Bellevue Healthcare Trust

JUNE 2023

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

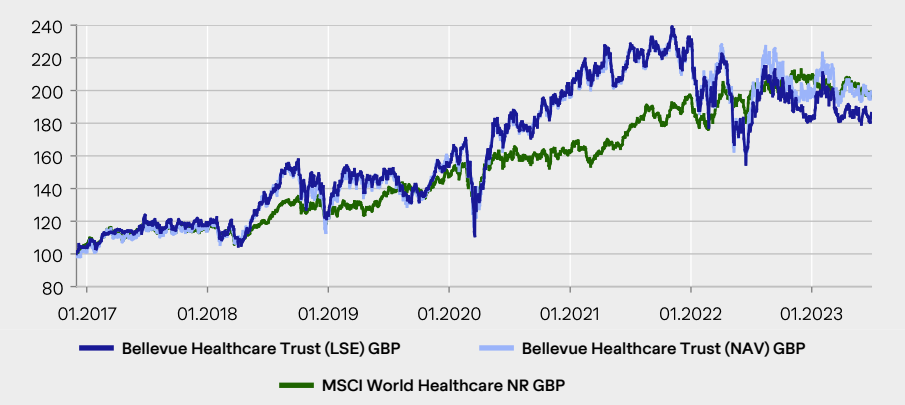
Share price	153.00
Net Asset Value (NAV)	163.75
Market capitalisation	GBP 839.57 mn
Investment manager	Bellevue Asset Management (UK) Ltd.
Administrator	Apex Listed Companies Services (UK) Ltd.
Launch date	01.12.2016
Fiscal year end	Nov 30
Benchmark (BM)	MSCI World Healthcare NR
ISIN code	GB00BZCNLL95
Bloomberg	BBH LN Equity
Number of ordinary shares	548,740,767
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	1.37
Correlation	0.70
Volatility	28.1%
Tracking Error	20.79
Active Share	89.61
Sharpe Ratio	0.26
Information Ratio	-0.02
Jensen's Alpha	-3.43

Source: Bellevue Asset Management, 30.06.2023;
Calculation based on the Net Asset Value (NAV) over the last 3 years to 30 June 2023.

Indexed performance since launch



Cumulative & annualised performance

Cumulative

	1M	YTD	1Y	3Y	5Y	10Y	ITD
Share	3.8%	2.0%	5.7%	4.5%	39.9%	n.a.	86.1%
NAV	2.6%	-0.7%	10.8%	10.2%	53.9%	n.a.	99.2%
BM	0.5%	-4.1%	1.8%	24.5%	67.4%	n.a.	99.0%

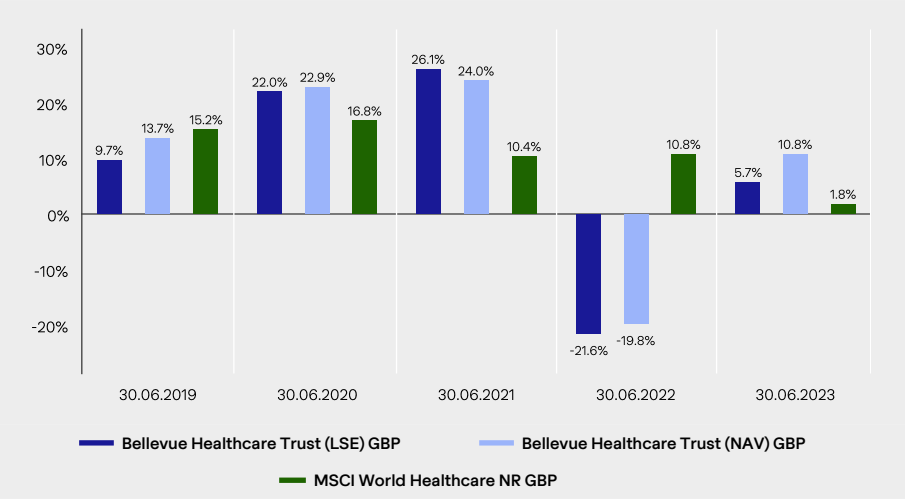
Annualised

	1Y	3Y	5Y	10Y	ITD
Share	5.7%	1.5%	6.9%	n.a.	9.9%
NAV	10.8%	3.3%	9.0%	n.a.	11.0%
BM	1.8%	7.6%	10.8%	n.a.	11.0%

