

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	154.59
Volume	EUR 48.6 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	LU1585229005
Valor	36153237
Bloomberg	BBAE12E LX
WKN	A2DPAZ

Management fee	0.90%
Performance fee	None
Subscription fee	up to 5 %
Min. investment	EUR 5.0 million

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

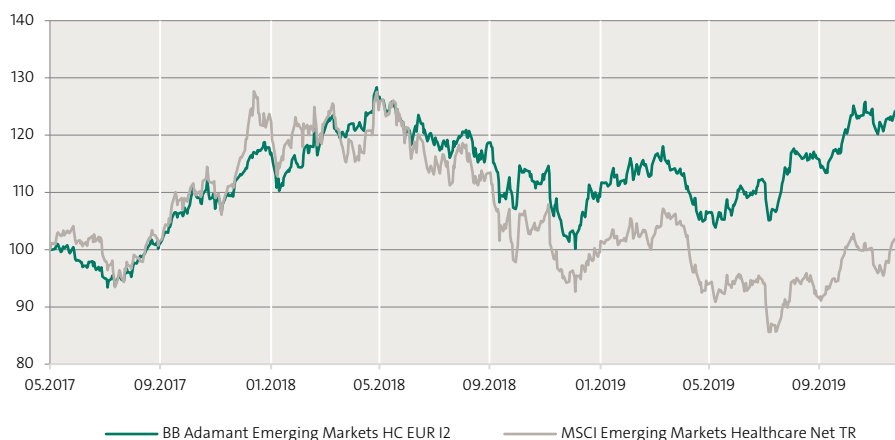
Key figures

Beta	0.68
Correlation	0.82
Volatility	13.4%

Tracking Error	8.77
Active Share	60.69

Sharpe Ratio	1.07
Information Ratio	1.14
Jensen's Alpha	12.17

Indexed performance since launch



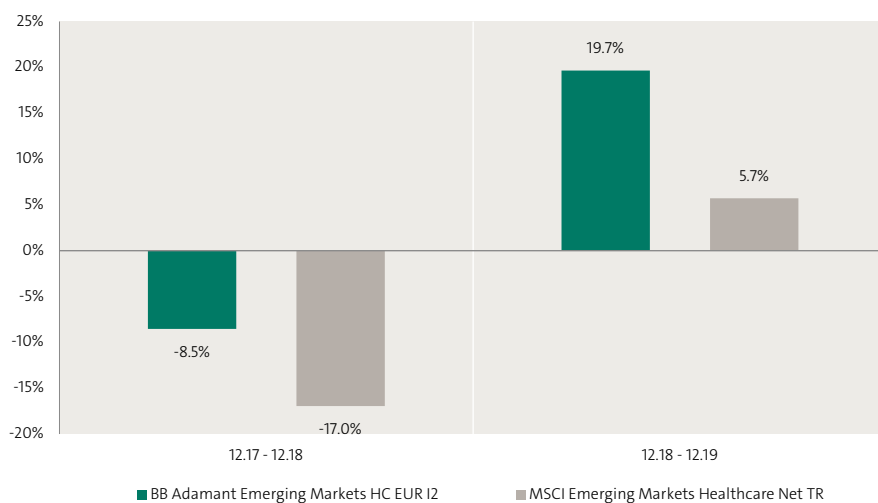
Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
I2 EUR	1.3%	19.7%	19.7%	n.a.	n.a.	23.7%	19.7%	n.a.	n.a.	8.6%
BM	4.6%	5.7%	5.7%	n.a.	n.a.	1.9%	5.7%	n.a.	n.a.	0.7%

Annual performance

	2014	2015	2016	2017	2018	2019
I2 EUR	n.a.	n.a.	n.a.	n.a.	-8.5%	19.7%
BM	n.a.	n.a.	n.a.	n.a.	-17.0%	5.7%

Rolling 12-month performance



Source: Belvue Asset Management, 31.12.2019; 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

Wuxi Biologics		4.6%
CSPC Pharmaceutical		4.5%
Alibaba Health		4.3%
Biocon		4.2%
Divi S Laboratories		4.1%
Ping An Healthcare		4.0%
Richter Gedeon		4.0%
Innovent Biologics		3.8%
Hypera		3.6%
Mediclinic International		3.4%
Total top 10 positions		40.4%
Total positions		35

