

# Protea Fund - Sectoral Healthcare Opportunities Fund - I EUR

ISIN LU1849504649

As of 30/09/2024  
Marketing material

## Investment Objective

The Sub-Fund invests primarily in innovative healthcare companies developing differentiated drugs, services, life science tools and devices in therapeutic areas with large unmet medical needs. Investments are made across all market caps and geographies, including the emerging markets, with significant exposure to mid- and small-cap companies, due to their high degree of innovation. Novel and differentiated treatments, devices, and services benefit from a favorable regulatory and commercial environment, with the potential for shortened development timelines, rapid market adoption as well as strong pricing and operating margins. Innovation in healthcare delivery and novel therapeutic modalities has created new business models and markets with tremendous commercial potential.

## Investment Policy

The manager specializes in the area of healthcare investments and employs a bottom-up, research-intensive investment approach. The security selection process is based on primary research, analysis of industry and company fundamentals, and in-depth due diligence on companies to assess their scientific, business, and financial aspects. ESG and sustainability criteria are integrated throughout the process. The Sub-Fund is actively managed. The benchmark index MSCI TR World Net Health Care USD Index is mentioned for performance comparison purposes. The Sub-Fund does not track the index and can deviate significantly or entirely from the benchmark index.

Sectoral Asset Management is a  
Signatory of:



## SFDR Classification<sup>1</sup>

Article 6

**Article 8**

Article 9

<sup>1</sup>Information on sustainability-related aspects can be found at the following link: <https://assetservices.group.pictet/asset-services/fund-library/ch/en/institutional/funds>.

When deciding to invest in the Fund being promoted, all of the features and objectives of the Fund being promoted as described in the Prospectus should be taken into account. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on Sustainability-related disclosures in the financial services sector (SFDR).

## Risk Category SRI

1

2

3

**4**

5

6

7

Lower risk

Higher risk

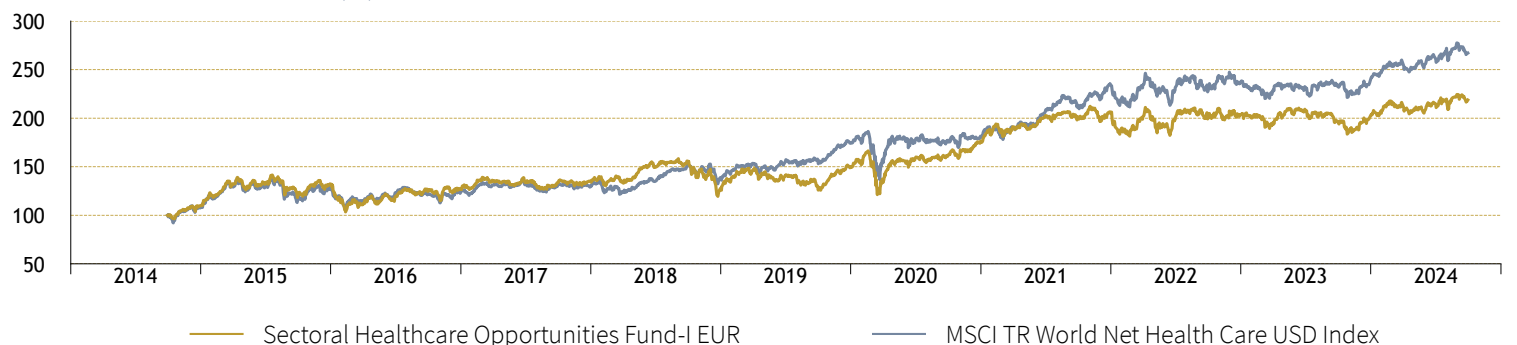
The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

