Bellevue Healthcare Trust plc

Half-yearly report

for the six months ended 31 May 2023

Bellevue Healthcare Trust plc

Excellence in Specialty Investments

Bellevue – one of the largest healthcare investors

INDEPENDENT - ENTREPRENEURIAL - COMMITTED

Bellevue Healthcare Trust plc is a high conviction, long-only investment trust invested in listed or quoted global healthcare equities. It is unconstrained and able to invest regardless of market cap, sub sector or region, and the portfolio is concentrated with a maximum of 35 holdings. Bellevue Healthcare Trust is managed by Bellevue Asset Management (UK) Ltd, regulated by the FCA, who have built a successful track record in this sector.

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Investment Objective, Financial Information, Performance Summary and Alternative Performance Measures

INVESTMENT OBJECTIVE

The investment objective of the Company is to provide Shareholders with capital growth and income over the long term, through investment in listed or quoted global healthcare companies. The Company's specific return objectives are: (i) to beat the total return of the MSCI World Healthcare Index ("Index") (in sterling) on a rolling 3 year period (the index total return including dividends reinvested on a net basis); and (ii) to seek to generate a double-digit total shareholder return per annum over a rolling 3 year period.

FINANCIAL INFORMATION

	As at 31 May 2023	As at 30 November 2022
Net asset value ("NAV") per Ordinary Share (cum income)	**159.62p**	171.16p
Ordinary Share price	**147.40p**	158.20p
Ordinary Share price discount to NAV[1]	**-7.7%**	-7.6%
Ongoing charges ratio ("OCR")[1]	**1.02%**	1.04%

PERFORMANCE SUMMARY

For the six months ended 31 May	% change[2,3] 2023	% change[2,3] 2022
Share price total return per Ordinary Share[1]	**-4.9%**	-16.1%
NAV total return per Ordinary Share[1]	**-4.9%**	-17.3%
MSCI World Healthcare Index total return (GBP)	**-6.9%**	+4.5%

[1] These are Alternative Performance Measures.
[2] Total returns in sterling for the six months period, including dividends reinvested.
[3] Source: Bloomberg.

ALTERNATIVE PERFORMANCE MEASURES ('APMS')

The financial information and performance summary data highlighted in the footnote to the above tables represent APMs of the Company. Definitions of these APMs together with how these measures have been calculated can be found on pages 25 and 26.

Chairman's Statement

Randeep Grewal
Chairman

Dear Shareholders

This is the seventh semi-annual report of your Company.

In this post-Covid world, we face numerous challenges – many of which are interlinked. Coming out of Covid we have seen a 'reset' of global supply chains and a backlog of healthcare demand. The shortage of workforce has been particularly acute in the healthcare sector so the 'demand – supply' balance appears to be particularly out of balance in this sector. The consequences of the invasion of Ukraine include rising energy prices, rising fertiliser costs and consequently rising food prices. This has perhaps exacerbated the inflation we would have seen coming out of Covid – and the healthcare sector has, in particular, faced increased wage costs. Inevitably rising interest rates, as central banks seek to tame demand and hence inflation, has impacted valuations.

PERFORMANCE REVIEW

The Company's specific objective is to beat the benchmark and to deliver double digit annual returns over a rolling three year period. We have had what might be called a 'rocky ride' over the last couple of years and in 2022, we clearly failed on both counts (indeed I discussed this in our last Annual Report). Though the six months to 31 May 2023 have seen performance beat the MSCI World Healthcare Index, it is clearly far too early to extrapolate. The table below provides more details, showing total returns on a fiscal year basis.

The Investment Manager's report provides discussion on the contributors and detractors to performance.

As a reminder, the relatively concentrated portfolio comprises innovative companies which the Investment Manager anticipates will grow faster and hence generate superior returns over the longer term because they deliver tangible benefits to patients and / or healthcare systems. Nonetheless, adoption is never smooth, and indeed the challenges I mention, at the beginning of this statement, contribute to short-term unpredictability e.g. a hospital short of workforce is going to be less likely to adopt new technologies or innovations immediately. However, the same stresses and strains which are impediments in the short term will ensure the inevitability of change in the long term.

DIVIDENDS

In line with Company policy, for the financial year ending 30 November 2023, we will be paying two dividends (interim and final) of 2.995p each in August 2023 and April 2024, again funded from our distributable reserves.

(Fiscal year ends 30 Nov)	2018	2019	2020	2021	2022	2023 HY
Share price total return	21.6%	6.9%	22.5%	11.4%	(11.9%)	(4.9%)
NAV total return	24.0%	6.6%	24.6%	10.3%	(4.1%)	(4.9%)
MSCI World Healthcare Index total return	18.0%	8.1%	10.3%	15.8%	14.1%	(6.9%)

SCRIP DIVIDENDS

In our Annual Report for the year ended 30 November 2022, I mentioned that the Board was monitoring the cost-effectiveness of the scrip programme.

We had proposed to continue it for this year, however analysis shows falling take-up since we introduced the facility in 2019. There are a variety of reasons for this – some of which are structural in the UK e.g. many investors hold shares via aggregated nominee accounts and not all such accounts allow individual selection for scrip dividends. Currently we are trading at a discount to NAV - since we fulfil the scrip via newly issued shares at NAV, our current mechanism can lead to the situation where investors would be better off receiving a cash dividend and then buying shares in the market rather than receiving newly issued shares at NAV.

Thus, reluctantly the Board has decided to suspend the scrip dividend option for the time being. We appreciate that some shareholders will be disappointed by this but given the low uptake it is hard to justify the cost for the Company.

GEARING

As of 31 May 2023, the Company's net gearing was £8.0 million, equivalent to 0.9% of the gross exposure. The low figure reflects caution on the part of the Investment Manager relating to the US Federal debt ceiling negotiations which were ongoing at the time; the net gearing is likely to rise in H2 2023.

DISCOUNT AND SHARE BUYBACKS

During the six months to 31 May 2023, our shares have traded at an average of 6.6% discount to net asset value ('NAV'). Hence, we commenced a share buyback programme which is managed at arm's length by the Company's Broker using parameters set by the Board. These parameters are regularly reviewed; the Board recognises the benefits of a robust 'discount management' mechanism but also has to be mindful of the current discounts in the wider investment trust market, trading volumes and regulatory requirements.

We purchased 7,490,560 Ordinary Shares in the six months to 31 May 2023 and we anticipate continuing the discount management programme. Our current shareholder authority (from the last AGM) permits the Board to repurchase a maximum of 82,516,203 Ordinary Shares.

ANNUAL REDEMPTION FACILITY

In the Prospectus issued when the Company was first listed the redemption facility was explained in great detail. The Directors have absolute discretion to operate the annual redemption facility which allows for three possible ways that the facility might operate: matched bargains, from cash resources, or via a redemption pool. The first two methods referred to allowed for the basis of the redemption price to be by reference to the Dealing Value per ordinary share.

