

## 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.

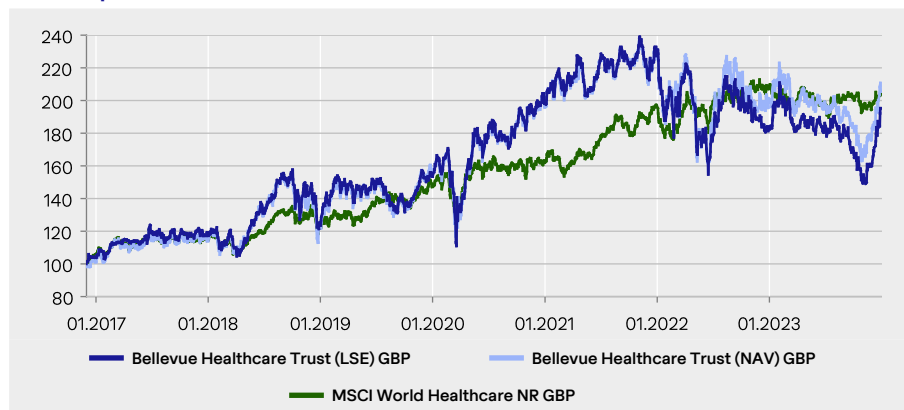
### Fund facts

Share price	157.40
Net Asset Value (NAV)	165.76
Market capitalisation	GBP 728.11 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	1.40
Correlation	0.66
Volatility	28.3%
Tracking Error	21.81
Active Share	93.71
Sharpe Ratio	0.16
Information Ratio	-0.11
Jensen's Alpha	-5.59

### Indexed performance since launch



### Cumulative & annualised performance

#### Cumulative

	1M	YTD	1Y	3Y	5Y	10Y	ITD
Share	22.0%	7.0%	7.0%	-1.5%	56.1%	n.a.	95.3%
NAV	15.2%	2.4%	2.4%	4.8%	65.9%	n.a.	105.4%
BM	3.3%	-1.6%	-1.6%	25.8%	64.3%	n.a.	104.1%

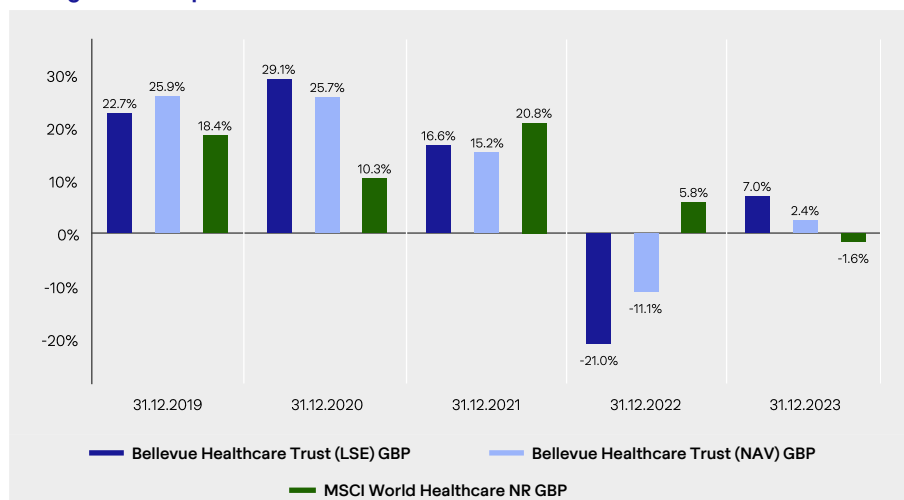
#### Annualised

	1Y	3Y	5Y	10Y	ITD
Share	7.0%	-0.5%	9.3%	n.a.	9.9%
NAV	2.4%	1.6%	10.6%	n.a.	10.7%
BM	-1.6%	7.9%	10.4%	n.a.	10.6%

