

### Investment focus

The Fund invests in small capitalized, listed owner-managed companies in Europe where an entrepreneur or a founder family holds at least a 20% of a company's voting rights. The qualities of these companies – a focused business model, fast decision-making processes and a strong corporate culture – go hand in hand with efficient innovation, high product quality and strong customer loyalty. The corresponding impact on the share price is demonstrably positive. The Fund's Management Team offers a wealth of experience in this investment segment and has built up an extensive network with entrepreneurs throughout the sector. It pursues a fundamental, bottom-up approach in identifying the most attractive foundercontrolled companies with a small market capitalization while maintaining an investment portfolio of 40 to 50 stocks diversified by country and sub-sector.

### Fund facts

NAV	93.55
Volume	EUR 200.6 million
NAV-calculation	Daily "Forward Pricing"
Cut off time	15:00 CET
Distribution policy	Accumulating

Investment manager	Bellevue Asset Management
Custodian	RBC Investor Services, Luxembourg
Launch date	30.11.2017
Fiscal year end	30.06.
Benchmark	MSCI Europe ex UK Small since 18.05.15 MSCI Europe Small until 15.05.15

ISIN code	LU1725388190
Valor	39331675
Bloomberg	BFLEI2E LX
WKN	A2H8LQ

Management fee	0.80%
Performance fee	10% above Benchmark*
Subscription fee	up to 5%
Min. Investment	5.0 million

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

### Key figures

Beta	0.91
Correlation	0.91
Volatility	14.0%

Tracking Error	5.69
Active Share	n.a.

Sharpe Ratio	0.15
Information Ratio	-0.32
Jensen's Alpha	-1.64

Source: Bellevue Asset Management, 31.12.2018;  
Calculation over the last 3 years.  
\* With high watermark

### Indexed performance since launch



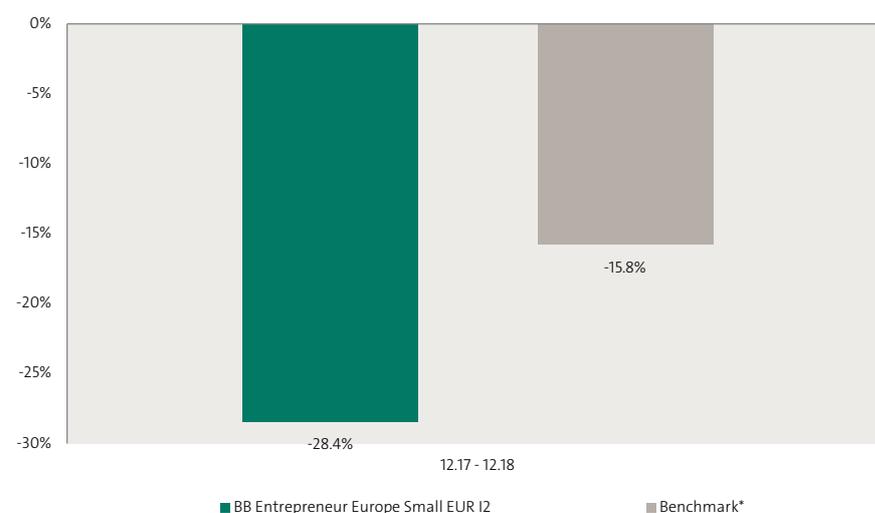
### Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
I2 EUR	-8.5%	-28.4%	-28.4%	n.a.	n.a.	-25.2%	-28.4%	n.a.	n.a.	-23.4%
BM	-6.5%	-15.8%	-15.8%	n.a.	n.a.	-14.2%	-15.8%	n.a.	n.a.	-13.2%

### Annual performance

	2013	2014	2015	2016	2017	YTD
I2 EUR	n.a.	n.a.	n.a.	n.a.	n.a.	-28.4%
BM	n.a.	n.a.	n.a.	n.a.	n.a.	-15.8%

### Rolling 12-month-performance



Source: Bellevue Asset Management, 31.12.2018; all figures in EUR %, total return-methodology  
Past performance is not a reliable indicator of future results and can be misleading. As the Sub-fund 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. The reference benchmark of this class is used for performance comparison purposes only (dividend reinvested). No benchmark is directly identical to a sub-fund, thus the performance of a benchmark is not a reliable indicator of future performance of the sub-fund 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.

\* MSCI Europe ex UK Small since 18.05.15, MSCI Europe Small until 15.05.15

### Top 10 positions

CAF		3.4%
S&T		3.3%
Liberbank		3.2%
Vidrala		3.2%
CTS Eventim		3.1%
Rhi Magnesita		3.0%
Fluidra		2.8%
Bakkafrost		2.8%
Stroeer out of Home Media		2.7%
Korian		2.7%

Total top 10 positions	30.2%
Total positions	49

### Sector breakdown

Industrials		26.2%
Information Tech.		20.1%
Consumer Disc.		15.4%
Materials		8.6%
Health Care		7.1%
Consumer Staples		6.6%
Financials		6.1%
Energy		4.1%
Real Estate		2.0%
Cash		3.7%

Flow adjusted cash quota at around 5%

### Geographic breakdown

Germany		18.2%
Spain		16.9%
Italy		11.7%
France		11.2%
Austria		8.2%
Norway		7.9%
Sweden		5.6%
Switzerland		4.8%
Finland		4.7%
Netherlands		3.0%
Portugal		2.4%
Denmark		1.7%
Cash		3.7%

Source: Bellevue Asset Management, 31.12.2018;

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.

