

# BB Adamant Digital Health

## Bellevue Funds (Lux)

Factsheet

Share class B USD  
December 2019

Investment Company with Variable Capital (SICAV) according to Luxembourg Laws – UCITS  
Marketing document – for retail and professional investors in Austria, Germany, Luxembourg, Spain and Switzerland

### 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	169.11
Volume	USD 323.0 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.

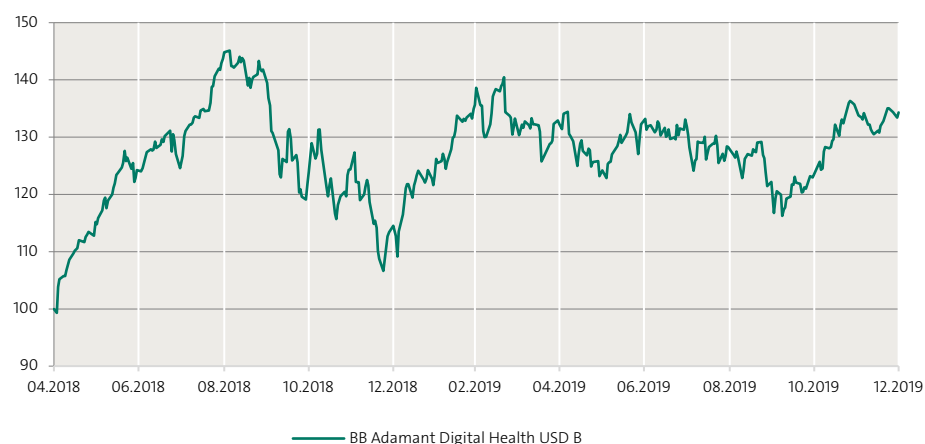
Legal entity	Luxembourg UCITS V SICAV
Countries of distribution	AT, CH, DE, ES, LU, SG, UK
EU tax status	Out of scope

### Key figures

Beta	n.a.
Correlation	n.a.
Volatility	25.2%
Tracking Error	n.a.
Active Share	n.a.
Sharpe Ratio	0.41
Information Ratio	0.33
Jensen's Alpha	n.a.

Source: Bellevue Asset Management, 31.12.2019;  
Calculation over 1 year.

### Indexed performance since launch



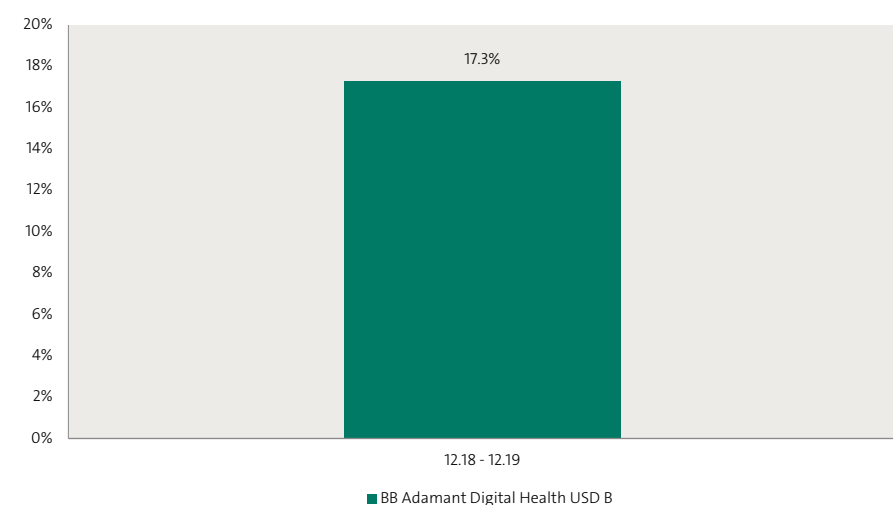
### Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
B USD	-1.0%	17.3%	17.3%	n.a.	n.a.	35.3%	17.3%	n.a.	n.a.	19.8%
BM	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

### Annual performance

	2014	2015	2016	2017	2018	2019
B USD	n.a.	n.a.	n.a.	n.a.	n.a.	17.3%
BM	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

### Rolling 12-month-performance



Source: Bellevue Asset Management, 31.12.2019; 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. 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. 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

Inspire Medical Sys.		4.2%
Globus Medical		3.8%
Intuitive Surgical		3.8%
Ambu		3.4%
Oxford Immunotec		3.3%
Omnicell		3.2%
Glaukos		3.2%
Tandem Diabetes Care		3.1%
10x Genomics		3.1%
GN Store Nord		3.0%

