

SECTOR CAPITAL FUNDS PLC

*(A company incorporated with limited liability as an open-ended umbrella investment company
with variable capital under the laws of Ireland)*

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD 1 JANUARY 2022 TO 30 JUNE 2022

Registration No. 489443

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the financial period 1 January 2022 to 30 June 2022

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GENERAL INFORMATION

Directors

Michael Boyce (*Irish*)[^]
Lars Tell (*Swedish*)
Conor Walsh (*Irish*)[^]

[^]*Independent non-executive Director*

Investment Manager

Sector Funds Services AS
Kristian Augusts gate 15 C
N-0164 Oslo
Norway

Investment Manager

Sector Healthcare Value Fund
Sector Gamma AS
Kristian Augusts gate 15 c
N-0164 Oslo
Norway

Administrator, Registrar and Transfer Agent

BNY Mellon Fund Services (Ireland) Designated Activity
Company
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

Depository

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

Company Secretary

MFD Secretaries Limited
32 Molesworth Street
Dublin 2
Ireland

Registered Office

32 Molesworth Street
Dublin 2
Ireland

Independent Auditors

Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Legal Advisers to the Company (*advisers as to Norwegian law*)

BAHR
Advokatfirmaet BAHR AS
Tjuvholmen allé 16
NO-0252 Oslo
Norway

Legal Advisers to Harvest Funds AS (*advisers as to Norwegian law*)

Thommessen
Haakon Vlls gate 10
Postboks 1484 Vika
NO-0116 Oslo
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Legal Advisers to the Company (*advisers as to Irish law*)

Maples Group
75 St. Stephen's Green
Dublin 2
Ireland

Sponsoring Brokers

Maples Group
75 St. Stephen's Green
Dublin 2
Ireland

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INVESTMENT MANAGER'S REPORT

Sector Healthcare Value Fund

Inflation, interest rates, geopolitical uncertainties and investor crowding dominated the first half of 2022, sending both the healthcare sector and the broader markets down significantly. The MSCI World Healthcare Index outperformed the broader markets but still fell 10.3% during the first six months of the year. The MSCI World Index fell in excess of 20% during the same period.

Within the healthcare space, drug stocks drove performance on the positive side, whilst Medtech stocks as well as life sciences and tools stocks fell more than 25% in the first half of 2022. Mid-cap biotechnology stocks were the worst performing sub sector, down in excess of 30%.

The Sector Healthcare Value Fund returned a negative 5.8% during the first half of 2022. The largest positive contribution came from Merck & Co, Bristol-Myers and Vertex Pharmaceuticals, whilst Smith & Nephew, Gilead and UCB incurred the largest losses. Despite the negative overall performance, the Fund was around 5% ahead of the healthcare index, and nearly 15% ahead of the broader markets. The first half was difficult on an absolute basis but strong on a relative basis for the Fund. The ongoing macro environment is still challenging and uncertain, but we are encouraged to have similar valuation multiples on our portfolio today, after having returned nearly 15% compounded over nearly 12 years, as we did when first launched the Fund in 2010. We are also encouraged about what we view as a more rational stock picking environment and the opportunity set going forward.

Sustainable Finance Disclosure Regulation

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Sector Gamma AS

August 2022

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BALANCE SHEET

As at 30 June 2022

	Note	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD	Sector Capital Funds Plc USD
Current Assets				
Investments in financial assets held at fair value through profit or loss		–	507,812,259	507,812,259
Receivable for securities sold		–	2,533,434	2,533,434
Interest receivable		–	12,888	12,888
Dividends receivable		–	865,539	865,539
Other assets		–	6,775	6,775
Total Assets		–	511,230,895	511,230,895
Current Liabilities				
Investments in financial liabilities held at fair value through profit or loss		–	7,019,095	7,019,095
Bank overdraft	6	–	2,444,369	2,444,369
Subscriptions received in advance		–	23,399	23,399
Payable to investment manager	9	–	377,645	377,645
Incentive fee/performance fee	10	–	273,345	273,345
Administration fee	11	–	132,873	132,873
Directors' fees and expenses	12	–	10,870	10,870
Auditors' fee		–	7,658	7,658
Depository/Custodian fee	11	–	21,310	21,310
Legal fee		–	37,125	37,125
Equalisation credit payable		–	2,411,924	2,411,924
Trading and Research fees		–	17,299	17,299
Other creditors		–	73,998	73,998
Total Liabilities (excluding net assets attributable to holders of Redeemable Participating Shares)		–	12,850,910	12,850,910
Net assets attributable to holders of Redeemable Participating Shares	20	–	498,379,985	498,379,985

Harvest Equity Kernel ceased trading on 15 January 2021.

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BALANCE SHEET (Continued)

As at 30 June 2021

	Note	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD	Sector Capital Funds Plc USD
Current Assets				
Investments in financial assets held at fair value through profit or loss		–	486,568,316	486,568,316
Cash at bank and brokers	6	12,869	7,910,703	7,923,572
Interest receivable		–	30	30
Dividends receivable		4,538	825,017	829,555
Other assets		892	8,615	9,507
Total Assets		18,299	495,312,681	495,330,980
Current Liabilities				
Investments in financial liabilities held at fair value through profit or loss		–	6,726,131	6,726,131
Payable for securities purchased		–	688,350	688,350
Subscriptions received in advance		–	765,546	765,546
Payable to investment manager	9	14,229	398,274	412,503
Incentive fee/performance fee	10	–	323,066	323,066
Administration fee	11	–	86,847	86,847
Directors' fees and expenses	12	–	10,293	10,293
Auditors' fee		–	6,659	6,659
Depository/Custodian fee	11	–	13,151	13,151
Legal fee		–	14,495	14,495
Equalisation credit payable		–	3,536,165	3,536,165
Trading and Research fees		–	4,853	4,853
Other creditors		4,070	44,381	48,451
Total Liabilities (excluding net assets attributable to holders of Redeemable Participating Shares)		18,299	12,618,211	12,636,510
Net assets attributable to holders of Redeemable Participating Shares	20	–	482,694,470	482,694,470

Harvest Equity Kernel ceased trading on 15 January 2021.

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PROFIT AND LOSS ACCOUNT

For the financial period 1 January 2022 to 30 June 2022

	Note	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD	Sector Capital Funds Plc USD
Income				
Dividend income		–	6,739,478	6,739,478
Interest income		–	27,079	27,079
Other income		–	7,774	7,774
		–	<u>6,774,331</u>	<u>6,774,331</u>
Net realised gain/(loss) on:				
- investments		–	3,995,975	3,995,975
- foreign currency		–	(10,068,872)	(10,068,872)
Net change in unrealised appreciation/(depreciation) on:				
- investments		–	(17,793,907)	(17,793,907)
- foreign currency		–	(22,432,748)	(22,432,748)
Net investment loss		–	(39,525,221)	(39,525,221)
Expenses				
Management fee	9	–	(2,329,182)	(2,329,182)
Incentive fee/performance fee	10	–	(73,951)	(73,951)
Administration fee	11	–	(255,596)	(255,596)
Depository/Custodian fee	11	–	(86,711)	(86,711)
Directors' fees and expenses	12	–	(19,101)	(19,101)
Auditors' fee		–	(9,765)	(9,765)
Legal fee		–	(54,665)	(54,665)
Trading and research fees		–	(72,522)	(72,522)
Other expenses		–	(92,934)	(92,934)
Total expenses		–	(2,994,427)	(2,994,427)
Net (loss) before finance costs		–	(42,519,648)	(42,519,648)
Finance costs				
Interest expense		–	(2,695)	(2,695)
Total finance costs		–	(2,695)	(2,695)
Taxation				
Withholding tax and other taxation		–	(1,308,773)	(1,308,773)
Net decrease in net assets attributable to holders of Redeemable Participating Shares resulting from operations		–	(43,831,116)	(43,831,116)

There are no recognised gains or losses for the financial period other than those set out in the Profit and Loss Account. All activities relate to continuing operations except for Harvest Equity Kernel, which ceased trading on 15 January 2021.

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
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PROFIT AND LOSS ACCOUNT (Continued)

For the financial period 1 January 2021 to 30 June 2021

	Note	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD	Sector Capital Funds Plc USD
Income				
Dividend income		74,355	5,017,202	5,091,557
Interest income		3,016	576	3,592
Other income		5,160	27,033	32,193
		<u>82,531</u>	<u>5,044,811</u>	<u>5,127,342</u>
Net realised gain/(loss) on:				
- investments		25,027,417	23,573,242	48,600,659
- foreign currency		4,733,432	13,145,796	17,879,228
Net change in unrealised appreciation/(depreciation) on:				
- investments		(21,230,244)	16,635,026	(4,595,218)
- foreign currency		(4,693,991)	(15,665,395)	(20,359,386)
Net investment gain		<u>3,919,145</u>	<u>42,733,480</u>	<u>46,652,625</u>
Expenses				
Management fee	9	(27,604)	(2,148,602)	(2,176,206)
Incentive fee/performance fee	10	–	(21,130)	(21,130)
Administration fee	11	0	(234,213)	(234,213)
Depository/Custodian fee	11	(6,812)	(79,545)	(86,357)
Directors' fees and expenses	12	–	(15,641)	(15,641)
Auditors' fee		(8,455)	(6,531)	(14,986)
Commission fee		0	0	–
Legal fee		–	(62,897)	(62,897)
Listing fee		(1,266)	–	(1,266)
Trading and research fees		–	(62,314)	(62,314)
Other expenses		(27,413)	(92,357)	(119,770)
Total expenses		<u>(71,550)</u>	<u>(2,723,230)</u>	<u>(2,794,780)</u>
Net gain before finance costs		<u>3,847,595</u>	<u>40,010,250</u>	<u>43,857,845</u>
Finance costs				
Interest expense		(20,050)	(1,742)	(21,792)
Total finance costs		<u>(20,050)</u>	<u>(1,742)</u>	<u>(21,792)</u>
Taxation				
Withholding tax and other taxation		(20,362)	(835,904)	(856,266)
Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations		<u>3,807,183</u>	<u>39,172,604</u>	<u>42,979,787</u>

There are no recognised gains or losses for the financial period other than those set out in the Profit and Loss Account. All activities relate to continuing operations except for Harvest Equity Kernel, which ceased trading on 15 January 2021.