### Annual performance

	2018	2019	2020	2021	2022	YTD
Share	4.9%	22.7%	29.1%	16.6%	-21.0%	7.0%
NAV	8.6%	25.9%	25.7%	15.2%	-11.1%	2.4%
BM	8.8%	18.4%	10.3%	20.8%	5.8%	-1.6%

### Rolling 12-month-performance



Source: Bellevue Asset Management, 31.12.2023; all figures in GBP %, total return / BVI-methodology

Past performance is not a reliable indicator of future results and can be misleading. Changes in the rate of exchange may have an adverse effect on prices and incomes. All performance figures reflect the reinvestment of dividends and do not take into account the commissions and costs incurred on the issue and redemption of shares, if any. The reference benchmark is used for performance comparison purposes only (dividend reinvested). No benchmark is directly identical to the fund, thus the performance of a benchmark is not a reliable indicator of future performance of the Bellevue Healthcare Trust to which it is compared. There can be no assurance that a return will be achieved or that a substantial loss of capital will not be incurred.

Welcome to our final update for 2023 and our first missive of 2024. What a year it has been; a relentless and exhausting cacophony of siren calls, almost all of which proved to be unfounded. The markets may well cheer “peak rates” being passed and the hope of a soft landing, but macro risks remain.

Healthcare saw one of the worst relative annual performances in three decades compared to the wider market, and leadership was incredibly narrow, which was a broad theme for equities in the wider sense. Meanwhile, the positive fundamentals of the healthcare industry remain unchanged and unchallenged.

For the Trust, 2023 was a rollercoaster of macro and meme-based landmines, and although we saw something of a recovery in the portfolio through November and December, we think that our holdings are still materially undervalued in relative and absolute terms. We can only hope that 2024 will see more favourable sentiment towards healthcare growth equities.

## Monthly review

### The wider market

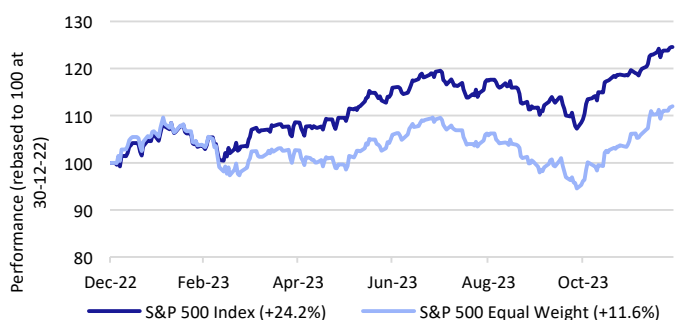
December capped off a remarkable year. Against surely everyone’s expectations as recently as early October, markets have, like us, indulged over the festive period, delivering one of the biggest “Santa Rallies” in recent memory. It seems likely this will be followed by some sort of pullback in January; markets generally retrench after rapid unidirectional moves.

During December, the MSCI World Index rose 4.9% in dollars (+3.7% in sterling). At the year-end, the it stood only 2.2% off its all time high from January 2022, up 21.8% over the course of 2023. It was a good year overall for Western markets. The US S&P 500 rose 24.2% to end only 1.1% off its all-time high from January 2022. Europe’s EuroStoxx 600 was the laggard, rising “only” 16.5% in 2023 and finishing 3.7% off its all-time high.

Rates are higher than they were, economic growth is slower than it was and there are more, rather than less, significant geopolitical conflicts going on. Few of us imagined buoyant markets would be the year-end outcome, especially in September or October, when sentiment seemed to worsen by the day.

At this point, some might counter that much of what we are describing above is illusory, and does not reflect the experience of many investors at a stock-specific level, and we would agree to a large extent. The S&P 500 saw much of its performance driven by the “Magnificent Seven” technology names (Apple, Amazon, Alphabet, Meta, Microsoft, NVIDIA and Tesla, which account for >\$10trn of market cap and about 28% of the S&P500’s total value.

