Bellevue Healthcare Trust

FEBRUARY 2024

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

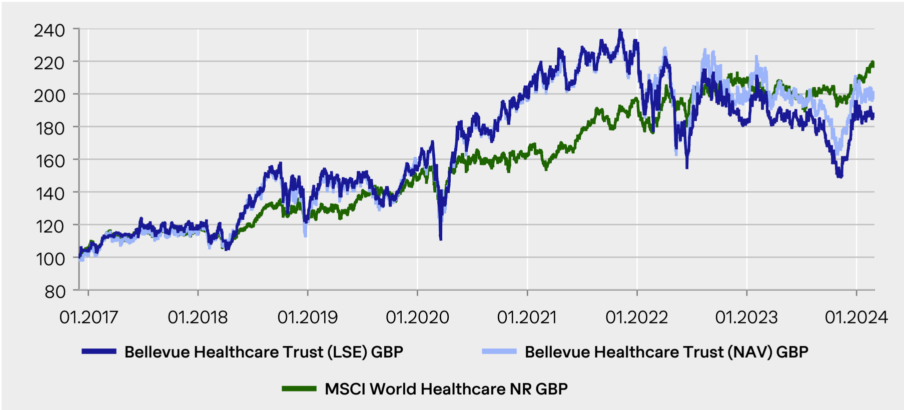
Share price	150.00
Net Asset Value (NAV)	159.37
Market capitalisation	GBP 693.88 mn
Investment manager	Bellevue Asset Management (UK) Ltd.
Administrator	Apex Listed Companies Services (UK) Ltd.
Launch date	01.12.2016
Fiscal year end	Nov 30
Benchmark (BM)	MSCI World Healthcare NR
ISIN code	GB00BZCNLL95
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	1.41
Correlation	0.66
Volatility	28.5%
Tracking Error	22.22
Active Share	91.34
Sharpe Ratio	0.05
Information Ratio	-0.37
Jensen's Alpha	-13.63

Source: Bellevue Asset Management, 29.02.2024;
Calculation based on the Net Asset Value (NAV) over the last 3 years to 29 February 2024.

Indexed performance since launch



Cumulative & annualised performance

Cumulative

	1M	YTD	1Y	3Y	5Y	10Y	ITD
Share	-0.7%	-4.7%	-4.8%	-9.9%	23.0%	n.a.	86.1%
NAV	1.2%	-3.9%	-5.6%	-4.0%	35.2%	n.a.	97.5%
BM	3.1%	6.2%	9.6%	38.8%	69.4%	n.a.	116.8%

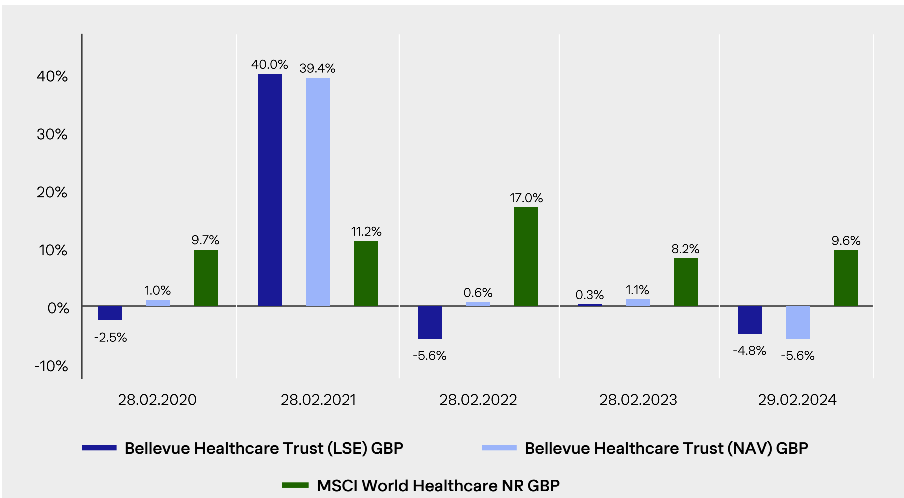
Annualised

	1Y	3Y	5Y	10Y	ITD
Share	-4.8%	-3.4%	4.2%	n.a.	8.9%
NAV	-5.6%	-1.3%	6.2%	n.a.	9.8%
BM	9.6%	11.5%	11.1%	n.a.	11.3%

Annual performance

	2019	2020	2021	2022	2023	YTD
Share	22.7%	29.1%	16.6%	-21.0%	7.0%	-4.7%
NAV	25.9%	25.7%	15.2%	-11.1%	2.4%	-3.9%
BM	18.4%	10.3%	20.8%	5.8%	-1.6%	6.2%

Rolling 12-month-performance



Source: Bellevue Asset Management, 29.02.2024; 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 February update. Full-year reporting is over and we can get back to the business of finding new ideas;. A busy few weeks on the road lie before us.