In the first five years since inception the uptake for redemptions was low and the Directors managed the facility by "matched bargains" where any shares redeemed were matched with buyers in the market by our Broker. In November 2022 however, we saw a markedly higher uptake of the redemption facility (30,577,550 Ordinary Shares representing 5.21% of our share capital at that time). In these circumstances the Directors managed the redemption uptake using the cash resources and debt facilities available – all of which were redeemed and cancelled by the Company.

Given current market conditions, and that we continue to trade at a discount to NAV, were there to be material redemption requests, the Directors may exercise the redemption pool method.

Utilising this option sets the basis for the redemption price that shareholders receive by reference to a separate Redemption Pool. Were this to be exercised, the costs of establishing the pool and liquidating proportions of the portfolio to fund the redemptions would be directly ascribed to the Redemption Pool and thus borne by shareholders wishing to redeem. Shareholders who wish to understand this further are referred to the Prospectus published in November 2016.

The Board has also considered the timeframe for operating the Redemption process. It was prescribed in the Prospectus that shareholders wishing to redeem had to finalise instructions to redeem 20 business days prior to the Redemption Point. With the Redemption Point of 30 November, the required date for shareholder instruction is 2 November 2023. For practical reasons the Company wishes to introduce a record date of 2 September 2023, shareholders therefore have to be registered as owning Company shares by this date.

The Directors, in their review on the Redemption requests will act in the best interest of the Company and shareholders as a whole.

This should have no practical impact on our long-standing investors.

OUTLOOK

Covid-19 had a profound impact on healthcare. As backlogs are processed, and the focus of healthcare systems changes from crisis management to more strategic issues it is likely that we will see improved adoption of the products and technologies of the companies the portfolio is invested in. Indeed, one might argue that the pressures we have seen on healthcare systems makes this inevitable.

Your Board remains fully supportive of the approach to healthcare investing adopted by the Manager and considers that the Portfolio is well positioned to benefit in the long term.

Randeep Grewal
Chairman
19 July 2023

Investment Manager's Report

MACRO ENVIRONMENT

Few things irk the portfolio manager more than continued recourse to superlatives when describing the macro backdrop influencing the behaviour of the wider equity market. We can say with some asperity that we are beyond bored with living in 'interesting times'. Nonetheless, we are compelled to record the reality of another epoch that seems without precedent.

To recapitulate: calendar 2022 witnessed a combination of rising interest rates and attendant concerns over both the availability and affordability of credit. This, allied to perceptions that primary and secondary equity raises will be challenged in these market conditions, prompted investors to shy away from smaller companies with negative operating cashflows or those that might need additional funding on an 18-month+ view. Throughout this period, sectoral sagacity was of limited value; it was a sub-sector and macro-led market where 'big' was best and 'boring' was better still.

Longer duration stories were heavily discounted at much higher rates than would be imputed by base rate rises. This backdrop proved very challenging for funds like ours with a bias to small/mid-cap companies. It also led to a historical disconnect between the valuations of SMID vs. Large/Meg-Cap companies.

The past six months offered little respite on the novelty front, throwing a 'mini' US Regional banking crisis reminiscent of 2008/9 in March 2023 and an AI-driven technology mania that began in November 2022, with many echoes of 1999/2000 on top of the continuing geopolitical and macroeconomic uncertainties.

Depending on who you believe, AI will either usher in the much-needed productivity boon that will allow us to overcome the demographic burden of a rising dependency ratio or result in the destruction of the human race. As with all these things, the reality will be much less extreme and take much longer to come to fruition than anyone currently wishes to speculate, but the market loves a narrative.

The consequence of this new cocktail of market factors was the rather unexpected outcome of an equity market that rose (MSCI World Index sterling total return of +0.2% over the period in review and the US S&P500 Index total return of -0.4%) as interest rates rose and the Damoclean declivity of recession hung over the market. The S&P500 eventually tipped into 'bull market' territory by mid-June i.e. a rise of >20% from the recent low, which was in October 2022, albeit via a rally driven predominantly by a handful of AI-linked technology stocks.

On closer inspection, the remarkable thing about this period has been the robustness of corporate earnings. Companies have managed to pass on higher input costs to end customers, preserving profit margins even as consumer sentiment and discretionary spending power seemed to come under pressure. Aggregate S&P500 earnings expectations for 2024-2025 have not fallen during this period, and instead rose very modestly. Labour markets remain tight and the cost of living crisis can seem ethereal in big financial centres, surrounded as they are by packed bars and restaurants and bustling airports.

The consumer seems indefatigable. As children of the 1970s, your managers are minded to recall the Asterix comics of their youth when thinking about current market sentiment. In those books, the potion-powered and thus undefeatable Gauls have only one fear: that the sky may fall on their heads tomorrow. But "tomorrow never comes" urges their Chief, Vitalstatistix.

Investors remain worried that something is going to tip the market into a sell-off and there are plenty of candidates to choose from in today's uncertain geopolitical climate. That said, these same investors aren't really that worried because these threats don't feel tangible enough or close enough to pull further capital away. As a consequence, we are living in an era of surprisingly low volatility and little overall price direction (excluding the relentless rise of Technology shares).

Even odder in a historical context was to see healthcare materially underperform the wider market, during this period and for it to do so to a degree not seen since that same 1999/2000 period despite precisely the sort of uncertain negative economic backdrop that usually supports a positive relative performance for a sector with inherent defensive characteristics.

HEALTHCARE PERFORMANCE REVIEW

As noted previously, the MSCI World Healthcare Index generated a sterling total return of -6.9% over the period in review. The reasons for this material underperformance have been much debated by equity strategy types and the most compelling but wholly unsatisfactory answer would appear to have been positioning: healthcare was seen as less exciting than technology during this period and was a source of capital to speculate (and we chose that word deliberately and judiciously) on AI-linked stocks.

Coming back to fundamentals, it is worth noting that healthcare has not seen any significant regulatory developments over the period in review that would prompt a reconsideration of the longer-term earnings power. It is also worth noting that the healthcare sub-indices of the S&P500, NASDAQ and Russell 2000 series have outperformed their parent on earnings revisions for 2024-2025 period during our fiscal H1 23 period (which is as one would expect during a period of negative economic developments adversely impacting equities as a broad asset class). In addition to being largely non-cyclical and non-discretionary, early 2023 finally saw the long-hoped for post-COVID 'return to normal' regarding elective procedures and routine physician appointments.

Accepting that healthcare did not "work" for investors in the broadest sense over this period, what worked best within the sector? The performance by sub-sector is summarised in Figure 1 below:

This is not such an easy question to answer in a generalised manner. Intuiting from the comment above regarding normalisation, one might expect procedural volume beneficiaries to have fared best (Med-Tech companies and Facilities, i.e. hospital operators) and those who pay for these procedures (i.e. Managed Care, the US insurers) to have fared worst. If you are going to hang on to some healthcare exposure, you might have wanted those defensive qualities, which applies most to Distributors, Diversified Therapeutics and Conglomerates, but there is no clear picture there. If one remains concerned about the impact of rising rates on asset duration and funding opportunities, then one might eschew the 'biotechnology' companies (Focused Therapeutics) and those companies providing services to them (Tools and Services), but again the picture looks more complex than such a reductive, simplistic top-down approach would suggest.