The impact of these seven stocks (combined weighted forward P/E ratio of 37.7x) on the overall S&P 500 Index was to raise the overall P/E from 18.2x excluding them (i.e. the “S&P493”) to 23.1x. They say a picture is worth a thousand words. Figure 1 illustrates the relative index performance of the S&P 500 on a weighted and equal weighted basis:



Source: Bellevue Asset Management, 31.12.2023

The forward P/E of the “S&P 493” only rose about 10% during the course of the year, in contrast to the 20%+ increase for the S&P 500 with the Magnificent Seven included. This modest improvement in the forward ratio in the face of an uncertain economic and geopolitical environment seems much easier to rationalise: when considering rising P/E ratios in the face of declining earnings forecasts, historical data suggests that ratings reach their nadir around six months before earnings forecasts do, so there is always a late cycle disconnect as the market buys forward the expected recovery in earnings.

For the MSCI World, we could add Novo Nordisk and Eli Lilly to the Magnificent Seven, for a further trillion of market value and an even greater proportion of the 2023 performance. Let’s call this expanded cohort the “Noble Nine”. By December, this grouping accounted for 20.6% of this >1,500 member Index by weighting. They have a combined weighted forward P/E ratio of 36.1x, versus 18.7x for the overall index including these stocks.

Whatever way you want to cut it, the tail wagged the dog to a greater extent in 2023 than in many a year. The sector-level performance for the MSCI World Index is outlined in Figure 2 below:

Sector	Monthly perf
Semiconductors & Semiconductor Equipment	+11.0%
Real Estate Management & Development	+10.1%
Equity Real Estate Investment	+8.8%
Banks	+8.6%
Capital Goods	+8.3%
Transportation	+8.1%
Consumer Staples Distribution	+7.5%
Consumer Services	+7.2%
Materials	+7.1%
Financial Services	+6.7%
Media & Entertainment	+5.5%
Consumer Discretionary Distributors	+5.3%
Commercial & Professional Services	+5.3%
Pharmaceuticals, Biotechnology	+5.0%
Health Care Equipment & Services	+3.9%
Automobiles & Components	+3.8%
Utilities	+3.1%
Technology Hardware & Equipment	+2.5%
Telecommunication Services	+2.0%
Food, Beverage & Tobacco	+1.9%
Software & Services	+1.5%
Insurance	+0.8%
Household & Personal Products	+0.6%
Energy	+0.1%
Consumer Durables & Apparel	+0.0%

Source: Bellevue Asset Management, 31.12.2023

December’s rally portended a more constructive focus on stocks at an individual level and hopefully a broadening out of performance during the coming year. There are still numerous macroeconomic minefields to traverse; the only thing we can confidently know about the plurality of forecasts regarding the magnitude and timing of interest rate cuts is that many of them will be wrong.

A soft landing is far from assured, and conflicts in Eastern Europe and the Middle East could further magnify stresses on the world economy, especially around energy prices, food supply and logistics disruptions for global shipping. However, in the broadest terms, we feel much more optimistic and constructive about equities in 2024 than we did at the beginning of 2023.

## Healthcare

As with the broader market, December saw a continuation of the positive sentiment that began in November. The MSCI World Healthcare Index rose 4.4% in dollars (+3.3% in sterling) and, as one might expect, lagged the wider market in what was unarguably a “risk on” move upward.

The sub-sector performance data for December is summarised in Figure 3 below. Within such an environment, it is not surprising to see the more defensive elements within healthcare (Managed Care, Distributors, Diversified Therapeutics and Conglomerates) to be the lagging performers. We would call out a couple of the better performances as being noteworthy:

The Dental sub-sector powered forward on the back of strong performances from both Align and Straumann. This felt to us like a short-covering driven move. Whilst peak rates may usher in a less challenging environment for many companies, and easing inflation will help the consumer, it is not obvious that the cost of living crisis can now be ignored and so we think Dental may struggle for volume growth at this point in the cycle. You can put off quite a lot of dental treatment for some time and anything cosmetic is by definition elective in nature.

The strong performance from the Diagnostics sub-sector can be largely attributed to Illumina (+37% over the month). If it were excluded, Diagnostics would have returned a middle-of-the-pack +5.4%.