Annual performance

	2018	2019	2020	2021	2022	YTD
Share	4.9%	22.7%	29.1%	16.6%	-21.0%	2.0%
NAV	8.6%	25.9%	25.7%	15.2%	-11.1%	-0.7%
BM	8.8%	18.4%	10.3%	20.8%	5.8%	-4.1%

Rolling 12-month-performance



Source: Bellevue Asset Management, 30.06.2023; 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 June jeremiad. The summer has arrived, signalled not by the traditional thud of willow on leather and warmer evenings, but rather by the commencement of the annual hose pipe ban. The verdant green idyll will soon resemble the Serengeti once more.

The UK population has risen and, apparently, people working from home use more water. Did we not bathe or drink in those halcyon days of office-based work? Global warming seems to have come as shock too; we have only known about that since 1938. Decades of chronic under-investment supporting massive dividend payouts play no role of course. But let us not descend into a diatribe on declinism; there are some things one can positive about...

Elsewhere, core inflation is falling and the Western consumer seems determined not to stop spending. The equity market rally is broadening beyond AI as the clean energy transition (and massive subsidies) are firing up a US manufacturing renaissance. Healthcare utilisation has finally normalised as the last vestiges of the COVID scourge dissipate. Well positioned investors may yet get through this uncertain period relatively unscathed.

Monthly review

The wider market

Another month, another missive that begins with the observation that the market macro is a little difficult to fathom, at least from a fundamental perspective. On the one hand, we have witnessed further unexpected rate increases from some central banks and a less-than-helpful *"a pause is just a pause on the upward march"* narrative on rates from the US Federal Reserve.

The flames of despair are further fanned by virtually every data point out of the global GDP workhorse that is China being bearish. We have also seen multiple chemicals companies issue profit warnings or pull guidance. Basic materials suppliers have historically been useful recessionary prognosticators, owing to their position at the very foundation of the economic pyramid. In summary, the rational hemisphere of the brain concludes the outlook is continuing to worsen.

On the other hand, we have Aristotle's 'wisdom of crowds'. The stock market's performance during June was very pro-cyclical, with Automotive, Capital Goods and Consumer Discretionary Distributors (i.e. General Retailers) leading the way. At this point, the regular reader is probably expecting some flippant fusillade about Tesla and Amazon involving tails and dogs.

Such flummery would be unfair though; the strength in these sectors has been quite broad. Some of this seems to be driven by positioning; these areas have been popular shorts and we are coming into earnings, with many companies communicating a 'not as bad as feared' message – more than enough to chase the short-selling bears back into the woods.

Some argue that Capital Goods may even be in the foothills of a multi-year super-cycle driven by spending on the clean energy transition which would argue for a higher base P/E multiple. Regardless, it is evident that positive sentiment is broadening out beyond the narrow Tech/AI leadership that has characterised the early months of the year.

One could add to the positive side of the ledger by noting various Western economic indicators that suggest things are not as bad as feared – consumers remain resilient in a tight labour market and GDP is holding up. There is, as yet, no sign of a recession in the US, which is the reason that rates are still rising. It remains possible that central banks will (more by luck than judgment) manage to walk the line and not tip the world into a recessionary spiral.

This is a mixed message, to be sure. However, when one overlays positioning, which has been bearish, you can understand somewhat the market's buoyancy, even if valuation in the widest sense is not compelling. It is an upward melt and one in which the MSCI World index made further significant progress during June, rising 5.9% in dollar terms (+3.2% in sterling). This index has risen in four of the six months of 2023 and is now only 8.5% below its all-time high in early January 2022 (and the US S&P500 Index has performed slightly better than this and is only 7.2% off of its all-time high). The MSCI World sector performances are summarised in Figure 1:

