

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.

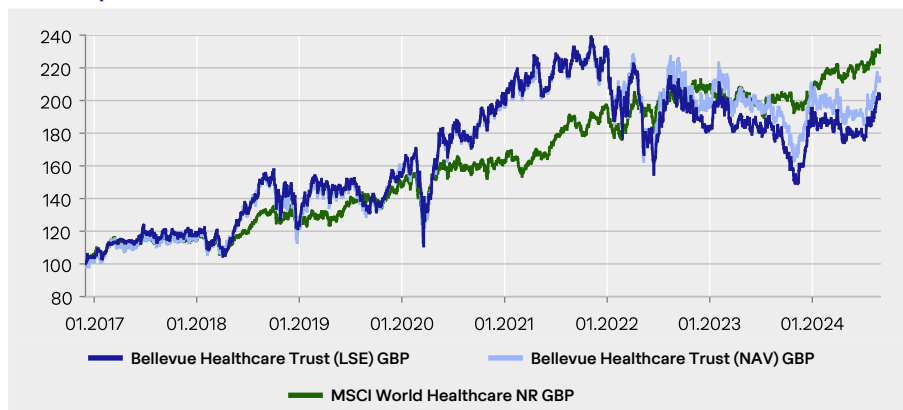
Fund facts

Share price	157.00
Net Asset Value (NAV)	166.88
Market capitalisation	GBP 716.59 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	456,428,265
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	1.41
Correlation	0.64
Volatility	28.9%
Tracking Error	22.76
Active Share	85.33
Sharpe Ratio	0.01
Information Ratio	-0.21
Jensen's Alpha	-7.43

Indexed performance since launch



Cumulative & annualised performance

Cumulative

	1M	YTD	1Y	3Y	5Y	10Y	ITD
Share	6.6%	3.6%	9.4%	-11.2%	49.7%	n.a.	102.2%
NAV	8.5%	4.3%	11.3%	-6.0%	60.1%	n.a.	114.3%
BM	3.2%	14.5%	16.3%	23.7%	65.4%	n.a.	133.6%

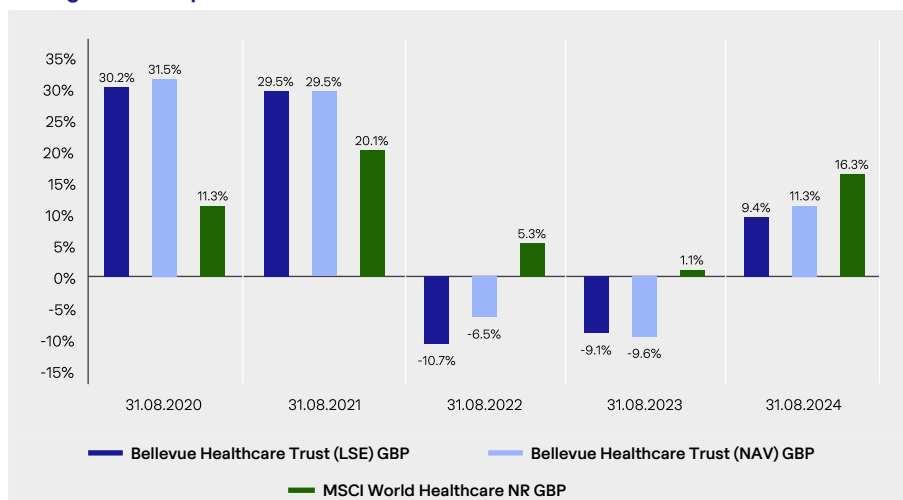
Annualised

	1Y	3Y	5Y	10Y	ITD
Share	9.4%	-3.9%	8.4%	n.a.	9.5%
NAV	11.3%	-2.0%	9.9%	n.a.	10.3%
BM	16.3%	7.4%	10.6%	n.a.	11.6%

Annual performance

	2019	2020	2021	2022	2023	YTD
Share	22.7%	29.1%	16.6%	-21.0%	7.0%	3.6%
NAV	25.9%	25.7%	15.2%	-11.1%	2.4%	4.3%
BM	18.4%	10.3%	20.8%	5.8%	-1.6%	14.5%

Rolling 12-month-performance



Source: Bellevue Asset Management, 31.08.2024; 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.

As the summer holiday season draws to a close and we all ramp up to full strength in the 'back to school' weeks, the markets remain ebullient. A soft landing is increasingly presumed, gently floating on a cushion of pending rate cuts.