Again, this felt like a short-covering move driven by a conclusion being reached on the future of GRAIL (it will be divested) and the new CEO laying out some (very preliminary) thoughts on the business moving forward.

However, we think the challenges facing the company are considerable and thus the recovery in the share price premature. We are watching though, and await a detailed turnaround plan with interest.

	Weighting	Perf (USD)	Perf (GBP)
Dental	0.4%	22.9%	21.5%
Diagnostics	1.2%	11.1%	9.9%
Facilities	0.9%	10.8%	9.4%
Other HC	1.3%	10.8%	9.4%
Generics	0.5%	11.7%	8.7%
Focused Therapeutics	8.2%	9.4%	8.0%
Healthcare Technology	0.8%	9.1%	7.9%
Tools	7.5%	8.6%	7.2%
Healthcare IT	0.5%	8.2%	7.0%
Services	2.0%	8.1%	7.0%
Med-Tech	13.7%	6.1%	5.0%
Conglomerate	10.1%	4.2%	3.1%
Diversified Therapeutics	39.0%	3.5%	2.4%
Distributors	2.0%	-0.8%	-1.8%
Managed Care	11.8%	-2.0%	-3.1%
<b>Index perf</b>		<b>4.4%</b>	<b>3.3%</b>

Source: Bloomberg/MSCI and Bellevue Asset Management, Weightings as of 30.11.2023, Performance to 31.12.2023

As ever, the mega-cap dominated MSCI World Healthcare Index is only part of the story and, as Figure 4 opposite illustrates, the year-end rally has shown a distinct size factor bias in favour of SMID-cap stocks. This is to be expected to some extent.

Firstly, smaller companies are generally more sensitive to changes to discount rates (implied or otherwise). As we have noted in previous missives, the uncertainty over future rates has led to a risk adjustment being applied whereby stocks have been discounted at punitive rates. The mere fact that the market has confidence rates will not rise further has led to a reduction in this risk premium, and thus smaller companies have benefitted disproportionately (just as they suffered the most in terms of derating over the past few years).

Secondly, and again noted repeatedly in previous missives over those past two years, this grouping has underperformed to an uncharacteristically large extent and for an usually protracted period; they are due a relative performance catch-up. As such, the strong relative performance into the end of the year is not really exceptional in any dimension other than the fact we all had to wait so long for it to occur.

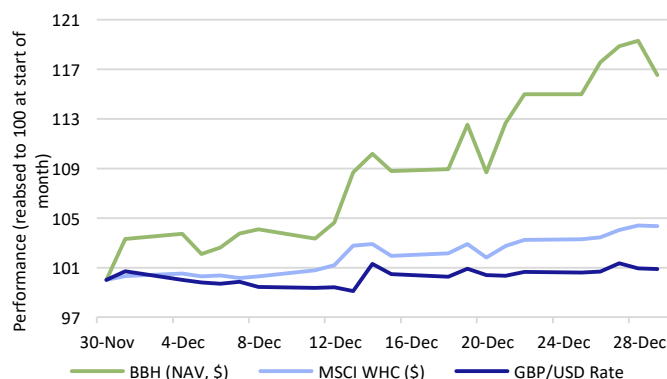
Index	November Total Return (\$)	December Total Return (\$)
MSCI World Healthcare Index	+6.2%	+4.3%
Nasdaq Biotechnology Index	+5.4%	+12.8%
S&P500 Healthcare	+5.9%	+4.1%
S&P400 Healthcare	+6.9%	+8.4%
S&P600 Healthcare	+6.6%	+14.8%
Russell 1000 Healthcare	+6.0%	+4.5%
Russell 2000 Healthcare	+12.9%	+17.3%
Russell 3000 Healthcare	+6.5%	+5.4%

Source: Bloomberg

## The Trust

Given the previous observations, it should come as no surprise that the Trust showed strong relative performance during December. The Net Asset Value rose 16.5% in dollar terms (+15.2% in sterling) to 165.76p. We would like to emphasise the continuity of the portfolio over H2 23; we made minimal changes during a period that delivered our best and worst monthly performances of the year, which just goes to highlight the capricious and idiosyncratic nature of the market during the year.