Sector	Monthly perf
Automobiles & Components	+19.6%
Capital Goods	+9.7%
Consumer Discretionary Distributors	+8.3%
Materials	+8.2%
Technology Hardware & Equipment	+8.1%
Commercial & Professional Services	+7.1%
Banks	+6.9%
Semiconductors & Semiconductor Equipment	+6.8%
Consumer Services	+6.8%
Transportation	+6.7%
Financial Services	+6.5%
Energy	+6.3%
Insurance	+5.8%
Household & Personal Products	+4.9%
Health Care Equipment & Services	+4.7%
Software & Services	+4.3%
Consumer Staples Distribution	+3.6%
Equity Real Estate Investment	+3.5%
Real Estate Management & Development	+3.4%
Media & Entertainment	+2.9%
Pharmaceuticals & Biotechnology	+2.6%
Utilities	+2.2%
Telecommunication Services	+1.9%
Food, Beverage & Tobacco	+1.6%
Consumer Durables & Apparel	+0.0%

Source: Bellevue Asset Management, 30.06.2023

Healthcare

During June, the MSCI World Healthcare Index appreciated 3.1% in dollar terms (+0.4% in sterling), lagging the broader market for a third consecutive month. Macro backdrop notwithstanding, defensive growth is not, it seems, what Aristotle's *polis* wants currently.

We will spare the reader another sententious exposition on the fundamental merits of healthcare in these uncertain times, but we do find the level of underperformance vexatious; the MSCI World Healthcare Index has now lagged the year-to-date dollar return of its parent index by 14.3% despite a more resilient earnings outlook and more supportive valuations (relative to history and the wider market).

One would have to go back to H2 2016 to find something similar in magnitude to the current (and irritatingly persistent) period of healthcare underperformance and, let us not forget, that was a vitriolic US Presidential election year where both candidates made aggressive mid-year comments around widespread healthcare reform (that of course did not come to pass). No such negative political backdrop is in evidence today.

The sub-sector performance breakdown is summarised in Figure 2 overleaf and reflects the broader market narrative described previously, with the most consumer discretionary area (Dental) leading the way. This was followed by hospitals (Facilities) as investors chose to ride the utilisation wave, with the reverse correlate (sell Managed Care, i.e. those who pay the hospital's bill) also in evidence.

The Pharmaceuticals and Biotechnology companies lagged (Diversified & Focused Therapeutics) and this weighed on the overall index

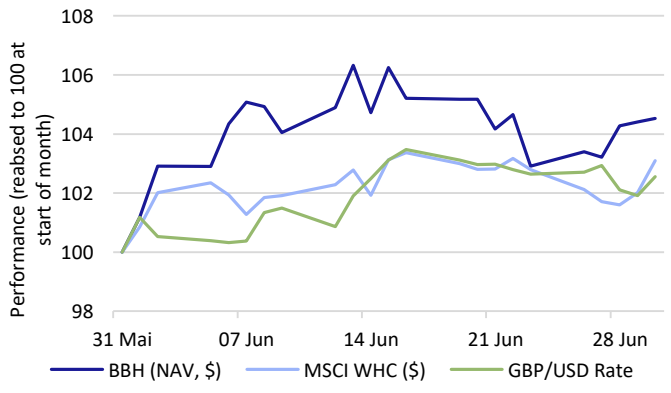
performance quite heavily. Again, we would suggest this has been positioning led, with investors exiting these defensive/bond proxies to move into more pro-cyclical investments. Investors can now get yield from fixed income, suggesting less of a role for the big dividend stocks in the current market dynamic.

	Weighting	Perf (USD)	Perf (GBP)
Dental	0.5%	19.1%	16.1%
Facilities	0.9%	15.5%	12.5%
Healthcare IT	0.5%	12.7%	9.7%
Distributors	1.7%	10.6%	7.8%
Healthcare Technology	0.9%	8.3%	5.5%
Generics	0.3%	7.4%	4.6%
Services	2.1%	6.7%	3.9%
Med-Tech	14.2%	6.5%	3.8%
Other HC	1.3%	4.8%	2.9%
Conglomerate	11.0%	5.3%	2.5%
Tools	7.9%	3.1%	0.4%
Diagnostics	1.5%	1.8%	-0.9%
Diversified Therapeutics	39.1%	1.7%	-1.0%
Focused Therapeutics	7.1%	0.6%	-2.0%
Managed Care	10.9%	0.1%	-2.5%
Index perf		**3.1%**	**0.4%**

Source: Bloomberg/MSCI and Bellevue Asset Management, Weightings as of 31.05.2023, Performance to 30.06.2023

