

Investment focus

The BB Adamant Emerging Markets Healthcare fund invests in companies that have their registered office or carry out the majority of their economic activity in the healthcare markets of emerging countries. Its investment universe consists of generics producers, pharma and biotechnology companies, medical technology and services firms. Experienced sector specialists focus on profitable companies that have a well-established product portfolio. Investments are made based on fundamental research analysis. Stock selection is exclusively bottom-up, independent of benchmark weightings.

Fund facts

NAV	143.50
Volume	EUR 45.5 million
NAV-calculation	Daily "Forward Pricing"
Cut off time	9:00 CET
Distribution policy	Accumulating

Investment manager	Belvue Asset Management
Custodian	RBC Investor Services, Luxembourg
Launch date	31.05.2017
Fiscal year end	30.06.
Benchmark	MSCI Emerging Markets Healthcare Net TR

ISIN code	LU1585228882
Valor	36153236
Bloomberg	BBAEMIE LX
WKN	A2DPAY

Management fee	0.90%
Performance fee	10% above Benchmark*
Subscription fee	up to 5%
Min. investment	n.a.

Legal entity	Luxembourg UCITS V SICAV
Countries of distribution	AT, CH, DE, ES, LU
EU tax status	Out of scope

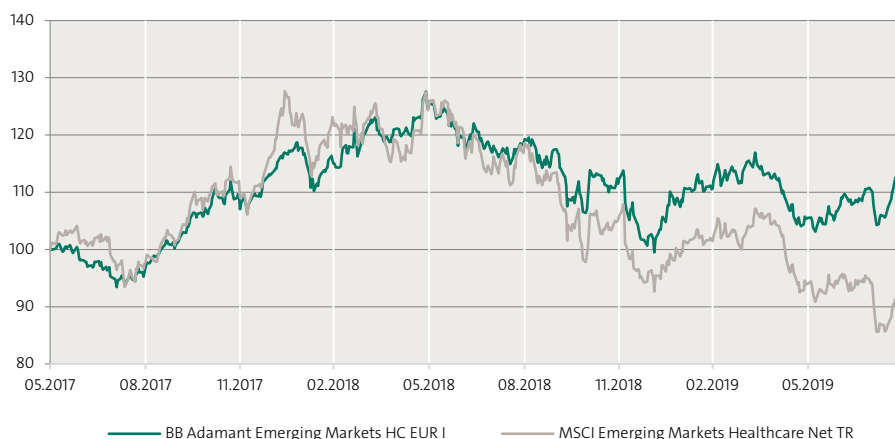
Key figures

Beta	0.69
Correlation	0.84
Volatility	16.2%

Tracking Error	10.09
Active Share	63.88

Sharpe Ratio	-0.71
Information Ratio	1.99
Jensen's Alpha	7.4

Indexed performance since launch



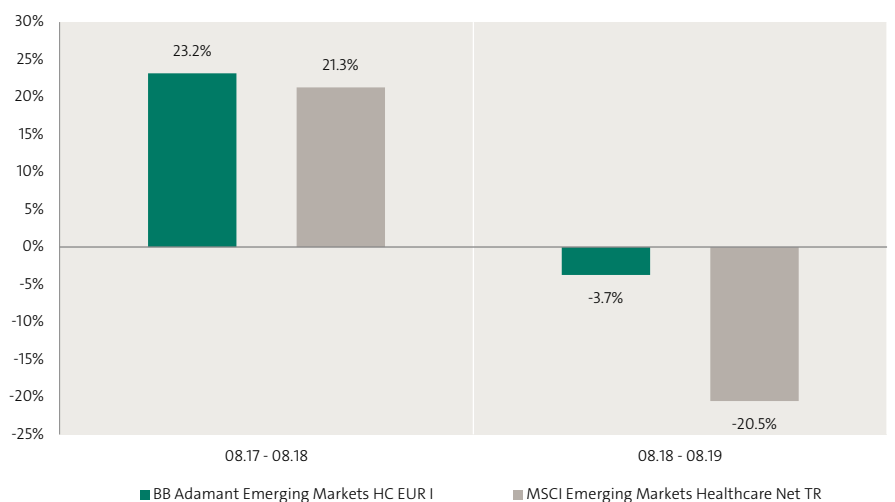
Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
I EUR	4.1%	11.8%	-3.7%	n.a.	n.a.	14.8%	-3.7%	n.a.	n.a.	6.3%
BM	0.0%	-2.2%	-20.5%	n.a.	n.a.	-5.7%	-20.5%	n.a.	n.a.	-2.6%

Annual performance

	2014	2015	2016	2017	2018	YTD
I EUR	n.a.	n.a.	n.a.	n.a.	-9.1%	11.8%
BM	n.a.	n.a.	n.a.	n.a.	-17.0%	-2.2%

Rolling 12-month performance



Source: Belvue Asset Management, 31.08.2019; all figures in EUR %, total return-methodology

Past performance is not a reliable indicator of future results and can be misleading. As the subfund is denominated in a currency that may differ than an investor's base currency, changes in the rate of exchange may have an adverse effect on prices and incomes. Performance is shown net of fees and expenses for the relevant share class over the reference period. 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. Individual costs are not taken into account and would have a negative impact on the performance. With an investment amount of EUR 1,000 over an investment period of five years, the investment result in the first year would be reduced by the front-end load of up to EUR 50 (5%) as well as by additional individual custody charges. In subsequent years, the investment result would also be reduced by the individual custody account costs incurred. The reference benchmark of this class is used for performance comparison purposes only (dividend reinvested). No benchmark is directly identical to a subfund, thus the performance of a benchmark is not a reliable indicator of future performance of the subfund it is compared to. There can be no assurance that a return will be achieved or that a substantial loss of capital will not be incurred.