Of more importance, the year finished with a positive absolute and relative total return performance on both a net asset value (+2.4% abs, +404bp relative) and share price basis (-7.0% abs, +861bp relative). The evolution of the NAV over the course of the month is illustrated in Figure 5 below:



Source: Bellevue Asset Management, 31.12.2023

All sub-sectors except for Managed Care made a positive contribution to the NAV evolution during the month. Focused Therapeutics, Healthcare IT and Medical Technology were the largest contributors. The evolution of the sub-sector weightings is summarised in Figure 6 overleaf and we would make the following comments:

We actively reduced holdings in Diagnostics, Focused Therapeutics, Healthcare IT and Services. Med-Tech saw both buying and selling within the portfolio and the other sub-sectors were driven solely by relative performance. We added one new holding to Med-Tech during December, taking the portfolio to 28 holdings.

The average discount to NAV narrowed slightly during December to 8.1%, compared with 10.0% in November. No shares were repurchased during the month. The performance of the portfolio reduced the leverage ratio from 4.0% at the end of November to 2.4% at the end of December.

	Subsectors end Nov 23	Subsectors end Dec 23	Change
Diagnostics	13.3%	13.2%	Decreased
Focused Therapeutics	22.2%	22.2%	Unchanged
Healthcare IT	10.4%	11.2%	Increased
Healthcare Technology	5.7%	6.9%	Increased
Managed Care	7.8%	6.7%	Decreased
Med-Tech	19.1%	18.8%	Decreased
Services	11.7%	11.4%	Decreased
Tools	9.9%	9.6%	Decreased
Diagnostics	13.3%	13.2%	Decreased
	<b>100.0%</b>	<b>100.0%</b>	

Source: Bellevue Asset Management, 31.12.2023

## Managers' musings

### "Epoch-defining, versus defining an epoch"

In general terms, we love our job. We are healthcare geeks who get to spend our time thinking about the industry, and talking with opinion leaders and c-suite executives about future developments. When not talking to companies or thinking about the outlook, we are engaging with investors, which is also generally both an enjoyable and intellectually stimulating experience.

Clearly, it's a lot less fun when markets seem irrational, performance is challenging and, as a consequence of these two factors, our investors are frustrated or concerned. In the this latter regard, 2023 has been the toughest year that we can recall.

We touched on some of these points in the November missive, but one can summarise as follows: in the minds of a client, it is unarguable that a portfolio manager is not doing the job they are paid to do if the fund they manage is not outperforming its benchmark. The longer any period of under-performance has gone on for, the more reasonable and appropriate it becomes for the investor to question the strategy and approach of the fund manager.

If performance suddenly seems to deteriorate, then those questions may take on additional urgency, since all investments have an opportunity cost of capital and portfolios are supposed to diversify and thus mitigate overall risk, volatility and factor exposure. It's bad enough as an investor to be losing money, but it hurts even more if you see that you could be making money by placing it somewhere else.

It is also fair that investors expect portfolio managers, who typically market themselves as experts in a given field, to have credible answers to questions regarding the drivers of underperformance and a view on when that situation might begin to reverse and performance recover.

We recognise all of these points and fully accept any questions or criticisms that come our way. It is part of the job. The challenge in assuaging concerns or answering questions amidst such periods comes from the inherent problem of idiosyncratic market behaviour.

There is no real answer to why stock markets do some of the things they do. Bubbles appear and then they burst. In hindsight, many a book is written that points out the lack of objective fundamental analysis during crazier times, but still history repeats itself.

When we look back on 2023, there have been many curve balls. Each on their own stands up to objective analysis, in the sense that they fall into two camps: it makes sense to empirically adjust net present values in the face of evolving fundamentals (e.g. rising interest rates and persistent inflation or a declining earnings outlook) or it does not – i.e., one cannot really justify why the 'event' had such a profound impact (basically everything else that happened during the course of the year).