Dental remains the confounder. This is surely the most consumer discretionary of all the healthcare sub-sectors and yet continues to hang on to the material re-rating that it enjoyed at the turn of the year.

Figure 1: Performance by sub-sector for the period to 31 May 2023

	Weighting	Perf (USD)	Perf (GB)
Dental	0.4%	36.8%	31.9%
Services	2.1%	8.6%	4.7%
Med-Tech	12.6%	6.3%	2.5%
Facilities	1.0%	6.1%	2.2%
Other HC	1.3%	-1.9%	-1.9%
Distributors	1.6%	0.7%	-2.9%
Diversified Therapeutics	37.2%	-1.1%	-4.7%
Healthcare Technology	0.9%	-2.0%	-5.6%
Diagnostics	1.5%	-2.2%	-5.7%
Focused Therapeutics	8.4%	-6.6%	-9.9%
Tools	8.3%	-12.5%	-15.6%
Generics	0.4%	-12.8%	-15.9%
Conglomerate	11.9%	-13.3%	-16.4%
Managed Care	12.0%	-14.4%	-17.4%
Healthcare IT	0.6%	-17.5%	-20.5%
Index perf		**-4.3%**	**-7.7%**

The Diagnostics sector, long a favourite of ours on the basis of its ability to transform the care paradigm has been a mixed bag, with a significant dispersion of winners and losers due to a disparate series of company-specific occurrences. Some of the valuations currently on offer in this sub-sector are bewilderingly low.

TRUST PERFORMANCE REVIEW

The Bellevue Healthcare strategy is centred around owning companies that are operationally geared into the adoption of a selected group of products, technologies and services that we believe are critical to the evolution of the healthcare delivery paradigm. Because our approach is 'bottom up' and focused around this theme of healthcare change, we never expected it to deliver correlated returns to the wider healthcare sector or the wider equity market.

By virtue of their focused and innovative nature, the holdings in the Company's portfolio tend to be more small/mid-cap than large/mega-cap. This gives us a size factor profile that is the inverse of the MSCI World Healthcare Index and this, independent of company specific news flow, has been a significant negative drag on performance through late 2021 to late 2022, as was discussed in the interim and annual reports for the previous fiscal year.

As noted in the previous section, this was a challenging period for the healthcare sector and, whilst we cannot report a positive absolute development for the Company's net asset value ("NAV") total return, which declined 4.9% over H1 2022 to 159.62p, this represented a positive relative performance and glimmers of a more constructive market dynamic were evident; one that leaves us more optimistic for the second half of the year.

Although our strategy is unconstrained, we utilise the MSCI World Healthcare Index in sterling as an internal comparator and external reference point; its parent index is the MSCI World Index and our preferred internal metric is rolling three-year annualised performance, which is also presented in Figure 2 below.

Although we are pleased to report a positive relative performance during the period, the rolling three-year and 'since inception' performance highlights how much ground has been lost since the H1 report for the 2021 fiscal year, when our 'since inception' total return was 40.1% ahead of the MSCI comparator.

Figure 2: Bellevue Healthcare Trust Financial Performance Summary for the period to 31 May 2023

(All figures in GBP, to 31 May 2023)	Six months		Rolling three year (ann.)		Since Inception	
	Return[1]	Diff. vs. Comparator	Return[1]	Diff. vs. Comparator	Return[1]	Diff. vs. Comparator
Bellevue Healthcare Trust NAV (inc. dividends from capital)	-4.9%	+203bp	+3.4%	-330bp	+94.2%	-382bp
Bellevue Healthcare Trust Total Shareholder return	-4.9%	+207bp	+0.7%	-606bp	+79.3%	-1868bp
MSCI World Healthcare (GBP) - Comparator	-6.9%	n/a	+6.7%	n/a	+98.0%	
MSCI World Index (GBP)	+0.2%	+714bp	+14.3%	+402bp	+86.5%	-1153bp
FTSE All Share Index	+0.1%	+700bp	+12.0%	+340bp	+39.6%	-5843bp

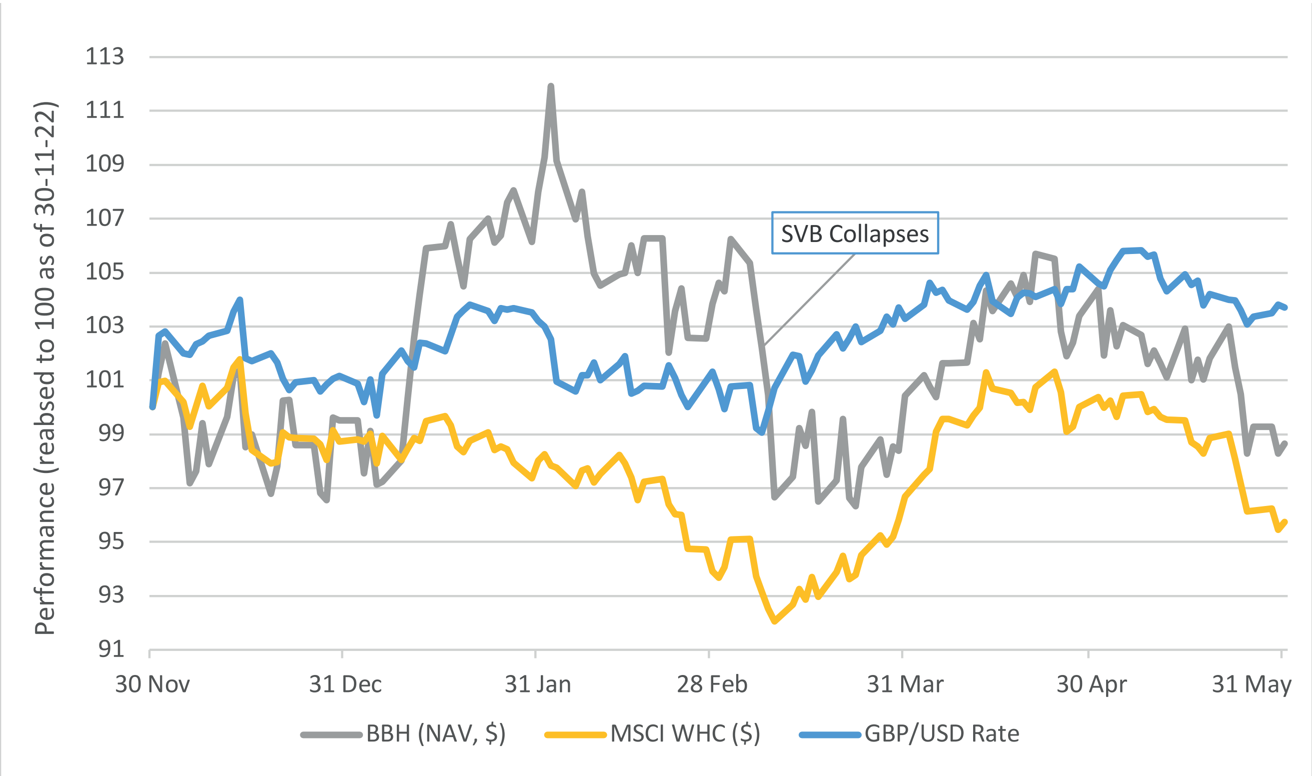
[1] Note – the stated total shareholder return assumes the reinvestment of dividends.

