

Red October

Healthcare selloff

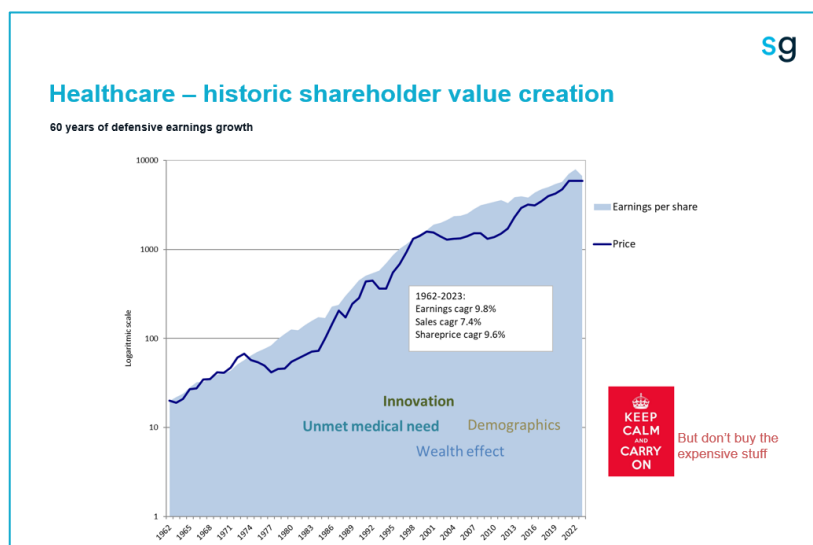
The global healthcare sector¹ fell 4.8 percent in October, compared to a 2 percent decline in the broader equity markets. Inflation worries and higher long-term interest rates led healthcare stocks and defensive sectors in general lower in October. The selloff was led by the LS tools and diagnostics as well as managed care sub-sectors, on weaker than expected earnings. The rest of the healthcare sector had mostly stronger than expected earnings reports and inline forward guidance. Small and mid-cap healthcare stocks also fell but continued to outperform on brewing hopes of a new healthcare M&A cycle.

Fund down 3.5 percent

The Sector Healthcare Value Fund fell 3.5 percent in October and is up 7.6 percent year-to-date. The Fund has had a drawdown of 5.1 percent during the last two months compared to a drawdown of 7.7 percent for the global healthcare index. The selloff in October was broad based but led by our healthcare services / managed care holdings being hit by higher-than-expected healthcare utilization trends. The worst performing positions were GSK, Elevance, Bruker and CVS. GSK surprisingly fell despite a positive Zantac settlement and a strong earnings report with strength in specialty drugs being offsetting temporary weakness in vaccines. Bruker fell on continued weak LS tools end-markets and Elevance and CVS fell on weak earnings reports. Top performing holdings were Bristol Myers, Incyte and Gilead which all rose on solid earnings reports. On a relative basis, the Fund outperformed by 1.3 percent in October and has outperformed by 5.4 percent during the last four months in an improving stock picking environment. Not owning Regeneron, Thermo, Eli Lilly and Merck were profitable on a relative basis in October. Not owning Abbvie and Intuitive Surgical was costly on a relative basis.

Healthcare on a 10-year relative low

Healthcare stocks have sold off a full 7.5 percent in the last couple of months, being the worst sector across the market, on renewed nervousness around political/election risks and increased long-term interest rates. During the last 10 years, the sector has returned 8.2 percent annually (our Fund +9.7 percent annually by comparison) compared to the broader market returns of 9.8 percent. Currently, the sector is trading at a 10-year relative low versus the broader market. The healthcare sector has a strong history of above market earnings growth, illustrated in the graph. We believe now is a good time to buy reasonable valued healthcare exposure.



¹ MSCI World Healthcare Index

Analysis of Return

Please note: Past performance does not predict future returns

Sector Healthcare Value	Absolute				Relative			October 2024
	A USD	A EUR	A NOK	Index*	A USD	A EUR	A NOK	
NAV	567.33	358.39	3,270.56					
Last Month	-3.5%	-3.8%	-3.5%	-4.8%	1.3%	1.0%	1.3%	
Year to Date	7.6%	6.5%	7.1%	8.6%	-1.0%	-2.1%	-1.5%	
Last 12 Months	18.3%	17.0%	17.1%	19.9%	-1.7%	-2.9%	-2.8%	
Since Inception **	467.3%	383.9%	438.9%	366.6%	100.7%	17.3%	72.3%	
Compounded growth p.a.	13.2%	11.9%	12.8%	11.7%	1.6%	0.3%	1.2%	
Standard deviation	12.2%	12.3%	12.0%	12.9%				
Reward/Risk	1.09	0.97	1.06	0.91				
Tracking error	3.95							
Information ratio	0.68							
Best month	11.8%	11.8%	11.4%	11.6%				
Worst month	-7.9%	-8.2%	-8.1%	-8.1%				
Maximum drawdown	-25.4%	-25.9%	-25.2%	-27.0%				

