

BB Adamant Digital Health

Bellevue Funds (Lux)

Factsheet

Share class B USD
July 2021

Investment Company with Variable Capital (SICAV) according to Luxembourg Laws – UCITS
Marketing document – for retail and professional investors in AT, DE, LU, UK, ES, IT (Inst.) and non-qualified investors in CH

Investment focus

The fund's aim is to achieve capital growth in the long term. 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. The Fund takes ESG factors into consideration while implementing the aforementioned investment objectives.

Fund facts

NAV	296.03
Volume	USD 1'490.4 mn
NAV-calculation	Daily "Forward Pricing"
Cut off time	15:00 CET
Distribution policy	Accumulating

Investment manager	Bellevue Asset Management AG
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, UK, NL, SG (Res), IT (Inst.)
EU SFDR 2019/2088	Article 8

Key figures

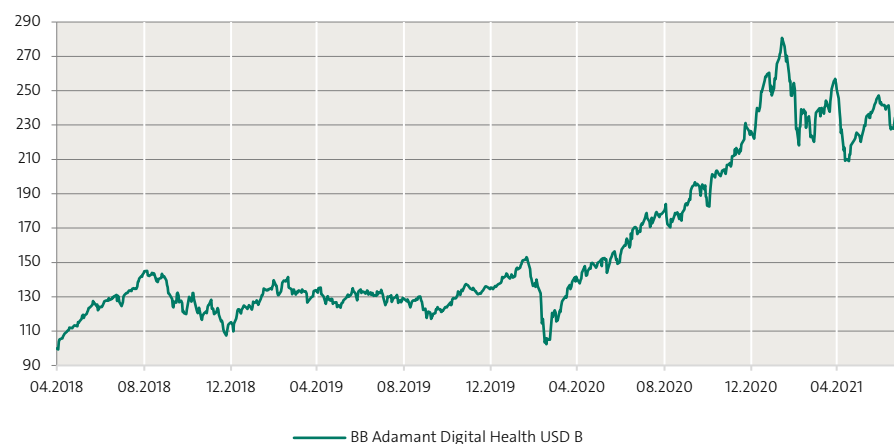
Beta	n.a.
Correlation	n.a.
Volatility	27.1%

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

Sharpe Ratio	1
Information Ratio	n.a.
Jensen's Alpha	n.a.

Source: Bellevue Asset Management, 31.07.2021;
Calculation over 3 years.

Indexed performance since launch



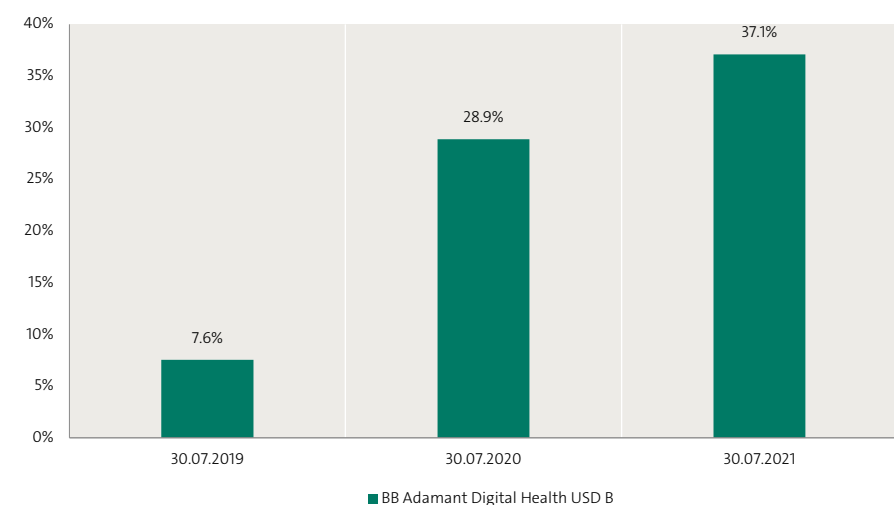
Cumulated & annualized performance

	Cumulated						Annualized			
	1 month	YTD	1 year	3 years	5 years	since launch	1 year	3 years	5 years	since launch
B USD	-2.4%	4.7%	37.1%	90.1%	n.a.	136.8%	37.1%	23.8%	n.a.	30.4%
BM	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Annual performance

	2016	2017	2018	2019	2020	YTD
B USD	n.a.	n.a.	n.a.	17.3%	67.2%	4.7%
BM	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Rolling 12-month-performance



Source: Bellevue Asset Management, 31.07.2021; all figures in USD %, total return / BVI-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

Shockwave Medical		5.0%
Dexcom		4.6%
Intuitive Surgical		4.0%
Insulet		4.0%
Veeva Systems		3.7%
Pacific Biosciences of Calif.		3.5%
Axonics Modulation		3.4%
Align Technology		3.3%
Inspire Medical Sys.		3.3%
Omniceil		3.1%

Total top 10 positions	38.0%
Total positions	52

Geographic breakdown

United States		89.5%
Denmark		4.8%
China		4.5%
Japan		0.9%
France		0.1%
Cash		0.3%

Market cap breakdown

0 - 1 bn		2.4%
1 - 2 bn		11.5%
2 - 5 bn		19.3%
5 - 15 bn		36.4%
15 - 20 bn		8.6%
> 20 bn		21.6%
Others		0.3%

Market review

The BB Adamant Digital Health Fund closed slightly lower in July (-2.4%) following its strong performance in the previous month (+7.5%). The Russell 2000 index of US small caps also headed south (-3.6%), while the US tech bellwether (Nasdaq 100 +2.8%) and the broader healthcare segment (MSCI World Healthcare Net +3.7%) advanced over the month.