## General Information

Custodian bank	Bank Pictet & Cie (Europe) AG, succursale de Luxembourg
Portfolio management	Sectoral Asset Management Inc.
Fund domicile, legal structure, SFDR	Luxembourg, UCITS, Art. 8
Currency of the fund / shareclass	USD / EUR
Fund size	EUR 99.74 mio
Net asset value (NAV) / share	EUR 439.75
Distribution policy	Reinvested
Launch date fund / shareclass	23.11.1993 / 30.04.2007
ISIN / WKN / VALOR	LU1849504649 / A2JR2P / 42469455
Bloomberg	PRSHOIE
Management fee	0.60%
Ongoing charges (incl. Mgmt. fee) as of 31.12.2022	0.94%
Maximum entry / switching / exit fee <sup>2</sup>	2.00%/1.50%/0.00%
Swing pricing	Yes
Minimum Investment	EUR 250'000
Benchmark	MSCI TR World Net Health Care USD Index

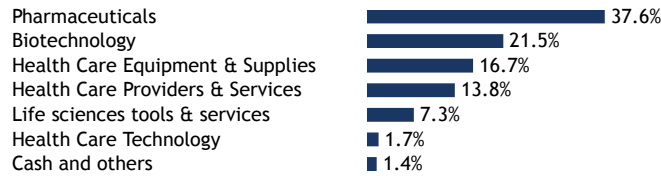
<sup>2</sup>Refer to fund distributor for actual applicable fees, if any. Not all costs are displayed. Please refer to the prospectus and PRIIPS KID for further details.

## Indexed Performances (%)



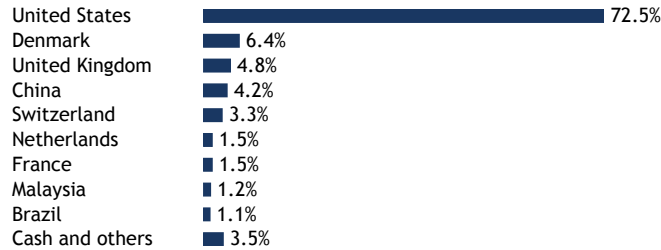
Source: FundPartner Solutions (Europe) S.A. - Part of Pictet Group  
Past performance before 26.01.2024 are referring to the fund Variopartner SICAV which has been merged into Protea Fund as of the 29.01.2024. Please note that neither the investment policy, the benchmark, or the investment manager changed, only the name of the fund, management company and custodian changed.  
Past performance must not be considered an indicator or guarantee of future performance. Any tables, graphs, or charts relating to past performance included are used only to illustrate the performance of indices, strategies, or specific funds for the historical periods shown and should not be used as a basis for making any investment decision. All performance data are based on net performance and take no account of commissions, fees or other costs charged when units are issued and redeemed. The return of the Fund may go down as well as up due to changes in rates of exchange between currencies. Future performance is subject to taxation which depends on the personal situation of each investor, and which may change in the future.

## Sector Breakdown



Source: FundPartner Solutions (Europe) S.A. - Part of Pictet Group

## Geographical Breakdown



Source: FundPartner Solutions (Europe) S.A. - Part of Pictet Group

## Risk Metrics/Risk Information<sup>3</sup>

Volatility, annualized	11.75%	Jensen's alpha	-3.92%
Sharpe ratio	0.09	Beta	0.87
Information ratio	-0.71	Tracking error, ex-post	6.52%

<sup>3</sup>Calculated over 3 years

Source: FundPartner Solutions (Europe) S.A. - Part of Pictet Group

## Market Commentary

In September, large-cap healthcare (as measured by the MSCI World Healthcare Index) fell 3.0% and underperformed the MSCI AC World (+2.3%). Among industries, medtech (+1.3%) and life sciences (+1.1%) led, followed by services (-1.9%) and biotech (-2.7%), while pharma (-6.1%) lagged. Small- and mid-cap healthcare (as measured by the Russell 2000 Healthcare Index) decreased 0.6% and underperformed the Russell 2000 Index (+0.7%). The MSCI Emerging Markets Healthcare Index (+7.2%) outperformed the broad MSCI Emerging Markets Index (+6.7%).