Markets remain fickle and frustratingly macro-oriented. However, positive fundamentals are evident across the healthcare landscape and this cannot continue to go unnoticed for ever.

Our conviction in the positive evolution of the sector to meet the productivity and cost challenges that it will inevitably face continues to grow rather than diminish, as does our expectation that this will deliver positive returns for investors in the fullness of time.

Monthly review

The wider market

February was another positive month for equities, with the MSCI World, NASDAQ and Stoxx 600 indices making new all-time highs during the month (since surpassed in March). The MSCI World Total Return Index rose 4.2% in dollars (+5.1% in sterling) in another predominantly tech-driven rally. Chip-maker NVIDIA broke the record for the largest market capitalisation increase in a single day - $227bn, on its way to a $2trn+ market capitalisation.

The $2trn+ club is an elite grouping. In the US, only Apple, Microsoft and NVIDIA have attained this prestigious status, and outside the US only Saudi Aramco is in the club. The only other companies within touching distance of this level (at a mere $1.8trn each) are Amazon and Alphabet (Google). We really do live in the age of the technology behemoth.

The sector return breakdown is summarised in Figure 1 opposite and we would make the following comments in the best performing sectors (which will follow a predictable pattern):

NVIDIA now accounts for 31% of the Semiconductor segment weighting and its performance accounted for >2/3 of the total sector return during February. The same is true for Amazon within Consumer Discretionary, where a 52% weighting makes the rest of index largely irrelevant.

The Automotive sector saw a number of strategic announcements as companies try to reconcile the opposing forces of slowing core market demand for electric vehicles, even as costly development programmes and environmental regulations push them toward electrification, with increasing competition in electric cars from China.

In that respect, it was an odd month; Volvo bounced further on its pullback from Polestar and Toyota is being rewarded for its very slow pivot toward alternative energies. Fisker warned it might go bankrupt and Rivian fell another 26%. Tesla went up of course… until early March when (in a surprise to no-one, surely) it reported China sales volumes declined 19% in February, whereupon the stock promptly gave back last month's gains. Sometimes, the idea is more seductive than the facts. Had Tesla been flat over the month, the Autos sector would have been up 5% not >8%.

Within Media and entertainment, more than 100% of the sector return can be attributed to Meta (Facebook, Instagram, WhatsApp) and Netflix. In summary then, another meme-tastic month.

Contrast these top four performing sectors and the ability to assign the majority of the performance to one or two stocks with a strong technology or AI-related element to their business with the fifth, Capital Goods. This contains 170 geographically diverse companies, the largest weighting within the sector is only 3.3%. There were several companies posting 20%+ gains over the month, but they were all relatively small (most well below a 1% weighting) and the reasons for their performance varied greatly.

Sector	Monthly perf
Semiconductors & Semiconductor Equipment	+15.6%
Consumer Discretionary Distributors	+10.5%
Automobiles & Components	+8.8%
Media & Entertainment	+6.5%
Capital Goods	+6.4%
Consumer Staples Distribution	+4.9%
Commercial & Professional Services	+4.6%
Financial Services	+4.5%
Transportation	+4.0%
Insurance	+4.0%
Software & Services	+3.2%
Banks	+2.7%
Consumer Services	+2.4%
Pharmaceuticals, Biotechnology	+2.3%
Energy	+1.7%
Materials	+1.6%
Health Care Equipment & Services	+1.6%
Equity Real Estate Investment	+1.6%
Real Estate Management & Development	+1.0%
Consumer Durables & Apparel	+0.0%
Household & Personal Products	-0.2%
Technology Hardware & Equipment	-0.6%
Telecommunication Services	-1.1%
Utilities	-1.1%
Food, Beverage & Tobacco	-1.6%

Source: Bellevue Asset Management, 29.02.2024

As such, there is no opportunity to compress the sector's return performance into a handy factsheet soundbite. For those newer to financial markets, this was how the stock market tended to behave over most of the past 20 years (halcyon days indeed). It is also why stock-picking and fundamental analysis used to drive superior returns to passive strategies.

