

## 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.

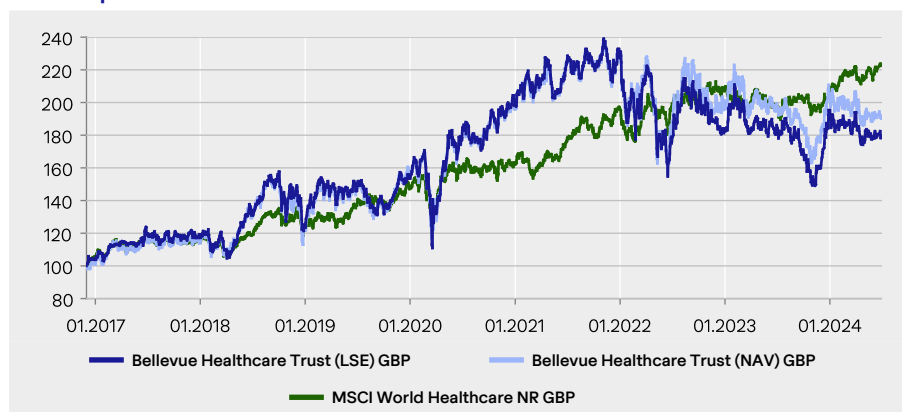
### Fund facts

Share price	140.80
Net Asset Value (NAV)	150.44
Market capitalisation	GBP 650.90 mn
Investment manager	Bellevue Asset Management (UK) Ltd.
Administrator	NSM Funds (UK) Limited
Launch date	01.12.2016
Fiscal year end	Nov 30
Benchmark (BM)	MSCI World Healthcare NR
ISIN code	GB00BZCNLL95
Bloomberg	BBH LN Equity
Number of ordinary shares	462,288,550
Management fee	0.95%
Performance fee	none
Min. investment	n.a.
Legal entity	UK Investment Trust (plc)
EU SFDR 2019/2088	Article 8

### Key figures

Beta	1.40
Correlation	0.64
Volatility	28.6%
Tracking Error	22.56
Active Share	n.a.
Sharpe Ratio	-0.11
Information Ratio	-0.40
Jensen's Alpha	-12.50

### Indexed performance since launch



### Cumulative & annualised performance

#### Cumulative

	1M	YTD	1Y	3Y	5Y	10Y	ITD
Share	-0.6%	-8.7%	-4.2%	-20.5%	22.2%	n.a.	78.4%
NAV	0.3%	-7.5%	-4.6%	-15.2%	29.2%	n.a.	90.1%
BM	2.6%	9.0%	11.8%	26.1%	62.5%	n.a.	122.6%

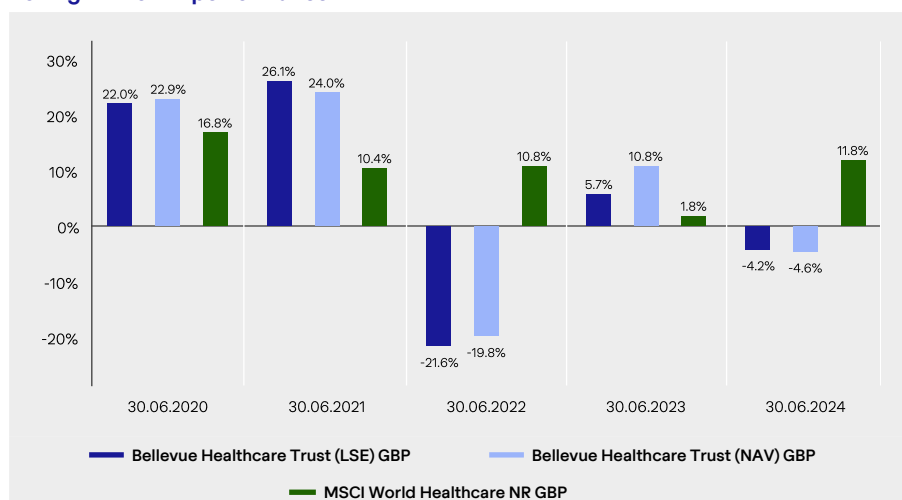
#### Annualised

	1Y	3Y	5Y	10Y	ITD
Share	-4.2%	-7.4%	4.1%	n.a.	7.9%
NAV	-4.6%	-5.3%	5.3%	n.a.	8.8%
BM	11.8%	8.0%	10.2%	n.a.	11.1%

### Annual performance

	2019	2020	2021	2022	2023	YTD
Share	22.7%	29.1%	16.6%	-21.0%	7.0%	-8.7%
NAV	25.9%	25.7%	15.2%	-11.1%	2.4%	-7.5%
BM	18.4%	10.3%	20.8%	5.8%	-1.6%	9.0%

### Rolling 12-month-performance



Source: Bellevue Asset Management, 30.06.2024; all figures in GBP %, total return / BVI-methodology

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

Welcome to our June update. This was another challenging month for anyone not overweight that limited list of beloved behemoths driving market performance. Should we be pleased or worried that markets seem so relaxed about recent political developments, despite their obvious potential geopolitical consequences. The world does not feel like it is becoming more predictable or less volatile.

