

Protea Fund - Sectoral Healthcare Opportunities Fund - PH EUR

ISIN LU1849505026

As of 31/03/2024
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.

Sectoral Asset Management is a
Signatory of:



SFDR Classification¹

Article 6	Article 8	Article 9
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¹Regulation (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

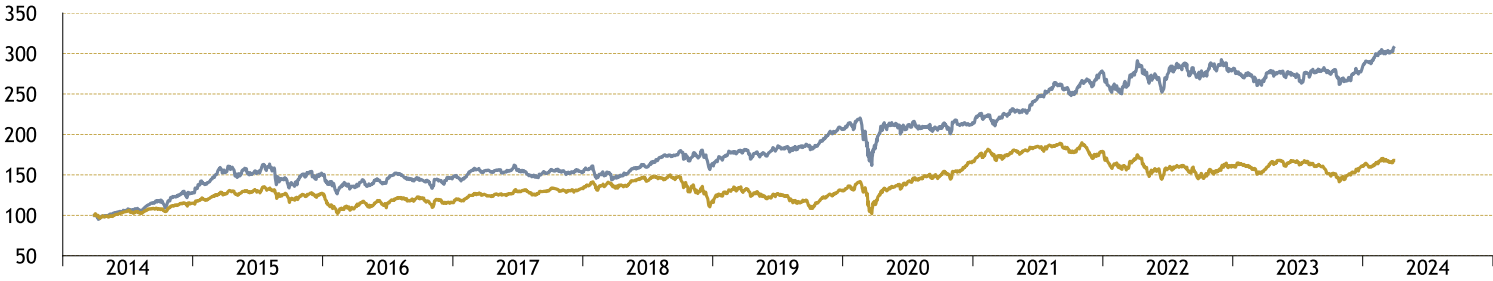


General Information

Portfolio management	Sectoral Asset Management Inc.
Fund domicile, legal structure, SFDR	Luxembourg, UCITS, Art. 8
Currency of the fund / shareclass	USD / USD
Fund size	EUR 98.99 mio
Net asset value (NAV) / share	EUR 259.21
Distribution policy	Reinvested
Launch date fund / shareclass	23.11.1993 / 30.04.2007
ISIN / WKN / VALOR	LU1849505026 / A2JR2Q / 42469465
Bloomberg	PRSPHEH
Management fee	1.20%
Ongoing charges (incl. Mgmt. fee) as of 31.12.2022	1.58%
Maximum entry / switching / exit fee ²	2.00%/1.50%/0.00%
Swing pricing	Yes
Minimum Investment	EUR 0
Benchmark	MSCI TR World Net Health Care USD Index
Benchmark ESG	MSCI TR World Net Health Care USD Index

²Refer 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 (%)



	1 m	YTD	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	3 yrs p.a.	5 yrs p.a.	Since Inception
Portfolio	0.64	4.68	-0.62	-9.86	7.24	27.63	10.88	-11.62	15.50	-8.88	10.40	22.76	-1.17	5.11	159.21
Benchmark	2.57	9.93	0.24	0.79	28.90	4.14	25.51	7.68	5.23	-4.03	18.74	34.48	10.96	11.19	426.06

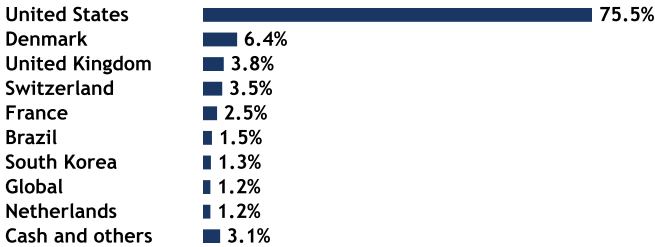
Source: FundPartner Solutions (Europe) S.A. - Part of Pictet Group
Past performance before 26.01.2024 are referring to the fund Variopartner SICAV which has been merged into Protea Fund as of the 29.01.2024. Please note that neither the investment policy, the benchmark, or the investment manager changed, 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 Information³