Indeed, it is fair to say that we are rather disappointed by the overall performance, since we experienced an unexpected setback around the 'mini' US Regional bank crisis that began with the collapse of Silicon Valley Bank on 8 March 2023 and from which we have yet to fully recover, despite there being no consequences for any depositors nor any of our companies (none of whom held any material amounts with the lender). The portfolio gave up almost 700bp of relative performance in those few days. The evolution of the NAV is illustrated in Figure 3 below.

We would offer two observations from the portfolio performance during the first half of fiscal 2023. Firstly, the relative performance versus the MSCI World Healthcare Index in the period from 30 November 2022, to the beginning of the 'mini' banking crisis on 6 March 2023 (+991bp) attests to the relative valuation opportunity inherent in our portfolio.

Secondly, as we gradually move to more stable market conditions with a flatter yield curve and cooling inflation, the 'quality growth' characteristics of our portfolio companies should again shine through. There are few places where one can be so confident in the medium-to long-term demand outlook as healthcare.

Figure 3: Bellevue Healthcare Trust NAV evolution for the period to 31 May 2023



PORTFOLIO EVOLUTION

The evolution of the portfolio over the period-in-review is summarised in Figure 4 and reflects the impact of two major considerations; firstly the normalisation of procedure volume trends (positive for Med-Tech, more negative for Managed Care) and secondly, a shift away from pharmaceuticals and biotechnology (Diversified and Focused Therapeutics respectively) towards what we saw as more compelling risk-adjusted returns in the Tools and Healthcare IT sub-sectors. The total number of holdings has declined from 29 positions to 28, with one addition and two exits.

Figure 4: Bellevue Healthcare Trust Portfolio evolution for the period to 31 May 2023

	Subsectors end May 22	Subsectors end May 23	Change
Dental	0.7%	0.9%	Increased
Diagnostics	11.9%	11.4%	Decreased
Diversified Therapeutics	8.1%	4.0%	Decreased
Focused Therapeutics	24.5%	21.3%	Decreased
Healthcare IT	4.9%	8.8%	Increased
Healthcare Technology	3.5%	3.0%	Decreased
Managed Care	9.8%	7.2%	Decreased
Med-Tech	15.2%	18.8%	Increased
Services	15.8%	14.9%	Decreased
Tools	5.6%	9.6%	Increased
	100.0%	**100.0%**	

Figure 5: Market capitalisation breakdown

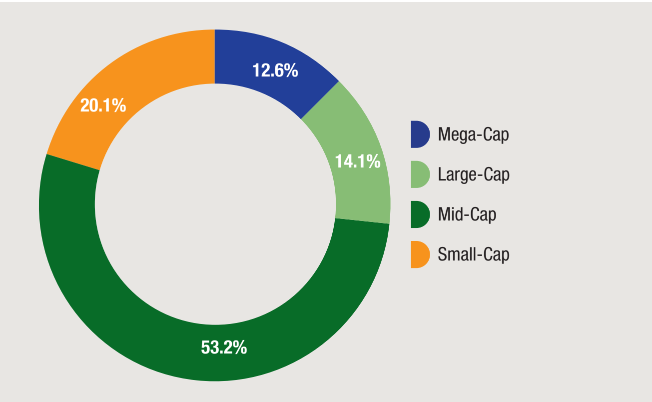
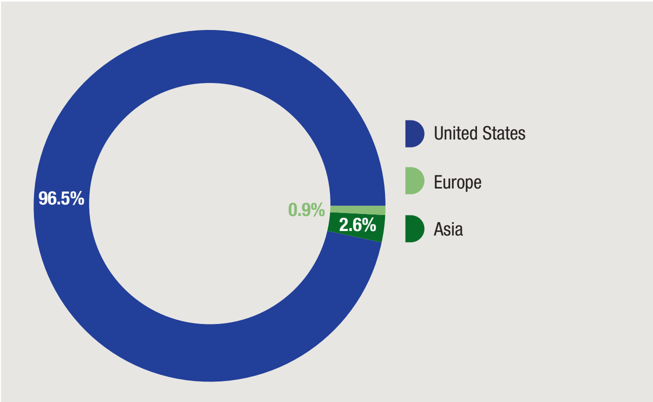


Figure 6: Geographical breakdown (operational HQ)



Source: Bellevue Asset Management UK.
Data as of 31 May 2023
Mega Cap >$50bn, Large Cap >$10bn, Small-Cap <$2bn

Full investment portfolio as of 31 May 2023

	Company	Sub-sector classification	% of gross portfolio
1	EXACT SCIENCES	Diagnostics	6.9
2	OPTION CARE HEALTH	Services	6.1
3	AXONICS	Med-Tech	5.7
4	INSMED	Focused Therapeutics	5.6
5	PACIFIC BIOSCIENCES	Tools	5.4
6	CHARLES RIVER	Services	5.1
7	EVOLENT HEALTH	Healthcare IT	5.1
8	APELLIS PHARMACEUTICALS	Focused Therapeutics	4.5
9	BIO-RAD LABORATORIES	Tools	4.3
10	UNITED HEALTH GROUP	Managed Care	4.2
Total Top 10			**52.9**
11	JAZZ PHARMACEUTICALS	Diversified Therapeutics	4.0
12	ACCOLADE	Healthcare IT	3.8
13	OUTSET MEDICAL	Med-Tech	3.7
14	AMEDISYS	Services	3.7
15	SILK ROAD MEDICAL	Med-Tech	3.5
16	AXSOME THERAPEUTICS	Focused Therapeutics	3.3
17	TANDEM DIABETES CARE	Health Tech	3.0
18	ELEVANCE HEALTH	Managed Care	2.9
19	VERTEX PHARMACEUTICALS	Focused Therapeutics	2.9
20	ATRICURE	Med-Tech	2.8
21	INTUITIVE SURGICAL	Med-Tech	2.5
22	CAREDX	Diagnostics	2.4
23	SAREPTA THERAPEUTICS	Focused Therapeutics	2.1
24	CASTLE BIOSCIENCES	Diagnostics	2.1
25	HUTCHMED	Focused Therapeutics	1.9
26	VERONA PHARMACEUTICALS	Focused Therapeutics	1.0
27	STRAUMANN HOLDINGS	Dental	0.9
28	VENUS MEDTECH	Med-Tech	0.6
Total portfolio			**100.0**
Gross exposure			**£883.8 million**
Net value of assets			**£876.1 million**