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STATEMENT OF NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the financial period 1 January 2022 to 30 June 2022

	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD	Sector Capital Funds Plc USD
Net Assets attributable to holders of Redeemable Participating Shares at beginning of the financial period	–	480,884,750	480,884,750
Capital transactions:			
Issue of Redeemable Participating Shares	–	98,926,815	98,926,815
Redemption of Redeemable Participating Shares	–	(37,081,207)	(37,081,207)
Equalisation applied	–	(519,257)	(519,257)
Net increase in net assets resulting from capital transactions of Redeemable Participating Shares	–	61,326,351	61,326,351
Net decrease in net assets attributable to holders of Redeemable Participating Shares resulting from operations	–	(43,831,116)	(43,831,116)
Net Assets attributable to holders of Redeemable Participating Shares at end of the financial period	–	498,379,985	498,379,985

The accompanying notes form an integral part of the financial statements

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STATEMENT OF NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES (Continued)

For the financial period 1 January 2021 to 30 June 2021

	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD	Sector Capital Funds Plc USD
Net Assets attributable to holders of Redeemable Participating Shares at beginning of the financial period	124,692,469	367,309,862	492,002,331
Capital transactions:			
Issue of Redeemable Participating Shares	629,011	109,689,805	110,318,816
Redemption of Redeemable Participating Shares	(129,128,663)	(32,580,518)	(161,709,181)
Equalisation applied	–	(897,283)	(897,283)
Net (decrease)/increase in net assets resulting from capital transactions of Redeemable Participating Shares	(128,499,652)	76,212,004	(52,287,648)
Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations	3,807,183	39,172,604	42,979,787
Net Assets attributable to holders of Redeemable Participating Shares at end of the financial period	–	482,694,470	482,694,470

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
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SCHEDULE OF INVESTMENTS

As at 30 June 2022

Sector Healthcare Value Fund

<i>Investment</i>	Units/Contracts	Fair Value as a % of Net Assets	Fair Value USD
<u>Financial Assets at Fair Value through profit or loss</u>			
Equities			
<u>Belgium</u>			
UCB S.A.	156,497	2.65%	13,193,493
Total Belgium		<u>2.65%</u>	<u>13,193,493</u>
<u>Denmark</u>			
H Lundbeck A/S	778,402	0.76%	3,771,995
H Lundbeck A/S - A SHS	152,732	0.15%	731,308
Total Denmark		<u>0.91%</u>	<u>4,503,303</u>
<u>France</u>			
BioMerieux	57,111	1.12%	5,564,664
Euroapi Sasu	115,697	0.37%	1,820,863
Sanofi	306,310	6.19%	30,851,131
Total France		<u>7.68%</u>	<u>38,236,658</u>
<u>Germany</u>			
Evonik Industries AG	91,271	0.39%	1,942,736
Fresenius SE & Co. KGaA	172,528	1.05%	5,212,676
Total Germany		<u>1.44%</u>	<u>7,155,412</u>
<u>Ireland</u>			
Medtronic Plc	190,178	3.42%	17,068,475
Total Ireland		<u>3.42%</u>	<u>17,068,475</u>
<u>Japan</u>			
Eisai Co. Ltd.	83,853	0.71%	3,533,609
Kyowa Hakko Kogyo Co. Ltd.	117,626	0.53%	2,640,751
Otsuka Holdings Co. Ltd.	338,083	2.40%	11,989,871
Terumo Corp.	173,600	1.05%	5,223,781
Total Japan		<u>4.69%</u>	<u>23,388,012</u>
<u>Netherlands</u>			
Qiagen NV	161,024	1.52%	7,600,333
Total Netherlands		<u>1.52%</u>	<u>7,600,333</u>
<u>Sweden</u>			
Elekta AB	388,824	0.54%	2,681,100
Total Sweden		<u>0.54%</u>	<u>2,681,100</u>
<u>Switzerland</u>			
Novartis AG	393,366	6.67%	33,220,495
Total Switzerland		<u>6.67%</u>	<u>33,220,495</u>
<u>United Kingdom</u>			
ConvaTec Group Plc	934,800	0.51%	2,547,541
GlaxoSmithKline Plc	1,550,752	6.67%	33,251,735
Smith & Nephew Plc	910,025	2.54%	12,681,939
Total United Kingdom		<u>9.72%</u>	<u>48,481,215</u>
<u>United States</u>			
Abbott Laboratories	49,205	1.07%	5,346,123
Alnylam Pharmaceuticals, Inc.	32,018	0.94%	4,669,825
Anthem, Inc.	24,807	2.40%	11,971,362
Atara Biotherapeutics, Inc.	72,359	0.11%	563,677
Biogen, Inc.	59,953	2.45%	12,226,815
BioMarin Pharmaceutical, Inc.	73,800	1.23%	6,115,806
Bio-Rad Laboratories, Inc.	8,655	0.86%	4,284,225
Boston Scientific Corp.	363,855	2.72%	13,560,876
Bristol-Myers Squibb Co.	233,542	3.61%	17,982,734
Bruker Corp.	167,192	2.11%	10,492,970
Cardinal Health, Inc.	270,207	2.83%	14,123,720
Centene Corp.	141,547	2.40%	11,976,292
Cigna Corp.	49,886	2.64%	13,145,959

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SCHEDULE OF INVESTMENTS (Continued)

As at 30 June 2022

Sector Healthcare Value Fund (Continued)

<i>Investment</i>	Units/Contracts	Fair Value as a % of Net Assets	Fair Value USD
<u>Financial Assets at Fair Value through profit or loss (continued)</u>			
<u>Equities (continued)</u>			
<u>United States (continued)</u>			
CVS Health Corp.	123,333	2.29%	11,428,036
EMBECTA Corp.-W/I	5,246	0.03%	132,829
Gilead Sciences, Inc.	553,423	6.86%	34,207,076
Incyte Corp. Ltd.	312,990	4.77%	23,777,850
Intra-Cellular Therapies, Inc.	53,931	0.62%	3,078,381
Ionis Pharmaceuticals, Inc.	129,067	0.96%	4,778,060
Merck & Co., Inc.	300,799	5.50%	27,423,845
Novavax, Inc.	36,146	0.37%	1,858,989
NuVasive, Inc.	173,636	1.71%	8,535,946
Organon & Co.	245,792	1.66%	8,295,480
Pfizer, Inc.	100,000	1.05%	5,243,000
PTC Therapeutics, Inc.	55,839	0.45%	2,236,910
Quanterix Corp.	63,112	0.21%	1,021,783
Rigel Pharmaceuticals, Inc.	846,651	0.19%	956,716
Sage Therapeutics, Inc.	82,096	0.53%	2,651,701
Seagen, Inc.	31,644	1.12%	5,599,089
Somalogic, Inc.	209,829	0.19%	948,427
Ultragenyx Pharmaceutical, Inc.	27,728	0.33%	1,654,252
Universal Health Services, Inc.	27,077	0.55%	2,726,925
Vertex Pharmaceuticals, Inc.	24,321	1.38%	6,853,414
Vir Biotechnology, Inc.	66,505	0.34%	1,693,882
Zimmer Biomet Holdings, Inc.	104,364	2.21%	10,964,482
Total United States		<u>58.68%</u>	<u>292,527,457</u>
Total Equities		<u>97.92%</u>	<u>488,055,953</u>
<u>Money Market Funds</u>			
Goldman Sachs US\$ Treasury Liquid Reserves Fund	18,675,125	3.75%	18,675,125
Total Money Market Funds		<u>3.75%</u>	<u>18,675,125</u>
Net unrealised gain on forward foreign currency contracts (Note 7)		0.22%	1,081,181
Total Financial Assets at Fair Value through profit or loss		<u>101.89%</u>	<u>507,812,259</u>
<u>Financial Liabilities at Fair Value through profit or loss</u>			
Net unrealised loss on forward foreign currency contracts (Note 7)		(1.41)%	(7,019,095)
Total Financial Liabilities at Fair Value through profit or loss		<u>(1.41)%</u>	<u>(7,019,095)</u>
Total Investments at Fair Value		<u>100.48%</u>	<u>500,793,164</u>
Cash at bank and brokers		(0.49)%	(2,444,369)
Other assets in excess of liabilities		0.01%	31,190
Total Net Assets		<u>100.00%</u>	<u>498,379,985</u>

ALL SECURITIES ARE TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING OR TRADED ON A REGULATED MARKET EXCEPT FOR FORWARD FOREIGN CURRENCY CONTRACTS WHICH ARE FINANCIAL DERIVATIVE INSTRUMENTS

Analysis of Total Assets	% of Total Assets
Transferable securities admitted to an official exchange listing or traded on a regulated market	101.67%
Financial derivative instruments	(1.19)%
Other assets	(0.48)%
Total Assets	100.00%

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NOTES TO THE FINANCIAL STATEMENTS

1. Organisation and Structure

Sector Capital Funds plc (the “Company”) was incorporated and registered in Ireland with registered number 489443 and is governed by the Companies Acts 2014 as an open-ended umbrella investment company with variable capital and with segregated liability between sub-funds on 27 September 2010. The Company is authorised by the Central Bank of Ireland pursuant to European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019 (the “Regulations”).

As at 30 June 2022, the Company has two funds in existence (30 June 2021: two), Sector Healthcare Value Fund and Harvest Equity Kernel (formerly Sector Global Equity Kernel). Harvest Equity Kernel ceased trading effective 15 January 2021. On 3 June 2022, an application was made to the Central Bank of Ireland for Harvest Equity Kernel’s authorisation to be revoked.

Sector Healthcare Value Fund commenced trading on 17 November 2010. The base currency of Sector Healthcare Value Fund is United States Dollars (“USD”). As at 30 June 2022, fourteen classes are subscribed to in the Fund (30 June 2021: fourteen), Class A EUR Shares, Class A NOK Shares, Class A USD Shares, Class B EUR Shares, Class B NOK Shares, Class B SEK Shares, Class B USD Shares, Class X USD Shares, Class X EUR Shares, Class Y EUR Shares, Class Y GBP Shares, Class Y USD Shares, Class E NOK and Class E USD.

Harvest Equity Kernel commenced trading on 19 March 2014. The base currency of Harvest Equity Kernel was USD. Effective 2 January 2020, the Fund changed its name from Sector Global Equity Kernel to Harvest Equity Kernel.

Investment Objective

The investment objective of Sector Healthcare Value Fund is to achieve attractive long term investment returns relative to the MSCI Daily TR World Net Health Care USD (the “Index”). The Index is a capitalisation weighted index that monitors the performance of health care stocks from around the world. The Fund may invest in equities and financial instruments that are not part of the Index. There can be no guarantee that the investment objective of the Fund will be achieved.

The investment objective of Harvest Equity Kernel was to maximise long-term total return relative to MSCI ACWI Index (the "Index"). The Index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices. There was no guarantee that the investment objective of the Fund would be achieved.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (“FRS 102”), the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Companies Acts 2014, the Regulations.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss in accordance with the European Communities (Fair Value Accounting) Regulations 2011.

