

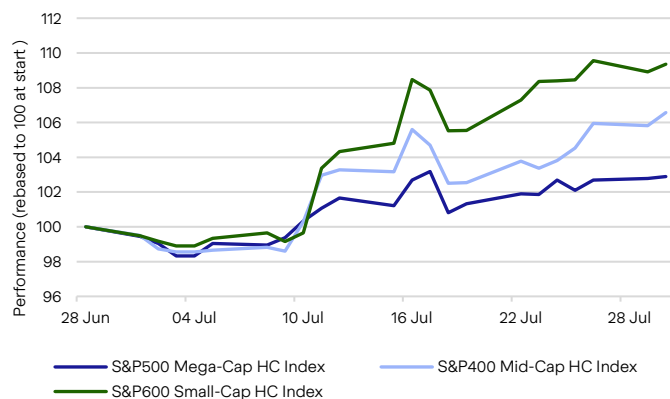
The evolution of the NAV over the course of the month is illustrated in Figure 1 below and, in many ways, is a reversal of the picture seen in June. It again illustrates the influence of size factor on the return composition in the latter half of the month, with the Russell 2000 Index recovering from the sell-off in late June as the larger-cap names generally moved sideways.



Source: Bellevue Asset Management, 31.07.2024

The reduction in the NAV over the last week of the month reflects some unexpectedly negative updates from two of our earlier reporting, larger-cap names, Edwards Lifesciences and Dexcom.

The extent of the day one, post reporting share price declines (-31% and -41% respectively) again serve to illustrate the hyperbolic levels of volatility and short-termism inculcated in the current market dynamic. Indeed, as we go to press, Edwards has recovered 2% (outperforming large-cap US healthcare by 4%) and Dexcom by 8% (outperforming large-cap US healthcare by 13%). This market-cap characterisation of performance is further illustrated in Figure 2 below, which compares the progress of the various S&P healthcare sub-indices over the course of the month.



Source: Bellevue Asset Management, 31.07.2024

It is perhaps worth noting that the fund’s exposure to larger-cap companies has increased considerably over the past 9 months, as illustrated in Figure 3 below, which shows a gradual decline in the proportion of our gross exposure that we classify as small/mid-cap).

Market-cap breakdown	End Q4 23	End Q1 24	End Q2 24
Mega-Cap	9.3%	15.2%	14.4%
Large-Cap	14.0%	19.0%	27.0%
SMID-Cap	76.7%	65.8%	58.6%

Source: Bellevue Asset Management, 31.07.2024

Diagnostics was the best-performing sub-sector during the month, followed closely by Services and then Focused Therapeutics. Healthcare Technology (predominantly Dexcom, as discussed previously) was the only material detractor.

The evolution of the sub-sector weightings is summarised in Figure 4 below, and we would make the following additional comments beyond those already made regarding Healthcare Technology and the impact of Dexcom:

We were net sellers of Diagnostics, but this was offset by strong performance. We were also net sellers of Focused Therapeutics and Medical Technology. We added to holdings in Healthcare IT, Managed Care and Services. Our holdings in Healthcare Technology were unchanged.

	Subsectors end Jun 24	Subsectors end July 24	Change
Diagnostics	14.4%	16.0%	Increased
Focused Therapeutics	26.3%	23.6%	Decreased
Healthcare IT	3.1%	5.3%	Increased
Healthcare Technology	13.6%	10.4%	Decreased
Managed Care	10.5%	12.2%	Increased
Med-Tech	13.7%	11.9%	Decreased
Services	13.3%	14.9%	Increased
Tools	5.0%	5.7%	Increased
Diagnostics	14.4%	16.0%	Increased
	100.0%	100.0%	

Source: Bellevue Asset Management, 31.07.2024

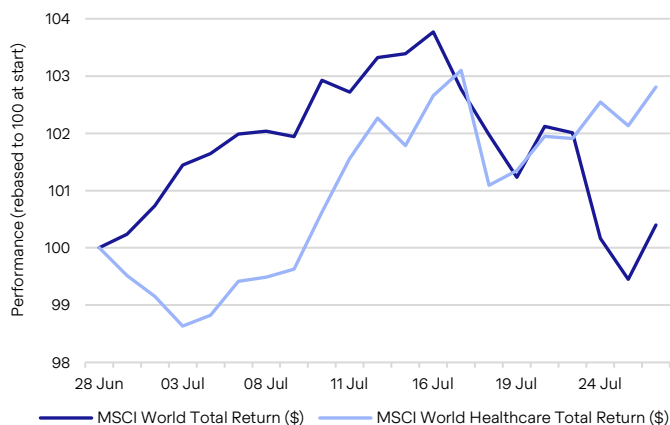
The total number of positions is now 28, having exited two positions during July (one from Healthcare IT and one from Medical Technology). We expect to add some additional names during August, as the reporting season concludes. Provisioning for this, in addition to the pending dividend payment, led to a further increase in the net cash position. As a consequence, the leverage ratio stood at -8.4%, compared to -3.9% at the end of June 2024, but this has already decreased during August. The share buyback programme was active

during July and 2.1m shares were repurchased. The average share price discount to NAV improved slightly to 5.5%, as compared to 6.5% during June.