This tediously familiar narrative of very narrow tech-oriented leadership really begs only two questions:

1) How does any active manager with the vaguest comprehension of risk management and portfolio diversification keep up with this market, never mind outperform it? The Top five US tech names (including both classes of Alphabet shares) now account for >24% of the S&P500!
2) Is there any way to justify this bifurcation of sentiment and valuation versus the wider economy/market?

The answer to the first question is clearly "with great difficulty", so let us dwell on this no further. The answer to the second one is perhaps a more interesting intellectual discussion. There is of course a temptation to dismiss all of this as an act of collective lunacy; yet another market bubble or meme like 17th century tulips, internet stocks at the turn of the decade and NFT art a few years ago.

There is an alternative narrative though, and it runs along these lines. Tesla excepted (because it isn't a technology stock, as we have commented previously; they just make cars), these Tech leaders supply services that are both consumed by billions and necessary for the functioning of everyday life.

It simply isn't possible to conduct life admin without an internet connection and most of the time, it is easier on a phone via an app than on a desktop computer. We can no longer "drop out" as Leery advocated in the San Francisco of the 1960s; which had a very different vibe to today's silicon valley powered geek-fest.

The advent of usable linguistic and image-processing capabilities (Chat GPT, DALL-E, etc.) allow the creation of new services and the disintermediation of human labour on a scale heretofore unimagined for these basic low value-added services. No-one enjoys or appreciates speaking to a call centre about insurance or utility bills, so why not give the task to a talking computer? It cannot be a worse experience for the customer. As such, it is likely a case of "if you build it, they will come" for customer acquisition, once such services are rolled out.

The infrastructure to host this next iteration of connected services will be hugely expensive and complex (e.g. NVIDIA H100 AI chipsets are $30k+ per machine) and only the biggest companies (which happen to be both hugely cash generative and sitting on enormous cash piles) can afford to invest in such infrastructure at pace.

Ergo, Amazon, Alphabet and Microsoft will go on to dominate the next generation of cloud services that will host these capabilities for business users. By the same logic, those hoping to compete in social media or entertainment are going to have to invest in content-curating intelligence (Tik-Tok leads the way here, sadly). This is a challenge when most traditional media outlets are already losing billions on streaming services.

This qualitative narrative is both logical and compelling. As with the electric vehicle discussion though, the question is who will make the money in the end and this (as ever with any new disruptive technology) is the trillion dollar question that is incredibly difficult to answer.

The only logical approach to our mind (and thank goodness we do not have to make such decisions in respect of these tech stocks) is to look at what is implied by current share prices in terms of future earnings from services not yet extant (and we use that word intentionally, for these new services will replace or succeed others currently in use and some of them will prove to be uncommercial). Not everything here is white space.

Healthcare

Predictably, given its classically defensive characteristics, healthcare lagged this bullish broader equity sentiment. The MSCI World Healthcare Total Return Index rose 2.3% in dollars (+3.1% in sterling). The sub-sector performance breakdown is summarised in Figure 2 opposite and we would make the following observations:

Dental was led by Align Technology, where there was something of a relief rally on an in-line guide for 2024 and a more confident outlook from the company on consumer demand, which remains an element of uncertainty in an ongoing cost of living squeeze.

In a similar vein, the strong performance from the Services and Tools sub-sectors largely reflected relief that the worst was now behind us in terms of falling demand for contract research and manufacturing services (these companies have been victims of the cash squeeze in the VC funding sector for early-stage pharma/biotech and the IPO window generally being closed – you cannot spend money that you do not have).

Healthcare Technology reflected weakness for Insulin pump manufacturer Insulet, which reported an in-line Q4 but faces additional competition from portfolio holding Tandem over 2024, which will likely alter the recent one-sided new patient market share dynamics. Focused Therapeutics (i.e., biotechnology) was adversely impacted by a number of the higher-weighted companies providing slightly disappointing product or operational updates.