The Company has availed of certain exemptions available to open-ended investment funds in FRS 102 not to prepare a cash flow statement in paragraph 7.1A of FRS 102.

The preparation of financial statements in accordance with FRS 102 requires Directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the financial period. Actual results could differ from those estimates.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

The financial statements of the Company have been prepared on a going concern basis. The Company is able to meet all of its liabilities from its assets. The performance, marketability and risks of the Company are reviewed on a regular basis throughout the financial period. Therefore, the Directors believe that the Company will continue in operational existence for the foreseeable future and is financially sound. The Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements of the Company.

(a) Portfolio valuation

Investment transactions

(i) Classification

The Company classifies all of its investments as financial assets or financial liabilities at fair value through profit or loss. These financial instruments are designated on the basis that their fair value can be reliably measured and their performance has been evaluated on a fair value basis in accordance with the risk management and/or investment strategy as set out in the Company's Prospectus.

(ii) Recognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. Investment transactions are accounted for on a trade date basis at cost. Purchases and sales of securities are accounted for on the trade date on which the transaction takes place. Transaction costs are expensed immediately to the Profit and Loss Account and not capitalised as part of cost of the investment.

(iii) Measurement

Financial assets and financial liabilities held for trading are measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Realised gains and losses on sales of investments are calculated on a First-In, First-Out ("FIFO") basis. Unrealised gains and losses on investments are recognised in the Profit and Loss Account. Forward foreign currency contracts and any other instruments held by the Company and traded on an exchange will be measured at fair value based on the last reported traded price on such regulated market as at the relevant valuation point.

If an investment is quoted, listed or normally dealt in on more than one market, the Directors may, in their absolute discretion, select any of such markets for the valuation purposes.

(iv) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(b) Forward foreign currency contracts

The unrealised gain or loss on open forward foreign currency contracts is calculated by reference to the difference between the contracted rate and the rate to close out the contract. Realised gains or losses include net gains on contracts which have been settled or offset by other contracts.

(c) Foreign exchange translation

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The functional currency of Harvest Equity Kernel was the United States Dollar ("USD"), due to the fact that the majority of the Fund's assets were denominated in USD. The functional currency of Sector Healthcare Value Fund is the United States Dollar ("USD"), due to the fact that the majority of the Fund's assets are denominated in USD and that a substantial portion of capital is issued in USD. Each Fund has adopted its functional currency as the presentation currency for these financial statements. Assets and liabilities expressed in foreign currencies are converted into the functional currency of each Fund using the exchange rates prevailing as at the balance sheet date. Transactions in foreign currencies are translated into the Fund's functional currency at exchange rates ruling at the transaction dates. Gains and losses on foreign exchange transactions are recognised in the Profit and Loss Account in determining the result for the period.

(d) Offsetting financial instruments

Financial assets and financial liabilities may be offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. As at 30 June 2022 and 30 June 2021, no offsetting has been presented in the Balance Sheet.

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the financial period 1 January 2022 to 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Summary of Significant Accounting Policies (Continued)

(e) Income

Dividends are recognised as income on the dates that securities are first quoted “ex-dividend” to the extent information thereon is reasonably available to the Company. Interest income is accrued on a daily basis. Deposit interest is recognised as income on an accruals basis.

(f) Expenses

Operating expenses are accounted for on an accruals basis.

(g) Net asset value per share

The Net Asset Value per Share of each class is calculated by dividing the Net Asset Value attributable to a class by the number of shares of a class in issue as at the relevant valuation point.

(h) Redeemable participating shares

Shares issued by each Fund provide shareholders with the right to redeem their shares, for cash equal to their proportional share of the net asset value of the Fund and are classified as financial liabilities in accordance with FRS 102. The Fund does not meet the requirement to be classified as equity as the Fund offers different classes of shares with varying rights attached to them. The liabilities to shareholders are presented on the Balance Sheet as “Net assets attributable to holders of Redeemable Participating Shares” and are determined based on the residual assets of the Fund after deducting the Fund’s other liabilities.

(i) Amounts due from/to broker

Amounts due from/to broker relate to the outstanding amounts pending settlement on forward foreign currency contracts and upfront cash payments for fully funded contracts-for-difference.

(j) Taxation

The Company incurs dividend withholding tax and other taxation imposed by certain countries on investment income and gains on investments. Dividend income is shown gross of any non-recoverable withholding taxes, which are disclosed separately in Profit and Loss Account.

(k) Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense. For the financial period ended 30 June 2022 Harvest Equity Kernel incurred transaction costs of USDNil (30 June 2021: USD86,854), Sector Healthcare Value Fund incurred transaction costs of USD138,896 (30 June 2021: USD201,363).

(l) Cash

Cash at bank and brokers represents, cash and cash equivalents, with original maturities of three months or less held with the Depositary and brokers.

3. Dividend and Distribution Policy

The Directors do not currently intend to pay dividends. Accordingly, the price of the shares shall rise as income and capital gains accrue.

4. Taxation

The Company will not be liable to tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a ‘Relevant Year’, a ‘Relevant Year’ being an eight year period beginning with the acquisition of the shares by the shareholders and each subsequent year of eight years beginning immediately after the preceding relevant year.

A chargeable event does not include:

- (i) Any transactions in relation to shares held in a recognised clearing system: or
- (ii) An exchange of shares representing a fund for another fund: or
- (iii) An exchange of shares arising on a qualifying amalgamation or reconstruction of a Fund with another fund: or
- (iv) Certain exchanges of shares between spouses and former spouses.

A chargeable event will not occur in respect of shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the Company with a relevant declaration to that effect.

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the financial period 1 January 2022 to 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Taxation (Continued)

In the absence of an appropriate declaration, the Company will be liable to Irish Tax on the occurrence of a chargeable event. There were no chargeable events during the period under review. Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

5. Exchange Rates

The following exchange rates (against USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD as at 30 June 2022 and 30 June 2021:

Currency	30 June 2022	30 June 2021
British Pound	0.8234	0.7239
Danish Krone	7.1133	6.2696
Euro	0.9565	0.8432
Hungarian Forint	379.5399	294.1176
Japanese Yen	135.8511	111.1111
Norwegian Krone	9.8798	8.6059
Swedish Krona	10.2474	8.5521
Swiss Franc	0.9574	0.9244

6. Cash

As at 30 June 2022 and 30 June 2021 all cash balances (including overdrafts) are held with The Bank of New York Mellon SA/NV.

30 June 2022	Harvest Equity Kernel	Sector Healthcare
	USD	Value Fund
		USD
BNY Mellon	-	(2,444,369)
	<u>-</u>	<u>(2,444,369)</u>
30 June 2021	Harvest Equity Kernel	Sector Healthcare
	USD	Value Fund
		USD
BNY Mellon	12,869	7,910,703
	<u>12,869</u>	<u>7,910,703</u>

Any overdrafts noted above are temporary in nature as they relate to timing differences only.

7. Financial Instruments and Associated Risks

Included in the Company's financial instruments, but not limited to, are global equities and equity related securities (including but not limited to American Depositary Receipts, Global Depositary Receipts, European Depositary Receipts and other equity based derivatives), corporate bonds and government debt obligations that shall be listed or traded on any market.

The main risks arising from the Company's financial instruments are market price, liquidity, interest rate, foreign currency and credit risks.

The Market Risk Group ("MRG") functions across all Sector Investment Manager entities and the group is responsible for defining risk management related limits ("soft limits") in addition to the investment restrictions found in the Prospectus and related supplements, in cooperation with the respective Investment Manager, securing that the Funds have a portfolio construction and risk exposure that are in line with the intentions of the individual Funds. The limits are generally related to exposure towards single positions and sectors, total portfolio exposure and Value-at-Risk ("VAR"). MRG consists of the CEO of Sector Asset Management AS (leader of MRG), Head of Fund Operations, the CCO and CEO of Sector Fund Services AS. The Head of Fund Operations has the mandate to give short term exceptions to the risk limits set by MRG if he/she finds that under certain market conditions, the limits have unintended adverse effects, for example in extreme market conditions. Such exceptions are reported to the other members of MRG and to the Group Chief Compliance Officer.

SECTOR CAPITAL FUNDS PLC
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For the financial period 1 January 2022 to 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(a) Market price risk

Market price risk arises from uncertainty concerning future prices of financial instruments. The consequence might be a decline in the Fund's value. The risk related to the Funds – i.e. a combination of the probability of loss and the consequences – must be weighed against the potential gain for the Fund. To limit the risk, the Funds are both diversified and constructed through fundamental analyses of the expected behaviour and volatility of the individual instruments while following each Fund's investment objective.

Value-at-Risk

Value-at-Risk (VaR) represents the potential loss one might suffer given a defined confidence interval and time horizon. The measure is one of the main risk measures for the Company under normal market conditions.

One of the key metrics used by the Sector Group to measure market risk is VAR which encompasses currency, interest rate and price risk.

The main risk management tool for VaR calculations was Bloomberg. For all Funds, the Bloomberg VaR calculation is based on Monte Carlo simulations at a 95% confidence interval i.e. that one in every 20 days is expected to be above this measure in the long run.

For the financial period ended 30 June 2022

	Period end VaR	Gross Exposure*	Net Exposure**	lowest VaR	highest VaR	average VaR
Sector Healthcare Value Fund	1.84%	98.0%	98.0%	1.51%	1.85%	1.65%

For the financial period ended 30 June 2021

	Period end VaR	Gross Exposure*	Net Exposure**	lowest VaR	highest VaR	average VaR
Sector Healthcare Value Fund	1.84%	96.4%	96.4%	1.79%	2.29%	2.04%

* Exposure as % of NAV

** Net open position as % of NAV

Exposure

Exposure for pure equities is equal to the fair value of the securities. The total gross exposure of each Fund is the sum of the absolute values of all long and short exposures.

(b) Interest rate risk

Interest rate risk is the risk (variability in value) borne by an interest-bearing asset, due to variability of interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa. Interest rate risk is commonly measured by the bond's duration. For the financial period ended 30 June 2022 and 30 June 2021 the Funds, have not invested in interest bearing assets, other than cash amounts. As at 30 June 2022 and 30 June 2021, the Funds do not have any significant fair value interest rate risk exposure.

Tables outlining the currency and interest exposure as at 30 June 2022 and 30 June 2021 are outlined in note 7(d).

(c) Liquidity risk

Liquidity risk is linked to the Funds having to realise assets in unfavourable market conditions with large losses as a consequence due to for example, redemptions in a Fund or a collapse in long asset values reducing the collateral held by counterparties leading to margin calls, if applicable. This means that there are two aspects that are monitored; what is the probability of the situation occurring and how fast can the Funds realise their positions without significant adverse effects on the value of the positions.

