

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	128.88
Volume	USD 74.7 million
NAV-calculation	Daily "Forward Pricing"
Cut off time	9:00 CET
Distribution policy	Accumulating

Investment manager	Bellevue 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	LU1585228452
Valor	36153232
Bloomberg	BBAEMBU LX
WKN	A2DPAU

Management fee	1.60%
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	0.6
Correlation	0.81
Volatility	16.2%

Tracking Error	13.05
Active Share	n.a.

Sharpe Ratio	-0.91
Information Ratio	0.57
Jensen's Alpha	-2.4

Indexed performance since launch



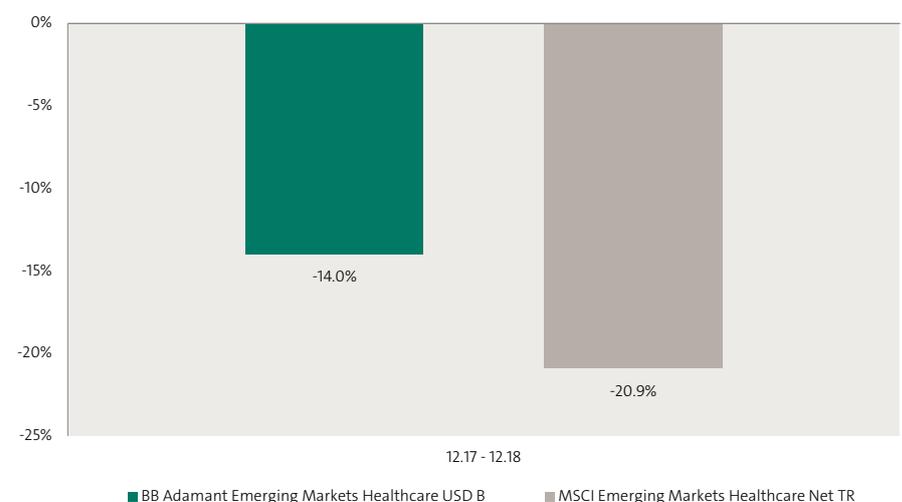
Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
B USD	-7.8%	-14.0%	-14.0%	n.a.	n.a.	3.1%	-14.0%	n.a.	n.a.	1.9%
BM	-7.8%	-20.9%	-20.9%	n.a.	n.a.	-1.8%	-20.9%	n.a.	n.a.	-1.1%

Annual performance

	2013	2014	2015	2016	2017	YTD
B USD	n.a.	n.a.	n.a.	n.a.	n.a.	-14.0%
BM	n.a.	n.a.	n.a.	n.a.	n.a.	-20.9%

Rolling 12-month performance



Source: Bellevue Asset Management, 31.12.2018;
Calculation over 1 year.
* With high watermark

Source: Bellevue Asset Management, 31.12.2018; all figures in USD %, 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. 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

Biocon		4.8%
Hypera		4.7%
Bangkok Dusit		4.4%
Wuxi Biologics		4.0%
Jiangsu Hengrui		3.9%
Odontoprev		3.8%
CSPC Pharmaceutical		3.7%
China TCM		3.6%
Aurobindo Pharma		3.5%
Osstem Implant		3.2%
Total top 10 positions		39.7%
Total positions		34

Geographic breakdown

China		39.4%
India		14.5%
South Korea		12.3%
Brazil		11.5%
Thailand		6.9%
Hungary		2.6%
Indonesia		2.1%
Taiwan		1.4%
Others		1.7%
Cash		7.6%

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

Hopes that markets would rally as the year came to an end were not fulfilled, unfortunately. Quite the contrary, the MSCI World lost so much ground in December that its YTD performance slipped into the red. The healthcare sector stayed in positive territory, though, so it outperformed the total market by a wide margin in 2018 too. Fears about the state of the global economy and the ongoing US-China trade row deserve much of the blame for the growing risk aversion in the markets. The Fed's eagerly awaited FOMC meeting did not help sentiment either. At that meeting America's central bankers increased the federal funds rate for the ninth time since 2015, which poured cold water on the hopes of some bullish investors that the Fed would refrain from raising its interest rate. Emerging markets unable to escape the general bearish trend, while EM healthcare stocks came under additional selling pressure due to a pilot project in China aimed at lowering drug prices.

Last month Chinese officials published the results of a tender for a centralized, government drug-buying program and, as expected, this bidding process led to significant reductions in the prices the government has to pay. The drug whose price fell the most was Chengdu Beite's Tenofovir (-91%); the drug with the smallest decline was CSPC's Azithromycin (-7%). The average discount was about 45%, which is higher than the market had generally expected. This news only added to the selling pressure on Chinese health stocks.

As we had already explained in our previous monthly commentary, we think the ultimate effect of this new procurement approach will be positive. The market will become more transparent and drug quality will improve due to the requirement to provide evidence demonstrating bioequivalence.

Samsung Biologics managed to buck the general market trend during the past month and it recouped its heavy losses from the previous month in the process. South Korea's top financial regulator announced during the period under review that the shares of Samsung Biologics would not be delisted and trading in the stock resumed immediately afterward, which led to a pleasing bounce of about +18%.

We took advantage of excessive selling in Chinese stocks last month and added to our shareholdings of Sino Biopharma, CSPC Pharma and Wuxi Biologics. The weighting of dental implant manufacturer Osstem was increased, while the weightings of the drug distributors Sinopharm and Shanghai Pharma were reduced. Inbody and Caregen were removed from the portfolio.

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 market equity index.

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

low risk

high risk



1 | 2 | 3 | 4 | 5 | 6 | 7

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, 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.

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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The most important terms are explained in the glossary at www.bellevue.ch/en/glossary