Geographic breakdown

China		50.0%
India		16.1%
South Korea		7.3%
Brazil		6.7%
South Africa		5.4%
Thailand		4.6%
Hungary		4.0%
Jordan		2.9%
UAE		1.7%
Others		1.3%

Market cap breakdown

1 - 2 bn		6.2%
2 - 5 bn		32.8%
5 - 15 bn		48.0%
15 - 20 bn		6.8%
> 20 bn		5.0%
Others		1.3%

Source: Bellevue Asset Management, 31.12.2019;
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.

Market review

Stock markets stayed cheerful in the final month of the year. As was already the case throughout 2019, stocks were supported by low interest rates combined with expansionary monetary policy around the world and stable economic activity. So, once again, there was almost nowhere else for investors to put their money in December but the stock market. The MSCI Emerging Markets index gained 7.3% in USD over the month. The corresponding healthcare sector index lagged slightly behind, gaining 6.6%. Year to date, the broad emerging market index advanced nearly 19%. The healthcare sector showed a significant underperformance for once, as it ended the year with a gain of about 4%.

China proceeded with the expansion (second round) of the government's centralized generic drug procurement program. There will be up to 6 winners per drug in the current auction round. In previous tenders, a maximum of 3 winning bids were selected per drug. Successful bidders will be guaranteed the following shares of the government's total procurement volume: 50% (1 winner), 60% (2 winners), 70% (3 winners) and 80% (4-6 winners).

This latest announcement underscores China's firm commitment to generic drug price regulation and in doing so it is creating financial leeway to selectively promote the development of innovative medicines. The government also intends to maintain a secure drug supply with its decision to increase the potential number of winning bids to 6. What does this mean for the drug developers? It will spur further consolidation within the industry. We also think significantly higher selling volumes for the winning bidders will more than offset the reduction in selling prices.

The Chinese biotech company Beigene suffered a minor setback after announcing its partnership with Amgen in November. Data from a Phase III trial of Brukinsa, its blood cancer treatment, failed to show that it was more effective than Imbruvica, a rival drug from Johnson & Johnson and AbbVie. That news led to downward revisions of Brukinsa's sales potential. Beigene's stock shed about 10% of its value on the day of this pipeline announcement.

In mid-December, Muddy Waters Research, said it had opened a short position in the Arab company NMC Health and cited accounting irregularities in the valuation of various hospitals that NMC had recently acquired. NMC Health's stock briefly lost more than half of its value in the wake of that report and the shares did not recover until it was announced that an independent company would audit its balance sheet.

Odontoprev, Hansoh Pharmaceuticals and Bumrungrad Hospital were added to the portfolio during the past month. Shareholdings of Innovent, Hypera, CSPC and Sinopharm were also increased. Positions in Netcare, Fleury and China Medical System were closed and the position in Jinxin Fertility was reduced.

Positioning & outlook

The fastest growing countries in the world can be found in emerging markets and they contain more than half of the world's population. Asian emerging markets are also forecast to account for more than 50% of global GDP by 2050. It is known that the economic growth model of countries shifts from manufacturing to the services sector as household incomes rise. A growing middle class fuels demand for modern medicine. Healthcare ranks increasingly high on their wish list. Billions are being invested in infrastructure, technology and research to modernize the healthcare systems in emerging market countries. This is giving a broader access to better healthcare. Meanwhile rapid population aging is also increasing demand for healthcare. In 30 years' time there will be 400 to 500 million people over 60 in China alone, and they will have a growing need for modern health services and medicines.

Outside Asia, Brazil's rapidly expanding private-sector healthcare market offers a range of interesting investment opportunities. The quality and long waiting times of the country's public health system are no longer acceptable to many higher-income Brazilian households and they are increasingly embracing these new services offered by private-sector healthcare providers. Hospital chains embedded in a fully-integrated ecosystem are but one example of the beneficiaries of this structural change.

The fund serves as a defensive vehicle for capturing the above-average growth potential emerging markets offer. It invests in the entire healthcare system value chain, from hospital chains, drug developers and device manufacturers to medical research specialists and digital health companies.

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 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: atI 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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