Liquidity of portfolio

The Company's Prospectus provides for daily subscription and redemption of shares in the Funds, therefore the Funds are exposed to a liquidity risk of meeting shareholder redemptions on a daily basis. The majority of the Funds' assets are comprised of publicly traded securities and are thus relatively easily realised. Still, with each Fund having the possibility to take positions in small cap equities, the ability of a Fund to realise assets within a short period of time without a large negative impact on the value of the assets is important. Some of the recognised exchanges on which a Fund may invest may prove to be less liquid or highly volatile from time to time. The Funds may invest a limited proportion of their assets in unquoted securities.

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the financial period 1 January 2022 to 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(c) Liquidity risk (Continued)

The reports below are snapshots of the estimated liquidity of the Funds as at 30 June 2022 and 30 June 2021:

30 June 2022		30 June 2021	
Sector Healthcare Value Fund		Sector Healthcare Value Fund	
Description	Cumulative	Description	Cumulative
< 1 day	95.1%	< 1 day	99.8%
1-2 days	99.9%	1-2 days	100%
3-5 days	100%	3-5 days	100%

(d) Foreign currency risk

Foreign currency risk is in reality a sub-group of market risk, but with its own idiosyncrasies, both with respect to a Fund's portfolio as well as the investor classes denominated in different currencies. Certain currency related transactions may, for example, be employed by the Funds in order to hedge against foreign exchange risk subject to the conditions and limits laid down by the Central Bank of Ireland. Such transactions include forward foreign currency contracts and may for example be executed in cases where an investment is in a currency other than the Fund's functional currency.

A substantial portion of the financial assets of the Funds are denominated in currencies other than the relevant Fund's functional currency with the effect that the balance sheet of the Funds can be significantly affected by currency movements.

Currency exposure for investor classes

The shares of the Company are denominated in United States Dollar (USD), Euro (EUR), Norwegian Krone (NOK), British Pound (GBP) and Swedish Krona (SEK) and are issued and redeemed in those currencies. The Investment Manager may seek to hedge the foreign currency exposure of the assets attributable to the shares in order to neutralise as far as reasonably possible, the impact of fluctuations in exchange rates. This is done monthly in addition to when a Fund has more than 3% absolute return, month to date. There is no guarantee that such hedging will give returns that are equal regardless of which currency the shareholders have invested in. In addition, shareholders whose assets and liabilities are predominantly in currencies other than the currency of investment in the Company should take into account the potential risk of loss arising from fluctuations in value between USD, EUR, NOK, GBP or SEK being the currency of shareholder investment, and such other currencies as invested in by the Company.

Portfolio currency exposure

The Funds trade in many different markets across the world and in many different currencies. Thus, certain assets in the portfolio may, regardless of the shares of the Fund, be invested in securities which are denominated in currencies other than USD, EUR, NOK, GBP or SEK. Consequently, the value of such assets will be affected either favourably or unfavourably by fluctuations in currency rates. The exposure towards the different currencies based on the denomination of the securities is reported daily for each Fund. For each individual Fund, action towards currency exposure in the portfolio is taken by the Investment Manager based on reported exposure of the Fund's assets.

Amounts represented below primarily are monetary assets and monetary liabilities except for investments in non-interest bearing securities, which include equities and contracts-for-difference, which are non-monetary assets.

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(d) Foreign currency risk (Continued)

The foreign currency exposure as at 30 June 2022 is as follows:

Sector	Cash at Bank and Brokers	Forward Currency Contracts	Investments in Interest Bearing Assets	Investments in Non-Interest Bearing Assets	Investments in Non-Interest Bearing Liabilities	Net Other Assets/ (Liabilities)	Total Net Asset Value
Healthcare Value Fund							
Currency	USD	USD	USD	USD	USD	USD	USD
CHF	22	–	–	33,220,495	–	–	33,220,517
DKK	101	–	–	4,503,303	–	–	4,503,404
EUR	36,376	(1,256,063)	–	58,585,563	–	–	57,365,876
GBP	43,532	–	–	48,481,215	–	243,569	48,768,316
JPY	103,025	–	–	23,388,012	–	122,969	23,614,006
NOK	404,209	(4,606,724)	–	–	–	–	(4,202,515)
SEK	(14,652)	(75,127)	–	2,681,100	–	–	2,591,321
USD	(3,016,982)	–	–	335,871,390	–	(335,348)	332,519,060
Total	(2,444,369)	(5,937,914)	–	506,731,078	–	31,190	498,379,985

The foreign currency exposure as at 30 June 2021 is as follows:

Harvest Equity Kernel	Cash at Bank and Brokers	Forward Currency Contracts	Investments in Interest Bearing Assets	Investments in Non-Interest Bearing Assets	Investments in Non-Interest Bearing Liabilities	Net Other Assets/ (Liabilities)	Total Net Asset Value
Currency	USD	USD	USD	USD	USD	USD	USD
BRL	–	–	–	–	–	4,539	4,539
EUR	1,200	–	–	–	–	–	1,200
USD	11,669	–	–	–	–	(17,408)	(5,739)
Total	12,869	–	–	–	–	(12,869)	–
Sector Healthcare Value Fund							
Currency	USD	USD	USD	USD	USD	USD	USD
CHF	274	–	–	–	–	–	274
DKK	140	–	–	4,423,135	–	–	4,423,275
EUR	192,550	(1,502,483)	–	55,001,954	–	(4)	53,692,017
GBP	36,671	–	–	50,651,615	–	463,235	51,151,521
JPY	32,713	–	–	26,215,807	–	57,542	26,306,062
NOK	(280,457)	(3,946,611)	–	–	–	–	(4,227,068)
SEK	388,672	(118,908)	–	1,682,562	–	(688,350)	1,263,976
USD	7,540,140	–	–	347,435,114	–	(4,890,841)	350,084,413
Total	7,910,703	(5,568,002)	–	485,410,187	–	(5,058,418)	482,694,470

SECTOR CAPITAL FUNDS PLC
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(d) Foreign currency risk (Continued)

As at 30 June 2022 the following forward foreign currency contracts were held by Sector Healthcare Value Fund.

Sector Healthcare Value Fund

Maturity Date	Counterparty	Sale Currency	Amount	Purchase Currency	Amount	Unrealised gain/(loss) USD
01 July 2022		EUR	(229,706)	USD	243,665	3,504
01 July 2022		EUR	(14,339)	USD	15,210	218
01 July 2022		EUR	(1,187,778)	USD	1,259,957	18,116
01 July 2022		EUR	(6,519,508)	USD	6,856,567	40,319
01 July 2022		EUR	(383,005)	USD	402,806	2,368
01 July 2022		EUR	(32,544,989)	USD	34,227,565	201,268
01 July 2022		EUR	(284,153)	USD	296,727	(359)
01 July 2022		EUR	(17,141)	USD	17,900	(21)
01 July 2022		EUR	(1,451,402)	USD	1,515,629	(1,835)
01 July 2022		NOK	(1,160,504)	USD	115,787	(1,677)
01 July 2022		NOK	(1,127,805)	USD	112,234	(1,921)
01 July 2022		NOK	(123,373)	USD	13,071	583
01 July 2022		NOK	(27,340,938)	USD	2,853,542	86,135
01 July 2022		NOK	(1,191,162)	USD	124,320	3,752
01 July 2022		NOK	(8,164,881)	USD	852,159	25,722
01 July 2022		NOK	(97,621)	USD	10,095	214
01 July 2022		NOK	(151,816)	USD	15,491	124
01 July 2022		NOK	(229,812,037)	USD	23,409,838	148,624
01 July 2022		NOK	(742,400,103)	USD	75,624,699	480,126
01 July 2022		NOK	(33,072,552)	USD	3,368,941	21,389
01 July 2022		NOK	(3,828,309)	USD	387,505	(210)
01 July 2022		NOK	(435,893)	USD	44,056	(64)
01 July 2022		NOK	(9,962,166)	USD	1,002,835	(5,520)
01 July 2022		NOK	(33,509,543)	USD	3,373,218	(18,565)
01 July 2022		NOK	(1,496,302)	USD	150,624	(829)
01 July 2022		NOK	(505,352)	USD	50,565	(586)
01 July 2022		SEK	(62,988)	USD	6,265	118
01 July 2022		SEK	(55,600)	USD	5,526	100
01 July 2022		SEK	(59,909)	USD	5,949	102
01 July 2022		SEK	(211,853)	USD	20,904	229
01 July 2022		SEK	(15,602,489)	USD	1,535,346	12,717
01 July 2022		SEK	(729,337)	USD	71,637	462
01 July 2022		SEK	(74,094)	USD	7,274	43
01 July 2022		SEK	(75,760)	USD	7,420	27
01 July 2022		SEK	(44,449)	USD	4,343	5
01 July 2022		SEK	(373,925)	USD	38,313	1,822
01 July 2022		SEK	(489,978)	USD	50,203	2,387
01 July 2022		SEK	(86,627)	USD	8,822	368
01 July 2022		SEK	(624,475)	USD	62,915	1,973
01 July 2022		USD	(269,092)	EUR	255,427	(2,039)
01 July 2022		USD	(16,156)	EUR	15,336	(122)
01 July 2022		USD	(1,386,480)	EUR	1,316,070	(10,508)
01 July 2022		USD	(7,294,236)	EUR	6,777,940	(207,793)
01 July 2022		USD	(429,553)	EUR	399,149	(12,236)
01 July 2022		USD	(36,447,934)	EUR	33,868,099	(1,038,305)
01 July 2022		USD	(9,863)	NOK	94,193	(329)
01 July 2022		USD	(19,521)	NOK	193,414	56
01 July 2022		USD	(9,270)	NOK	92,950	138
01 July 2022		USD	(369,413)	NOK	3,623,952	(2,602)
01 July 2022		USD	(249,619)	NOK	2,463,032	(315)
01 July 2022		USD	(931,777)	NOK	9,269,376	6,455
01 July 2022		USD	(2,999,819)	NOK	29,842,400	20,782
01 July 2022		USD	(134,782)	NOK	1,340,822	934
01 July 2022		USD	(25,237,271)	NOK	238,669,708	(1,079,498)
01 July 2022		USD	(81,241,225)	NOK	768,300,945	(3,475,009)
01 July 2022		USD	(3,639,534)	NOK	34,419,194	(155,677)
01 July 2022		USD	(67,315)	NOK	632,436	(3,301)
01 July 2022		USD	(89,526)	NOK	843,162	(4,183)
01 July 2022		USD	(6,095)	NOK	57,509	(274)
01 July 2022		USD	(13,211)	NOK	125,225	(536)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(d) Foreign currency risk (Continued)

Sector Healthcare Value Fund (continued)

Maturity Date	Counterparty	Sale Currency	Amount	Purchase Currency	Amount	Unrealised gain/(loss) USD
01 July 2022		USD	(61,802)	NOK	583,730	(2,718)
01 July 2022		USD	(1,822,809)	SEK	17,837,529	(82,065)
01 July 2022		USD	(966)	SEK	9,439	(45)
01 July 2022		USD	(63,570)	SEK	644,516	(672)
01 August 2022		USD	(6,870,877)	EUR	6,519,508	(41,093)
01 August 2022		USD	(403,647)	EUR	383,005	(2,414)
01 August 2022		USD	(34,299,001)	EUR	32,544,989	(205,131)
01 August 2022		USD	(23,422,531)	NOK	229,812,037	(148,122)
01 August 2022		USD	(75,665,703)	NOK	742,400,103	(478,503)
01 August 2022		USD	(3,370,767)	NOK	33,072,552	(21,316)
01 August 2022		USD	(1,536,915)	SEK	15,602,489	(12,702)
01 August 2022		USD	(16,438)	SEK	168,272	1
Total unrealised loss on forward foreign currency contracts						(5,937,914)

As at 30 June 2021 the following forward foreign currency contracts were held by Sector Healthcare Value Fund.