Paul Major and **Brett Darke**
Bellevue Asset Management (UK) Ltd
19 July 2023

Portfolio

Top Ten Holdings

As at 31 May 2023	% of net asset value
Exact Sciences	6.9
Option Care Health	6.2
Axonics	5.8
Insmed	5.6
Pacific Biosciences	5.4
Charles River	5.2
Evolent Health	5.1
Apellis Pharmaceuticals	4.5
Bio-Rad Laboratories	4.3
UnitedHealth Group	4.3
Top ten holdings	**53.3**
Other holdings	47.6
Other net liabilities	(0.9)
Total	**100.0**

Sub Sector Exposure

Allocation as at 31 May 2023	% of net asset value
Focused Therapeutics	21.4
Medical Technology	19.0
Services	15.0
Diagnostics	11.5
Tools	9.7
Healthcare IT	8.9
Managed Care	7.3
Diversified Therapeutics	4.0
Health Technology	3.0
Dental	0.9
Other net liabilities	(0.9)
Total	**100.0**

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rules ("DTR"). The Chairman's Statement and the Investment Manager's Report in this half-yearly report provide details of the important events which have occurred during the period and their impact on the financial statements. The following statements on principal and emerging risks and uncertainties, related party transactions, going concern and the Directors' Responsibility Statement, together constitute the Interim Management Report of the Company for the six months ended 31 May 2023. The outlook for the Company for the remaining six months of the year ending 30 November 2023 is discussed in the Chairman's Statement and the Investment Manager's Report.

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Board is responsible for the management of risks faced by the Company and delegates this role to the Audit and Risk Committee (the "Committee"). The Committee carries out, at least annually, a robust assessment of principal and emerging risks and uncertainties and monitors the risks on an ongoing basis.

The Committee has a dynamic risk management programme in place to help identify key risks in the business and oversee the effectiveness of internal controls and processes. The principal risks and uncertainties facing the Company are as follows:

- Market risks, including risks associated with the economy, healthcare companies and sectoral diversification
- Financial risks;
- Corporate governance and internal control risks;
- Regulatory risks;
- Key person risk;
- Business interruption;
- Geopolitical risk and
- ESG and climate change

A detailed explanation of the principal and emerging risks and uncertainties facing the Company can be found in the Company's most recent Annual Report and Accounts for the year ended 30 November 2022, which can be found on the Company's website at www.bellevuehealthcaretrust.com

Since the publication of the 2022 Annual Report and Accounts on 6 March 2023, there continues to be increased risk levels within the global economy. The ongoing conflict in Ukraine, the subsequent impact on global economies, deteriorating international relations and increasing levels of inflation worldwide have undoubtedly raised investment risk. Rising interest rates and mismatches in asset liability pricing have led to the failure of three US banks and created fears of global contagion. The Board closely monitors and assesses these continued uncertainties as to how they could impact and effect the Company's trading position with regards our investment objective, portfolio and thus our Shareholders and where appropriate endeavour to mitigate the risk.

RELATED PARTY TRANSACTIONS

The Company's Investment Manager is Bellevue Asset Management (UK) Ltd ('Bellevue UK'). In its role as Alternative Investment Fund Manager ('AIFM') of the Company, Bellevue UK carry out portfolio management services and risk management services are delegated to Bellevue Asset Management AG.

Bellevue UK is considered a related party under the FCA's Listing Rules. Bellevue UK is entitled to receive management fees payable monthly in arrears calculated at the rate of one-twelfth of 0.95% (excluding VAT) per calendar month of the market capitalisation of the Company. There is no performance fee payable to Bellevue UK. Details of the Investment Manager's fees during the six months ended 31 May 2023 can be found in the Condensed Unaudited Statement of Comprehensive Income. There have been no changes to the related party transactions that could have a material effect on the financial position or performance of the Company since the year ended 30 November 2022.

GOING CONCERN

The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the following twelve-month period from the date of this report. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets as at 31 May 2023 were £876.1 million (31 May 2022: £881.5 million). As at 31 May 2023, the Company held £883.8 million (31 May 2022: £987.3 million) in quoted investments and had cash of £49.6million (31 May 2022: £15.7million). The total expenses (excluding finance costs and taxation) for the six months ended 31 May 2023 were £4.6 million (31 May 2022: £5.4 million). As of 31 May 2023, the Company's net gearing was £8.0million (31 May 2022: £110million), equivalent to 0.9% of the gross exposure (31 May 2022: 12.5%).

As part of their assessment, the Board have fully considered and assessed the Company's portfolio of investments, giving careful consideration to the consequences for the Company of continuing uncertainties in the global economy. The Russian invasion of Ukraine created significant supply chain disruption and exacerbating inflationary pressures worldwide. A prolonged and deep stock market decline would lead to falling values in the Company's investments or interruptions to cash flow. However, the Company currently has more than sufficient liquidity available to meet any future obligations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE HALF-YEARLY REPORT

The Directors confirm to the best of their knowledge that:

- The condensed set of interim financial statements contained within the Half-yearly report has been prepared in accordance with IAS 34 Interim Financial Reporting.
- The interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's DTR.

Randeep Grewal
Chairman
19 July 2023

Financial Statements

Condensed Unaudited Statement of Comprehensive Income

for the six months ended 31 May 2023

		Six months ended 31 May 2023			Six months ended 31 May 2022			Year ended 30 November 2022*		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments		-	(42,408)	(42,408)	-	(171,500)	(171,500)	-	(19,980)	(19,980)
Losses on currency movements		-	(451)	(451)	-	(5,493)	(5,493)	-	(9,839)	(9,839)
Net investment losses		**-**	**(42,859)**	**(42,859)**	**-**	**(176,993)**	**(176,993)**	**-**	**(29,819)**	**(29,819)**
Income	4	1,067	-	1,067	1,328	-	1,328	2,186	-	2,186
Total income		**1,067**	**(42,859)**	**(41,792)**	**1,328**	**(176,993)**	**(175,665)**	**2,186**	**(29,819)**	**(27,633)**
Investment management fees		(824)	(3,297)	(4,121)	(961)	(3,845)	(4,806)	(1,877)	(7,510)	(9,387)
Other expenses		(542)	-	(542)	(553)	-	(553)	(1,069)	-	(1,069)
Loss before finance costs and taxation		**(299)**	**(46,156)**	**(46,455)**	**(186)**	**(180,838)**	**(181,024)**	**(760)**	**(37,329)**	**(38,089)**
Finance costs	5	(408)	(1,635)	(2,043)	(179)	(717)	(896)	(610)	(2,440)	(3,050)
Operating loss before taxation		**(707)**	**(47,791)**	**(48,498)**	**(365)**	**(181,555)**	**(181,920)**	**(1,370)**	**(39,769)**	**(41,139)**
Taxation	6	(85)	-	(85)	(199)	-	(199)	(285)	-	(285)
Loss for the period/year		**(792)**	**(47,791)**	**(48,583)**	**(564)**	**(181,555)**	**(182,119)**	**(1,655)**	**(39,769)**	**(41,424)**
Return per Ordinary Share	7	**(0.14)p**	**(8.63)p**	**(8.77)p**	**(0.10)p**	**(31.52)p**	**(31.62)p**	**(0.28)p**	**(6.84)p**	**(7.12)p**

*Audited.