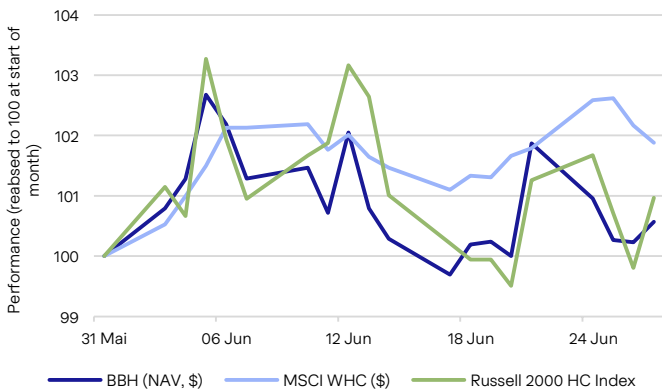
In the quieter, and seemingly unloved, corner of the market that is healthcare, we can feel a little more relaxed about the consequential outcomes of the aforementioned political developments; once again, we should be a safe port in a storm. However, few seem to believe that any kind of storm is on the horizon.

**Monthly review**

**The Trust**

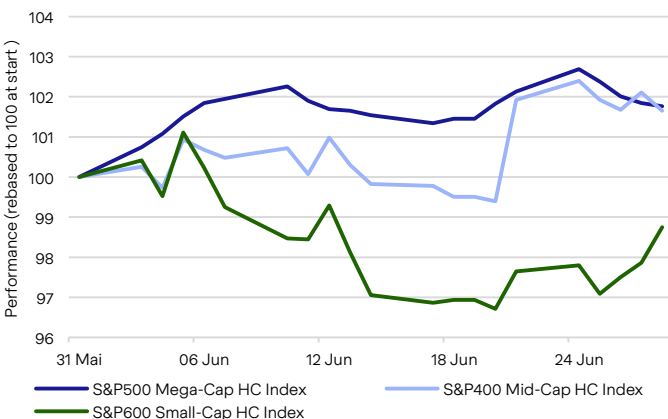
During June the Trust's Net Asset Value declined 0.4% in US dollar terms (+0.3% in sterling) to 150.44p. This result represented an underperformance of both the Healthcare sector and the wider market. The month was again characterised by elevated levels of volatility and a significant size factor skew on overall performance across healthcare, which hurt the Trust relative to its mega-cap dominated comparator index.

The evolution of the NAV over the course of the month is illustrated in Figure 1 below and illustrates the influence of size factor on the return composition in the latter half of the month, with the Russell 2000 Index selling off as the larger-cap names held up.



Source: Bellevue Asset Management, 30.06.2024

This market-cap dispersion of performance is further illustrated in Figure 2 below, which compares the progress of the various S&P healthcare sub-indices over the course of the month.



Source: Bellevue Asset Management, 30.06.2024

Focused Therapeutics was again the standout performer during the month, with four of our holdings in this sub-sector performing very strongly across the month. Diagnostics and Medical Technology were also positive performers. Healthcare IT was the major detractor and continues to be a very challenging sub-sector and we have reduced our exposure on account of this.

The evolution of the sub-sector weightings is summarised in Figure 3 below, and we would make the following additional comments beyond those already made regarding Healthcare IT:

Despite the initiation of a new position, we were net sellers of Focused Therapeutics. However, this was offset by positive performance. Our Diagnostics holdings were unchanged over the month, as were Managed Care and Tools. We added to both Healthcare Technology and Medical Technology. We reduced our exposure to the Services sub-sector.

	Subsectors end May 24	Subsectors end Jun 24	Change
Diagnostics	13.6%	14.4%	Increased
Focused Therapeutics	24.3%	26.3%	Increased
Healthcare IT	5.6%	3.1%	Decreased
Healthcare Technology	14.5%	13.6%	Decreased
Managed Care	10.5%	10.5%	Unchanged
Med-Tech	12.2%	13.7%	Increased
Services	14.0%	13.3%	Decreased
Tools	5.1%	5.0%	Decreased
Diagnostics	13.6%	14.4%	Increased
	<b>100.0%</b>	<b>100.0%</b>	

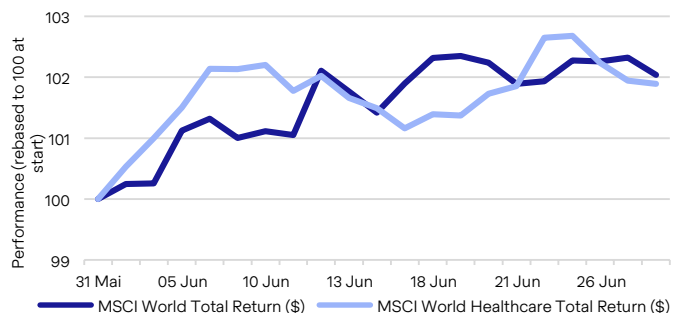
Source: Bellevue Asset Management, 30.06.2024

The total number of positions now stands at 30. Our new addition is another 'next generation' obesity play, which we entered into on the back of confirmatory data presented at the American Diabetes Association meeting early in the month.