	Weighting	Perf (USD)	Perf (GBP)
Dental	0.5%	8.2%	9.0%
Services	2.1%	7.2%	8.0%
Tools	7.7%	5.8%	6.6%
Other HC	1.3%	5.8%	6.0%
Healthcare IT	0.5%	5.1%	5.9%
Facilities	1.0%	3.9%	4.9%
Diversified Therapeutics	39.8%	3.3%	4.1%
Distributors	2.0%	2.9%	3.7%
Med-Tech	14.1%	2.8%	3.7%
Conglomerate	9.9%	2.4%	3.2%
Generics	0.6%	1.0%	3.1%
Managed Care	10.5%	-0.5%	0.3%
Diagnostics	1.3%	-2.8%	-2.0%
Focused Therapeutics	8.0%	-4.6%	-3.6%
Healthcare Technology	0.8%	-7.1%	-6.4%
Index perf		**2.3%**	**3.1%**

Source: Bloomberg/MSCI and Bellevue Asset Management, Weightings as of 31.01.2024, Performance to 29.02.2024

As we touched upon in last month's missive, the balance of the Q4 23 reporting season has generally been positive and we would reiterate the previously propounded optimistic fundamental outlook.

As a final comment, it is pleasing to report that we have not seen a return to the "GLP-1 losers" narrative of Q3 23 that caused us so much pain (this is discussed in more detail in the musings section and likewise in the August & September 2023 factsheets). This was a salutary experience for sure, but one only loosely connected to the "GLP-1 winners" trade, which shows no sign of slowing down.

Eli Lilly and Novo Nordisk generated >100% of the total return of the Diversified Therapeutics category during February and almost two thirds of the total sector return. Their combined weighting within the MSCI World Healthcare Index is almost 12% and Lilly is now the largest company overall. February also saw the first US$1,000 share price target for Lilly and various comments that it will become the first trillion dollar pharma company (some wag even argued that it should replace Tesla in the "Magnificent Seven", which sort of misses the point of how that categorical reference came into being).

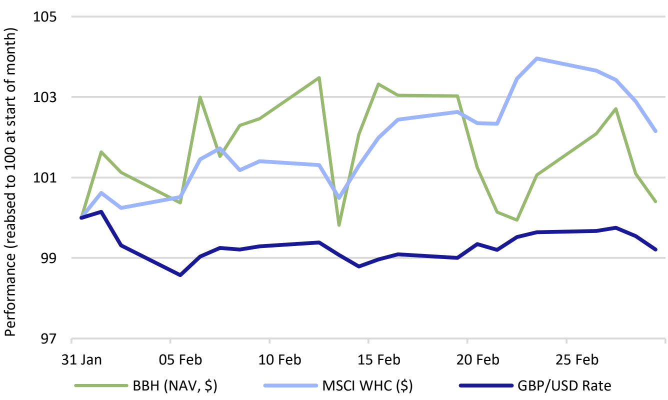
Our view on this topic is unchanged; we agree incretins will be a huge category (it is already worth tens of billions annually), but we are not convinced by the arguments around Lilly and Novo continuing to dominate market share as new players enter the fray. We got a taste of how this could unwind in February, when Viking Therapeutics presented phase 2 data on its GLP/GIP dual agonist.

Viking more than doubled on the release (adding >$4bn in value) and, albeit briefly, Lilly and Novo traded down on the news. Within hours in the case of Lilly, and days in the case of Novo, it was all forgotten.

Competition can creep up on investors. Tesla shares rose above $400 back in 2021, and hardly anyone talked about Chinese upstart BYD at that time. BYD sold 390,000 units in 2020 (less than it managed in 2019). Tesla sold 500,000 units in 2020. In 2023, BYD sold >3 million units and Tesla sold 1.8m. Today Tesla stock is $180. Change often happens slowly at first, then very quickly.

The Trust

Although we had a positive month in absolute terms, our performance faded in the latter part of the month and we could not deliver a positive relative performance. During February, the Trust's Net Asset Value rose 0.4% in dollar terms (+1.2% in sterling) to 159.37p, an underperformance of 187bp. The evolution of the NAV over the course of the month is illustrated in Figure 3 overleaf:



Source: Bellevue Asset Management, 29.02.2024

Services and Healthcare Technology were the largest positive contributors during the month, with Focused Therapeutics and Tools the key detractors. The evolution of the sub-sector weightings is summarised in Figure 4 below, and we would make the following comments:

We actively added to our holdings in Diagnostics, Healthcare IT, Healthcare Technology (materially so), Managed Care, Services and Tools. We were net sellers of Focused Therapeutics and Medical Technology, with the latter being primarily due to our exit of Axonics following the proposed acquisition of the company by Boston Scientific. Post the divestment of Axonics, the portfolio consisted of 26 holdings.