Two consecutive months of broad-based healthcare outperformance dare us to cheer. Perhaps investors are finally looking anew at what feels like a long-forgotten opportunity outside of the obesity drug frenzy.

And so they should. Where else can one feel so confident about the demand outlook, regardless of who wins which election or what happens (if anything) in the vaunted transition to an AI-infused workplace.

As long as there are people, they will get old and they will get sick. AI might revolutionise internet search and many humdrum clerical tasks, but it cannot change this unarguable fact.

Monthly review

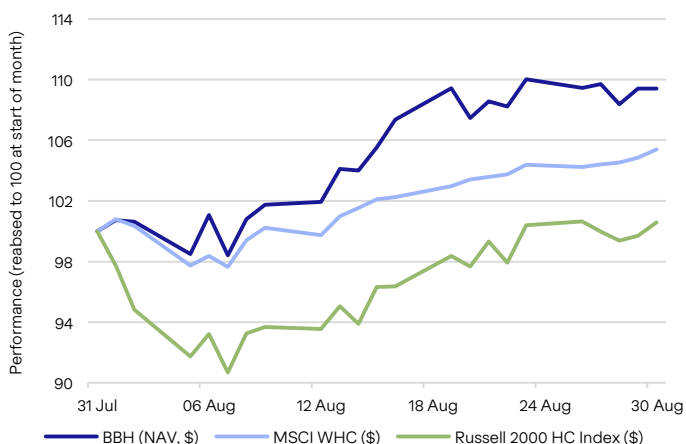
The Trust

During August, the Trust's Net Asset Value rose 9.2% in US dollar terms (+6.8% in sterling) to 166.8p. When adjusted for the ex. dividend effect, this represented a total investment return for the month of +10.9% (+8.5% in sterling), a material outperformance relative to both the Healthcare sector and the wider market.

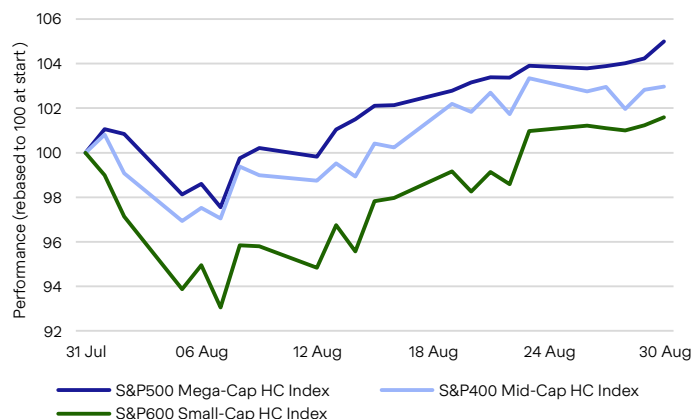
The portfolio experienced a translational FX headwind of 157bp over the month as the market began to fully price in a September Federal Reserve interest rate cut, with commensurate weakening of the dollar. The evolution of the NAV over the course of the month is illustrated in Figure 1 below and illustrates the steady positive momentum over the course of the month.

Alongside Figure 2, it also illustrates that August saw a general trend of size factor skew in favour of mega/large-cap companies that emerged early in the month and continued throughout the period, with small-caps underperforming despite investors becoming more comfortable on the interest-rate environment, something that we would ordinarily expect to be supportive for smaller companies (which have higher duration and thus more discount rate sensitivity).

As such, the positive performance of the portfolio went against the broader market's size factor preferences, attesting to the positive fundamentals of the companies that we own. We continue to believe that a rate cutting backdrop will be positive for sentiment toward SMID growth equities, regardless of industry sector.



Source: Bellevue Asset Management, 31.08.2024



Source: Bellevue Asset Management, 31.08.2024

Diagnostics was again the best performing sub-sector in the portfolio, followed by Healthcare IT and Medical Technology. Services was the only detractor, driven by our CRO holdings, where the biotechnology funding outlook was again the source of some investor anxiety; several key suppliers reported book-to-bill ratios around 1.0x, whereas investors seem to be looking for an expansion in forward bookings to reignite positive sentiment.

Overall, we would describe the positive momentum in the NAV as "broad based" and believe this reflects a continuation of the expanding investor appetite for quality growth down the market capitalisation spectrum, a phenomenon that we hope will continue for some time to come.

The market's performance attribution remains very narrow, and valuations bifurcated between Tech/Mag7 and the rest of the market. At some point, this gap should narrow, (through a combination of revaluation up and de-grossing in over-owned current leaders).