The share buyback programme was active during June and 1.1m shares were repurchased. However, this did not seem to impact the average discount to NAV, which increased slightly to 6.5% compared to 6.2% during May. We continue to run a modest net cash position (the leverage ratio was -3.9% at the end of June, compared to -3.0% at the end of May) given continued unpredictable market behaviour.

**Healthcare**

The dollar total return of the MSCI World Healthcare Index during June was +1.9% (+2.6% in sterling), modestly underperforming the parent MSCI World Index. As illustrated in Figure 4, the healthcare sector's performance was ahead of the wider market initially, but lost ground over the second half of the month. Healthcare regained some relative momentum in the final third of the month as the market-leading Semiconductor sector gave up around half of its monthly gains in that period, but then faded as well in the final days.



Source: Bellevue Asset Management, 30.06.2024

The Index's sub-sector performance breakdown is summarised in Figure 5 below and we would make the following observations:

The strong performance of Focused Therapeutics was predominantly due to a very strong performance from Alnylam on the back of the HELIOS trial readout and solid performances from heavyweights Gilead and Regeneron. Healthcare IT is a two-stock sub-sector in this Index, and the performance was driven by Veeva Systems. Around three quarters of the performance of Diversified Therapeutics can be attributed to the GLP-1 trade (Eli Lilly and Novo Nordisk).

The dental stocks (Align and Straumann) have continued to weaken since the end of Q1 2024, on the back of concerns over consumer spending patterns.

The decline in the Facilities sector comes on the back of a strong relative and absolute performance year-to-date and the imminent denouement of the Q2 utilisation debate, which will inevitably have a number of lateral consequences (for what it is worth, our analysis suggests that Q2 2024 will be modestly above Q1, but will not reflect a rapidly accelerating utilisation trend that imperils the provider profit outlook.

Tools continues to struggle against broader negative sentiment on research spending trends and the outlook for China (both economically, and from a regulatory/trade policy perspective).

	Weighting	Perf (USD)	Perf (GBP)
Focused Therapeutics	7.7%	5.7%	6.0%
Healthcare IT	0.4%	4.1%	4.8%
Diversified Therapeutics	41.6%	4.0%	4.7%
Other HC	1.1%	1.5%	2.5%
Managed Care	10.2%	1.3%	2.0%
Med-Tech	14.3%	0.5%	1.3%
Distributors	2.0%	0.6%	1.2%
Conglomerate	8.8%	-0.6%	0.1%
Healthcare Technology	0.8%	-0.6%	0.1%
Generics	0.7%	-1.1%	-0.7%
Diagnostics	1.1%	-1.5%	-0.9%
Services	2.0%	-1.7%	-1.0%
Tools	7.8%	-3.2%	-2.5%
Facilities	1.1%	-4.2%	-3.4%
Dental	0.4%	-5.4%	-4.7%
<b>Index perf</b>		<b>1.9%</b>	<b>2.6%</b>

Source: Bloomberg/MSCI and Bellevue Asset Management, Weightings as of 31.05.2024, Performance to 30.06.2024

### The wider market

The dollar total return of the MSCI World Healthcare Index during June was +2.0% (+2.8% in sterling), as the markets seemingly continue to power forward to new all-time highs. The sector return breakdown is summarised in Figure 5 below and once again demonstrates the leadership of the Technology sector in the wider sense, and the perceived beneficiaries of growing demand for Artificial Intelligence functionality in particular.

It is worth noting that NVIDIA within Semis and Microsoft with Software are both approaching a 50% weighting within these sectors, despite them containing 36 and 79 companies respectively. Tech hardware is even worse with Apple already accounting for >70% of the weighting of its 43-member sector. Can we even consider these to be sectors any more from a behavioural perspective? The tail again wagged the dog, with these three stocks alone accounting for around two thirds of the index total return for the month.

Meanwhile, concerns over the outlook for the "real" economy and growing concerns over interventions from populist and nationalist politicians in various places whose protectionist instincts argue for a

future with more friction within international trade have weighed on Materials, Energy etc. What a weird world we are living in.