The Trust

Notwithstanding the slightly unusual dynamic in the healthcare sector and the wider market, it was a more positive month for the Trust, with the Trust's Net Asset Value appreciating by 2.6% in sterling to 163.75p, outperforming the comparator MSCI World Healthcare Index by 216bp. The evolution of the NAV over the course of the month is illustrated in Figure 3 below:



Source: Bellevue Asset Management, 30.06.2023

Services (notably Amedisys, which rose on M&A), Med-Tech and Focused Therapeutics were the main contributors to the evolution of the NAV over the month, but the strength was generally broad-based. Managed Care was the only material detractor. The evolution of the sub-sector weightings is summarised in Figure 4 below and we would make the following comments.

Given the modest gearing at the end of May and the sell-down of our holding in Amedisys (a Services holding discussed further below), we were adding to the majority of holdings in the month and also adding additional names. However, there was some relative re-distribution of capital.

We reduced exposure to Dental on the back of rising valuations and we added back to Managed Care on the recent weakness (having reduced our holdings over the past few months). There was a pivot away from Diversified Therapeutics toward Focused Therapeutics, where we see a better risk/reward. We increased our relative exposure to Healthcare IT and Healthcare Technology on the back of recent weak relative performance. Our Med-Tech holdings have performed strongly around the utilisation play described previously.

	Subsectors end May 23	Subsectors end Jun 23	Change
Dental	0.9%	0.5%	Decreased
Diagnostics	11.4%	10.6%	Decreased
Diversified Therapeutics	4.0%	0.7%	Decreased
Focused Therapeutics	21.3%	22.4%	Increased
Healthcare IT	8.8%	9.9%	Decreased
Healthcare Technology	3.0%	3.2%	Increased
Managed Care	7.2%	7.9%	Increased
Med-Tech	18.8%	20.7%	Increased
Services	14.9%	13.9%	Decreased
Tools	9.6%	10.2%	Increased
	100.0%	**100.0%**	

Source: Bellevue Asset Management, 30.06.2023

The investment portfolio has increased to 30 companies from 28 in May, with additions to both Focused Therapeutics and Managed Care. One of the holdings is new to the Trust, the other is a re-entry from the inception portfolio that we exited in H2 2017. We have bought it back at a share price below that which we sold it at all those years ago.

Over the month, the leverage ratio fell further from 0.9% at the end of May to -1.2% (i.e. a small net cash position) at the end of June. The conclusion of the Option Care vs. United Health bidding for Amedisys (all three companies are in the portfolio) led to a sell-down of our Amedisys position earlier than anticipated and thus we had something of a mis-match around the realisation of proceeds vs. redeployment of capital. It is still our expectation that overall gearing levels will increase in the coming months.

The average discount to NAV increased modestly from 6.4% in May to 6.9% in June and was generally in line with the healthcare investment trust peer group average. The share buyback program was active during the month and 0.2m shares were repurchased.

Managers' musings

"A disquisition upon diagnostics"

The diagnostics sub-sector has long been a key overweight for the Trust, averaging a double-digit percentage of our gross investments over the 6½ years of the Trust's existence. Over that time, exposure peaked at >16% in late 2019 and troughed a low ~6% in mid-2021, the latter being driven mainly by a number of our holdings reaching dizzying valuations resulting in our exit or being acquired in the COVID-driven frenzy of excitement around this sub-sector.

Even at the hubristic heights of mid-2021, this group represented only 2.6% of the MSCI World Healthcare Index and that figure stands at 1.5% as of the end of June 2023, versus our weighting of 10.6% of the portfolio as of the end of June 2023. This serves to illustrate the extent of our overweight position in this area.

Looking back over the past twelve months, diagnostics has been a challenging area for investment, falling into the bottom quartile of the portfolio's sub-sector NAV contribution for most H2 2022. Our enthusiasm persisted though and Diagnostics has been either mid-pack or right at the top of the portfolio's sub-sector NAV contribution during H1 2023. As of 30 June, the largest position in the portfolio remains a Diagnostics company.

Why do we feel so compelled to own these companies? The answer lies in their pivotal role at the beginning of the patient journey. In the words

of Hippocrates: "*as to diseases, make a habit of two things — to help, or at least, to do no harm. Declare the past, diagnose the present, foretell the future*". There is no correct solution that can be foreseen from an incorrect diagnosis.