Healthcare

The dollar total return of the MSCI World Healthcare Index during July was +3.3% (+1.7% in sterling), outperforming the parent MSCI World Index's total return of +1.8% (+0.2% in sterling)

As illustrated in Figure 5, the healthcare sector's performance lagged the wider market initially, but gained ground over the final third of the month as the technology selloff (discussed further below) got underway from the middle of July, dragging down the wider market due to its outsized weighting.



Source: Bellevue Asset Management, 31.07.2024

The Index's sub-sector performance breakdown is summarised in Figure 6 overleaf and we would make the following observations beyond the previously noted impact of Dexcom on the performance of the Healthcare Technology sub-sector:

The general theme of the market (including within the healthcare sector) was one of a broadening out of positioning and a rotation from leaders to laggards. This was true both in terms of factor skews such as size and momentum and across sectors and sub-sectors. For example, we see Diversified Therapeutics up a modest 0.5%, but this is despite a material negative drag from Novo Nordisk (-8.6%) and Eli Lilly (-11.2%) during the month.

These two former leadership stocks represented a drag of c350bp on the sub-sector's monthly performance and c150bp on the Healthcare sector overall. As we have noted many times, Diversified Therapeutics overall and Novo and Lilly specifically have been the primary drivers of overall sector performance year-to-date.

Within Services, it was the CRO and CDMO names (i.e. healthcare R&D spending linked names) and likewise Tools (i.e., R&D-linked hardware and consumables) that led this month on growing optimism that the outlook for research spending may begin to improve over 2H 24 (this sentiment is looking somewhat premature, but we await the conclusion of updates from the reporting season to reach a final conclusion on this point). Consumer sentiment-sensitive Dental continues to be an obvious area of concern for investors amidst worsening macro data.

	Weighting	Perf (USD)	Perf (GBP)
Services	2.0%	11.5%	9.9%
Tools	7.8%	11.3%	9.4%
Facilities	1.1%	11.4%	9.4%
Generics	0.7%	12.0%	8.2%
Managed Care	10.2%	9.0%	7.4%
Diagnostics	1.1%	8.4%	6.8%
Conglomerate	8.8%	6.1%	4.5%
Distributors	2.0%	5.2%	3.8%
Focused Therapeutics	7.7%	4.3%	2.6%
Other HC	1.1%	4.4%	2.4%
Healthcare IT	0.4%	3.9%	2.3%
Med-Tech	14.3%	1.1%	-0.6%
Diversified Therapeutics	41.6%	0.5%	-1.0%
Dental	0.4%	-0.5%	-2.0%
Healthcare Technology	0.8%	-32.4%	-33.5%
Index perf		3.3%	1.7%

Source: Bloomberg/MSCI and Bellevue Asset Management, Weightings as of 30.06.2024, Performance to 31.07.2024

It is pleasing that the healthcare sector outperformed the overall market. In general, we would observe that growing caution over the wider economic outlook should be positive for sectors like healthcare that have more economically defensive fundamental characteristics, as would any broadening of market leadership away from Technology stocks.

Likewise, any broadening of investor appetite beyond the perceived safety of mega-cap stocks should be constructive for the Trusts particular investment approach, which remains SMID-cap focused and we should see a proportionately larger positive impact from any reduction in longer-term interest rate expectations, given the portfolio has higher duration than the market overall (that is to say that a greater proportion of the perceived value lies further out in time, making the rate applied by investors when discounting future earnings of greater importance).

The wider market

The dollar total return of the MSCI World Index during July was +1.8% (+0.2% in sterling). On the surface, one might consider all is as before; markets seemingly continuing to push on to new all-time highs. Underneath the calm surface however, the water has become more turbid.

As noted previously, investors are reacting to a number of different signals. In no particular order, we could mention absolute valuation (cyclically adjusted "Schiller" P/E ratio for the S&P500 has been above 30 pretty much all year and its upward trajectory over recent years looks more like the go-go 1990s (which saw super-charged economic growth due to IT-led productivity improvements). This is fine if you think we are in a new 1990s and perhaps this is why investors were so seduced by the AI excitement. We really need a magical productivity enhancement to justify where the market seems to be.