As indicated in last month's missive, these have been a busy few weeks in terms of investment allocation, with several new positions being initiated on the back of satisfactory quarterly updates coming through, as the balance of the Q2 reporting season got underway.

The evolution of the sub-sector weightings is summarised in Figure 3 below, and we would make the following comments: Having built up a sizeable cash buffer in recent months, we deployed capital across all sub-sectors during August; the Trust's cash position has reduced by £46m.

The total number of positions has grown to 32, compared with 28 at the end of July. There were six additions and two exits – three additions to Focused Therapeutics, two to Tools and one to Services. The exits were in Focused Therapeutics and Medical Technology. These changes were the main driver of the evolution in exposures illustrated below.

	Subsectors end July 24	Subsectors end Aug 24	Change
Diagnostics	16.0%	19.7%	Increased
Focused Therapeutics	23.6%	21.0%	Decreased
Healthcare IT	5.3%	7.3%	Increased
Healthcare Technology	10.4%	11.2%	Increased
Managed Care	12.2%	10.9%	Decreased
Med-Tech	11.9%	11.7%	Decreased
Services	14.9%	13.4%	Decreased
Tools	5.7%	4.8%	Decreased
Diagnostics	16.0%	19.7%	Increased
	100.0%	100.0%	

Source: Bellevue Asset Management, 31.08.2024

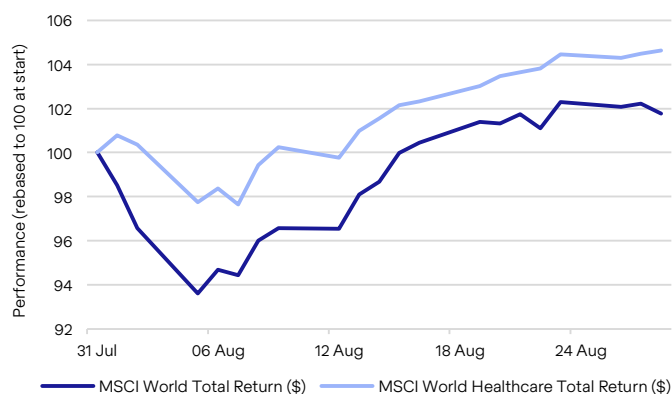
The additions to the portfolio represent a combination of new thematic exposures and diversification of exiting approaches to reduce point volatility. As we have noted many times over the past year or so, the 'event risk' around quarterly reporting has steadily grown and companies share prices often overreact to short-term considerations that do not necessarily relate to our core thesis or the longer-term investment case.

In some historical examples, we found it difficult to choose between two stocks when selecting which one to go into the portfolio to provide a desired exposure and, in such cases, we have elected to include both companies and spread the weighting between them. This should have a beneficial impact on the Sharpe ratio and NAV volatility over time, without really altering our longer-term IRR expectations.

The reduction in the cash position improved the leverage ratio from -8.4% at the end of July to -1.3% at the end of August. The share buyback programme was active during the month and 2.6m shares were repurchased. Despite this, the average share price discount to NAV expanded slightly to 6.0%, as compared to 5.5% during July.

Healthcare

The dollar total return of the MSCI World Healthcare Index during the month was +5.5% (+3.2% in sterling), outperforming the parent MSCI World Index's total return of +2.6% (+0.4% in sterling), and this pattern held across the month:



Source: Bellevue Asset Management, 31.08.2024

The Index's sub-sector performance breakdown is summarised in Figure 6 overleaf and we would make the following observations: More than half of the positive performance of Diversified Therapeutics came from Eli Lilly's near 20% rise on the back of very strong Q2 reporting and an entirely unsurprising positive outcome in a diabetes prevention study outcome that nonetheless seemed to cheer the market.

Diagnostics was strong across the board, on the back of a positive reporting season and some clarification on CMS reimbursement discussion that were directly impacting a few companies but which had created something of an overhang on sentiment to the sub-sector over the past year or so by creating uncertainty on the future outlook for diagnostic test reimbursement across Medicaid. The risk of arbitrary and capricious redeterminations feels much reduced now that two potentially negative decisions have been struck down.

As noted previously, Tools has struggled due to the failure of a more positive outlook on future bookings to emerge at Q2, as biotech and pharma companies continue to exercise caution on spending in a challenging funding environment.

Healthcare IT is, in effect, a one company sub-sector owing to the weighting of Veeva Systems within it. The stock rallied on a better Q2 performance, following management changes and a guidance cut at Q1.