Sector Healthcare Value Fund

Maturity Date	Counterparty	Sale Currency	Amount	Purchase Currency	Amount	Unrealised gain/(loss) USD
01 July 2021	BNY Mellon	EUR	(79,625)	USD	96,944	2,515
01 July 2021	BNY Mellon	EUR	(8,726,419)	USD	10,396,045	47,167
01 July 2021	BNY Mellon	EUR	(110,651)	USD	131,822	598
01 July 2021	BNY Mellon	EUR	(35,043,862)	USD	41,748,804	189,412
01 July 2021	BNY Mellon	NOK	(682,479)	USD	82,381	3,070
01 July 2021	BNY Mellon	NOK	(6,482)	USD	781	28
01 July 2021	BNY Mellon	NOK	(151,886)	USD	18,286	635
01 July 2021	BNY Mellon	NOK	(731,336)	USD	87,651	2,663
01 July 2021	BNY Mellon	NOK	(325,059)	USD	38,997	1,222
01 July 2021	BNY Mellon	NOK	(240,837)	USD	28,714	726
01 July 2021	BNY Mellon	NOK	(1,502,003)	USD	176,728	2,181
01 July 2021	BNY Mellon	NOK	(237,014,987)	USD	27,730,781	187,404
01 July 2021	BNY Mellon	NOK	(857,148,990)	USD	100,286,532	677,736
01 July 2021	BNY Mellon	NOK	(33,708,018)	USD	3,943,842	26,652
01 July 2021	BNY Mellon	NOK	(1,730,407)	USD	201,316	226
01 July 2021	BNY Mellon	NOK	(89,013)	USD	10,226	(118)
01 July 2021	BNY Mellon	SEK	(67,824)	USD	8,220	289
01 July 2021	BNY Mellon	SEK	(22,224)	USD	2,690	91
01 July 2021	BNY Mellon	SEK	(8,951)	USD	1,074	27
01 July 2021	BNY Mellon	SEK	(29,337)	USD	3,522	92
01 July 2021	BNY Mellon	SEK	(34,339,894)	USD	4,029,856	14,464
01 July 2021	BNY Mellon	USD	(7,371,755)	EUR	6,042,016	(206,377)
01 July 2021	BNY Mellon	USD	(129,456)	EUR	106,104	(3,625)
01 July 2021	BNY Mellon	USD	(40,915,566)	EUR	33,535,095	(1,145,459)
01 July 2021	BNY Mellon	USD	(3,053,718)	EUR	2,500,000	(88,905)
01 July 2021	BNY Mellon	USD	(321,959)	EUR	264,028	(8,842)
01 July 2021	BNY Mellon	USD	(5,545)	EUR	4,547	(153)
01 July 2021	BNY Mellon	USD	(1,839,810)	EUR	1,508,767	(50,525)
01 July 2021	BNY Mellon	USD	(27,122,963)	NOK	226,707,831	(777,375)
01 July 2021	BNY Mellon	USD	(97,484,295)	NOK	814,824,428	(2,794,012)
01 July 2021	BNY Mellon	USD	(3,566,340)	NOK	29,809,324	(102,215)
01 July 2021	BNY Mellon	USD	(125,047)	NOK	1,042,600	(3,887)
01 July 2021	BNY Mellon	USD	(364,475)	NOK	3,044,718	(10,650)
01 July 2021	BNY Mellon	USD	(60,196)	NOK	500,000	(2,091)
01 July 2021	BNY Mellon	USD	(17,958)	NOK	149,254	(613)
01 July 2021	BNY Mellon	USD	(318,192)	NOK	2,626,097	(13,015)
01 July 2021	BNY Mellon	USD	(302,197)	NOK	2,500,000	(11,673)
01 July 2021	BNY Mellon	USD	(4,358)	NOK	36,055	(168)
01 July 2021	BNY Mellon	USD	(1,187,677)	NOK	9,807,156	(47,993)
01 July 2021	BNY Mellon	USD	(4,327,195)	NOK	35,731,486	(174,859)
01 July 2021	BNY Mellon	USD	(169,386)	NOK	1,398,694	(6,844)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(d) Foreign currency risk (Continued)

Sector Healthcare Value Fund (continued)

Maturity Date	Counterparty	Sale Currency	Amount	Purchase Currency	Amount	Unrealised gain/(loss) USD
01 July 2021	BNY Mellon	USD	(133,493)	NOK	1,108,884	(4,630)
01 July 2021	BNY Mellon	USD	(28,615)	NOK	239,854	(742)
01 July 2021	BNY Mellon	USD	(44,727)	NOK	384,377	(59)
01 July 2021	BNY Mellon	USD	(14,447)	NOK	122,762	(181)
01 July 2021	BNY Mellon	USD	(7,417)	NOK	63,176	(75)
01 July 2021	BNY Mellon	USD	(24,463)	NOK	207,291	(374)
01 July 2021	BNY Mellon	USD	(355,023)	NOK	3,027,510	(3,198)
01 July 2021	BNY Mellon	USD	(3,849,464)	SEK	31,969,779	(111,211)
01 July 2021	BNY Mellon	USD	(13,643)	SEK	113,000	(430)
01 July 2021	BNY Mellon	USD	(7,408)	SEK	61,633	(201)
01 July 2021	BNY Mellon	USD	(4,295)	SEK	35,500	(144)
01 July 2021	BNY Mellon	USD	(2,261)	SEK	18,719	(72)
01 July 2021	BNY Mellon	USD	(4,841)	SEK	40,000	(164)
01 July 2021	BNY Mellon	USD	(1,653)	SEK	13,657	(56)
01 July 2021	BNY Mellon	USD	(10,429)	SEK	86,689	(292)
01 July 2021	BNY Mellon	USD	(167,504)	SEK	1,379,306	(6,221)
01 July 2021	BNY Mellon	USD	(20,102)	SEK	168,152	(440)
01 July 2021	BNY Mellon	USD	(1,531)	SEK	13,031	(7)
01 July 2021	BNY Mellon	USD	(15,296)	SEK	132,062	146
01 July 2021	BNY Mellon	USD	(13,100)	SEK	111,656	(44)
01 July 2021	BNY Mellon	USD	(14,761)	SEK	125,020	(142)
01 July 2021	BNY Mellon	USD	(27,832)	SEK	236,958	(124)
02 August 2021	BNY Mellon	NOK	(1,136,956)	USD	132,883	736
02 August 2021	BNY Mellon	SEK	(115,405)	USD	13,547	48
02 August 2021	BNY Mellon	SEK	(36,932)	USD	4,319	1
02 August 2021	BNY Mellon	USD	(41,777,715)	EUR	35,043,862	(190,300)
02 August 2021	BNY Mellon	USD	(10,403,244)	EUR	8,726,419	(47,388)
02 August 2021	BNY Mellon	USD	(131,913)	EUR	110,651	(601)
02 August 2021	BNY Mellon	USD	(27,735,973)	NOK	237,014,987	(188,052)
02 August 2021	BNY Mellon	USD	(100,305,309)	NOK	857,148,990	(680,078)
02 August 2021	BNY Mellon	USD	(3,944,580)	NOK	33,708,018	(26,744)
02 August 2021	BNY Mellon	USD	(290,758)	NOK	2,499,500	(244)
02 August 2021	BNY Mellon	USD	(4,031,134)	SEK	34,339,894	(14,514)
02 August 2021	BNY Mellon	USD	(8,487)	SEK	72,529	(4)
Total unrealised loss on forward foreign currency contracts						(5,568,002)

(e) Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Funds, resulting in a financial loss to the Funds.

The Funds are exposed to credit risk associated with counterparties with whom it trades or holds assets, and will also be exposed to the risk of settlement default. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation.

Management of credit risk

The Investment Manager is complying with the Central Bank UCITS Regulations in terms of investment restrictions and otherwise with the investment policy of the Sub-Funds.

Exposure to credit risk

The Sub-Fund's maximum credit risk exposure at the Balance Sheet date is represented by the respective carrying amounts of the financial assets in the Balance Sheet with the exception of derivatives whose maximum credit risk exposure is notional exposure.

Derivative financial instruments

The Funds may also invest in financial derivative instruments for investment purposes and for efficient portfolio management ("EPM"), including (but not limited to) futures, forwards, options, contracts for difference and warrants.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(e) Credit risk (Continued)

All cleared derivative positions entered into on behalf of the Funds are cleared via Goldman Sachs as appointed Futures Commission Merchant (“FCMs”). Bilateral (non-cleared) derivatives face BNY as OTC credit counterparty.

Trade counterparty

The Funds mitigate counterparty risk by undertaking transactions with large and well capitalised counterparties. The Funds also seek to trade with more than one counterparty and have reduced the activity with counterparties when there have been questions raised regarding the robustness of counterparties in terms of credit risk.

Although it is the intention of the Investment Managers to follow a general policy of seeking to spread the Funds’ capital at risk over a number of investments and counterparties, the Funds may at certain times hold relatively few positions with the result that a loss in any such position either to trading counterparty or settlement default could have a substantial adverse impact on a Fund’s capital. The relevant Standard and Poor’s ratings are as follows:

	30 June 2022	30 June 2021
The Bank of New York Mellon SA/NV	AA-	A

(f) Fair value estimation

The Company used the following fair value hierarchy levels in categorising its financial instruments by source of inputs used to determine its fair value:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investments classified as Level 3 are those for which a quoted price at period end was unavailable and evidence of a recent transaction at that date could not be ascertained. These investments represent collective investment schemes where the net asset value is calculated by an underlying administrator. The net asset values represent their best evidence of the fair value of these assets at period end, however due to the lack of quoted price and evidence of a recent transaction, a Level 3 classification is considered appropriate.