Frustratingly though, the huge investment in AI has thus far done little more than balloon capex budgets and swell the coffers of NVIDIA as the pick and shovel provider in this latest goldrush. Not only is NVIDIA struggling to deliver the new superchips so demanded, the installation of those already purchased has not yet been transformational for the revenue profiles of companies such as Apple, Alphabet, Amazon, Meta or Microsoft.

As regular readers will know, this does not surprise us at all. People will not obviously buy more "stuff" as the underlying way in which they are directed to or advertised to changes, especially in the midst of a cost of living crisis. The recent global IT outage caused by a cloud-based update to some cyber security software might also dampen the one-way transition of all services to the cloud. Suddenly, resilience and dual sourcing of services is back in vogue.

The US economy is beginning to cool. This is as expected, but the cadence will, of course, be debated. Several economists have increased their probability of a recession/hard-landing in the US (typically from a small number to a less small number; no-one is credibly calling a calamity as yet), arguing that the US Federal Reserve is again too ponderous in its directional changes on interest rates. These conversations will inevitably spook investors. The logical thing to do here is switch from equities to bonds, since the latter will benefit from falling rates and is not sensitive to the consumer in the way that equities are.

As well as shifting some money from equities to bonds, we have seen a rotation out of highly valued Tech and a general broadening of exposure from the incredibly narrow market leadership of the last 18 months. Personally, we think all of this is very healthy and logical, and clearly visible in the sector performance below:

Sector	Monthly perf
Real Estate Management & Development	+10.3%
Utilities	6.9%
Automobiles & Components	+6.7%
Equity Real Estate Investment	+6.6%
Banks	+6.4%
Financial Services	+6.2%
Capital Goods	+5.4%
Insurance	+5.0%
Commercial & Professional Services	+4.9%
Health Care Equipment & Services	+4.9%
Food, Beverage & Tobacco	+4.7%
Technology Hardware & Equipment	+4.3%
Materials	+4.1%
Pharmaceuticals, Biotechnology	+4.1%
Transportation	+3.8%
Telecommunication Services	+3.4%
Energy	+2.0%
Household & Personal Products	+1.4%
Consumer Staples Distribution	+1.2%
Consumer Discretionary Distributors	+0.8%
Consumer Durables & Apparel	+0.0%
Consumer Services	-1.5%
Software & Services	-2.4%
Media & Entertainment	-4.1%
Semiconductors & Semiconductor Equipment	-5.0%

Source: Bellevue Asset Management, 31.07.2024

The Tech/Media/AI leaders basket sits at the bottom of the list, followed by consumer-sensitive/discretionary items. At the other end, those items made most expensive by higher borrowing costs, or companies that typically carry a high level of borrowings have been re-rated, in the expectation that life for these companies will soon begin to get a little easier.

Sometimes, we even see a glimmer that market behaviour is begging to make a little more sense.

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		7.6%
Tandem Diabetes Care		6.6%
UnitedHealth Group		6.4%
Bio-Rad Laboratories		5.7%
Charles River Laboratories		5.4%
Evolent Health		5.3%
Axsome Therapeutics		5.2%
Exact Sciences		5.0%
Option Care Health		5.0%
Insmed		4.7%
Total top 10 positions		57.0%
Total positions		28

Sector breakdown

Focused Therapeutics		23.6%
Diagnostics		16.0%
Services		14.9%
Managed Care		12.2%
Med-Tech		11.9%
Health Tech		10.4%
Tools		5.7%
Healthcare IT		5.3%

Geographic breakdown

United States		98.2%
China		1.8%

Market cap breakdown

Small-Cap		19.6%
Mid-Cap		40.7%
Large-Cap		28.1%
Mega-Cap		11.6%

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 owing 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:

Compliance UNGC, HR, ILO	
Norms-based exclusions	
Controversial weapons	

ESG Risk Analysis:

ESG-Integration	
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Stewardship:

Engagement	
Proxy Voting	

Key Figures:

CO ₂ -intensity (t CO ₂ /mn USD sales):	24.3 (Low)	Coverage:	95%
MSCI ESG Rating (AAA - CCC):	BBB	Coverage:	95%

Based on portfolio data as per 31.07.2024; – 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 CO₂-intensity expresses MSCI ESG Research's estimate of GHG emissions measured in tons of CO₂ 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.

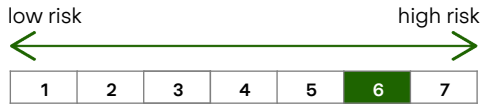
Source: Bellevue Asset Management, 31.07.2024; Due to rounding, figures may not add up to 100.0%. Figures are shown as a percentage of gross assets.

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.

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.



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 makers 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.

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

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