	Weighting	Perf (USD)	Perf (GBP)
Diagnostics	1.1%	10.9%	8.5%
Healthcare IT	0.5%	10.7%	8.5%
Diversified Therapeutics	41.2%	8.2%	5.9%
Dental	0.4%	7.9%	5.6%
Med-Tech	13.8%	7.7%	5.3%
Facilities	1.1%	6.9%	4.2%
Conglomerate	8.8%	4.9%	2.6%
Generics	0.7%	4.1%	2.0%
Healthcare Technology	0.5%	3.0%	0.7%
Managed Care	10.7%	2.7%	0.5%
Other HC	1.2%	2.1%	-0.2%
Focused Therapeutics	8.1%	1.5%	-0.8%
Services	2.1%	-0.5%	-2.7%
Tools	7.9%	-1.3%	-3.4%
Distributors	2.0%	-2.7%	-4.6%
Index perf		5.5%	3.2%

Source: Bloomberg/MSCI and Bellevue Asset Management. Weightings as of 31.07.2024, Performance to 31.08.2024

As we noted last month, it is reassuring to again see healthcare outperforming the overall market as the broadening of market leadership away from Technology stocks continues (the 'Magnificent 7' underperformed the wider S&P500 by 215bp during August and 354bp in July), even if in this month, the focus remained toward the upper end of the market-cap scale (in contrast to July, where SMID healthcare outperformed larger-cap).

The wider market

As noted previously, the dollar total return of the MSCI World Index during August was +2.6% (+0.4% in sterling). The Index's performance breakdown by sector is summarised in Figure 6 overleaf and is characterised by Consumer sentiment and interest-rate linked sectors generally doing better when compared to the Technology and Semis stocks that have tended to lead the market over the past 18 months.

This coincided with more concrete comments from the US Federal Reserve regarding rate cuts during the annual Jackson Hole Economic Symposium, an international conference for central bankers. Based on these comments, it seems certain that we will see a cut in September; the debate now is on its magnitude and then the cadence of further cuts that are likely to follow in 2025.

Sector	Monthly perf
Consumer Staples Distribution	+6.4%
Equity Real Estate Investment	+6.0%
Household & Personal Products	+6.0%
Pharmaceuticals, Biotechnology	+5.7%
Real Estate Management & Development	+5.5%
Insurance	+5.1%
Health Care Equipment & Services	+4.8%
Commercial & Professional Services	+4.7%
Utilities	+4.7%
Consumer Services	+4.7%
Food, Beverage & Tobacco	+4.3%
Telecommunication Services	+4.1%
Financial Services	+4.0%
Technology Hardware & Equipment	+2.9%
Transportation	+2.2%
Capital Goods	+2.0%
Software & Services	+2.0%
Banks	1.9%
Materials	+1.7%
Media & Entertainment	+1.1%
Consumer Durables & Apparel	+0.0%
Semiconductors & Semiconductor Equip.	-0.2%
Consumer Discretionary Distributors	-0.5%
Energy	-0.9%
Automobiles & Components	-3.1%

Source: Bellevue Asset Management, 31.08.2024

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 in the Autumn.

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		9.0%
Tandem Diabetes Care		7.8%
Evolent Health		7.3%
Exact Sciences		7.1%
UnitedHealth Group		6.0%
Option Care Health		5.1%
Sarepta Therapeutics		4.5%
Insmed		3.8%
Edwards Lifesciences		3.6%
Castle Biosciences		3.6%
Total top 10 positions		57.8%
Total positions		32

Sector breakdown

Focused Therapeutics		21.0%
Diagnostics		19.7%
Services		13.4%
Med-Tech		11.7%
Health Tech		11.2%
Managed Care		11.0%
Healthcare IT		7.3%
Tools		4.8%

Geographic breakdown

United States		98.3%
China		1.4%
Europe		0.3%

Market cap breakdown

Small-Cap		16.2%
Mid-Cap		39.7%
Large-Cap		31.3%
Mega-Cap		12.8%

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):	20.9 (Low)	Coverage:	94%
MSCI ESG Rating (AAA - CCC):	A	Coverage:	94%

Based on portfolio data as per 31.08.2024; – 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.

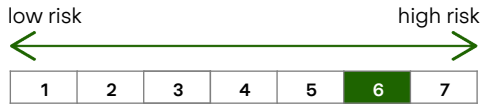
Source: Bellevue Asset Management, 31.08.2024;
Due to rounding, figures may not add up to 100.0%. Figures are shown as a percentage of gross assets.

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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