	Subsectors end Jan 23	Subsectors end Feb 24	Change
Diagnostics	12.6%	13.6%	Increased
Focused Therapeutics	20.6%	19.6%	Decreased
Healthcare IT	10.8%	11.6%	Increased
Healthcare Technology	6.7%	10.9%	Increased
Managed Care	6.3%	6.9%	Increased
Med-Tech	22.8%	15.9%	Decreased
Services	11.3%	13.0%	Increased
Tools	9.0%	8.7%	Decreased
Diagnostics	12.6%	13.6%	Increased
	100.0%	**100.0%**	

Source: Bellevue Asset Management, 29.02.2024

The average discount to NAV widened very slightly during February to 6.4%, from 6.3% in January. No shares were repurchased during the month. The proceeds realised from the exit of Axonics left us with a net cash position at month end and we expect to re-deploy this over the coming weeks. The leverage ratio was thus -3.8%, compared to 2.9% at the end of January.

The FY2023 Annual Report (to the end of November 2023) was published on March 4 and can be downloaded from the Company's website.

Managers' musings

Three key narratives

With reporting behind us, our attention typically turns back to investor engagement, ahead of a packed schedule of meetings in the United States. Over the coming weeks, we will speak with company management teams, payors and physicians regarding key areas of healthcare.

This is invariably the most interesting part of the year for us, in terms of what we learn and how it informs our future investment decision-making. We will probably share some of the findings with you in factsheets over the coming months.

In the meantime, there have been three recurring questions from the recent round of investor meetings and so we thought it might be useful to outline our answers in this factsheet.

Can you buy healthcare in a US election year?

This has always been a recurring question (on a four-year cycle, funnily enough). This is our third US election, with the 2016 election coinciding with the pre-IPO marketing for the Trust. We touched on this topic in the December 2023 missive, but two points bear repeating:

1. It is not objectively correct to claim that healthcare "always" underperforms in US election years, as is often repeated to us. It has been a close run thing over the last seven cycles, as this table of annual total return during election years demonstrates. Perhaps one might argue that external factors were critical in 2000 (Dot-com), 2008 (financial crisis) and 2020 (COVID), but that is the nature of the world we live in these days.

Year	S&P500 index	S&P500 Healthcare index
1996	+23.0%	+21.0%
2000	-9.1%	+37.1%
2004	+10.9%	+1.68%
2008	-37.0%	-22.8%
2012	+16.0%	+17.9%
2016	+12.0%	-2.7%
2020	+18.4%	+13.5%

Source: Bloomberg

2. US Presidential elections have been pretty weird events in themselves since 2000's Bush vs Gore where, in effect, the Supreme Court decided the election outcome (the data suggests Bush would have won anyway, but that isn't really the point. Many would argue this was the moment the well got poisoned and the public's faith in key institutions began to be eroded).

   While the "fixed election" narrative is sadly still with us, 2024 stands apart from other recent elections in the sense that the primary campaign has been a damp squib. Like an over-hyped Saudi Arabian boxing rematch, we always knew it would be Biden vs. Trump again and it looks increasingly certain to be that way.

   As such, there has been next to no robust debate thus far on policy detail, and it does not feel as if we will get one before the televised debates around late September and October (assuming Trump bothers to turn up; skipping debates has not worked to his disadvantage so far). Healthcare is thus unlikely to be a focus topic, especially as it is not one in the manifesto documents presented by the candidates.

With these points in mind, we do not consider the election to be a key factor in the performance of the sector during 2024 and thus the consideration of allocations to healthcare should be no more complex than in a non-election year.

GLP-1 impact on wider healthcare

The frequency with which this subject recurs remains fascinating, perhaps because the views that we have espoused are seen as "controversial" by some. We do not think there is really much controversy here. Our thinking remains unchanged and has two key planks:

1. **The impact of increased GLP-1 usage on consumption patterns in adjacent areas of healthcare is likely to be muted.** As such, many areas of healthcare that are perceived to be at risk from disruption, i.e., those areas where obesity is considered to be a key factor in the incidence of a condition, or an influence on the severity of symptoms look oversold to us.