Sector	Monthly perf
Semiconductors & Semiconductor Equipment	+9.2%
Software & Services	+8.6%
Technology Hardware & Equipment	+7.7%
Consumer Discretionary Distributors	+5.6%
Media & Entertainment	+4.7%
Pharmaceuticals, Biotechnology	+2.7%
Commercial & Professional Services	+2.2%
Equity Real Estate Investment	+1.6%
Consumer Services	+1.5%
Automobiles & Components	+1.2%
Consumer Staples Distribution	+0.6%
Telecommunication Services	+0.6%
Transportation	+0.6%
Consumer Durables & Apparel	+0.0%
Health Care Equipment & Services	-0.5%
Financial Services	-1.0%
Banks	-1.4%
Insurance	-1.5%
Household & Personal Products	-1.7%
Energy	-1.8%
Food, Beverage & Tobacco	-2.6%
Capital Goods	-3.3%
Real Estate Management & Developers	-3.7%
Materials	-3.7%
Utilities	-4.7%

Source: Bellevue Asset Management, 30.06.2024

### Managers' musings

#### A tale of three elections – Part 1: Our sceptred isle united?

The UK general election is over and the foregone result has now been delivered. It has been described widely in the press as a "Labour landslide", one resulting in a majority so large it has been suggested that it could take many years to whittle away, ushering in stable government for a generation.

With this seeming to be the case, one could argue there is now very little left to debate, but we are not convinced. Indeed, our only certainty at this point is that there is great uncertainty over the future.

The first point we think it important to make is that Starmer has not secured an overwhelming mandate from the populace. His party won more seats than anyone else because the Conservatives self-immolated. Many of their lost votes were split between Reform and the Liberal Democrats (the former won 67 fewer seats than the latter, despite garnering ~0.5m more votes overall). Put another way, Labour floated to the top of the UK political swamp, owing to the nature of our 'first-past-the-post' electoral system.

Labour's vote share was only 33.9%, on the lowest voter turnout in 20 years. For comparison, Tony Blair won 43.2% of the vote share in 1997, with a much higher turnout. Indeed, the winning party actually won 0.6m fewer votes in this election than it did in 2019, when it came second to the conservatives and the result in that election was widely considered to be a disaster for Labour! Likewise, the Liberal Democrat's resurgence to 71 seats from 11 seats in 2019 turned on an additional 0.6% vote share and a few hundred thousand additional votes.

Many people will (again) have woken up feeling cheated by a system that does not represent their views, but we suspect few will be demanding a change in it; this has never been a subject that attracts

great passion in the UK – we voted down a change in the voting system in a 2011 referendum, which saw a turnout of only 42% but with two thirds voting to keep the current system.

The referendum only happened because the Lib Dems made it a condition of their coalition agreement with the Tories in 2010. Now they have suddenly benefitted from ‘first past the post’ to garner a record number of seats, we suspect they will keep quiet. Turkeys and Christmas springs to mind.

Why is any of methodological pedantry important? We are where we are. However, it is important to acknowledge this government got here by understanding public sentiment and carefully treading a path that avoided loquacity. In so doing, it did little to offend.

In contrast, the Conservatives seemed to flounce from one self-created blunder to another, while Reform took the well-trodden populist path of playing to people’s fears and promising they could all be easily addressed.

This feels like a well-trodden path that an increasingly cynical electorate is growing wise to. As this election has demonstrated, even a small vote share change can profoundly impact the composition of parliament.

Now the election is over, the real talking and action must begin. If you are not all that popular to begin with, the room for error is probably very low. Starmer could, like Sunak before him, soon find himself facing plunging approval ratings if he missteps. Competency is key, as Scotland’s results, like England’s have shown.

Even if you have a compelling narrative (i.e. independence in the case of Scotland’s SNP), repeated malfeasance and incompetence will not be forgiven. The SNP dominated Scottish politics for a generation and now they are nowhere. Likewise, in England, the Tories have suffered catastrophic losses mainly because the last administration was viewed as an abject failure characterised by infighting and leadership turnover, rather than focusing on making people’s lives better.

With various international conferences and the summer recess of Parliament to come in the near future, we probably won’t learn very much more about this new government prior to the King’s speech on July 17<sup>th</sup>, which will outline the legislative priorities for the forthcoming parliament. This is not as interesting an event as it may seem and we expect the speech to follow the priorities laid out in the Labour manifesto (i.e. kickstart economic growth, cut NHS waiting lists, improve border security, set up a national energy company, increase neighbourhood policing and improve education by hiring more teachers).

Many of the new government’s priorities are aspirational things that do not so much require legislation as they do competent management and, most importantly additional monies. The retinue of appointments, especially bringing back experienced hands such as Alan Milburn on the healthcare brief) does suggest some recognition regarding the challenges of delivery.

In all probability, we will need to wait until the fourth quarter, when we expect the Chancellor, Rachel Reeves, to reveal an autumn budget to see how the rubber will really meet the road. This intention should be announced at least 10 weeks prior, so that the Office of Budget Responsibility (OBR) has time to prepare a report on the veracity of the assumptions within the budget that is announced.