Volatility, annualized	14.36%	Jensen's alpha	-10.65%
Sharpe ratio	-0.17	Beta	0.90
Information ratio	-1.17	Tracking error, ex-post	9.89%

³Calculated over 3 years

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

Market Commentary

In March, the MSCI World Healthcare Index increased 2.4% and underperformed the MSCI AC World (+3.1%). Among industries, biotech (+2.8%), services (+2.8%) and life sciences (+2.5%) led, while medtech (+2.3%) and pharma (+2.1%) lagged. The Russell 2000 Healthcare Index fell 1.1% and underperformed the Russell 2000 Index (+3.4%). The MSCI Emerging Markets Healthcare Index (-1.7%) underperformed the broad MSCI Emerging Markets Index (+2.5%).

In biopharma, positive clinical reports included those from Novo Nordisk (obesity) and Acelyrin (thyroid eye disease). On the other hand, Amylyx' phIII PHOENIX trial for AMX0035 in ALS failed. In regulatory news, the FDA approved Merck's Winrevair, with a notably clean label, for patients with pulmonary arterial hypertension. However, Eli Lilly announced its Alzheimer's disease drug, donanemab, will be put before an FDA Advisory Committee meeting delaying potential FDA approval by several months. CMS issued guidance to Medicare Part D plans stating that anti-obesity medications that receive FDA approval for an additional indication that is considered medically accepted under federal law, can be reimbursed for that specific use. On the corporate front, M&A activity included AstraZeneca's acquisition of radiopharmaceuticals company Fusion for USD2bn (97% premium) and endocrine play Amolyt (private) for USD800m, while Novo Nordisk acquired heart failure focused Cardior Pharmaceuticals (private) for up to USD1.1bn.

In medtech, a robust utilization environment supported expectations for continued strength in procedure growth and margin improvement over 2024. Alphatec shared its long-range plan to 2027 at its investor day, which included USD1bn revenues and 18% EBITDA margin. In regulatory news, the FDA approved Intuitive Surgical's da Vinci 5 surgical robot, DexCom's Stelo, the first continuous glucose monitor in the US available without a prescription, and Medtronic's Evolut FX+, its latest TAVR product.

In healthcare services, UnitedHealth subsidiary Change Healthcare, the clearinghouse for 15bn annual healthcare transactions, was victim to a cyberattack impacting electronic claims for medical and pharmacy services. Most functionality has since been reestablished, however a one-time delay to provider cash flow may be a feature in 1Q24 results. Elsewhere, Elevance announced an improvement in its Medicare Advantage STAR ratings.

In emerging markets, Rede D'Or reported mixed results with hospital net revenues +9% y/y though higher expenses weighed on EBITDA (+8% YOY) at a 22.6% margin, down 35bps y/y.

Top contributors: DexCom (medtech) +21% on FDA approval of Stelo; Zoetis (pharma, not held) -15% on EU antitrust probe; Lenz (biotech) +37% on successful reverse-merger.

Top detractors: Amylyx (biotech) -82% on failed PHOENIX study; Eyepoint (biotech) -24% consolidation after prior strength; Acelyrin (biotech) -18% on remaining questions on interim data in thyroid eye disease.

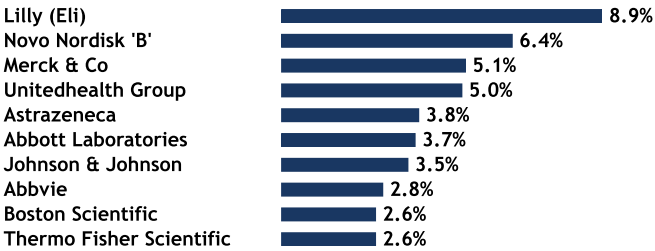
Notable transactions: Initiated positions in Samsung Biologics (life sciences) and Boundless Bio (biotech).