There is no other comprehensive income and therefore the 'Loss for the period/year' is the total comprehensive income for the period.

The total column of the above statement is the statement of comprehensive income of the Company. The supplementary revenue and capital columns, including the earnings per Ordinary Shares, are prepared under guidance from the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

The notes on pages 19 to 24 are an integral part of these financial statements.

Condensed Unaudited Statement of Financial Position

as at 31 May 2023

	Note	31 May 2023 £'000	31 May 2022 £'000	30 November 2022* £'000
Non-current assets				
Investments held at fair value through profit or loss	3	883,801	987,306	1,043,349
Current assets				
Cash and cash equivalents		49,633	15,651	46,368
Sales for future settlement		-	3,882	855
Other receivables		175	314	392
		49,808	19,847	47,615
Total assets		**933,609**	**1,007,153**	**1,090,964**
Current liabilities				
Purchases for future settlement		-	(5,680)	(1,395)
Bank loans payable	5	(56,513)	(118,864)	(83,731)
Other payables		(906)	(1,130)	(1,512)
Total liabilities		**(57,419)**	**(125,674)**	**(86,638)**
Net assets		**876,190**	**881,479**	**1,004,326**
Equity				
Share capital	8	5,577	5,873	5,881
Share premium account		617,709	616,249	617,371
Special distributable reserve		-	46,913	28,347
Capital reserve		254,986	212,231	354,017
Revenue reserve		(2,082)	213	(1,290)
Total equity		**876,190**	**881,479**	**1,004,326**
Net asset value per Ordinary share	**9**	**159.62p**	**150.41p**	**171.16p**

*Audited.

Approved by the Board of Directors on and authorised for issue on 19 July 2023 and signed on their behalf by:

Randeep Grewal
Chairman

Registered in England and Wales with registered number 10415235.

The notes on pages 19 to 24 form an integral part of these financial statements.

Condensed Unaudited Statement of Changes in Equity

for the six months ended 31 May 2023

	Note	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 01 December 2022		5,881	617,371	28,347	354,017	(1,290)	**1,004,326**
Loss for the period		-	-	-	(47,791)	(792)	**(48,583)**
Issue of Ordinary Shares	8	2	340	-	-	-	**342**
Redemption of ordinary shares	8	(306)	-	(10,491)	(39,454)	-	**(50,251)**
Buybacks of ordinary shares held in treasury		-	-	-	(11,786)	-	**(11,786)**
Share issue, Buybacks and Redemption costs		-	(2)	(81)	-	-	**(83)**
Dividend paid		-	-	(17,775)	-	-	**(17,775)**
Closing balance as at 31 May 2023		**5,577**	**617,709**	**-**	**254,986**	**(2,082)**	**876,190**

for the six months ended 31 May 2022

	Note	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 01 December 2021		5,602	568,910	64,392	393,786	777	**1,033,467**
Loss for the period		-	-	-	(181,555)	(564)	**(182,119)**
Issue of Ordinary Shares	8	271	47,720	-	-	-	**47,991**
Ordinary Share issue costs		-	(381)	-	-	-	**(381)**
Dividend paid		-	-	(17,479)	-		**(17,479)**
Closing balance as at 31 May 2022		**5,873**	**616,249**	**46,913**	**212,231**	**213**	**881,479**

for the year ended 30 November 2022 (Audited)

	Note	Share Capital £'000	Share premium account £'000	Special distributable reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Opening balance as at 01 December 2021		5,602	568,910	64,804	393,786	365	**1,033,467**
Loss for the year		-	-	-	(39,769)	(1,655)	**(41,424)**
Issue of Ordinary Shares	8	279	48,887	-	-	-	**49,166**
Ordinary Share issue costs		-	(426)	-	-	-	**(426)**
Dividend paid		-	-	(36,457)	-	-	**(36,457)**
Closing balance as at 30 November 2022		**5,881**	**617,371**	**28,347**	**354,017**	**(1,290)**	**1,004,326**

The Company's distributable reserves consist of the special distributable reserve, capital reserve attributable to realised profit and revenue reserve.

The Company can use its distributable reserves to fund dividends, redemptions of Ordinary Shares and share buy backs.

The notes on pages 19 to 24 are an integral part of these financial statements

Condensed Unaudited Statement of Cash Flows

for the six months ended 31 May 2023

	Six months ended 31 May 2023 £'000	Six months ended 31 May 2022 £'000	Year ended 30 November 2022* £'000
Operating activities Cash flows			
Income**	1,067	1,328	2,186
Management expenses	(4,632)	(5,752)	(10,794)
Taxation	(85)	(199)	(285)
Net cash flow used in operating activities	**(3,650)**	**(4,623)**	**(8,893)**
Investing activities Cash flows			
Purchase of investments	(113,101)	(469,855)	(599,039)
Sale of investments	229,701	387,110	610,527
Net cash flow from/(used in) investing activities	**116,600**	**(82,745)**	**11,488**
Financing activities Cash flows			
Bank loans drawn	-	45,238	45,174
Bank loans repaid	(24,071)	-	(44,885)
Finance costs paid	(2,463)	(628)	(2,546)
Dividend paid	(17,775)	(17,479)	(36,457)
Proceeds from issue of Ordinary Shares	342	47,991	49,166
Redemption of ordinary shares	(50,251)	-	-
Buybacks of ordinary shares held in treasury	(11,786)	-	-
Share issue, Buybacks and Redemption costs	(83)	(381)	(426)
Net cash flow (used in)/from financing activities	**(106,087)**	**74,741**	**10,026**
(Decrease)/increase in cash and cash equivalents	**(6,863)**	**(12,627)**	**12,621**
Cash and cash equivalents at start of period	46,368	27,994	27,994
Effect of foreign currency movements	(3,598)	284	5,753
Cash and cash equivalents at end of period	**46,633**	**15,651**	**46,368**

*Audited.

**Cash inflow from dividends for the financial period was £359,000 (31 May 2022: £1,126,000 and 30 November 2022: £1,618,000). Bank deposits interest income received during the year was £623,000 (31 May 2022: £nil and 30 November 2022: £283,000).

The table below shows the movement in borrowings during the period.

	Six months ended 31 May 2023 £'000	Six months ended 31 May 2022 £'000	Year ended 30 November 2022* £'000
Opening balance	**83,731**	**67,850**	**67,850**
Repayment of bank loans	(24,071)	-	(44,885)
Proceeds from bank loans	-	45,238	45,174
Foreign exchange movements	(3,147)	5,776	15,592
Closing balance	**56,513**	**118,864**	**83,731**

The notes on pages 19 to 24 are an integral part of these financial statements.

Notes to the Condensed Unaudited Financial Statements

1. REPORTING ENTITY

Bellevue Healthcare Trust plc (the "Company"), is a closed-ended investment company, registered in England and Wales on 7 October 2016. The Company's registered office is 6th Floor, 125 London Wall, London, EC2Y 5AS. Business operations commenced on 2 December 2016 when the Company's Ordinary Shares were admitted to trading on the London Stock Exchange. The financial statements of the Company are presented for the period from 1 December 2022 to 31 May 2023.