There are various examples of the latter that we could cite, but three critical scenarios come to mind:

1. The collapse of Silicon Valley Bank on 7<sup>th</sup> March 2023. It was very difficult to identify any public companies with material deposits at this entity and, in any event, the Federal Reserve stepped in and guaranteed all deposits within five days of its collapse. Nonetheless, the S&P400 Healthcare and Russell 2000 Healthcare Indices fell 600bp over the following week. The Trust's NAV fell 7.5% in dollar terms over that period, despite no SVB exposure for portfolio companies.
2. The AI frenzy. It is difficult to pinpoint precisely when or what made everyone go crazy for machine learning and large language models, but it looked to have really gained traction around May 2023, which happened to coincide with Open AI making a smartphone app for ChatGPT available on the iPhone, which allowed easy access for the masses (including journalists and wall street pundits) to a powerful AI tool for the first time.

NVIDIA's Q1 23 results also looked to have played a role around the same point, with the company revealing expectations for a large sequential revenue acceleration on increased demand for its AI-optimised data centre chips. Within a month of NVIDIA reporting, the S&P500 Information Technology Index had pulled a 600bp performance gap over the S&P500 Healthcare Index.

NVIDIA's results clearly show that IT capex is going toward building more and more AI capabilities into new data centres, and these tools are becoming more useful in the broadest sense. That said, we could spend hours citing examples of how unfit they still are for many mainstream applications and, as we discussed in last December's missive, the world seldom changes as quickly as people like to imagine.

3. The over-reaction to the "likely" (or not) impact of GLP-1 obesity drugs on the wider healthcare ecosystem from a utilisation perspective. We will not dignify this with further commentary, beyond observing it has been one of the most bizarre and irrational things we have seen in our many decades working in capital markets, redolent only of the late 1990s tech frenzy in terms of the insanity and inanity on display.

History will ultimately decide how to describe 2023 from an investor standpoint, and we are all probably too close to it right now to objectively place it in its proper perspective. However, the varied (mis)fortunes of the portfolio, which has been fairly consistent in terms of holdings and exposures throughout this period, is instructive though. No one could reasonably have foreseen any of the three events described above and, as far as we know, no one did.

They were manifested into existence by the combination of greed and fear that drives all extreme market moves. In the end, one might conclude that it all worked out "fine". We are still smarting from the pasting we took in 2022 and think that valuations for many companies we own remain egregious. In our minds, we are still "owed" a lot of relative performance from good companies that have been unfairly punished.

The varied fortunes of the portfolio and investor sentiment toward the strategy as a consequence also illustrate the reality that everything is a question of timing. As they say, figures don't lie, but liars can figure. It is no exaggeration to state that one could choose to paint any picture they want by pulling out a certain period of time and seeking to extrapolate it, from a 'half-full' or a 'half-empty' perspective.



So, what do we think is the right period to judge performance? We have been consistent in communicating the philosophy of our approach; a concentrated portfolio, low turnover, hopefully long duration holdings. The data on the portfolio bears this out.

Today's portfolio has an average holding period of three years and two months. If we were to adjust duration for forced exits due to M&A activity, it would rise by another month.

Turnover (i.e. value of trades versus value of the portfolio) is low, with the book since inception being turned over on average once every 14 months ex M&A (and including a much higher amount during the early phase of the pandemic).

Everyone will have their own opinion on the appropriate period over which to judge performance, and also over what timeframe one should try to make decisions around portfolio risk and opportunity. We have taken, and intend to continue to take, a long-term view on such matters.

Our philosophy and approach did not change during 2022 and 2023 and history will ultimately determine how good the approach is. At this stage though, hopefully everyone understands clearly what we are trying to do and how we are trying to do it.

#### **"Back to the future"**

Doubtless our readers' email inboxes are similarly deluged to ours with prophetic pieces that portend the year ahead, usually with an optimistic skew. We have tried to write a few of these ourselves over the years and, if experience teaches us anything, it is that such pieces are seldom as useful or accurate as we wish them to be.