### Market review

European Small caps, as measured by the MSCI Europe Small Cap ex-UK, fell 6.5% in December, extending the broad correction initiated in September. The list of markets irritations is long, but it is mainly political unpredictability that has led us to where we are today. The unpredictability of US-China trade relations, the question of the Fed's independence, the unclear outcome of Brexit and, to a minor extend, political instability in Italy and France. On the macro side, the Fed rose rates by 25 bps in a widely expected move and finally signaled a more "patient" approach to further tightening.

In this context, small caps again underperformed the broader Stoxx 600, which lost 5.5% in the month. Sector wise, Retail (-8%), Banks (-7.7%) and Auto & Parts (-7.2%) suffered the most, while the best resilience was found within Utilities (-0.2%) and Personal & Household goods (-4.1%) and Basic Resources (+0.6%) which benefited from initial positive US/China negotiations over broader trade agreements. Against this backdrop, the fund lost 8.5%, underperforming its benchmark by 205 bps. This brings the 2018 Ytd performance to -29% (EUR / B shares), i.e. an underperformance of -13.2% and the worst year in history of the fund.

Main detractors in the month were S&T (-18.8%), OVS (-32.1%) and Isra Vision (-29.4%). S&T, the German embedded software specialist, continued to suffer from the tech sector de-rating. We have tactically reduced the size of the position, but keep our conviction on the name, in light of intact structural drivers in the mid to long term. The Italian fashion retailer OVS, reported a very weak set of Q3 data, with organic sales growth of -11% but EBITDA declining as much as -58% due to a combination of unusually warm weather and high promotional activity, also on the legacy excess inventory from Charles Vögele. The biggest disappointment was the absence of any news regarding the renegotiation of the group's debt maturity refinancing which has now been pending for many months. In view of the stock's reduced market cap and liquidity, as well as the uncertain timetable for re-rating, we made the decision to exit the position due to its unattractive risk/reward profile. Isra Vision reported a good set of preliminary Q4 figures in absolute terms thanks to a higher-than-expected EBITDA margin. The growth reported in Q4 was disappointingly flat however, contrasting sharply with the 10% growth recorded for the 9 months. Looking through the quarterly lumpiness, the group continues however to expect double-digit organic growth looking forward, and reiterated its medium term targets. Top contributors in the month were RHI Magnesita (+9.3%), Liberbank (+5.2%), and CAF (+4.6%). RHI Magnesita received the last important clearance of its merger process. This was welcome by the market as it enables to delist Magnesita, but potentially also paves the way for further M&A deals looking forward. Our Liberbank investment case was rewarded by the news of a potential merger with Unicaja, confirming the attractiveness of further market consolidation for this relative small market player. CAF, the Spanish railroad rolling stock company, announced several new contracts during the month of December, for a total amount in excess of EUR 600 mn, boosting its order intake by more than a third.

### Positioning & outlook

In a context marked by increasing unpredictability, investors' rush for safety has been favoring large capitalizations over smaller ones and defensives over cyclicals. Selling is begetting selling and share price valuations are now partly disconnected from fundamentals, impacting negatively short-term performances but also creating longer-term investment opportunities. We have increased our position in Stroer, whose valuation underestimates its undisputed leading position on the resilient German Outdoor market. On the defensive side, we have increased our position in the Spanish glass bottle manufacturer Vidrala, in the Swedish medical equipment company Arjo as well as in the German ticketing company CTS Eventim. In an effort to purge the portfolio from weaker investment cases and not to compromise on balance sheet quality, we have exited our positions in RIB Software and OVS and significantly reduced Cancom.

## Risk and return profile

The Fund's investment objective is to generate attractive and competitive capital growth in the long term. It is therefore particularly suited to investors with an investment horizon of at least 5 years who want to enhance their portfolio diversification with investments in European small capitalized founder-controlled companies. The Fund displays the typical risks associated with equity investments in European small caps.



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 sub-fund. 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 professional investors in Austria, Germany, Luxembourg, Spain and Switzerland.

## Chances

- Owner and family-run businesses think in generations, not in quarters.
- Focus, a sense of responsibility, strong identification with the company, and personal financial commitment have a positive impact on the share price.
- More conservatively financed, lower debt exposure and a higher risk capacity compared to non-family businesses.
- Multi-award-winning management team with a long and successful track record investing in owner-run firms.
- Entrepreneurs for entrepreneurs – the Bellevue Group is itself an owner-run company with the majority of shares held by employees.

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



### Birgitte Olsen, CFA

#### Lead Portfolio Manager since inception of the fund

Joined Bellevue in 2008 and is responsible for European Equities as well as for institutional mandates. She previously spent over nine years at Generali Investments in Cologne as deputy head of equities managing European portfolios and thematic funds.



### Michel Keusch

#### Portfolio Manager of the fund since 2013

Joined Bellevue in 2007 as manager of a hedge fund. Prior to joining Bellevue he was a senior analyst at Crédit Agricole Cheuvreux from 2003 to 2007 and covered consumer goods and services companies.



### Laurent Picard, SFAF

#### Portfolio Manager of the fund since 2018

Joined Bellevue in 2018. Prior to that, he was a Financial consultant for start-ups in the internet/tech sector. From 2009 to 2016 he was a senior equity research analyst for media at Société Générale.



### 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 Entrepreneur Europe Small is a Sub-fund 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](http://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](http://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, Graben 21, A-1010 Vienna

#### Germany

Paying and information agent: Bank Julius Bär Europe AG, An der Welle 1, P.O. Box, D-60062 Frankfurt a.M.

#### Spain

Representative: ATL Capital, 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, Affolternstrasse 56, 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](http://www.bellevue.ch).

In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative agent.

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