Total top 10 positions	34.0%
Total positions	43

### Geographic breakdown

United States		85.2%
Denmark		6.4%
Great Britain		3.3%
China		1.2%
France		0.4%
Others		3.6%

### Market cap breakdown

0 - 1 bn		19.4%
1 - 2 bn		15.7%
2 - 5 bn		21.8%
5 - 15 bn		27.2%
> 20 bn		12.2%
Others		3.6%

### Market review

The BB Adamant Digital Health Fund pulled back 1.0% in December yet ended 2019 with a pleasing full-year performance of 17.3%. The fund had already delivered a positive performance of 15.9% in 2018, a year that was so challenging that it pushed most stock market indices deep into the red (e.g. Russell 2000 -11.7%). Since the launch of the digital health strategy as a Luxembourg-based investment fund in late April 2018, the fund has advanced 35.3%, which approximates the exceptionally strong performance (+34.7%) of the Nasdaq 100, a bellwether for US tech sector, over the same period and clearly beats the global healthcare sector (+27.8%), the world stock market (+17.9%) and the Russell 2000 Index of US small cap companies (+10.8%). All values in USD / B shares.

The fund's performance in 2019 could have actually been even better, but a shift in investor bias during the second half of the year led to a widespread reallocation of portfolio assets, from momentum and growth stocks into value stocks. This global sector rotation had a disproportionate impact on the performance of the digital health portfolio because more than 80% of portfolio assets are invested in small and mid cap stocks and estimated annual sales growth for the next 3 years averages more than 25%. Looking ahead, however, we are confident that digital health stocks could be one of the winning sub-sectors in 2020 for several reasons. We expect sustained good operating results from companies such as Guardant Health (+107.9% in 2019), 10X Genomics (+95.5%), Dexcom (+82.6%), Inspire Medical (+75.6%) and Teladoc (+68.9), all companies with very strong strategy execution track records.

Valuations of the digital health companies in the fund's portfolio are lower today than they were a year ago and the share prices of most of these companies are well below their highs from 2019. In fact, 65% of the portfolio (weighted share) is trading more than 10% below the highs from 2019 and 28% of the portfolio is trading even 30% lower than the 2019 highs. These corrections were often caused by minor delays in the product approval process (e.g. Tandem Diabetes) or the release of weak quarterly results (e.g. HMS Holdings). In most cases, however, we attribute the price markdowns to temporary, short-term effects that have not undermined the overall investment case and we actually see substantial upside potential in 2020 for some stocks whose investment case was a subject of controversy in 2019.

Abiomed, for example (-47.5% in 2019), struggled to expand into smaller cardiac centers last year but it is set to benefit in 2020 from its beefed-up sales and distribution force in the US and its entry into the Japanese market. Vocera (-47.2%) was rocked by news of its longer sales cycle, caused by a new emphasis on complex, clinical communication software platforms. This effect will no longer be visible in 2020 and it should lead to higher sales per customer and greater long-term customer retention.

Ambu (-31.8%) experienced a dramatic turn of events last year with the departure of its CEO, the realignment of its R&D pipeline and the reorganization of its sales operations in the US. The company is now in an ideal position for 2020, on the verge of a major product approval, a single-use duodenoscope and with other important new products pending approval. For the first time, Glaukos (-3.0%) is facing serious competition in its core business of micro stents that reduce intraocular pressure. However, we believe investors have clearly underestimated the market potential of the keratoconus eye disease treatment that Glaukos acquired through the takeover of Avedro in 2019, which it can now successfully commercialize. We also have a more positive view of the potential of Glaukos' R&D pipeline with iDose (a miniature sustained-release drug delivery system that is implanted into the eye) and the development of a minimally invasive treatment option to correct presbyopia (again using technology from Avedro). iRhythm (-2.0%) scored a minor victory in 2019. Specific reimbursement codes for its Zio heart monitor for patients with irregular heart rhythms were introduced in the US. We believe reimbursement rates will be only slightly lower compared to the current coverage.

### Positioning & outlook

New technologies that make use of digitalization are conquering healthcare systems around the world. 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 tech-heavy stocks that are additionally benefiting from the healthcare sector's attractive fundamental drivers, such as demographic aging and the spread of lifestyle-related diseases. The fund aims to maintain a high double-digit revenue growth rate in its portfolio. We expect plenty of attractive IPOs in the coming years. This is another argument for investing in digital healthcare.

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.

## 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.

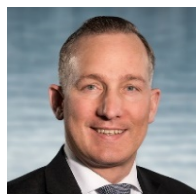
## Management Team



**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](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, 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](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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