That said, OBR co-operation does not seem to be legislatively necessary. The now infamous Truss/Kwarteng “mini-budget” eschewed OBR co-operation, which was telling in itself, and the final budget did not disappoint in that regard. We would expect Reeves to be keen to establish her credibility and thus her first budget to be accompanied by an OBR report.

As noted last month, all three main party manifestos looked to us to contain unrealistic pledges that were not fully costed. Whilst everyone was guilty of this, one of the three main parties was clearly more at fault than the others, and that was Labour (the Reform manifesto was hilariously far-fetched on an economic basis; it would not have looked out of place in France, but more of that anon).

As such, we think additional tax increases will be necessary to secure OBR support for the spending plans required to deliver the manifesto goals. The only pledge Labour made during its campaign in respect of these is that such rises will not impact “working people”. This was later defined loosely as someone lacking sufficient savings to be unworried by unexpected bills. In all probability, we expect the axe to fall on unearned income, inheritance and property (geared toward more expensive homes and second homes). Whilst this has no bearing on the healthcare sector, it is surely of interest to our readers.

Coming back to healthcare for a moment, we cannot ignore the expectations of Labour’s largest financial backers; the trade unions. 2023 and 2024 were marked by significant disruptions due to industrial action across healthcare, transport and education.

Now that Labour is in power, the expectations that the government will support the unions in their demands (which go far beyond higher wages) are palpable. In the words of Paul Nowak, General Secretary of the umbrella organisation the Trades Union Congress [he expects]:

*“The biggest expansion of workers’ rights and trade union rights in a generation: banning zero hours contracts, ending fire and rehire, Day One Employment rights, giving unions new rights to access the workplace, new fair pay agreements, lifting up pay and standards across whole sectors of the economy and repealing the anti-trade union legislation, including the Minimum Service Levels.”*

Any fair minded person would not disagree with the sentiments here regarding fair pay and better working conditions. However, everything has a price and, especially in the public sector, any wage settlements will eat into the budget and will thus need to be paid for via higher tax receipts.

Whilst public sector workers might well feel happier with higher wages, this could impact investment in improving public services. After all, there is no magic money tree; the money government spends is our money redistributed via taxation or money borrowed on the bond market that our children are expected to repay via taxation.

In addition to the impact on the public sector, higher tax and employment costs for private companies may chill investment plans, delaying the acceleration of economic growth on which the Starmer project is predicated. We do appreciate none of this stuff is easy and trade-offs are an inevitable necessity, which is why so many previous governments have spent so long doing nothing, kicking the can down the road for the next guy.

That game is over now. The ‘next guy’ is on stage and his name is Keir Starmer. Like an England penalty-taker, a whole nation is watching on expectantly, probably hoping for a better outcome than history or cold logic would suggest is reasonable. Moreover, this is the first game in the tournament, and there is a long road ahead.

Let us finish with some thoughts on Healthcare. Wes Streeting squeaked back into parliament by 528 votes. We should all be relieved this is the case; he seems one of the most pragmatic and reform-minded health secretaries we can recall, and the fact that he will be advocating for change whilst sporting a red rosette probably means he will get a fairer hearing than his recent predecessors did. As noted previously, we think having Alan Milburn on the team is another positive; healthcare reform is not easy and understanding how to approach it can only help (failure is just as useful a teacher as success in this regard).



Why do we rate Streeting? He does not shy away from constructively criticising the NHS; his time as a young cancer patient under its care has clearly shaped his views of the service and the realities of delivering care. He has previously said that his approach would be “to set people free on the frontlines to innovate, to find new ways of doing things and back them to do that”, which is precisely what we think is the correct way to approach reform. As we noted in last month’s missive; the NHS probably knows how to fix itself. What it needs is the time, space and resources to get on with that task.

Whilst we will need to wait for the details on the government’s wider programmes, they have clearly already shared some details on their ambitions in healthcare. Amanda Pritchard, the chief executive of NHS England has revealed that “three big strategic shifts” would underpin the new government’s strategic approach: moving more care out of hospital into primary care and community services; better use of technology and data; and boosting prevention by supporting people to stay well.

Streeting followed this up with an announcement that he would divert several billion pounds of planned spending for hospitals into primary care, taking the split of spending between primary and secondary/tertiary services back to historical levels. It is difficult to argue with any of that.

#### **A tale of three elections – Part 2: The sixth republic?**

France is a fascinating country from a political perspective. We can all make flippant comments about how the country seems to be either rioting or on strike most of the time, but the perpetual immiseration of its electorate is worthy of study.