As Macmillan wryly observed, events have a horrible habit of getting in the way of the best laid plans (if you want an empirical test, save the otherwise excellent Economist's "Year ahead 2024" edition until around November and then have a re-read: prophesying is a mugs game, and no mistake).

With the above caveats being made, there are a few observations that feel like safe ground for consulting the entrails. 2024 will see almost half the planet's population in over 60 countries casting a vote. Some we can ignore (Russia) and some are clearly more important than others in terms of their potential geopolitical and economic implications (Taiwan, United States).

The key question for many of our investors is whether or not 2024 being a US election year is reason enough on its own to avoid the healthcare sector for a bit longer yet, given the "truism" that healthcare underperforms during US election years. As we have noted before, this "truism" isn't really borne out by the data. Healthcare, at an index level, does tend to lag the wider market a little in the early part of an election year (notably in Q2), and then tends to perform well on a relative basis into the election itself and the months that follow.

The logical explanation for this is as simple as it is compelling. In the primaries, you need to appeal to the undecided voters to win the nomination, and then you need to appeal to swing voters to win overall. Healthcare-bashing is safe ground with most of the electorate so gets a lot of airtime, but it is rarely the critical issue of the day and the focus of the campaign tends to move to the most important issues as it gathers momentum.

The 2024 election has some unusual features. Firstly, barring the imposition of an arcane sedition clause or the intervention of the grim reaper, we know that Trump and Biden will be the contestants and so the primary season is a damp squib. As a consequence, we know the policy plans too. Biden promises more of the same and Trump is offering an even Trumpier version of his first term.

If you have a look at Trump's "Agenda47" website, healthcare gets nary a mention. It's all foreign policy, tax and spending and populist social issues. A tangential worry for healthcare investors is a right wing

administration taking the axe to social spending including Medicare, which would of course be bad for healthcare access and, inter alia, procedure volumes.

On this note, investors can feel somewhat reassured. Trump has said the following: "under no circumstances should Republicans vote to cut a single penny from Medicare or Social Security... Republicans shouldn't punish seniors to fund Biden's spending spree". Instead, the savings in the Federal budget are apparently going to come from ending "climate extremism".

The other topic that we are frequently asked about at the moment is M&A. It is another truism that M&A is an important element of potential returns for healthcare investors. Given the generally high levels of M&A in the sector and the need for many larger companies to buy in growth, this is an understandable point of view. There is also a perception that M&A "went away" in 2022 and 2023.

We do not really agree with this latter observation. 2022 was a quiet year on the M&A front, especially in that typically most active area of Diversified Therapeutics companies buying pipelines. However, 2023 saw a material recovery in transaction volumes, especially in H2. This may have been less obvious to many non-specialist investors as the average ticket size was lower (many more deals in the \$1-10bn range) and many of the targets were private companies, so less visible.

When we think about the year ahead, having more confidence on the likely cost of debt financing (i.e. assurance one can re-finance at rates that are not worse than when the deal was planned) will certainly help support the appetite for bigger deals in the coming year. The need to buy in growth only ever gets bigger for large pharma and the Tools sector seeing earnings troughing out should also create some appetite for acquiring tuck ins before valuations recover.

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](mailto: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

Insmed		6.8%
Evolent Health		6.6%
Option Care Health		6.4%
Axonics		6.2%
Exact Sciences		6.0%
Tandem Diabetes Care		5.7%
Pacific Biosciences of California		5.2%
Charles River Laboratories		5.0%
Axsome Therapeutics		4.9%
Apellis Pharmaceuticals		4.7%
Total top 10 positions		57.7%
Total positions		28

## Sector breakdown

Focused Therapeutics		22.0%
Med-Tech		18.9%
Diagnostics		13.2%
Services		11.4%
Healthcare IT		11.2%
Tools		9.7%
Health Tech		6.9%
Managed Care		6.7%

