

Investment focus

The Fund invests globally at least two-thirds of the portfolio in companies whose business activities have a strong focus on the digitalization of the healthcare sector. A global network of experts spanning scientific and industrial fields support the Management Team in forming opinions. The selection of portfolio companies is bottom-up.

Fund facts

NAV	144.16
Volume	USD 112.9 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	30.04.2018
Fiscal year end	30.06.
Benchmark	n.a.

ISIN code	LU1811047593
Valor	41450399
Bloomberg	BBDIGBU LX
WKN	A2JJA7

Management fee	1.60%
Performance fee	none
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	n.a.
Correlation	n.a.
Volatility	n.a.

Tracking Error	n.a.
Active Share	n.a.

Sharpe Ratio	n.a.
Information Ratio	n.a.
Jensen's Alpha	n.a.

Source: Bellevue Asset Management, 31.12.2018;
Calculation over the last 3 years.

Indexed performance since launch

As stipulated by Article 27 of the EU Directive 2006/73/EC implementing Directive 2004/39 / EC ("MiFID" - Markets in the Financial Instruments Directive) and by national laws incorporating the directive, information regarding past performance may be presented only if that performance information covers a complete 12-month period (or longer). The information regarding past performance will be presented here as soon as it covers a complete 12 month period (or longer).

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. 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

OmniceLL		4.0%
Ambu		3.9%
Intersect ENT		3.9%
Materialise		3.8%
Quotient		3.6%
Intuitive Surgical		3.6%
HMS Holding		3.6%
Quanterix		3.6%
Oxford Immunotec		3.5%
Inspire Medical Sys.		3.5%

Total top 10 positions	37.0%
Total positions	37

Geographic breakdown

United States		81.8%
Denmark		7.2%
Great Britain		3.5%
France		3.2%
China		0.6%
Norway		0.2%
Cash		3.6%

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

2018 was a successful year for the BB Adamant Digital Health (Lux) Fund. After the launch of our proven digital health investment strategy as a Luxembourg-based UCITS fund in late April 2018, the fund delivered a positive performance of +15.3% in USD in its debut year (+14.9% in CHF, +21.9% in EUR). Investors can decide for themselves how they view our digital health investment fund: primarily as a means of investing in cutting-edge technology or as a vehicle for investing in the healthcare sector or in attractive small- and mid-cap stocks. The performance of the BB Adamant Digital Health (Lux) Fund compares favorably with all three of these asset categories: the US tech sector (Nasdaq 100 -3.4%) and the US SMID Index (Russell 2000 -11.7%) both lost ground since the end of April 2018, while the global healthcare sector (MSCI World Healthcare +2.8%) did manage to gain some ground (all performance data is in USD).

In view of the specific growth outlook of the stocks we invest in and the movements in the underlying stock prices, we tend to view the BB Adamant Digital Health Fund from a tech perspective, augmented or enhanced by the truly unique qualities of the healthcare sector. Healthcare represents a significant part of the economy (12% of GDP), it is growing at an above-average clip and demand function for healthcare is not cyclical in nature. What's more, the sector is just now entering the age of digitalization, so it lags other industries by ten or more years in this respect. These factors make digital healthcare an extremely attractive investment proposition. Digital business models and technologies have already been developed and perfected and can now be "taken off the shelf", so to speak. On the other hand, the healthcare system has its own special playing field: it is subject to strict regulations and people's health, if not their very lives, are at stake. Therefore the requirements that must be met with respect to safety and quality (validated, reproducible clinical benefits) are much higher than in other industries. Based on the specific qualities of digital health, the tech-related risks should be more calculable, whereas regulatory regimens relativize the competitive advantages the tech giants usually have (and induce them to establish alliances with healthcare players rather than compete head-on). What's more, the demand function is not tied to household consumption and the general effort to improve efficiency in the healthcare sector is irreversible. In a nutshell, we view digital health as a distinctive tech-focused investment strategy with an attractive risk/reward profile. From a broader market view, it will probably be a while until the broader investment community recognizes the unique aspects of this investment opportunity. The fund's performance for the year could have been even better but even the digital health sector wasn't immune to the sell-off that ripped through the stock market in the fourth quarter and the BB Adamant Digital Health (Lux) Fund headed south along with the entire US tech sector in the fourth quarter, resulting in a negative quarterly performance of -18.7% (Nasdaq 100 -16.8%). We anticipate that positive quarterly results from digital health companies will help them stand out from the giant, consumer-oriented tech players (FAANG) and lead to a positive performance gap.

Positioning & outlook

New technologies that make use of digitalization are conquering healthcare systems around the world. Value is being created in myriad ways, by providing more advanced treatment options for example, or delivering direly needed efficiency gains or cost savings. Companies with disruptive technologies involving sensors, wireless connectivity or cloud computing are bringing new or improved products and services to the marketplace. This is having a positive effect on treatment quality and on overall costs.

The BB Adamant Digital Health (Lux) Fund offers investors access to a global portfolio of fast-growing technology stocks that are additionally benefiting from the healthcare sector's attractive fundamental drivers, such as demographic aging and the spread of lifestyle-related diseases. Digital health is subject to stricter regulations than the typical tech sector: Safety and clinical benefit must be verified in rigorous, painstaking clinical trials. Such requirements pose entry barriers to potential new rivals, make the related technology risk more predictable and give the fund a distinctive profile.

The main focus is on fast growing small and mid cap companies in North America, Europe and Asia. The fund aims to maintain a high double-digit revenue growth rate in its portfolio. Key criteria for inclusion in the fund's portfolio, besides attractive top-line growth and gross profit margins, are a solid financial base and sound company management. The value of the stocks in the fund's portfolio in the near to mid-term future will largely be determined by top-line growth, the achievement of clearly defined milestones and M&A activity. Venture capital funds have already invested about USD 24 bn in 1700 privately held digital health firms over the past 7 years and we expect scores of attractive IPOs in the coming years. Which is another argument to invest in this field.

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 selectively diversify their portfolio with investments in companies whose business activities have a strong focus on the digitalization of the healthcare sector and who are willing to accept the equity risk typical of this sector.

low risk

high risk



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

- Demographic changes and an aging general population demand greater efficiency and cost-effectiveness.
- New technologies conquer the healthcare sector.
- Portfolio consisting of high-quality growth stocks showing double-digit revenue growth.
- Regulation and stringent quality requirements limit the technological risk.
- Bellevue – Healthcare pioneer since 1993 and today one of the biggest independent investors in the sector in Europe.

Inherent risks

- The fund invests in equities. Equities are subject to price fluctuations and so are also exposed to the risk of price losses.
- The fund invests in foreign currencies, which means a corresponding degree of currency risk against the reference currency.
- 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.
- Equities linked to technology and/or digitization can be subject to higher-than-average fluctuations in value.
- The fund may engage in derivatives transactions. The increased opportunities gained come with an increased risk of losses.

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



Stefan Blum

Lead Portfolio Manager since inception of the fund

Joined Bellevue in 2008 as portfolio manager. Prior to joining Bellevue, he spent 4 years as head of investor relations at Sonova and as a financial analyst at Bank Sarasin from 1996 to 2000.



Marcel Fritsch

Portfolio Manager since inception of the fund

Joined Bellevue in 2008 as portfolio manager. Prior to that, he spent more than 3 years as a consultant with Deloitte & Touche, where he advised multinational companies in the healthcare industry on strategic issues.



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 Digital Health 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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