While we too struggle to find Macron personally likeable, he has, by any objective assessment, been an effective and pragmatic leader for the country, presiding over much needed reforms to investment, employment law and pensions that have enabled the economy to rediscover its vigour: France is no longer the ‘sick man of Europe’, even with these recent years of pandemic-instigated disruption during which almost every economy bar the United States has struggled to overcome significant economic headwinds.

Unemployment is down to near-historic lows and youth unemployment in particular has fallen significantly (unemployment is still high compared to OECD peers, but the country has Europe’s most generous unemployment provision, so arguably the incentive for some to work is not as high as in other countries). France is now more competitive economically versus its peers and has become a venue for leading start-ups in key areas like Artificial Intelligence and Clean Tech.

Nonetheless, the French in aggregate remain implacably dissatisfied with their governance, and unutterably pessimistic about the future. Recent regional elections saw the centrist middle hollowed out in favour of support for far left and far right adventurers, whose only common values seem to be to spend money they do not have, offering services that no-one can afford or policies that they cannot realistically deliver within the confines of the EU’s strictures.

One might expect a similar level of cynicism to that seen in the UK to have crept into the French electorate too, thus dismissing this unrealistic and often unpleasant nonsense peddled at the extremes, but there it feels instead that the votes reflect anger at the lack of real progress. Perhaps the shift to extremes reflect the reality that the previous three centrist administrations have spanned the political spectrum of acceptability (centre right – Sarkozy, followed by centre left (Hollande) and then centrist (Macron) and yet no one is satisfied with the outcomes. Let us hope this is no portent for our own country five to ten years from now.

Nonetheless, similar patterns are playing out across much of Europe. Few seem to want to accept the reality that a global economy alongside an ageing population and massive technological change ushers an era

of higher taxation, more challenged services and greater inequality: technological progress is often marked by periods of winner takes all, much as we saw in the industrial revolution, the gilded age and now again in the internet era. On top of this, immigration controls and free movement make for uncomfortable bedfellows. Nonetheless, we need more workers to support (and pay for) the elderly. If the birthrate is declining, they will need to come from somewhere else.

Governments have undoubtedly been slow to react to all of these things. Here in the UK for instance, online retailers can do much to lower taxation (corporate tax and VAT) and avoid business rates, creating an unfair playing field versus bricks and mortar retailer. This will only get worse as the net zero push forces physical retailers to invest heavily in premise upgrades that online retailers can largely avoid. We have intentionally chosen an example of something uncontroversial and obvious, about which nothing has been done for decades, but one can easily think of many others that would draw more controversy and more passion from the electorate.

Coming back to France. The complexities of its two-stage electoral process has long drawn the wry observation that people vote for what they want in round one and vote against the thing they most dislike in round two. With various unexpected political allegiances coming together to frustrate the far-right RN in round two, this sentiment has arguably never been truer than in this election, which has delivered a final outcome that no-one predicted.

We now have a split legislature and an emboldened far left, who mistakenly think that there is more support for their crazy and unaffordable ideas than there really is. If the left alliance does get any policies through, one of their proposals is to significantly expand healthcare spending (alongside welfare spending), funded through higher taxation.

Many on the right and in the centre will feel cheated by a calculated anti-far right campaign that saw these allegiances result in some centrist candidates stepping down in round two. The subsequent two horse races in every seat successfully kept the far-right RN from power and could be seen by some as a “deep state conspiracy” to frustrate their wishes. Macron is likely to be even less popular and trusted than before. How long will it take to form a working government? Let us hope France does not become the new Belgium in this regard. Whatever happens, France cannot have another election for twelve months.

Where does this end? At the risk of sounding like a broken record, the Western world needs to have more grown up political conversations about the reality of how government finances work, what is actually possible in terms of tax and spending in light of demographic realities, and thus the trade-offs that inevitably need to be made. Populists should not be able to campaign on unrealistic and uncosted promises within such a debate.

We fear that France is staring into a wilderness period of political instability and gridlock, at least for the next two years. All the while, the structural challenges that it faces will continue to mount, just as they will for every other developed nation.

Many of you might dismiss the French election as unimportant. After all, the wider EU is the marketplace and there we have some stability with Ursula Von der Leyen continuing at the helm and it has little global importance from a healthcare perspective. This election matters because of what it tells about the potential chaos that could follow if our leaders do not soon grasp the most important issues of our time and convince the public that they have deliverable solutions to see us through them. Patience is finite, as is hope. Indeed, many of the narratives described previously come together in the current situation in the United States.

### **A tale of three elections – Part 3: Pax Americana?**

Whilst half the world's population is facing an election this year, the November election in the US is undeniably the most geopolitically important of them all. Not only because of the importance of the US economy (and the threats of tariffs etc. if Trump wins) but because of the potential consequences around NATO etc.

What we face here seems to be insurgent populism versus the continuation of the current status quo which is neither fiscally sound (rising primary deficit) nor creating the sense amongst the American populous that things are going well, even if the US economy is outperforming almost everyone else. Democrats crow that Biden gets no credit for his achievements in office, and this seems a fair comment to us. Republicans retort that it is all deficit-driven binging, which is also fair.