Currency Breakdown



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

Top Holdings

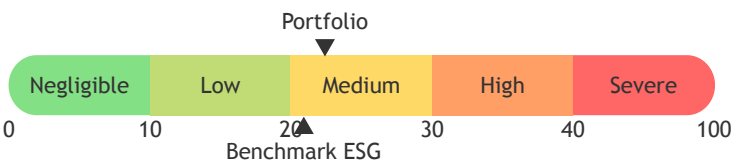


Source: FundPartner Solutions (Europe) S.A. - Part of Pictet Group

ESG Risk Rating

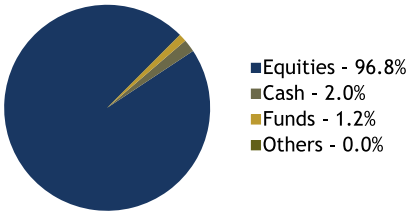
	Rating	Coverage	Category
Portfolio	22.4	92%	Medium
Benchmark ESG	20.9	100%	Medium

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

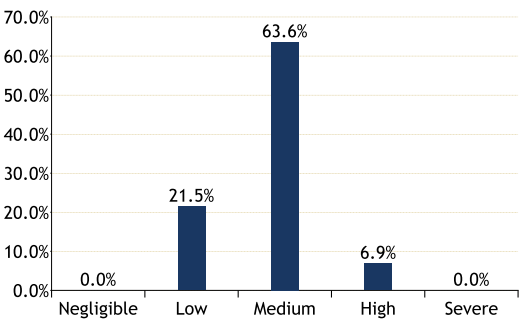
Breakdown (by Asset Type)



Coverage (by Asset Type)

Asset type	Eligible	Covered	Not Covered
Equities	Yes	92.0%	4.8%
Funds	No	-	1.2%
Cash	No	-	2.0%
Others	No	-	0.0%
Total		92.0%	8.0%

Distribution (Portfolio, weight in %)

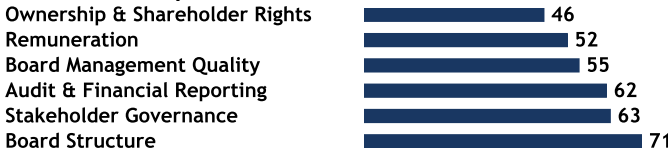


Source : Sustainalytics

Corporate Governance

	Rating
Portfolio	57
Benchmark ESG	58

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	62
Benchmark ESG	61

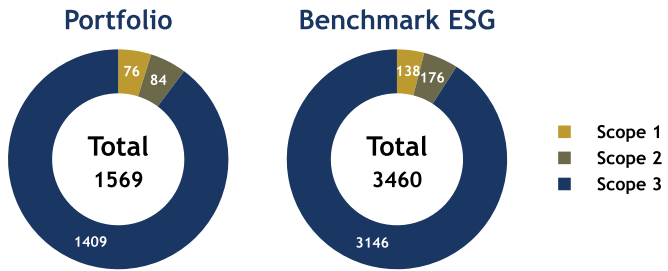
3 Pillars of Physical Climate Risk



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

Greenhouse Gas Emission

Carbon emission



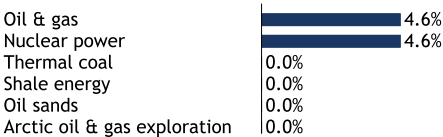
Carbon emission in tonnes of CO₂ (Scope 1, 2 & 3)
Carbon footprint and carbon intensity in tonnes of CO₂ per million CHF (Scope 1, 2 & 3)
Source : Sustainalytics

	Carbon emissions*	Carbon footprint	Carbon intensity
Portfolio	1569	18	99
Benchmark ESG	3461	37	125

* GHG emission per EVIC

Product Involvement (Portfolio, weight in %)

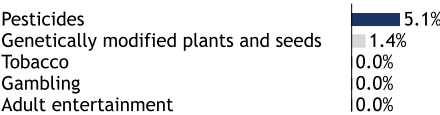
Energy



Weapons



Other Activities



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.

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