* MSCI World Healthcare Index USD

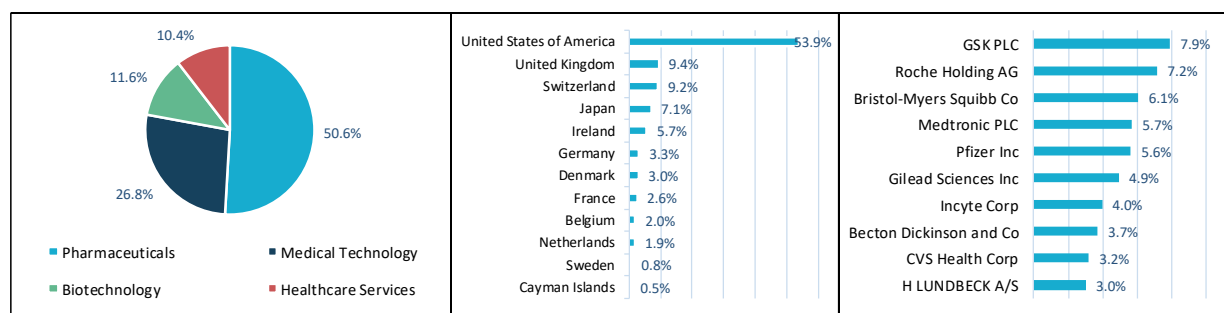
** Since inception November 16th, 2010

All performance figures from Sector Healthcare Value are net of fees

Class A USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	0.9%	0.9%	2.1%	-4.9%	2.0%	0.6%	6.5%	4.9%	-1.7%	-3.5%			7.6%
2023	1.4%	-3.1%	2.4%	3.9%	-5.0%	4.4%	-0.2%	-2.5%	-3.5%	-4.9%	4.9%	4.8%	1.6%
2022	-3.3%	-0.2%	2.3%	-2.5%	1.0%	-3.1%	1.3%	-5.5%	-3.5%	8.8%	4.4%	-0.5%	-1.6%
2021	1.5%	-2.7%	3.2%	3.3%	1.9%	1.8%	1.0%	1.7%	-4.9%	2.5%	-4.4%	6.3%	11.2%
2020	-1.8%	-4.8%	-5.5%	11.8%	3.6%	-1.5%	3.4%	1.7%	-2.5%	-4.2%	7.2%	2.9%	9.3%
2019	7.4%	2.8%	0.7%	-1.9%	-4.3%	6.0%	0.4%	-0.8%	0.4%	4.0%	5.4%	3.0%	24.9%
2018	5.6%	-3.0%	-0.6%	1.6%	1.7%	1.5%	4.6%	3.0%	1.8%	-6.7%	4.2%	-7.9%	5.0%
2017	2.6%	5.1%	0.8%	2.5%	2.4%	2.9%	-0.3%	0.8%	1.6%	-2.0%	1.4%	-0.6%	18.4%
2016	-6.7%	-0.5%	3.9%	4.4%	2.9%	1.0%	4.8%	-3.1%	0.8%	-5.3%	0.3%	1.8%	3.7%
2015	1.7%	5.4%	2.2%	0.3%	2.6%	-0.1%	4.2%	-3.0%	-6.5%	6.5%	0.3%	1.7%	15.5%
2014	1.2%	6.2%	-1.0%	-0.1%	2.8%	1.8%	-0.7%	2.1%	0.4%	1.9%	2.9%	0.7%	19.5%
2013	8.6%	0.9%	4.3%	3.8%	1.7%	-0.5%	7.5%	-1.9%	3.1%	2.7%	4.5%	2.1%	43.0%
2012	3.6%	0.9%	4.4%	0.4%	-3.7%	6.8%	1.2%	1.7%	4.6%	-1.6%	1.6%	0.8%	22.2%
2011	0.2%	2.6%	0.9%	7.4%	2.9%	-2.6%	-3.0%	-3.1%	-4.4%	7.8%	-3.0%	2.1%	6.9%
2010											-1.7%	6.4%	4.6%

Analysis of Risk

Exposure	99.3%	# of positions	44
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Fund Details

Fund Type	UCITS	Class	ISIN	Bloomberg Ticker
Fund Style	Actively managed	A USD	IE00B40JDW74	SECHVAU ID Equity
Fund Name	Sector Healthcare Value Fund, a sub-fund of Sector Capital Funds Plc	A EUR	IE00B0L26Q21	SECHVAE ID Equity
Domicile	Ireland	A NOK	IE00B0L26Q21	SECHVAN ID Equity
Portfolio Manager	Sector Gamma AS			
Inception Date	16 November 2010			
Liquidity	Daily			
Base Currency	USD			
Morningstar Rating (10 yrs)	★★★★★			

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ADDITIONAL INFORMATION FOR QUALIFIED AND APPLICABLE INVESTORS IN THE UNITED STATES

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October 2024