The level in the fair value hierarchy within which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses inputs that are unobservable, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

There were no significant transfers between levels during the period ended 30 June 2022 or 30 June 2021. Transfers between levels of the fair value hierarchy, for the purpose of disclosure in financial statements, are deemed to have occurred at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(f) Fair value estimation (Continued)

The fair values of investments valued under Levels 1 to 3 for Sector Healthcare Value Fund as at 30 June 2022 are as follows.

Sector Healthcare Value Fund	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Equity securities	488,055,953	–	–	488,055,953
Derivative instruments	–	1,081,181	–	1,081,181
Money market instruments	18,675,125	–	–	18,675,125
Financial liabilities at fair value through profit or loss				
Derivative instruments	–	(7,019,095)	–	(7,019,095)
Total	506,731,078	(5,937,914)	–	500,793,164

The categories of investments above comprise:

- Equity securities (which includes equities and money market funds).
- Derivative instruments (forward foreign currency contracts).

The fair values of investments valued under Levels 1 to 3 as at 30 June 2021 are as follows:

Sector Healthcare Value Fund	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
Equity securities	465,410,187	–	–	465,410,187
Derivative instruments	–	1,158,129	–	1,158,129
Money market instruments	20,000,000	–	–	20,000,000
Financial liabilities at fair value through profit or loss				
Derivative instruments	–	(6,726,131)	–	(6,726,131)
Total	485,410,187	(5,568,002)	–	479,842,185

The categories of investments above comprise:

- Equity securities (which includes equities, real estate investment trusts and rights).
- Derivative instruments (which includes forward foreign currency contracts, contracts-for-difference, futures and options).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Share Capital

The authorised share capital of the Company is 1,000,000,000,000 Shares of no par value initially designated as unclassified shares. The issued share capital of the Company is €2 represented by 2 shares (the “Subscriber Shares”) issued for the purposes of the incorporation of the Company at an issue price of €1 per Share which are fully paid up and which are beneficially owned by Sector Asset Management AS and Prieren AS.

Harvest Equity Kernel may have issued Class A EUR Shares, Class A USD Shares, Class A NOK Shares Hedged, Shares, Class A NOK Unhedged Shares and Class A SEK Shares (the “Class A Shares”), Class B Shares, which are comprised of Class B EUR Shares, Class B USD Shares, Class B NOK Hedged Shares, Class B NOK Unhedged Shares and Class B SEK (the “Class B Shares”), Class C EUR Shares, Class C USD Shares, Class C NOK Shares and Class C SEK Shares (the “Class C Shares”), Class P USD Shares, Class P NOK Hedged Shares and Class P NOK Unhedged Shares (“the Class P Shares”) and Class O NOK Shares.

Sector Healthcare Value Fund may issue Class A EUR Shares, Class A USD Shares, Class A NOK Shares and Class A SEK Shares, (the “Class A Shares”), B EUR Shares, Class B USD Shares, Class B NOK Shares and Class B SEK (the “Class B Shares”), Class E EUR Shares, Class E SEK Shares, Class E NOK Shares and Class E USD Shares (the “Class E Shares”), Class X EUR Shares and Class X USD Shares (the “Class X Shares”) and Class Y EUR Shares, Class Y GBP Shares and Class Y USD Shares (the “Class Y Shares”).

On a show of hands every holder who is present in person or by proxy shall have one vote and the holders of Subscriber Shares present or in person or by proxy shall have one vote.

The rights attached to any class may be varied or abrogated with the consent in writing of the holders of three-fourths in number of the issued Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of the class, and may be so varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one third of the issued Shares of the class in question and the quorum at an adjourned meeting shall be one person holding Shares of the class in question or his proxy.

The following are the share class transactions for the financial period ended 30 June 2022 were as follows:

	Harvest Equity Kernel	Sector Healthcare Value Fund
Class A EUR		
Shares in issue at beginning of period	–	19,729
Number of shares issued	–	7,499
Number of shares redeemed	–	(7,219)
Number in issue at end of period	–	<u>20,009</u>
Class A NOK		
Shares in issue at beginning of period	–	78,290
Number of shares issued	–	153
Number of shares redeemed	–	(224)
Number in issue at end of period	–	<u>78,219</u>
Class A USD		
Shares in issue at beginning of period	–	55,831
Number of shares issued	–	2,773
Number of shares redeemed	–	(10,430)
Number in issue at end of period	–	<u>48,174</u>
Class B EUR		
Shares in issue at beginning of period	–	2,840
Number of shares issued	–	–
Number of shares redeemed	–	–
Number in issue at end of period	–	<u>2,840</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Share Capital (Continued)

	Harvest Equity Sector Healthcare	
	Kernel	Value Fund
Class B NOK		
Shares in issue at beginning of period	–	485,271
Number of shares issued	–	34,222
Number of shares redeemed	–	(45,966)
Number in issue at end of period	–	473,527
Class B SEK		
Shares in issue at beginning of period	–	16,855
Number of shares issued	–	190
Number of shares redeemed	–	(6,492)
Number in issue at end of period	–	10,553
Class B USD		
Shares in issue at beginning of period	–	283,700
Number of shares issued	–	137,453
Number of shares redeemed	–	(66,473)
Number in issue at end of period	–	354,680
Class X EUR		
Shares in issue at beginning of period	–	309,159
Number of shares issued	–	–
Number of shares redeemed	–	–
Number in issue at end of period	–	309,159
Class X USD		
Shares in issue at beginning of period	–	268,132
Number of shares issued	–	17,527
Number of shares redeemed	–	(32,629)
Number in issue at end of period	–	253,030
Class E NOK		
Shares in issue at beginning of period	–	306,725
Number of shares issued	–	21,500
Number of shares redeemed	–	–
Number in issue at end of period	–	328,225
Class E USD		
Shares in issue at beginning of period	–	73,494
Number of shares issued	–	2,741
Number of shares redeemed	–	–
Number in issue at end of period	–	76,235
Class Y EUR		
Shares in issue at beginning of period	–	38,054
Number of shares issued	–	1,285
Number of shares redeemed	–	–
Number in issue at end of period	–	39,339
Class Y GBP		
Shares in issue at beginning of period	–	657,122
Number of shares issued	–	329,449
Number of shares redeemed	–	(807)
Number in issue at end of period	–	985,764

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Share Capital (Continued)

	Harvest Equity Sector Healthcare	
	Kernel	Value Fund
Class Y USD		
Shares in issue at beginning of period	–	506,802
Number of shares issued	–	77,349
Number of shares redeemed	–	(27,693)
Number in issue at end of period	–	556,458

The following are the share class transactions for the financial period ended 30 June 2021 were as follows:

	Harvest Equity Sector Healthcare	
	Kernel	Value Fund
Class A EUR		
Shares in issue at beginning of period	–	11,959
Number of shares issued	–	13,541
Number of shares redeemed	–	(416)
Number in issue at end of period	–	25,084

Class A NOK		
Shares in issue at beginning of period	104,604	77,368
Number of shares issued	1,887	224
Number of shares redeemed	(106,491)	(1,371)
Number in issue at end of period	–	76,221

Class A USD		
Shares in issue at beginning of period	164	65,122
Number of shares issued	–	14,158
Number of shares redeemed	(164)	(18,154)
Number in issue at end of period	–	61,126

Class B EUR		
Shares in issue at beginning of period	–	2,107
Number of shares issued	–	–
Number of shares redeemed	–	(1,357)
Number in issue at end of period	–	750

Class B NOK		
Shares in issue at beginning of period	–	490,694
Number of shares issued	–	55,348
Number of shares redeemed	–	(44,411)
Number in issue at end of period	–	501,631

Class B SEK		
Shares in issue at beginning of period	–	16,371
Number of shares issued	–	6,791
Number of shares redeemed	–	(2,018)
Number in issue at end of period	–	21,144

Class B USD		
Shares in issue at beginning of period	–	187,407
Number of shares issued	–	177,282
Number of shares redeemed	–	(63,022)
Number in issue at end of period	–	301,667

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Share Capital (Continued)

	Harvest Equity Sector Healthcare	
	Kernel	Value Fund
Class P NOK		
Shares in issue at beginning of period	640,164	–
Number of shares issued	–	–
Number of shares redeemed	(640,164)	–
Number in issue at end of period	–	–
Class P NOK Unhedged		
Shares in issue at beginning of period	227,923	–
Number of shares issued	2,505	–
Number of shares redeemed	(230,428)	–
Number in issue at end of period	–	–
Class P USD		
Shares in issue at beginning of period	327	–
Number of shares issued	–	–
Number of shares redeemed	(327)	–
Number in issue at end of period	–	–
Class X EUR		
Shares in issue at beginning of period	–	309,159
Number of shares issued	–	–
Number of shares redeemed	–	–
Number in issue at end of period	–	309,159
Class X USD		
Shares in issue at beginning of period	–	176,532
Number of shares issued	–	97,554
Number of shares redeemed	–	(5,381)
Number in issue at end of period	–	268,705
Class E NOK		
Shares in issue at beginning of period	–	–
Number of shares issued	–	310,166
Number of shares redeemed	–	–
Number in issue at end of period	–	310,166
Class E USD		
Shares in issue at beginning of period	–	–
Number of shares issued	–	15,000
Number of shares redeemed	–	–
Number in issue at end of period	–	15,000
Class Y EUR		
Shares in issue at beginning of period	–	39,316
Number of shares issued	–	1,205
Number of shares redeemed	–	–
Number in issue at end of period	–	40,521
Class Y GBP		
Shares in issue at beginning of period	–	479,279
Number of shares issued	–	145,859
Number of shares redeemed	–	(3,843)
Number in issue at end of period	–	621,295

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Share Capital (Continued)

	Harvest Equity Kernel	Sector Healthcare Value Fund
Class Y USD		
Shares in issue at beginning of period	–	419,660
Number of shares issued	–	103,489
Number of shares redeemed	–	(21,838)
Number in issue at end of period	–	501,311

9. Investment Management Fees

From 5 February 2021, the Company has appointed Sector Funds Services AS from Harvest Funds AS (*from 2 January 2020 up to their resignation on 5 February 2021*) and Sector Gamma AS the Investment Managers.