## Geographic breakdown

United States		97.9%
China		2.1%

## Market cap breakdown

Mega-Cap		9.3%
Large-Cap		14.0%
Mid-Cap		51.7%
Small-Cap		25.0%

## 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 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

### Stewardship:

Engagement	
Proxy Voting	

### Key Figures:

CO <sub>2</sub> -intensity (t CO <sub>2</sub> /mn USD sales):	23.0 (Low)	Coverage:	98%
MSCI ESG Rating (AAA - CCC):	BBB	Coverage:	98%

Based on portfolio data as per 31.12.2023; – ESG data base on MSCI ESG Research and are for information purposes only; compliance with global norms according to the principles of UN Global Compact (UNGC), UN Guiding Principles for Business and Human Rights (HR) and standards of International Labor Organisation (ILO); no involvement in controversial weapons; norms-based exclusions based on annual revenue thresholds; ESG Integration: Sustainability risks are considered while performing stock research and portfolio construction; Stewardship: Engagement in an active and constructive dialogue with company representatives on ESG aspects as well as exercising voting rights at general meetings of shareholders. MSCI ESG Rating ranges from "leaders" (AAA-AA), "average" (A, BBB, BB) to "laggards" (B, CCC). The CO<sub>2</sub>-intensity expresses MSCI ESG Research's estimate of GHG emissions measured in tons of CO<sub>2</sub> per USD 1 million sales; for further information c.f. [www.bellevue.ch/sustainability-at-portfolio-level](http://www.bellevue.ch/sustainability-at-portfolio-level).

Source: Bellevue Asset Management, 31.12.2023;  
Due to rounding, figures may not add up to 100.0%. Figures are shown as a percentage of gross assets.

For illustrative purposes only. Holdings and allocations are subject to change. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or securities. Where the fund is denominated in a currency other than an investor's base currency, changes in the rate of exchange may have an adverse effect on price and income.

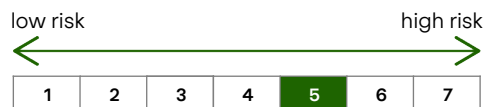
Market Cap Breakdown defined as: Mega Cap >\$50bn, Large Cap >\$10bn, Mid-Cap \$2-10bn, Small-Cap \$2bn. Geographical breakdown is on the basis of operational HQ location.

## Objective

The fund's investment objective is to achieve capital growth of at least 10% p.a., net of fees, over a rolling three-year period. Capital is at risk and there is no guarantee that the positive return will be achieved over that specific, or any, time period.

## Risk Return Profile acc. to SRI

This product should form part of an investor's overall portfolio. It will be managed with a view to the holding period being not less than three years given the volatility and investment returns that are not correlated to the wider healthcare sector and so may not be suitable for investors unwilling to tolerate higher levels of volatility or uncorrelated returns.



We have classified this product as risk class 5 on a scale of 1 to 7, where 5 corresponds to a medium-high risk class. The risk of potential losses from future performance is classified as medium-high. In the event of very adverse market conditions, it is likely that the ability to execute your redemption request will be impaired. The calculation of the risk and earnings profile is based on simulated/historical data, which cannot be used as a reliable indication of the future risk profile. The classification of the fund may change in future and does not constitute a guarantee. Even a fund classed in category 1 does not constitute a completely risk-free investment. There can be no guarantee that a return will be achieved or that a substantial loss of capital will not be incurred. The overall risk exposure may have a strong impact on any return achieved by the fund or subfund. For further information please refer to the fund prospectus or PRIIP-KID.

## Liquidity risk

The fund may invest some of its assets in financial instruments that may in certain 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.

## 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.

© 2024 MSCI ESG Research LLC. Reproduced by permission. Although Bellevue Asset Management information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties make any express or implied warranties of any kind, and the ESG Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the ESG Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

The most important terms are explained in the glossary at [www.bellevue.ch/en/glossary](http://www.bellevue.ch/en/glossary).

Copyright © 2024 Bellevue Asset Management AG.