With so much of the disease burden in modern life coming from chronic conditions or cancer, early detection or even routine screening and prompt interventions are critical to successful disease management. Let us illustrate this compelling value proposition through the core business of our top holding, Exact Sciences.

"Turning muck into gold"

In the United States, colorectal cancer (CRC) is the third leading cause of cancer-related death in both men and women, and moves up to the second most common cause of cancer death when numbers for both sexes are combined. The lifetime risk for CRC is about 4% (i.e. 1 in 23 of us will succumb to it). In the US, there will be around 150,000 new diagnoses of the disease this year and it will kill around 50,000 Americans during that period.

The incidence used to be very low in the under 50 age group (<10%), but diagnosis is becoming more common at earlier ages and now around 1/3 of cases are in the under 55 age group. The risk is significantly higher in the 45-49 age group than in the 40-45 age group. The peak age for diagnosis is 80-85, but around 20,000 of those 150,000 cases will be in the <50 cohort.

The relative survival rate for CRC is highly dependent on the stage of detection. At stage 0-1, 5-year survival is >90%. At stage 2, it is 87%. At stage 3, it is 72%. At stage 4, it is fatal and survival is usually less than two years, even with chemotherapy.

At stage 0, the tumours might be pre-cancerous growths ("polyps") or a very localised carcinoma-in-situ. These growths could be smaller than 5mm in diameter (so the size of a pea). There is another earlier disease known as an adenoma, which is a growth that may or may not progress to becoming a cancerous lesion.

With these background statistics, it is recommended that people aged 45-75 in the US are routinely screened for CRC and there are various options for what approach is used (described below). In the UK, all registered NHS patients aged 60-74 in the UK have been screened every other year with a FIT test (also described below) that is sent out in the post. In 2021, the UK screening age limit began to be lowered, with the aim of reaching 50 by 2025. Currently, 56 and 58 year olds have been included in the expanded programme. Roughly 70% of these kits are returned for analysis.

There are various types of invasive and non-invasive tests for routine screening and it is surely self-evident that their power to accurately detect early stage disease (sensitivity) is the most ideal characteristic. However, sensitivity to pick up early stage disease must be balanced with specificity, or simply put a low risk of a false positive result. Anyone receiving a call back for further testing after an initial screen is going to be extremely anxious, which is an undesirable health outcome in anyone.

The main approaches to CRC screening are summarised below:

- **Faecal immunochemical test (FIT):** this test detects blood in a stool sample. Blood in the stool can be a sign of colorectal cancer, but it is also a sign of other GI conditions. As a consequence, the test can have a high false positive rate if it is used at maximum sensitivity (around 25% of positive tests are false positive). The benefits of this approach are its cost (its very cheap) and convenience (it requires nothing more than a small sample of faeces and so can be done by the patient at home).

  There is a similar, older test called the Guaiac-based fecal occult blood test (**gFOBT**), which uses the chemical guaiac to detect blood in the stool. This has a slightly lower sensitivity but higher specificity (so lower false positive result). Both tests are similarly sensitive to small adenomas (~7%). The cost of running a FIT test is ~$25.

- **Colonoscopy:** this invasive procedure has long been considered to be the gold standard for the detection of colon cancer, especially with respect to the detection of smaller adenomas. The other advantage of a colonoscopy is that any pre-cancerous lesions can be removed as part of the procedure.

  However, the process requires anaesthesia and "prep" which cannot be skipped and essentially involves a run in period where you avoid most fibrous foods for several days, and 24 hours of a clear liquid diet including chemicals to help evacuate the bowels with the attendant need to visit the bathroom frequently (and unpleasantly).

  The cost of a colonoscopy procedure is around $3,000 and, because it is done in a theatre setting under general anaesthesia. There is finite capacity in any healthcare setting to undertake this procedure, limiting the frequency of screening (usually to 5-10 years depending on background risk factors).

  There is a quicker version known as a sigmoidoscopy where a different probe is used to examine the lower third of the bowel and rectum. It does not obviate the need for "prep", but an enema could be offered instead. However, were any polyps found, you would likely be recommended a colonoscopy in any event to inspect the upper region of the bowel. Local rather than general anaesthesia may also be used, so this is not necessarily a less discomforting experience overall.