Harvest Equity Kernel and Sector Healthcare Value Fund pays the Investment Manager a management fee per annum of the Net Asset Value of each of the following classes:

Harvest Equity Kernel		Sector Healthcare Value Fund	
Class	Management Fee	Class	Management Fee
Class A Shares	Up to 1.50%	Class A Shares	Up to 1.0%
Class B Shares	Up to 0.75%	Class B Shares	Up to 2.0%
Class C Shares	Up to 0.50%	Class E Shares	Up to 1.0%
Class P Shares	Up to 0.50%	Class X Shares	Up to 0.50%
Class O Shares	Up to 3.00%	Class Y Shares	Up to 0.40%

The Investment Manager does not charge a fee in respect of the Class L NOK Shares.

The total management fees accrued for the financial period ended 30 June 2022 were USD2,329,182 (30 June 2021: USD2,176,206) and the net amount outstanding at 30 June 2022 was USD377,645 (30 June 2021: USD412,503).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Incentive Fees/Performance Fees

The Investment Manager is also entitled to receive an incentive fee/performance fee ("Incentive Fee" / "Performance Fee"), as calculated for each Fund as disclosed below. The Incentive Fee/Performance Fee will be verified by the Depository.

Harvest Equity Kernel

The Fund, in respect of the Class C Shares and Class O Shares paid the Investment Manager an incentive fee (the "Incentive Fee") equal to 10% of the amount by which the Net Asset Value (before the deduction of any performance fee) of the relevant Class exceeds the MSCI ACWI Index ("Index") adjusted Prior High Net Asset Value ("Index adjusted Prior High Net Asset Value") (as defined below). No Incentive Fee is charged in respect of the Class A Shares, Class B Shares, Class P Shares and Class L NOK Shares.

The Incentive Fee is calculated on a share-by-share basis so that each share is charged a fee which equates precisely with that share's performance over each Calculation Year (as defined below). This method of calculation ensures that (i) any Incentive Fee paid to the Investment Manager is charged only to those shares which have outperformed their respective Prior High Net Asset Value over the course of a Calculation Year, (ii) all holders of shares have the same amount of capital per share at risk in the Fund, and (iii) all shares in a particular class have the same net asset value per share.

The Incentive Fee shall only be payable on the amount by which each share outperforms the previous high watermark or Index adjusted Prior High Net Asset Value for the relevant share. For each Calculation Year, an Incentive Fee will only be payable by a particular share if the net asset value of that share at the end of a Calculation Year is greater than the prevailing Prior High Net Asset Value for that share.

The "Prior High Net Asset Value" of each share is the highest net asset value per share on which Incentive Fee was paid in respect of any previous Calculation Year (or, if no Incentive Fee has yet been paid with respect to any such Calculation Year, the Initial Issue Price of the relevant share). The "Index adjusted Prior High Net Asset Value" of each share is the Prior High Net Asset Value adjusted by the performance of the Index for the relevant Calculation Year. The calculation year for the Incentive Fee shall be a calendar year, closing on the 31 December each year (or if the 31 December is not a Business Day, on the last Business Day of the year) (the "Calculation Year"). The Incentive Fee will accrue as at each valuation point and shall be payable annually in arrears (on or after the first business day of the following year).

Sector Healthcare Value Fund

The Fund, in respect of the Class A Shares, pays the Investment Manager a fee equal to 20% of the amount by which the net asset value (before the deduction of any performance fee) of the relevant share exceeds the MSCI Daily TR World Net Healthcare USD (the "Index"). In respect of Class E Shares, a fee equal to 20% of the amount by which the net asset value (before the deduction of any performance fee) of the relevant share exceeds the Index adjusted Prior High Net Asset Value (the "Incentive Fee"). In respect of Class X Shares and Class Y Shares, a fee equal to 15% of the amount by which the net asset value (before the deduction of any performance fee) of the relevant share exceeds the Index Net Asset Value (the "Incentive Fee").

The relevant share's subscription price or the initial issue price (where shares are issued during the initial offer year) is taken as the starting price for the purposes of determining the Incentive Fee. The Incentive Fee is accrued on a daily basis and reflected in the net asset value per share at each valuation point. The accrued Incentive Fee will only be paid to the Investment Manager once a shareholder redeems its investment in the Fund or when the Fund closes down where the performance of the relevant shares has exceeded the performance of the Index. The Incentive Fee may be payable even if the absolute return on the shareholder's investment is zero or negative. For example, if during the year of a shareholder's investment in the Fund, the net asset value per share on redemption is less than or equal to the net asset value per share that that shareholder paid on its initial subscription into the Fund, the Incentive Fee may still be payable if the net asset value per share on redemption exceeds the Index Net Asset Value per share, i.e. the Fund has outperformed the Index for the year of the shareholder's investment. No Incentive Fee will be charged in respect of the Class B Shares.

The total performance fees accrued for the financial period ended 30 June 2022 were USD73,951 (30 June 2021: USD21,130) and the net amount outstanding at 30 June 2022 was USD273,345 (30 June 2021: USD323,066).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Incentive Fees/Performance Fees (Continued)

Equalisation Credit

The equalisation credit policy is applied to the calculation of the Incentive Fee payable for certain classes in each Fund (see the Fund’s relevant Supplement for further details). The Incentive Fee is calculated on a share-by-share basis so that each relevant share is charged an Incentive Fee that equates precisely with that relevant share’s performance. This method of calculation ensures that (i) the Incentive Fee is charged only to those relevant shares that have appreciated in value relative to the Index, (ii) all relevant shareholders have the same amount per relevant share of the relevant class at risk in the Fund, and (iii) all shares of the same class have the same net asset value per share. If a shareholder subscribes for relevant shares at a time when the net asset value per relevant share is other than the Index Net Asset Value, certain adjustments will be made to reduce inequities that could otherwise result to the subscriber or beneficiary of the Incentive Fee.

For the financial period ended 30 June 2022 an equalisation credit of USD519,257 (30 June 2021: USD897,283) was applied by the Company.

11. Administration Fees and Depository/Custodian Fees

The Company has appointed BNY Mellon Fund Services (Ireland) Designated Activity Company (“BNY Mellon”) to act as Administrator, registrar and transfer agent and The Bank of New York Mellon SA/NV, Dublin Branch to act as Depository (the “Depository”). BNY Mellon is entitled to a shareholding services fee of USD1,875 per share class per month together with agreed upon transaction charges. Up to 31 March 2022, the Administrator was also entitled to a financial reporting fee of up to USD5,000 per set of financial statements and other out of pocket expenses out of the assets of the Funds (plus VAT thereon if any). With effect from 1 April 2022, the Administrator is also entitled to a financial reporting fee of up to USD7,000 per set of annual financial statements and a financial reporting fee of USD2,000 per set of interim financial statements and other out of pocket expenses out of the assets of the Funds (plus VAT thereon if any). Up to 31 March 2022, BNY Mellon was entitled to receive out of the assets of the Funds an annual administration fee, accrued and calculated on each dealing day and payable monthly in arrears of up to 0.105% of the aggregated Net Assets. With effect from 1 April 2022, BNY Mellon is entitled to receive out of the assets of the Funds an annual administration fee, accrued and calculated on each dealing day and payable monthly in arrears and is illustrated in more detail in the table below.

Administration fees	
Nil - USD 250 Million	7.00 bps
USD250 Million - USD500 Million	5.75 bps
USD500 Million - USD750 Million	4.25 bps
USD750 Million - USD1 Billion	3.00 bps
USD1 Billion	2.00 bps
Minimum Fee	USD40,000

The Administration fee accrued for the financial period ended 30 June 2022 was USD255,596 (30 June 2021: USD234,213) and the amount outstanding at 30 June 2022 was USD132,873 (30 June 2021: USD86,847).

The Depository is entitled to an asset based fee of up to 0.02% per annum payable monthly together with sub-custodians’ fees (which will be charged at normal commercial rates) as well as agreed upon transaction charges (which will be at normal commercial rates) and other out of pocket expenses (plus VAT thereon if any).

The Depository fee accrued for the financial period ended 30 June 2022 was USD86,711 (30 June 2021: USD86,357) and the amount outstanding at 30 June 2022 was USD21,310 (30 June 2021: USD13,151).

12. Directors’ Fees and Expenses

The Directors shall be entitled to a fee in remuneration for their services at a rate to be determined from time to time by the Directors, but so that the aggregate amount of each Director’s remuneration in any one year shall not exceed €15,000 (30 June 2021: €15,000) or such higher amount as may be approved by resolution of the Directors and notified to shareholders. The Directors may also be paid all travelling, hotel and other expenses, properly incurred by them, in attending and returning from meetings of the Directors or general meetings of the Company or in connection with the business of the Company. The Directors may in addition to such remuneration as aforesaid grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company and such remuneration will be at normal commercial rates.

The Directors’ fees and expenses accrued for the financial period ended 30 June 2022 was USD19,101 (30 June 2021: USD15,641) and the amount outstanding at 30 June 2022 was USD10,870 (30 June 2021: USD10,293).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Efficient Portfolio Management

The Company may enter into a variety of derivative instruments including, but not limited to, forward foreign exchange contracts, futures, options, swaps, contracts-for-difference, stock lending and repurchase agreements for the purposes of efficient portfolio management only, subject to the conditions and limits set out in the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (the “Central Bank UCITS Regulations”) and within any further limits laid down by the Central Bank of Ireland from time to time. In particular, the Funds may engage in forward foreign exchange contracts to provide protection against exchange rate risks, including cross-currency hedging, and in order to hedge foreign currency exposure of the underlying assets of the Funds into the base currency of the Funds or into a currency institutionally linked to the base currency. It is intended that the use of such forwards may reduce the currency risk in respect of the Funds and will better enable the Funds to manage its assets and liabilities. Futures contracts may be used to hedge or gain exposure to an increase in the value of an asset, market, currency, or deposit. Options may be used to hedge or achieve exposure to a particular market instead of using a physical security. Swaps may be used to achieve profit as well as to hedge existing long positions. Contracts-for-difference (“CFDs”) are bilateral agreements to exchange the difference between opening and closing contracts, which represent the performance of an underlying share.

At the discretion of the Directors, the Funds may use financial derivative instruments as a primary investment policy and details of the investment policy will be set out in the applicable Supplement in accordance with the requirements of the Central Bank of Ireland.

For the period ended 30 June 2022 and 30 June 2021, the Company has utilised forward foreign currency contracts. As at 30 June 2022, all derivatives are OTC derivatives. All open derivative positions are disclosed in the schedule of investments except for forward currency contracts which are disclosed in note 7 (d) above.

14. Directors’ Interests, Connected Persons and Related Party Transactions

Fees payable to the relevant Investment Manager are disclosed in notes 9 and 10.