21 of the 52 stocks in the fund's portfolio delivered a positive performance in July. Dexcom (+20.7%), Align (+13.9%), Tandem Diabetes Care (+11.6%), Phresia (+11.5%), Evolent Health (+8.6%), Intuitive Surgical (+7.7%), Globus (+7.3%) and Axonics (+7.2%) were the top performance drivers. The second-quarter results published by Intuitive Surgical and Dexcom clearly beat investor expectations. Dexcom also announced that it had filed its new G7 real-time continuous glucose monitoring (CGM) system for approval with the European Medicines Agency. Approval in the US, the most important market, could be granted before the end of 2021.

Pleasing quarterly results and positive corporate news flow would lead one to expect a better monthly performance from the fund, but two specific factors stood in the way of that. Some stocks plunged after the CMS (Centers for Medicare & Medicaid Services) issued a proposal in mid-July to reduce government reimbursement of many treatments performed by doctors, in some cases dramatically. Glaukos shares dropped the most (-39.9%), and Inspire Medical (-5.2%) and Shockwave (-4.1%) also took a hit. The definitive decision will be made in November and we assume that the final reimbursement rate will be higher or the proposed reduction in reimbursement will be implemented over a multi-year period.

On the heels of the CMS announcement, the Chinese market corrected late in the month. Although there is no direct link to the Chinese government's primary intentions, all of the Chinese stocks in the portfolio suffered sharp declines: Ali Health (-29.9%), Genetron (-29.5%), JD Health (-25.1%), Ping An Healthcare and Technology (-25.1%), Burning Rock (-22.7%) and Yidu Tech (-18.7%). Although the fund's exposure to China was a low of 5.8% at the beginning of the month, it had a negative impact of -1.3% on performance. After the market calmed down again, we expect Chinese healthcare stocks to stage a strong recovery because they are active in strategic areas prioritized by government funding programs. All performance data is in USD / B shares.

Positioning & outlook

We don't rule out short-term market fluctuations, especially in reaction to news about the vaccination rates and the effectiveness of vaccines against coronavirus variants, or as a result of short-term tactical shifts in the flow of investment capital (sector rotation). However, we believe that a highly selective portfolio of fast-growing, transformative and disruptive companies offering digital technologies that improve healthcare services and systems while lowering costs can quickly bounce back from short-term stock market trends. In addition, the Digital Health Fund's portfolio, with its estimated average multi-year sales growth of 35%-plus and good visibility, can experience a very quick re-rating.

The growing acceptance of digital solutions in the wake of the pandemic has pushed up the potential growth trajectory of the digital health investment case. We also expect M&A activity to pick up significantly in 2021. This strong growth momentum and non-cyclical demand will put digital health stocks in an excellent position to deliver another pleasing performance in the current year.

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. Digital health is subject to stricter regulatory regimes, which wards off potential new competitors, makes the related technology risk more predictable and gives the fund a distinctive profile.

The fund aims to maintain a high double-digit annual sales growth rate at the aggregated portfolio level. Venture capital funds have already invested about USD 70 bn in 3300 privately held digital health firms since 2011, so we expect a steady stream of attractive IPOs in the coming years – another reason, and an important one, for investing in this sector.

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.



This fund is assigned to this category, as its share price fluctuates severely and both the risk of loss and the opportunities for profit can therefore be high. 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



Marcel Fritsch
Portfolio Manager
since inception of the fund

Awards



Sustainability Profile – ESG

Norms-based exclusions: ☒ Compliance UNGC, HR, ILO
ESG Risk Analysis: ☒ ESG Integration
Stewardship: ☒ Engagement

☒ Controversial weapons
☐ Best-in-Class
☒ Proxy Voting

CO2 intensity (t CO2/mn USD sales): 17.9 t (low)
MSCI ESG Rating (AAA - CCC): A
EU SFDR 2019/2088 product category: Article 8

MSCI ESG coverage: 94%
MSCI ESG coverage: 88%

Based on portfolio data as per 30.06.2021 (quarterly updates) – ESG data base on MSCI ESG Research and are for information purposes only; compliance with global norms according to the principles of UN Global Compact (UNGC), UN Guiding Principles for Business and Human Rights (HR) and standards of International Labor Organisation (ILO); no involvement in controversial weapons; ESG Integration: Sustainability risks are considered while performing stock research and portfolio construction; Best-in-class: systematic exclusion of "ESG laggards"; MSCI ESG Rating ranges from "leaders" (AAA-AA), "average" (A, BBB, BB) to "laggards" (B, CCC). Note: in certain cases the ESG rating methodology may lead to a systematic discrimination of companies or industries, the manager may have good reasons to invest in supposed "laggards". The CO2 intensity expresses MSCI ESG Research's estimate of GHG emissions measured in tons of CO2 per USD 1 million sales; for further information c.f. www.bellevue.ch/en/corporate-information/sustainability

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 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 AT, DE, LU, ES, UK, NL, SG (Res), IT (Inst.) and CH.

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: atl Capital, Calle de Montalbán 9, ES-28014 Madrid - CNMV under the number 938

UK: The Bellevue Funds (Lux) SICAV is recognised for public offering and distribution in the United Kingdom. Facilities agent: Financial Express Limited, 3rd Floor, Hollywood House, Church Street East, Woking, Surrey GU21 6HJ

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: Oligo Swiss Fund Services AG, Avenue Villamont 17, CH-1005 Lausanne. Paying agent in Switzerland: DZ PRIVATBANK (Schweiz) AG, Münsterhof 12, P.O. Box, CH-8022 Zürich. 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