In biopharma, positive clinical updates included those from BioNTech (lung cancer), Vaxcyte (31-valent pneumococcal conjugate vaccine) and Ascendis (achondroplasia). On the other hand, disappointing updates included those from Novo Nordisk and Roche (both in obesity) and iTeos (lung cancer). In regulatory news, the FDA approved Bristol-Myers Squibb's Cobenfy (schizophrenia) with a clean label and Regeneron was denied a preliminary injunction against Amgen launching a biosimilar 2mg Eylea. On the corporate front, Roche acquired a CDK inhibitor portfolio from Regor (private) for USD850m upfront.

In medtech, Abbott announced the US launch of Lingo (OTC CGM) following DexCom's Stelo launch in August. ZimmerBiomet disclosed an ERP issue disrupting shipping in North America expected to impact 2024 revenue by 1%. Boston Scientific's ACCURATE Neo2 US pivotal trial data was added as a late-breaker presentation at the upcoming Transcatheter Cardiovascular Therapeutics conference, far earlier than expected. On the regulatory front, the FDA approved Senseonics' Eversense 365 implantable CGM and Embecta's open-loop tubeless insulin pump for type 2 diabetes.

In healthcare services, US distributors shared disappointing updates during investor conferences, while investors grappled with the sustainability of strong patient volumes and the looming CMS release of MA plan designs and STAR scores. Activist investor Glenview Capital disclosed engagement with CVS Health on efforts to improve operating performance. In regulatory news, Cigna sued the FTC demanding a retraction of a report on PBMs published in July which alleged patient steering towards more expensive medicines, seemingly overlooking the fact that -95% of rebates are returned to the plan sponsor. The FTC followed by launching a formal complaint alleging anticompetitive and consumer-protection issues at the three largest PBMs and their GPOs. The suit will likely take years to resolve and the full extent of the allegations and reforms sought remain vague. Interestingly, California Governor Newsom vetoed a bill that would have forced PBMs in the state to pass along 100% of rebates, among other regulations.

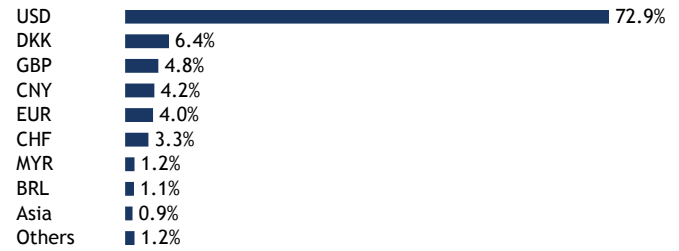
In emerging markets, Akeso reported data that made tidal waves across the global oncology space with an immunotherapy which could redefine the standard of care in the next few years. On the policy front, China's Department of Commerce, National Health Commission, and National Medical Products Administration, issued a joint notice outlining more friendly policy around foreign investment in certain biotech areas and private hospitals. Overseas, the US Biosecure Act, impacting select Chinese biopharma services companies, was passed by the House and remains under review by the Senate. In M&A news, IHH acquired Island Hospital (IHSB) in Penang at an equity value of RM3.9bn (USD900m).

Top contributors: BioNTech (biotech) +34% on positive lung cancer data; Vaxcyte (biotech) +41% on positive vaccine data; Shenzhen Mindray (medtech) +20% on improved sentiment for China post stimulus measures.

Top detractors: Novo Nordisk (pharma) -15% on disappointing oral obesity drug data; iTeos (biotech) -40% on disappointing lung cancer data; BioMarin (biotech) -23% on competitive threat by Ascendis.

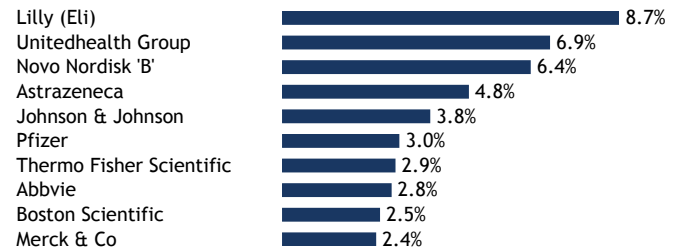
Notable transactions: Initiated a position in Hygeia Healthcare (services) and decreased Merck (pharma).