The Company invests in a concentrated portfolio of listed or quoted equities in the global healthcare industry. The Company may also invest in American Depositary Receipts (ADRs), or convertible instruments issued by such companies and may invest in, or underwrite, future equity issues by such companies. The Company may utilise contracts for differences for investment purposes in certain jurisdictions where taxation or other issues in those jurisdictions may render direct investment in listed or quoted equities less effective.

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.

2. BASIS OF PREPARATION

Statement of compliance

The condensed unaudited interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ("DTRs") of the UK's Financial Conduct Authority. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 November 2022. The financial statements of the Company for the year ended 30 November 2022 were prepared in accordance with UK-adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006. The accounting policies used by the Company are the same as those applied by the Company in its financial statements for the year ended 30 November 2022. The financial information for the year ended 30 November 2022 in the condensed interim unaudited financial statements has been extracted from the audited Annual Report and Accounts.

When presentational guidance set out in the Statement of Recommended Practice ('SORP') for Investment Companies issued by the Association of Investment Companies ('the AIC') in July 2022 is consistent with the requirements of UK-adopted International Accounting Standards, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements.

The Directors have a reasonable expectation that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of these financial statements.

Use of estimates, assumptions and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. There have been no estimates, judgements or assumptions, which have had a significant impact on the financial statements for the period.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measured at fair value.

Functional and presentation currency

The financial statements are presented in sterling, which is the Company's functional currency. The Company's investments are denominated in multiple currencies. However, the Company's shares are issued in sterling and the majority of its investors are UK based. In addition, all expenses are paid in GBP as are dividends. All financial information presented in sterling has been rounded to the nearest thousand pounds.

Investments

Upon initial recognition investments are designated by the Company "at fair value through profit or loss". They are accounted for on the date they are traded and are included initially at fair value which is taken to be their cost. Subsequently quoted investments are valued at fair value, which is the bid market price, or if bid price is unavailable, last traded price on the relevant exchange. Unquoted investments are valued at fair value by the Board which is established with regard to the International Private Equity and Venture Capital Valuation Guidelines by using, where appropriate, latest dealing prices, valuations from reliable sources and other relevant factors.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are included in the capital column of the Statement of Comprehensive Income within "gains on investments".

Investments are derecognised on the trade date of their disposal, which is the point where the Company transfers substantially all the risks and rewards of the ownership of the financial asset.

Adoption of new and revised standards

At the date of approval of these financial statements, there were a number of new standards and amendments to standards are effective for the annual periods beginning after 1 January 2022. None of these have a significant effect on the measurement of the amounts recognised in the financial statements of the Company for the period ended 31 May 2023.

3. INVESTMENT HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

As at	31 May 2023 £'000	31 May 2022 £'000	30 November 2022 £'000
Investments held at fair value through profit or loss			
– Quoted overseas	883,801	987,306	1,043,349
Closing valuation	**883,801**	**987,306**	**1,043,349**

Under IFRS 13 'Fair Value Measurement', an entity is required to classify investments using a fair value hierarchy that reflects the significance of the inputs used in making the measurement decision.

The following shows the analysis of financial assets recognised at fair value based on:

Level 1

The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3

Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The classification of the Company's investments held at fair value is detailed in the table below:

	As at 31 May 2023				As at 31 May 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss – Quoted	883,801	-	-	**883,801**	987,306	-	-	**987,306**

	As at 30 November 2022			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments at fair value through profit and loss – Quoted	1,043,349	-	599	**1,043,349**

Fair values of financial assets and financial liabilities

All financial assets and liabilities are recognised in the financial statements at fair value, with the exception of short-term assets and liabilities, which are held at nominal value that approximates to fair value, and loans that are initially recognised at the fair value of the consideration received, less directly attributable costs, and subsequently recognised at amortised cost. The carrying value of the loans approximates to the fair value of the loans.

There were no transfers between levels during the period ended 31 May 2023 (2022: nil).

4. INCOME

	Six months ended 31 May 2023 £'000	Six months ended 31 May 2022 £'000	Year ended 30 November 2022 £'000
Income from investments			
Overseas dividends	444	1,325	1,903
Bank interest on deposits	623	3	283
Total income	**1,067**	**1,328**	**2,186**

5. BANK LOANS AND FINANCE COSTS

The Company has a multi-currency revolving credit facility RCF with The Bank of Nova Scotia, London Branch. On 16 June 2022, the Company renewed and amended its RCF. Under the terms of the amended RCF, the Company may draw down loans up to an aggregate value of USD 280 million (increased from the previous limit of USD 235 million). The increased facility will expire in December 2024.

As at 31 May 2023, the aggregate of loans draw down was USD 70,000,000 equivalent of £56,513,000 (31 May 2022: £118,864,000 and 30 November 2022: £83,731,000).

The table below shows the finance costs in relation to the Company's loans draw down.

	Six months ended 31 May 2023			Six months ended 31 May 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Loan interest	405	1,621	**2,026**	172	689	**861**
Other finance costs	3	14	**17**	7	28	**35**
Total	**408**	**1,635**	**2,043**	**179**	**717**	**896**

	Year ended 30 November 2022		
	Revenue £'000	Capital £'000	Total £'000
Loan interest	597	2,389	**2,986**
Other finance costs	13	51	**64**
Total	**610**	**2,440**	**3,050**

6. TAXATION

(a) Analysis of tax charge for the period

	Six months ended 31 May 2023			Six months ended 31 May 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Withholding tax expense	85	-	**85**	199	-	**199**
Total tax charge for the period	**85**	**-**	**85**	**199**	**-**	**199**

	Year ended 30 November 2022		
	Revenue £'000	Capital £'000	Total £'000
Withholding tax expense	285	-	**285**
Total tax charge for the year	**285**	**-**	**285**

7. RETURN PER ORDINARY SHARE

Return per share is based on the weighted average number of Ordinary Shares in issue during the six months ended 31 May 2023 of 553,461,838 (31 May 2022: 576,006,437 and 30 November 2022: 581,357,335).

	As at 31 May 2023			As at 31 May 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
Loss for the period (£'000)	(792)	(47,791)	**(48,583)**	(564)	(181,555)	**(182,119)**
Return per Ordinary Share	(0.14)p	(8.63)p	**(8.77)p**	(0.10)p	(31.52)p	**(31.62)p**

	As at 30 November 2022		
	Revenue	Capital	Total
Loss for the year (£'000)	(1,655)	(39,769)	**(41,424)**
Return per Ordinary Share	(0.28)p	(6.84)p	**(7.12)p**

8. SHARE CAPITAL

	As at 31 May 2023		As at 31 May 2022	
	No. of shares	£'000	No. of shares	£'000
Allotted, issued and fully paid:				
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	548,924,670	5,489	586,057,380	5,860
Shares held in treasury	7,490,560	75	-	-
Management Shares of £1 each	50,001	13	50,001	13
Total	**556,465,231**	**5,577**	**586,107,381**	**5,873**

	As at 30 November 2022	
	No. of shares	£'000
Allotted, issued and fully paid:		
Redeemable Ordinary Shares of 1p each ('Ordinary Shares')	586,783,083	5,868
Management Shares of £1 each	50,001	13
Total	**586,833,084**	**5,881**

Share Movement

During the six months to 31 May 2023, 7,490,560 Ordinary Shares (31 May 2022: Nil and 30 November 2022: Nil) were bought back into treasury through the Company's share buyback programme and 30,577,550 (31 May 2022: 514,135 and 30 November 2022: 514,135) Ordinary Shares were redeemed and cancelled by the Company, in line with the Company's annual redemption facility. On 5 May 2023, in line with the Company's Scrip Dividend Scheme, 209,697 Ordinary Shares were allotted and issued to Shareholders who elected for their final dividend to be automatically subscribed on their behalf for new Ordinary Shares.