- **CT Colonography (virtual Colonoscopy or CTC):** Computed tomography colonography, also called a virtual colonoscopy, is a less-invasive procedure that creates images of the entire colon that can be analysed by a physician/radiographer. The bowel is inflated with air to aid resolution, so there can be some discomfort during the procedure and the "prep" regimen must still be undertaken.

  CTC has slightly lower sensitivity across all tumour stages, particularly with respect to very small features like adenomas and carcinoma-in-situ that characterise early stage disease. Like sigmoidoscopy, it does not allow the removal of polyps detected during the examination.

  However, it is a much quicker procedure, requires no sedation and is also less costly than a colonoscopy at around $1,500. Because the whole abdominal region is being scanned, it can also detect other conditions outside of the bowel. Re-screening is recommended every 5-10 years.

- **FIT-DNA test (aka stool DNA test: Exact Sciences Cologuard):** this is a next generation genetic screening test that combines a FIT test with the detection of altered DNA in the stool. For this test, you collect a full stool sample and send it to a lab in pre-supplied box, where it is analysed for altered DNA and for the presence of blood. Patients who have detected anomalies can then undergo a colonoscopy.

  Cologuard can be done at home and no "prep" is required. Cologuard costs ~$500 and can be repeated every 1-3 years, depending on background risk. Sensitivity for Stage 1-3 cancer is comparable to colonoscopy, but lower for small

adenomas (although better than any of the alternatives). Exact Sciences has reported a test return rate of ~65% over the past few years, which is comparable to that seen by the NHS in the UK with its FIT test programme.

Exact has recently shown the clinical results of an improved test ("Cologuard 2.0" that has improved specificity (i.e. lower false positive rate) and higher sensitivity across all stages, but not appreciably different when it comes to adenomas. CG 2.0 has yet to receive regulatory approval but we expect this to occur the near future (patients will not notice any change from the original test as the procedures are unchanged).

The current, approved version of Cologuard requires the patient to collect a complete bowel movement and, as a consequence, the kit supplied to patients is bulky and this has been identified as one of the reasons people do not return the tests. Exact is working on an improved form factor ("CG 3.0") with a lower sample volume requirement that can thus be supplied in a more discreet package. We think this could enhance return volumes.

"The future, now?"

In the US, around 17 million patients are screened annually by one of the methods described above (note – only one of these approaches advocate annual testing for the majority of patients. This annual figure breaks down to around six million screening colonoscopies, eight million FIT tests and around three million Cologuard tests). There are 33.7m people in the 50-75 year age cohort. If routine screening does move down toward 45, that cohort will increase by a further 20-odd million, although many of these will already have access to some screening via their medical insurance.

Around a third of the current cohort are not routinely screened and this increases to around half for the 45-50 year cohort. There is probably not enough capacity in terms of gastro-intestinal specialists in the US to support a move to widespread screening for 45+ and when one includes this group and the higher risk 75+ cohort, there may be 60m people in the US alone who are not currently compliant with an optimal screening regimen.

Sadly, around 60% of the 150,000 diagnoses mentioned previously (and most of the deaths) are from patients presenting with advanced disease due to overt symptoms, as opposed to early detection from routine screening. Whilst colonoscopy is the gold standard, waiting 10 years in between examinations offers a lot of scope for disease to manifest.

How then do we improve the outcomes for this disease? The answer is beguilingly simple: we need to screen more people more frequently to catch it earlier. This is a problem of cost effectiveness and scale. We cannot realistically use more CTC – there aren't enough CT scanners and colonoscopy also has structural limitations but even so there are still some 15 million procedures in the US each year. However, only around six million of these are primary screening, the remainder are secondary procedure (e.g. post a positive test with another modality or to remove lesions). Many people reject these procedures due to fears of pain and discomfort, inconvenience of "prep", cost and the general "ick factor". The latter point is true for the stool-based tests too, as the sub-100% return rates attest.

The logical solution to this might be a blood test - nobody seems to mind those. Two blood-based genetic tests for CRC have been developed. The first, which is commercially available, is called Shield and was developed by Guardant Health. Whilst this is undoubtedly a step forward, especially for those unwilling to have an invasive procedure or deal with their faeces, it is not comparable in sensitivity to Cologuard or colonoscopy.