## Currency Breakdown



Source: FundPartner Solutions (Europe) S.A. - Part of Pictet Group

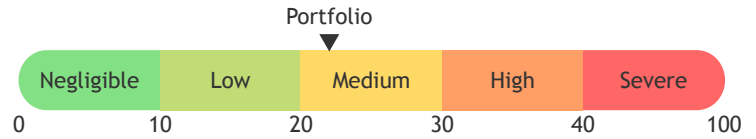
## Top Holdings



Source: FundPartner Solutions (Europe) S.A. - Part of Pictet Group

## ESG Risk Rating

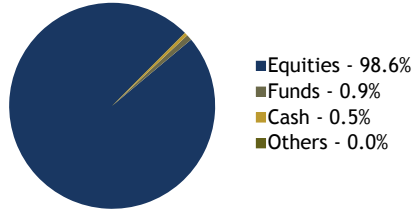
	Rating	Coverage	Category
Portfolio	22.0	96%	Medium



Categories for ESG Risk: Negligible (0-9.99), Low (10-19.99), Medium (20-29.99), High (30-39.99), Severe (40 and higher)

## Portfolio

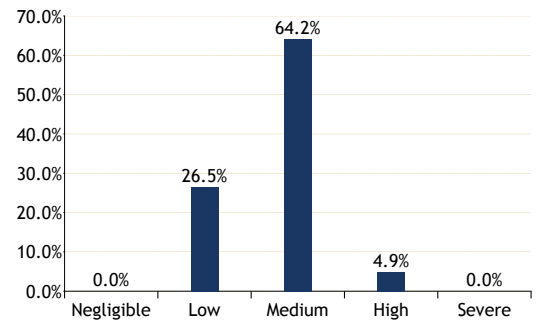
### Breakdown (by Asset Type)



### Coverage (by Asset Type)

Asset type	Eligible	Covered	Not Covered
Equities	Yes	95.5%	3.1%
Funds	No	-	0.9%
Cash	No	-	0.5%
Others	No	-	0.0%
<b>Total</b>		<b>95.5%</b>	<b>4.5%</b>

### Distribution (Portfolio, weight in %)



Source : Sustainalytics

## Corporate Governance

	Rating
Portfolio	56

### 6 Pillars of Corporate Governance



Level of risk is distributed from 0 to 100, 0 being the highest and 100 the lowest. Source : Sustainalytics

## Physical Climate Risk

	Rating
Portfolio	63

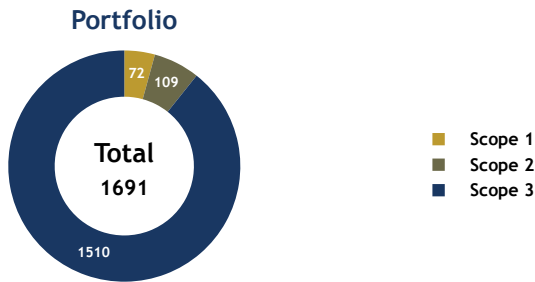
### 3 Pillars of Physical Climate Risk



Level of risk is distributed from 0 to 100, 0 being the lowest and 100 the highest. Source: 427

## Greenhouse Gas Emission

### Carbon emission

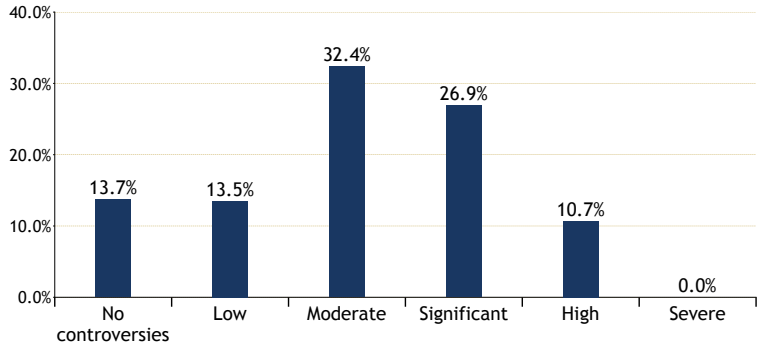


Carbon emission in tonnes of CO<sub>2</sub> (Scope 1, 2 & 3)  
Carbon footprint and carbon intensity in tonnes of CO<sub>2</sub> per million CHF (Scope 1, 2 & 3)  
Source : Sustainalytics