Top 10 positions

Alibaba		4.5%
Hikma Pharmaceuticals		4.4%
CSPC Pharmaceutical		4.4%
Tonghua Dongbao		4.3%
Richter Gedeon		4.3%
Wuxi Biologics		4.2%
Sun Pharmaceutical		3.9%
Hangzhou Tigermed		3.9%
Notre Dame		3.5%
Sinopharm		3.4%
Total top 10 positions		40.9%
Total positions		33

Geographic breakdown

China		58.1%
Brazil		8.8%
India		5.7%
Jordan		4.4%
Hungary		4.3%
Thailand		3.4%
Taiwan		2.5%
South Korea		2.3%
UAE		2.0%
Cash		8.4%

Market cap breakdown

0 - 1 bn		3.8%
1 - 2 bn		5.0%
2 - 5 bn		25.7%
5 - 15 bn		50.5%
15 - 20 bn		5.7%
Others		9.4%

Market review

Back and forth in the trade war between Washington and Beijing remained the dominant theme on stock markets. Not surprisingly, volatility picked up a bit compared to the preceding months but so far neither the bulls nor the bears have been able to keep a sustained hold on the market. Bond yields around the world do reflect the prevailing uncertainty though. Yields of US Treasuries in particular are much lower than they were just a month ago. The 10-year bond yield has dipped below 1.5%, its lowest level in 3 years and not far from an all-time low. Fed Chairman J. Powell is faced with a vexing problem. On the one hand, the US economy is at full employment and still going strong; on the other hand, the trade conflict is putting the brakes on global economic growth. Investors have priced in a quarter-point cut in September and another 2 to 3 cuts by the end of the year. The MSCI Emerging Markets Index shed about 5% of its value in August in USD. The defensive healthcare sector fared much better, ending the month with a loss of about 1.2%.

China's health ministry equipped with an array of powers, recently updated the national reimbursement drug list (NRDL). There are now 2643 drugs or treatments on the list that are covered by national insurance, about half of which are chemical and biological drugs and half are TCMs and complementary medicines. New products that just recently received marketing approval after the latest NRDL update are not included in this figure so we expect some high-profile additions to the list (e.g. Chinese PD1 inhibitors) before the current year is over. This updated list reflects the government's stated intent to control overall healthcare costs while letting more drugs with proven clinical benefits enter the market. CSPC Pharma is one the companies that will clearly benefit from the new NRDL because rival products to NBP (for treatment of stroke) with dubious efficacy have been removed from the list.

Most of the half-year results announced by Chinese healthcare companies were very good and often beat consensus expectations. The stocks in the fund's portfolio were not affected by the price cuts announced in December. These companies will probably not be affected very much by the next round of price reductions expected later this year either.

The 'National People's Congress' in China passed the long-awaited law regulating the sale of prescription drugs over the Internet. Qualified distributors are permitted to sell drugs online under strict regulations. Exceptions are vaccines, plasma products, ZNS drugs and radioactive substances. We think Alibaba Health will benefit the most from the more open online market. Its Tmall Pharmacy platform is already the leader in online drug sales. China Medical System, Wuxi Apptech and Meinian Onehealth were added to the fund's portfolio in August. Existing positions in Alibaba Healthcare, Hangzhou Tigermed, Notre Dame and Hapvida were increased while 3SBIO, Qualicorp, Medy-Tox, Samsung Biologics, Vieworks and Odontoprev were dropped from the portfolio. Shareholdings of Ping An Healthcare, Sino Biopharma, and Micorport were reduced.

Positioning & outlook

Healthcare systems in emerging markets are growing in the wake of rapidly aging populations. The number of elderly Chinese (60 and older), for example, is expected to swell to between 400 and 500 million within the next 30 years. Moreover, the Western lifestyle is spreading and clearly having an impact throughout the region. According to some estimates, there are already more than 100 million diabetics in China alone. In view of these developments, demand for medicine, healthcare equipment and services will grow significantly during the years ahead. At the same time, large investments are being made in healthcare infrastructure, drug quality and patient safety to bring the entire healthcare industry into a better position to master the anticipated growth. China is aiming to become a global leader in innovation by 2035. More reforms are in store for the regional healthcare sector and they are primarily intended to intensify research and development activity for new drugs and medical equipment. Drug makers with better-quality product portfolios and pipelines will widen their share of the market. More and more people will also be able to afford healthcare products as time goes by.