The headline specificity may seem okay, suggesting a low-ish false positive rate but it is an annual test like FIT rather than three years or five years like Cologuard and Colonoscopy. When considered against the FIT test alone, the false positive rate is around twice as high and adenoma sensitivity in particular is poor; less than half that of Cologuard. GRAIL's Galleri multi-cancer early detection ("MCED") blood test also includes colorectal cancer markers and claims a sensitivity of 82% overall for these tumours (much lower than for the CRC-specific tests described previously).

The lower efficacy of blood-based testing compared to Cologuard is not surprising; the mechanical action of digestion causes bowel cells to slough off and these are present in the faeces in large numbers. Conversely, a carcinoma in situ has not penetrated the inner wall of the intestine, making it unlikely that much cancerous material can appear in the bloodstream. Blood tests may well have a future in CRC screening, but that is not yet.

Exact has itself developed a blood-based test and it evaluated this in parallel to "CG 2.0" in its BLUE-C study. Its own view is that the blood-based approach is not a viable alternative to Cologuard. However, there are some people who will not take up Colonoscopy or Cologuard and Exact expect to launch its blood-based test as a second-line alternative for these people within the next few years – even a less reliable test is better than no screening. Collecting samples in parallel should enable the company to evaluate adding additional markers to the blood-based approach to improve its sensitivity and specificity over time but we do not think it will attain Cologuard levels of performance.

"Diagnostic divination delays deaths"

The example above hopefully explains why we think diagnostics will underpin the ongoing revolution in the healthcare delivery paradigm. Prevention is better than cure but, for silent diseases, early detection is the cornerstone of successful intervention.

Running screening programmes successfully in what would otherwise be thought of as a healthy population requires the successful navigation of the triad of efficacy, cost and acceptance.

The winning formula needs to be accurate, scalable and consistent. It needs to minimise inconvenience for the patient and be cheap enough to justify the economics (lives saved per thousand screened versus costs per thousand screened). For the patient, accuracy means more than just early detection, it also means an acceptably low false positive rate – no-one is coming back for a do-over if they have once been put through the wringer unnecessarily.

Colorectal screening programmes are already in place and are seeing expansion, so this is an area where it is deemed worthwhile to spend. When one considers all of the current options though, it surely seems obvious that increased use of Cologuard is the only practicable way to increase uptake. Everything else is either too expensive, too onerous or not good enough. And that is why Exact Sciences is currently the largest holding in the portfolio.

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

Bellevue Healthcare Trust

Top 10 positions

Exact Sciences	6.5%
Option Care Health	6.4%
Axonics	6.3%
Insmed	6.0%
Pacific Biosciences of California	5.8%
Charles River Laboratories	5.6%
Evolent Health	5.6%
Bio-Rad Laboratories	4.4%
Accolade	4.3%
UnitedHealth Group	4.1%
Total top 10 positions	55.1%
Total positions	30

Sector breakdown

Focused Therapeutics	22.3%
Med-Tech	20.7%
Services	13.9%
Diagnostics	10.6%
Tools	10.2%
Healthcare IT	9.9%
Managed Care	7.9%
Health Tech	3.2%
Diversified Therapeutics	0.7%
Dental	0.5%

Geographic breakdown

United States	97.1%
China	2.4%
Switzerland	0.5%

Market cap breakdown

Mega-Cap	13.1%
Large-Cap	23.8%
Mid-Cap	41.3%
Small-Cap	21.9%

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:		ESG Risk Analysis:		Stewardship:	
Compliance UNGC, HR, ILO	✓	ESG-Integration	✓	Engagement	✓
Norms-based exclusions	✓			Proxy Voting	✓
Controversial weapons	✓				

Key Figures:

CO_2 intensity (t CO_2/mn USD sales):	25.2 (low)	Coverage:	97%
MSCI ESG Rating (AAA - CCC):	BBB	Coverage:	97%

Based on portfolio data as per 30.06.2023; – 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_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.

Source: Bellevue Asset Management, 30.06.2023;
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.

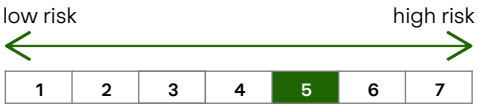
Bellevue Healthcare Trust

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 PRIIPS 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 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.

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