	Carbon emissions*	Carbon footprint	Carbon intensity
Portfolio	1690	19	108

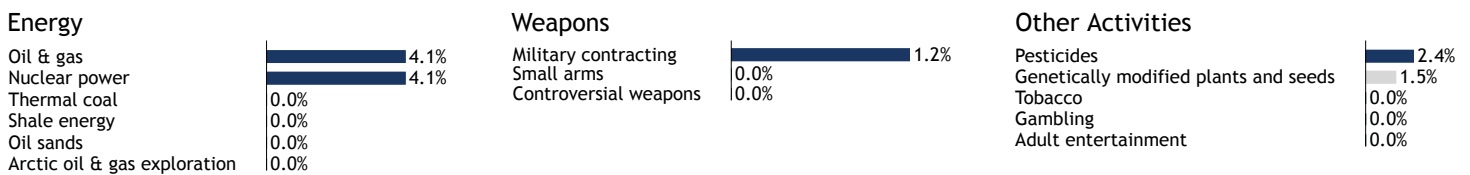
\* GHG emission per EVIC

## Controversy Exposure (Portfolio, weight in %)



Source : Sustainalytics

## Product Involvement (Portfolio, weight in %)



### Revenues from Involvement

Not Rep.	0-4.9%	5-9.9%	10-24.9%	25-49.9%	50-100%
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Source : Sustainalytics

## Methodologies

### ESG Risk Rating

ESG Risk Rating measures the degree to which a company's economic value is at risk driven by ESG factors or, more technically speaking, the magnitude of a company's unmanaged material ESG risks.

### Corporate Governance

Corporate Governance evaluates the governance structures, practices and behaviors of companies and their ability to build sustainable long-term value that can be delivered to stakeholders and shareholders in a fair and transparent manner.

### GHG (Greenhouse Gas) Emissions

Scope 1 Emissions: Direct Greenhouse emissions that are generated from production processes which are owned and/or controlled by the company (ie: fuel combustion, company vehicles, fugitive emissions...).

Scope 2 Emissions: Indirect Greenhouse emissions associated with the purchase of energy (ie: electricity, heat or steam...).

Scope 3 Emissions: All indirect emissions arising from the activities of an organisation. This includes emissions from both suppliers and/or consumers (ie: purchased goods/services, travel, waste disposal, transportation and distributions, leased assets, investments...).

Carbon footprint: Aggregation of Scope 1, 2 and 3 GHG emissions of a company relative to its enterprise value.

Carbon intensity: Aggregation of Scope 1, 2 and 3 GHG emissions of a company relative to its sales or revenues.

### Physical Climate Risk

Physical Climate Risk assesses the exposure of companies that may potentially be negatively affected by the physical impacts of climate change.

### Controversies

ESG Controversies analysis of underlying companies is based on incidents and events that may pose a business or reputational risk due to the potential impact on stakeholders, the environment, or the company's operations.

### Product Involvement

Product involvement provides research on companies' involvement in certain types of products and services. This enables screening approaches according to specific criteria such as ethical, impact, compliance or ESG risk considerations.

This research tracks both direct involvement in a product in one or more ways such as production, distribution or related services and indirect involvement in a product through ownership in an involved company.

### Address

SECTORAL ASSET MANAGEMENT INC  
1010 SHERBROOKE ST. WEST, # 1610  
MONTREAL, QUEBEC  
CANADA H3A 2R7

### Contact

Antoine Blondin  
+41.22.316.66.38  
antoine@sectoral.com

## Disclaimer

Swiss representation agent: FundPartner Solutions Suisse S.A., Route des Acacias 60, CH -1211 Geneva 73 / Swiss paying agent: Banque Pictet & Cie SA, Route des Acacias 60, CH -1211 Geneva 73.

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