The fund offers defensive access to emerging markets. It is an investment in the large-scale efforts to modernize the healthcare sector in the emerging market space, which is slowly being confronted with the same structural trends as in the industrialized world. Currently per capita spending on healthcare in emerging markets is up to 25 times less than in the Western world. We expect that the healthcare sector will grow about twice as fast as the gross national product over the coming years. The healthcare sector should therefore perform significantly better than the broader emerging markets equity index.

Source: Bellevue Asset Management, 31.08.2019;

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 subfund 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.

Risk and return profile

The fund's objective is to generate an attractive return over a long-term horizon. It is therefore particularly suited to investors with an investment horizon of at least 5 years who want to diversify their portfolio with selective exposure to the healthcare sector in emerging markets and who are willing to accept the risks typically associated with stocks in this sector



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 KIID.

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 user 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 suitable for retail and professional investors in Austria, Germany, Luxembourg, Spain and Switzerland.

Chances

- Access to defensive growth – emerging countries are facing aging populations and changing lifestyles.
- Development of healthcare infrastructure combined with a growing middle class is an additional growth driver.
- High growth potential of emerging markets.
- Attractive valuations compared with the projected medium to long-term growth.
- BB Adamant Team – top-performing pioneer in the management of healthcare portfolios in emerging markets.

Inherent risks

- The fund invests in equities. Equities are subject to price fluctuations and so are also exposed to the risk of price losses.
- Investing in emerging markets entails the additional risk of political and social instability.
- The fund invests in foreign currencies, which means a corresponding degree of currency risk against the reference currency.
- The subfund may invest in China A equities. This entails the risk of supervisory changes, volume caps and operating restrictions which may lead to a higher counterparty risk.
- The fund may invest a proportion of its assets in financial instruments that might under certain circumstances have a relatively low level of liquidity, which can in turn affect the fund's liquidity.

You can find a detailed presentation of the risks faced by this fund in the "Special Investment Risks" section of the sales prospectus.

Management Team



Oliver Kubli, CFA

Portfolio Manager since inception of the fund

Joined Bellevue in 2015 as Head Portfolio Management Healthcare Funds & Mandates. Prior to that he was from 2008 to 2014 Member of the Management Board and Head Portfolio Management at Adamant Biomedical Investments.



Remo Krauer, CIIA

Portfolio Manager of the fund since 2018

Joined Bellevue in 2018 as Senior Portfolio Manager. Prior to that, he was Head Portfolio Construction from 2016 to 2018 and Senior Portfolio Manager from 2005 to 2016 at Zürcher Kantonalbank.



Dr. Cyrill Zimmermann

Portfolio Manager since inception of the fund

Joined Bellevue in 2015 as Head Healthcare Funds & Mandates and member of the Executive Board. From 2001 to 2014 he was CEO and co-founder of Adamant Biomedical Investment.

Important information

This marketing communication relates to Bellevue Funds (Lux) (hereinafter the “Fund”), an investment company with variable capital “société à capital variable” (SICAV) under the current version of the Law of the Grand Duchy of Luxembourg of 10 August 1915 on commercial companies (“Law of 1915”) and is authorized under Part I of the Law of 17 December 2010 relating to undertakings for collective investment (“Law of 2010”) as an undertaking for collective investment (UCITS). BB Adamant Emerging Markets Healthcare is a subfund of Bellevue Funds (Lux).

This marketing communication is issued by Bellevue Asset Management AG, which is an authorized asset manager subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA) and acts as an Investment Manager of the Fund. The Prospectus, statutes, the annual and half-yearly report, the share prices and further information about the Fund can be obtained free of charge in English and German from the management company of the Fund, Bellevue Asset Management AG, Seestrasse 16, CH-8700 Küsnacht, from the representative, paying, facilities and information agents mentioned below or online at www.bellevue.ch. The Key Investor Information documents are available free of charge in the languages of the countries of distribution (German for Germany, Austria and Switzerland, Spanish in Spain and English and German in Luxembourg) at www.fundinfo.com.

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Countries of distribution and local representatives

The Bellevue Funds (Lux) is registered and admitted for public distribution in Austria, Germany, Luxembourg, Spain and Switzerland.

Austria

Paying and information agent: ERSTE BANK der oesterreichischen Sparkassen AG, Am Belvedere 1, A-1100 Vienna

Germany

Information agent: ACOLIN Europe GmbH, Reichenaustrasse 11a-c, D-78467 Konstanz

Spain

Representative: atl Capital, Calle de Montalbán 9, ES-28014 Madrid - CNMV under the number 938

Switzerland

The Bellevue Funds (Lux) SICAV is registered for public offering and distribution in Switzerland with the Swiss Financial Market Supervisory Authority.

Representative agent in Switzerland: ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich

Paying agent in Switzerland: Bank am Bellevue AG, Seestrasse 16, P.O.Box, CH-8700 Küsnacht

You can obtain the sales prospectus, Key Investor Information Document (“KIID”), statutes and the current annual and half-yearly reports, the current share prices and further information about the fund free of charge in German from the management company Bellevue Asset Management AG, Seestrasse 16, CH-8700 Küsnacht, the representative agent in Switzerland or online at www.bellevue.ch.

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