Depository and Administrator

Although not deemed to be related parties under FRS 102 as they do not exercise “significant influence” over the activities of the Company, the Regulations also deem a “Depository” and its “associated or group companies” to be “connected persons” to the Company. As such, The Bank of New York Mellon SA/NV, Dublin Branch, the Depository, and BNY Mellon Fund Services (Ireland) Designated Activity Company, the Administrator, are connected persons to the Company.

The Board of Directors is satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that any transaction carried out with the Company by a promoter, manager, depository/custodian, investment manager and/or associated or group companies of these (“connected persons”) are carried out as if negotiated at arm’s length and that all such transactions are carried out in the best interests of the shareholders. The Board of Directors are satisfied that transactions with connected persons entered into during the period complied with the obligations set out in the Regulations.

30 June 2022

Key personnel	Role/Team	Fund/Class	Number of Shares held
Tellaviva/Lars Tell	Director	Sector Healthcare Value Fund, Class A NOK	326
ETHO AS/ Trond Horneland	Investment Manager	Sector Healthcare Value Fund, Class A NOK	22,040
Sector Gamma AS	Investment Manager	Sector Healthcare Value Fund, Class B SEK	118

30 June 2021

Key personnel	Role/Team	Fund/Class	Number of Shares held
Lars Tell/Tellaviva AS	Director	Sector Healthcare Value Fund, Class A NOK	250
Trond Tviberg/Meditek Capital AS	Investment Manager, Sector Gamma AS	Sector Healthcare Value Fund, Class A NOK	8,976
Trond Horneland/ETHO AS	Investment Manager	Sector Healthcare Value Fund, Class A NOK	22,040
Sector Gamma AS	Investment Manager	Sector Healthcare Value Fund, Class B SEK	118

As at 30 June 2022 and 30 June 2021, Sector Asset Management AS held 3 Class A EUR Shares, 2 Class A NOK Shares and 3 Class A USD Shares in Sector Healthcare Value Fund.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Contingent Liabilities

The Company is established as a segregated portfolio company. As a matter of Irish law, the assets of one Fund will not be available to satisfy the liabilities of another. However, the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation. There is no guarantee that the courts of any jurisdiction outside Ireland will respect the limitations on liability associated with segregated portfolio companies nor is there any guarantee that the creditors of one Fund will not seek to enforce such Fund's obligations against another Fund.

As at 30 June 2022 and 30 June 2021 there were no known contingent liabilities.

16. Soft Commission

There were no soft commissions for the financial period ended 30 June 2022 and 30 June 2021.

17. IMR Regulations

In response to the CBI publishing the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers (the "Investor Money Regulations" or "IMR") issued in March 2015, subscription and redemption monies will (effective from 1 July 2016), be channeled through a sub-fund cash collection account in the name of the sub-fund. Pending issue of the shares and/or payment of subscription proceeds to an account in the name of the sub-fund(s), and pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the sub-fund in respect of amounts paid by or due to it. As at 30 June 2022 and at 30 June 2021 the Fund has received subscriptions in advance and these amounts are reflected on the Balance Sheet.

18. Comparative Period

The prior period comparatives are for the financial period 1 January 2021 to 30 June 2021.

19. Three Period Historical Net Asset Value

The following tables outline the number of shares outstanding and the Net Asset Value per share for each share class for the last three reporting periods.

30 June 2022

	Harvest Equity Sector Healthcare	
	Kernel	Value Fund
	USD	USD
Total Net Asset Value	–	498,379,985
Shares outstanding		
Class A EUR	–	20,009
Class A NOK	–	78,219
Class A USD	–	48,174
Class B EUR	–	2,840
Class B NOK	–	473,527
Class B SEK	–	10,553
Class B USD	–	354,680
Class X EUR	–	309,159
Class X USD	–	253,030
Class E NOK	–	328,225
Class E USD	–	76,235
Class Y EUR	–	39,339
Class Y GBP	–	985,764
Class Y USD	–	556,458
Net Asset Value per Share		
Class A EUR	–	327.03
Class A NOK	–	2,948.24
Class A USD	–	496.64
Class B EUR	–	135.12
Class B NOK	–	1,570.83
Class B SEK	–	1,481.73

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Three Period Historical Net Asset Value (Continued)

30 June 2022

	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD
Class B USD	–	160.26
Class X EUR	–	105.50
Class X USD	–	171.18
Class E NOK	–	101.01
Class E USD	–	96.93
Class Y EUR	–	129.06
Class Y GBP	–	129.79
Class Y USD	–	110.28

	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD
Total Net Asset Value	–	480,884,750

Shares outstanding

Class A EUR	–	19,729
Class A NOK	–	78,290
Class A USD	–	55,831
Class B EUR	–	2,840
Class B NOK	–	485,271
Class B SEK	–	16,855
Class B USD	–	283,700
Class X EUR	–	309,159
Class X USD	–	268,132
Class E NOK	–	306,725
Class E USD	–	73,494
Class Y EUR	–	38,054
Class Y GBP	–	657,122
Class Y USD	–	506,802

Net Asset Value per Share

Class A EUR	–	349.87
Class A NOK	–	3,132.26
Class A USD	–	527.12
Class B EUR	–	144.51
Class B NOK	–	1,675.18
Class B SEK	–	1,586.41
Class B USD	–	169.79
Class X EUR	–	111.98
Class X USD	–	180.40
Class E NOK	–	107.21
Class E USD	–	102.57
Class Y EUR	–	124.71
Class Y GBP	–	122.32
Class Y USD	–	115.92

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Three Period Historical Net Asset Value (Continued)

30 June 2021

	Harvest Equity Kernel USD	Sector Healthcare Value Fund USD
Total Net Asset Value	–	482,694,470
Shares outstanding		
Class A EUR	–	25,084
Class A NOK	–	76,221
Class A USD	–	61,126
Class B EUR	–	750
Class B NOK	–	501,631
Class B SEK	–	21,144
Class B USD	–	301,667
Class X EUR	–	309,159
Class X USD	–	268,705
Class E NOK	–	310,166
Class E USD	–	15,000
Class Y EUR	–	40,521
Class Y GBP	–	621,295
Class Y USD	–	501,311
Net Asset Value per Share		
Class A EUR	–	344.65
Class A NOK	–	3,083.07
Class A USD	–	518.15
Class B EUR	–	145.52
Class B NOK	–	1,683.62
Class B SEK	–	1,596.89
Class B USD	–	170.00
Class X EUR	–	111.92
Class X USD	–	178.33
Class E NOK	–	107.20
Class E USD	–	102.18
Class Y EUR	–	118.77
Class Y GBP	–	119.06
Class Y USD	–	115.13

20. Significant Events during the financial period

We have assessed the possible impact on our business, to the extent possible, related to developments in Ukraine after 24 February 2022, as well as to sanctions imposed on Russia. The Company has no operations, investors, or suppliers in these countries. Trading counterparties are monitored from a risk perspective. The Company has no direct exposure to Ukraine or Russia.

The global public health crisis which arose from the outbreak of the novel coronavirus disease (known as COVID-19) has caused considerable volatility and disruption in financial markets since early March 2020. It is unknown what the impact will be on the global economy but the uncertainty and instability from COVID-19 for a prolonged period could have an adverse impact on the Company's or relevant Fund's business, opportunities, operations, financial condition and cash flows and there can be no assurance that the risks associated with COVID-19 will not alter significantly the attractiveness of an investment in the Company or a Fund as a result of the potential for capital losses and general uncertainty.

On 3 June 2022, an application was made to the Central Bank of Ireland for Harvest Equity Kernel's authorisation to be revoked.

On 17 June 2022, a new Prospectus was noted by the Central Bank of Ireland for Sector Capital Funds Plc.

On 17 June 2022, a new supplement was noted by the Central Bank of Ireland for Sector Healthcare Value Fund.

There were no other significant events during the financial period.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Significant Events after the Balance Sheet Date

There were no significant events after the balance sheet date.

22. Approval of Financial Statements

The financial statements were authorised for issue by the Directors on 23 August 2022.

SECTOR CAPITAL FUNDS PLC
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SIGNIFICANT PORTFOLIO MOVMENTS

In accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2019, a statement of the largest changes in the composition of the Schedule of Investments during the period is provided to ensure that the shareholders can identify changes in the investments held by the Fund. These statements present the aggregate purchases and sales of an investment, exceeding 1% of the total value of purchases and sales for the period. At a minimum the largest 20 purchases and sales are listed. If the Fund enters into less than 20 purchases or sales during the period, then all transactions are presented.

Sector Healthcare Value Fund

LARGEST PURCHASES

	COST
	\$
Goldman Sachs US\$ Treasury Liquid Reserves Fund	93,728,104
Gilead Sciences, Inc.	25,026,525
Novartis AG	20,244,304
Zimmer Biomet Holdings, Inc.	13,583,903
AstraZeneca Plc, ADR	10,249,832
Pfizer, Inc.	9,371,765
Alnylam Pharmaceuticals, Inc.	8,610,481
Abbott Laboratories	8,535,419
Bristol-Myers Squibb Co.	8,446,386
Fresenius SE & Co. KGaA	7,902,494
UCB S.A.	7,544,091
Seagan, Inc.	5,996,499
Takeda Pharmaceutical Co. Ltd.	5,963,895
Bruker Corp.	5,895,923
Medtronic Plc	5,812,944
Smith & Nephew Plc	5,538,614
Terumo Corp.	5,381,226
Cigna Corp.	5,328,041
Sanofi	5,188,222
Incyte Corp. Ltd.	4,634,460

LARGEST SALES

	PROCEEDS
	\$
Goldman Sachs US\$ Treasury Liquid Reserves Fund	85,258,214
Pfizer, Inc.	17,813,731
Becton Dickinson & Co.	15,478,510
AstraZeneca Plc, ADR	11,418,684
Bristol-Myers Squibb Co.	10,273,756
Koninklijke Philips NV	8,648,386
GlaxoSmithKline Plc	8,382,232
Merck & Co., Inc.	7,406,043
Novartis AG	7,284,550
Takeda Pharmaceutical Co. Ltd.	5,969,897
Cardinal Health, Inc.	5,678,265
Elanco Animal Health, Inc.	5,473,959
Laboratory Corporations of America Holdings	5,397,984
Boston Scientific Corp.	5,281,679
Vertex Pharmaceuticals, Inc.	4,995,143
Dentsply Sirona, Inc.	4,711,882
Alnylam Pharmaceuticals, Inc.	4,626,217
H Lundbeck A/S	4,297,503
Shimadzu Corp.	4,067,943
Organon & Co.	3,674,842