Since 31 May 2023, a further 183,903 Ordinary Shares have been bought back into treasury, with aggregate cost of £283,000.

9. NET ASSETS PER ORDINARY SHARE

Net assets per Ordinary Share as at 31 May 2023 is based on £876,190,000 of net assets of the Company attributable to the 548,924,670 Ordinary Shares in issue (excluding treasury shares) as at 31 May 2023. The £12,500 of net assets as at 31 May 2023 is attributable to the Management Shares.

10. DIVIDEND

During the six months ended 31 May 2023, the Company paid a dividend of 3.235p per Ordinary Share in respect of the year ended 30 November 2022.

The Directors have declared an interim dividend for the six-month period ended 31 May 2023 of 2.995p per Ordinary Share. The dividend will have an ex-dividend date of 27 July 2023 and will be paid on 25 August 2023 to Shareholders on the register at 28 July 2023. The dividend will be funded from the Company's distributable reserves.

11. RELATED PARTY TRANSACTIONS

Fees payable to the Investment Manager are shown in the Statement of Comprehensive Income. As at 31 May 2023, the fee outstanding to the Investment Manager was £662,000 (31 May 2022: £714,000 and 30 November 2022: £744,000).

Following the year end and with effect from 1 December 2022, annual fees were increased, resulting in Directors' fees of £67,000 per annum for the Chairman of the Board; £49,550 per annum for the Chair of the Audit and Risk Committee and £39,250 per annum for the other Board members. An additional £1,000 per annum is payable to the Senior Independent Director and an additional £1,000 per annum is payable to the Chair of the Management Engagement Committee. Net fees payable to the Directors are settled in the Company's Ordinary Shares quarterly, using the prevailing market price per Share at the relevant quarter end.

The Directors had the following shareholdings in the Company, all of which are beneficially owned.

	As at 31 May 2023	As at 31 May 2022	As at 30 November 2022
Randeep Grewal	133,271	106,776	119,693
Josephine Dixon	106,159	90,170	98,466
Paul Southgate	88,408	77,034	83,084
Tony Young	25,266	13,968	20,018
Kate Bolsover	19,556	7,577	14,232

12. POST BALANCE SHEET EVENTS

There are no post balance sheet events, other than those disclosed in this report.

13. STATUS OF THIS REPORT

These interim financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The unaudited Half-yearly report will be made available to the public at the registered office of the Company. The report will also be available in electronic format on the Company's website, https://www.bellevuehealthcaretrust.com. The information for the year ended 30 November 2022 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statement has been delivered to the Registrar of Companies. The Company's auditor reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. The Half-yearly report was approved by the Board of Directors on 19 July 2023.

Alternative Performance Measures ('APMs')

DISCOUNT

The amount, expressed as a percentage, by which the share price is lower than the NAV per Ordinary Share.

As at 31 May 2023		Page	£'000
NAV per Ordinary Share (pence)	**a**	1	159.62
Share price (pence)	**b**	1	147.40
Discount	**(b÷a)-1**		**7.7%**

The Company's average discount for the period ended 31 May 2023 was 6.6%.

GEARING

The amount, expressed as a percentage, by which the share price is lower than the NAV per Ordinary Share.

As at 31 May 2023		Page	£'000
Total assets less cash/cash equivalents	**a**	16	883,976
Net assets	**b**	16	876,190
Gearing (net)	**(a÷b)-1**		**0.9%**

LEVERAGE

An alternative word for "Gearing" (See gearing for calculations).

Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions.

Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

ONGOING CHARGES

A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.

Six months ended 31 May 2023		Page	£
Average NAV	**a**	n/a	914,313,725
Annualised expenses	**b**	n/a	9,326,000
Ongoing charges	**(b÷a)**		**1.02%**

TOTAL RETURN

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into the Ordinary Shares of the Company on the ex-dividend date.

Six months ended 31 May 2023 (Unaudited)		Page	Share price	NAV
Opening at 1 December 2022 (p)	**a**	n/a	158.20	171.16
Closing at 31 May 2023 (p)	**b**	1	147.40	159.62
Price movement (b÷a)-1	**c**	n/a	-6.8%	-6.7%
Dividend reinvestment	**d**	n/a	1.9%	1.8%
Total return	**(c+d)**		**-4.9%**	**-4.9%**

n/a = not applicable.

Glossary

AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK and remains in force post BREXIT.
American Depositary Receipt or "ADR"	A negotiable certificate issued by a U.S. bank representing a specified number of shares in a foreign stock traded on a U.S. exchange.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask Directors questions about the company in which they are invested.
CFD or Contract for Difference	A financial instrument, which provides exposure to an underlying equity with the provider financing the cost to the buyer with the buyer receiving the difference of any gain or paying for any loss.
Custodian	An entity that is appointed to safeguard a company's assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share. The discount is calculated on the closing share price.
Depositary	Under AIFMD the depositary is appointed under a strict liability regime to oversee inter alia, those charged with safekeeping of the Company's assets and cash monitoring.
Dividend	Income receivable from an investment in shares.
ESG	Environmental, social and governance.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A term used to describe the extent that a portfolio has increased in size as a way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Gross assets	The Company's total assets adjusted for any leverage amount (outstanding bank loan).
Index	An independent Market tool which is used to compare performance across different investment companies and funds. It quantifies performance of a basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.
Large-Cap	A Company with a market capitalisation above $10 billion.

Leverage	An alternative word for "Gearing". Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
Liquidity	The extent to which investments can be sold at short notice.
Management Shares	Non-redeemable preference shares of £1.00 each in the capital of the Company.
Mega-Cap	A Company with a market capitalisation above $50 billion.
Mid-Cap	A Company with a market capitalisation between $2 and $10 billion.
Net assets	An investment company's assets less its liabilities.
Net asset value (NAV) per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
Ongoing charges ratio	A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.
Ordinary Shares	The Company's redeemable Ordinary Shares of 1p each.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the net asset value per share.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Small-Cap	A Company with a market capitalisation less than $2 billion.
Total return	A measure of performance that takes into account both income and capital returns. This may take into account capital gains, dividends, interests and other realised variables over a given period of time.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.

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