If one can be objective about politicians, it is unarguable that Joe Biden was a great man. His career in the Senate goes back to the early 1970s and his record attests to his playing a significant role in the passage of various important pieces of legislation, not least the Affordable Care Act.

However, his performance in the recent televised debate with Donald Trump was alarming and has rightly led to discussions about his fitness for office, not least because it is not the first example of cognitive decline that we have all witnessed.

The betting market seems to have spoken on this issue some months ago, with odds moving gradually in favour of Trump at the expense of Biden, pre-dating the precipitous fall in odds for Biden that followed his debate performance. As was the case in Britain, with the Hobsonian clash of brilliant minds that was Starmer vs. Sunak, the neutral observer may well wonder if a 78-year old convicted felon, and a clearly struggling 81-year old is the best this dynamic nation can offer to its people and to the world.

Regular readers will know that we have generally been rather dismissive of this US election cycle from a healthcare sentiment perspective, believing instead that the focus was going to remain on foreign policy, taxation and environmental issues.

However, if Biden does step down, which he shows no apparent willingness to do at the time of writing, we could see a whole new and abbreviated Democratic primary contest taking place in the run-up to the Democratic convention taking place from 19-22 August. This is the only situation in which Biden can be forcibly replaced as candidate.

Such a discussion could lead to healthcare policy surging back onto the agenda. This uncertainty has already been unhelpful for the relative performance of the sector versus the wider market; with a 250bp spread in the performance of the S&P500 Healthcare sub-index versus the parent S&P500 Index in the week following the debate.

Moreover, Trump does not seem to be someone who requires much solicitation to make more emboldened comments, and he may now feel that he has more latitude to unleash his 'inner Donald' and thus stray from the carefully constructed narrative of his "Agenda47" website (which barely mentions healthcare policy).

In this regard, surely no section of the economy could consider itself immune from perceptions of elevated political risk, or from the risk that policies enacted by the next President (whoever that may be) will stoke inflation just at the point when we were on course for interest rates to come down.

The independence of the Federal Reserve itself may even be up for debate. If anyone is wondering about the benefits of fiscal independence, Turkey is a recent good example of an OECD (i.e. developed) nation with a growing economy that has been hampered by political interference in interest rate setting.

### **Macron may be on the way out, but Macro is here to stay**

What does all of this mean? It is difficult to say with any confidence, but one can probably conclude that the headline risk to all asset classes from macro-economic and geopolitical factors is likely to remain elevated over the balance of 2024 and into 2025.

If this cloud does have a silver lining, it is surely that the defensive growth characteristics of the healthcare sector in aggregate cannot be imperilled by political or economic changes, simply because the drivers of volume growth are demographic and thus inexorable. Moreover, the sector remains attractive from a valuation standpoint on both a relative and an absolute basis. At some point, people will begin to appreciate this, and look beyond shares in Novo Nordisk and Eli Lilly as a way to participate in it.

We always appreciate the opportunity to interact with our investors directly and you can submit questions regarding the Trust at any time via:

[shareholder\\_questions@bellevuehealthcaretrust.com](mailto:shareholder_questions@bellevuehealthcaretrust.com)

As ever, we will endeavour to respond in a timely fashion and we thank you for your continued support during these volatile months.

### **Paul Major and Brett Darke**

## Top 10 positions

Insmed		7.9%
Tandem Diabetes Care		7.3%
CareDx		7.1%
Dexcom		6.3%
Charles River Laboratories		5.6%
Bio-Rad Laboratories		5.0%
UnitedHealth Group		5.0%
Axsome Therapeutics		4.8%
Option Care Health		4.6%
Sarepta Therapeutics		4.6%
Total top 10 positions		58.1%
Total positions		30

## Sector breakdown

Focused Therapeutics		26.3%
Diagnostics		14.4%
Med-Tech		13.7%
Health Tech		13.6%
Services		13.3%
Managed Care		10.5%
Tools		5.0%
Healthcare IT		3.1%

## Geographic breakdown

United States		97.5%
China		2.5%

## Market cap breakdown

Small-Cap		20.3%
Mid-Cap		38.3%
Large-Cap		27.0%
Mega-Cap		14.4%

## Benefits

- Healthcare has a strong, fundamental demographic-driven growth outlook.
- The fund has a global and unconstrained investment remit.
- It is a concentrated high conviction portfolio.
- The fund offers a combination of high quality healthcare exposure and a targeted 3.5% dividend yield.
- Bellevue Healthcare Trust has a strong board of directors and relies on the experienced management team of Bellevue Asset Management (UK) Ltd

## Inherent risks

- The fund actively invests in equities. Equities are subject to strong price fluctuations and so are also exposed to the risk of price losses.
- Healthcare equities can be subject to sudden substantial price movements owing to market, sector or company factors.
- The fund invests in foreign currencies, which means a corresponding degree of currency risk against the reference currency.
- The price investors pay or receive, like other listed shares, is determined by supply and demand and may be at a discount or premium to the underlying net asset value of the Company.
- The fund may take a leverage, which may lead to even higher price movements compared to the underlying market.