   For example, overweight patients with osteoarthritis (OA) unsurprisingly report higher levels of joint pain; additional weight exacerbates load on an already damaged joint. However, whilst there is a link between OA and obesity, it is thought to be the direct cause of OA in only about 25% of cases. The same relationship holds true for sleep apnoea. While 80% of Type 2 diabetes cases are believed to be linked directly to obesity, this appears to be 0% for Type 1 diabetes.

   There is currently no evidence that fibrotic diseases of the liver or damage to the kidneys beyond an advanced stage can be reversed. Even if widespread use of these drugs reduces the incidence of severe liver and kidney disease, the prevalence of disease will still fall slowly because obesity is not disappearing, and there are already many patients who are too far progressed to halt the development of serious conditions during the remainder of their lives.

   As such, we see a compelling investment opportunity into companies operating in spaces where the impact of wider GLP-1 usage has been overstated.

2. **Market share is difficult to predict.** Investment into novel anti-obesity drugs continues at such a pace that ascribing longer-term market shares to any of these companies feels very difficult to us. That is why we are not invested in either Eli Lilly or Novo Nordisk.

What does the impact of AI look like in healthcare?

As noted previously, AI continues to be one of the market mega-themes and so inevitably comes up in conversations. However, it remains something that is conceptually nebulous. Consumers playing with Chat GPT and DALL-E is fun no doubt, but is not obviously driving measurable productivity gains in the wider economy as yet. With this being the case, we keep being asked if we can see tangible examples of AI making a difference. For the most part, the answer is “not yet”.

As we have noted before, machine-learning is already built into all manner of kit sold by investee companies – scanners with digital image processing, gene sequencing machines, surgical planning software, augmented reality visualisation for surgical robotic equipment, automated insulin delivery devices, glucose monitors, and medical records analysis for risk stratification. This has been rolling out for years now (and previously no-one cared overmuch).

In many cases, we know these products have productivity benefits for their users or have turned something previously impossible into a reality (e.g. automated insulin delivery). What they have not obviously done is inflect markets in a way that we can illustrate; a “before and after AI” chart where sales or profits have inflected. In a world of diminishing returns, what improved functionality appears to do is provide customers with an economic rationale to upgrade an existing piece of equipment.

For instance, if gene sequencing machines did not get faster, cheaper and more accurate with each iteration, customers would simply stop buying new ones and stick with what they had. With this being the case, how do you measure the economic value added of such an upgrade? How much can you charge for these things over time? What is the discernible inflection in Illumina’s machine revenues from these incremental product improvements for instance? We couldn’t see one, which is one of the reasons why we took the company out of the portfolio back in 2020.

Coming back to cars (as they seem to be a running theme this month), the first ever parking sensors came out in the early 1990s and were initially a (very expensive) option on super luxury cars like the BMW 7-Series and Mercedes S-Class. Today they are ubiquitous. At the same time, reverse cameras also appeared (as another expensive option). In the US, it is a legal requirement since 2018 for all cars to have a reverse camera and they now cost very little for the vehicle manufacturer. It is almost impossible to capture the value of these developments in terms of missed bumper scratches, only in the rising input cost for car companies.

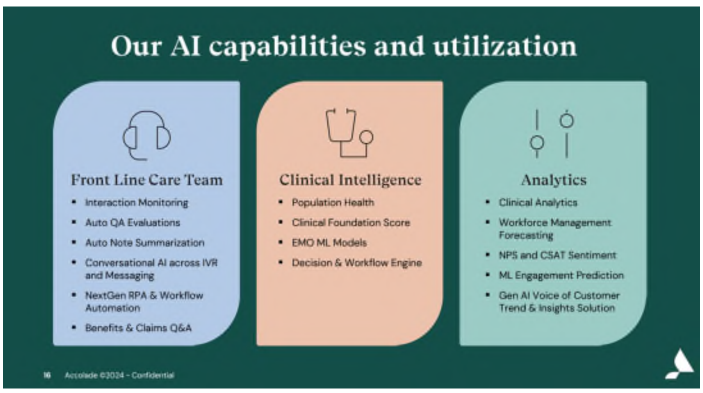
Drivers don’t even notice these things anymore because they cannot remember a world without them. According to Porsche, its current models contain 70-100 ECU devices and these run over 100 million lines of code. Has anyone noticed this staggering increase in complexity from the driver’s seat? The basic business of getting from A to B is still the same, in fact it takes longer than ever. The biggest challenge for the car industry now is integrating these electronics together, because they have become a material energy drain in terms of electrical power and vehicle weight.