You can find a detailed presentation of the risks faced by this fund in the "Risk factors" section of the sales prospectus.

## Management Team



**Paul Major**  
Co-Portfolio Manager



**Brett Darke**  
Co-Portfolio Manager

## Sustainability Profile – ESG

EU SFDR 2019/2088 product category: Article 8

### Exclusions:

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

### ESG Risk Analysis:

ESG-Integration	
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### Stewardship:

Engagement	
Proxy Voting	

### Key Figures:

CO <sub>2</sub> -intensity (t CO <sub>2</sub> /mn USD sales):	25.8 (Low)	Coverage:	92%
MSCI ESG Rating (AAA - CCC):	BBB	Coverage:	92%

Based on portfolio data as per 30.06.2024; – ESG data base on MSCI ESG Research and are for information purposes only; compliance with global norms according to the principles of UN Global Compact (UNGC), UN Guiding Principles for Business and Human Rights (HR) and standards of International Labor Organisation (ILO); no involvement in controversial weapons; norms-based exclusions based on annual revenue thresholds; ESG Integration: Sustainability risks are considered while performing stock research and portfolio construction; Stewardship: Engagement in an active and constructive dialogue with company representatives on ESG aspects as well as exercising voting rights at general meetings of shareholders. MSCI ESG Rating ranges from "leaders" (AAA-AA), "average" (A, BBB, BB) to "laggards" (B, CCC). The CO<sub>2</sub>-intensity expresses MSCI ESG Research's estimate of GHG emissions measured in tons of CO<sub>2</sub> per USD 1 million sales. The decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in the prospectus. For further information c.f. [www.bellevue.ch/sustainability-at-portfolio-level](http://www.bellevue.ch/sustainability-at-portfolio-level).

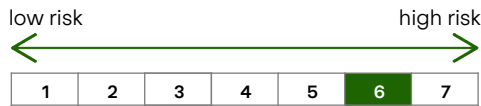
Source: Bellevue Asset Management, 30.06.2024;  
Due to rounding, figures may not add up to 100.0%. Figures are shown as a percentage of gross assets.

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

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

### Risk Return Profile acc. to SRI

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



We have rated this product as risk class 6 on a scale of 1 to 7, with 6 being the second highest risk class. The risk of potential losses from future performance is considered high. In the event of very adverse market conditions, it is very likely that the ability to execute your redemption request will be impaired. The calculation of the risk and earnings profile is based on simulated/historical data, which cannot be used as a reliable indication of the future risk profile. The classification of the fund may change in future and does not constitute a guarantee. Even a fund classed in category 1 does not constitute a completely risk-free investment. There can be no guarantee that a return will be achieved or that a substantial loss of capital will not be incurred. The overall risk exposure may have a strong impact on any return achieved by the fund or subfund. For further information please refer to the fund prospectus or PRIIP-KID.

#### Liquidity risk

The fund may invest some of its assets in financial instruments that may in certain circumstances reach a relatively low level of liquidity, which can have an impact on the fund's liquidity.

#### Risk arising from the use of derivatives

The fund may conclude derivatives transactions. This increases opportunities, but also involves an increased risk of loss.

#### Currency risks

The fund may invest in assets denominated in a foreign currency. Changes in the rate of exchange may have an adverse effect on prices and incomes.

#### Operational risks and custody risks

The fund is subject to risks due to operational or human errors, which can arise at the investment company, the custodian bank, a custodian or other third parties.

#### Target market

The fund is available for retail and professional investors in the UK who understand and accept its Risk Return Profile.

### Objective

The Bellevue Healthcare Trust invests in a concentrated portfolio of listed equities in the global healthcare industry (maximum of 35 holdings). The overall objective for the Bellevue Healthcare Trust is to provide shareholders with capital growth and income over the long term. The Company's specific return objectives are: (i) to beat the total net return of the MSCI World Healthcare Index (in GBP) on a rolling 3 year period and (ii) to seek to generate a total shareholder return of at least 10% p.a., net of fees, over a rolling three-year period. Capital is at risk and there is no guarantee that the positive return will be achieved over the specific, or any, time period.

### Important information

This document is only made available to professional clients and eligible counterparties as defined by the Financial Conduct Authority. The rules made under the Financial Services and Markets Act 2000 for the protection of retail clients may not apply and they are advised to speak with their independent financial advisers. The Financial Services Compensation Scheme is unlikely to be available.

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

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

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