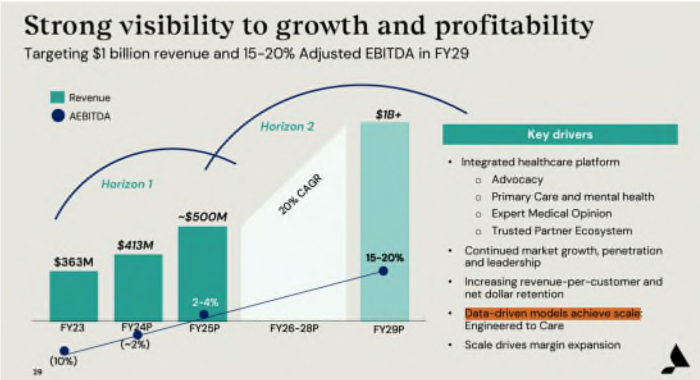
What are we saying? In most cases, we do not think that investors will “see” the benefits of AI in such a tangible manner (i.e. materially higher-than-expected medium-term revenue or EPS forecasts being given out by corporate management teams) in the majority of cases (the AI hardware supply chain being an obvious exception, as NVIDIA keeps showing us all). Most likely, AI implementation will be a contributory factor in slower cost inflation or allow the continuation of a positive revenue trend for a longer time frame.

That does not mean the benefits are not tangible to users though. Here is just one example: we know that software packages to create physician notes in real time have developed to the point where they are comparable to the traditional approach (doctor speaks into Dictaphone, medical secretary transcribes, doctor reviews/edits). Less time doing clerical work means more time with patients.

We spoke to one doctor who is using such a package and who has re-deployed his (now largely redundant) medical secretary to chase up patients around missed follow-up and prescriptions etc, to tremendous overall benefit in terms of patient satisfaction. He also said his quality of life had improved. This is not trivial in an industry where burnout and exit due to poor work/life balance are major contributors to a global labour shortage.

However, if the above is too nebulous and you do want a healthcare company that will tell you AI deployment is driving tangible benefits to the top and bottom line of the company, then look no further than portfolio holding Accolade, which is using these very same physician productivity tools to allow it to grow faster and deliver better customer experience, and which recently upgraded its mid-term guidance because of it. We include two of their presentation slides below:





Source: Accolade Q3 24 Investor Presentation Deck

The future isn't coming, because it is already here. Like most revolutions though, it starts slowly and builds up over time.

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

Evolent Health	7.2%
Option Care Health	6.6%
Exact Sciences	6.6%
Insmed	6.5%
Charles River Laboratories	6.4%
Tandem Diabetes Care	6.0%
Axsome Therapeutics	5.8%
Bio-Rad Laboratories	5.4%
Dexcom	5.0%
CareDx	4.6%
Total top 10 positions	60.1%
Total positions	26

Sector breakdown

Focused Therapeutics	19.4%
Med-Tech	15.8%
Diagnostics	13.6%
Services	13.0%
Healthcare IT	11.6%
Health Tech	11.0%
Tools	8.7%
Managed Care	6.9%

Geographic breakdown

United States	98.0%
China	2.0%

Market cap breakdown

Mega-Cap	7.0%
Large-Cap	22.7%
Mid-Cap	39.3%
Small-Cap	31.0%

Source: Bellevue Asset Management, 29.02.2024;
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.

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:

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

ESG Risk Analysis:

ESG-Integration	✓

Stewardship:

Engagement	✓
Proxy Voting	✓

Key Figures:

CO_2-intensity (t CO_2/mn USD sales):	22.6 (Low)	Coverage:	98%
MSCI ESG Rating (AAA - CCC):	A	Coverage:	98%

Based on portfolio data as per 29.02.2024; – 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 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.

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 guar-antee. 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.

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

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

Bellevue Asset Management (UK) Ltd. 24th Floor | 32 London Bridge | London SE1 9SG
www.bellevuehealthcaretrust.com | www.bellevue-am.uk