

Sustainability-Related Disclosures:

PROTEA FUND - SECTORAL BIOTECH OPPORTUNITIES FUND

Summary:

This disclosure is made by the PROTEA FUND - SECTORAL BIOTECH OPPORTUNITIES FUND (the 'Sub-Fund') pursuant to Article 10 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 ('SFDR'). Sectoral Asset Management Inc. is the investment manager (the 'Investment Manager').

No Sustainable Investment Objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

Environmental or Social Characteristics of the Financial Product

The Sub-Fund promotes social characteristics by investing in sustainable investments with a social objective. These consist of companies that contribute to an investment in human capital (good health and well-being), product quality and safety, tackling inequality by providing access to medicine, social integration and labour relations or independence of the board, and that the Investment Manager has identified as sustainable investments. The Sub-Fund promotes certain minimum environmental standards and/or business practices. Therefore, it invests in issuers that are well-prepared to handle material ESG (Environmental, Social and Governance) matters and avoids issuers involved in severe controversies.

Investment Strategy

To promote the environmental and social characteristics, the Investment Manager will:

- Invest in equities and equity-like transferable securities, issued by innovative healthcare companies developing differentiated drugs, services, life science tools and devices.
- Screen potential and current investments for severe controversies.
- Follow an ESG Integration approach and will include a sustainable investment proportion by applying an SDG 3 alignment approach.
- Follow an Active Ownership strategy which includes voting and engagement activities.

Proportion of Investments

The Sub-Fund invests at least 70% of its assets in issuers that are aligned with E/S characteristics, and at least 30% of its assets in sustainable investments with a social objective. Up to 30% of the Sub-Fund's assets may be invested in issuers that are neither aligned with E/S characteristics, nor are qualified as sustainable investments.

Monitoring of Environmental or Social Characteristics

The Investment Manager monitors an issuer's alignment with the promoted characteristics and with its broader ESG framework on at least a quarterly basis. The Investment Manager measures the alignment with the E/S Characteristics by evaluating the degree to which the issuer's activities, as measured by turnover (or R&D spend), contribute to SDG 3. Further, the issuer's broader ESG profile is assessed based on ESG ratings from Sustainalytics. Adherence to the binding elements is continually monitored using pre-trade restrictions and post-trade analysis.

Methodologies

The Investment Manager employs the following methodologies to measure the attainment of the environmental and/or social characteristics promoted by the Sub-Fund:

SDG 3 Alignment Approach:

The Investment Manager reviews the alignment of the issuer's revenue with the objectives of SDG 3. Where a company is at the pre-revenue stage, the Investment Manager will assess the alignment of a company's R&D or operational expenditure with SDG 3.

Broader E/S Characteristics:

The Investment Manager assess if an SDG 3-aligned issuer is not causing significant harm to other sustainable (environmental or social) objectives in order to be deemed a sustainable investment.

Exclusion Approach:

The Investment Manager maintains an exclusion list, updated monthly, to exclude investment in companies with serious and persistent failures to mitigate ESG risks. Additionally, the Investment Manager maintains a watchlist of companies ranked in the bottom 20% on ESG Ratings within their peer group. Total exposure to such companies is limited to a maximum of 10% of Sub-Fund assets.

Monitoring of Severe Controversies:

The Sub-Fund promotes the adherence with certain international norms and standards by excluding issuers that are (i) in violation with these norms and standards or (ii) that are involved in severe controversies.

Data Sources and Processing

The alignment with SDG 3 based on revenue, R&D, and operational expenditure is evaluated based on data sourced from company financial reports and/or Bloomberg. ESG Ratings and Controversy Scores, as well as Principal Adverse Impacts analysis, is provided by Sustainalytics. Company website disclosures, corporate social responsibility and sustainability reports, semi-annual and annual reports, regulatory filings, and news sources are also consulted. The proportion of data that are estimated varies depending on data available to Sustainalytics. The Investment Manager does not estimate any data but relies on Sustainalytics as its main source of ESG data.

Limitations to Methodologies and Data

There are inherent limitations in assessing ESG standards and alignment with SDG 3, due to challenges in the availability, quality, comparability, and timeliness of financial and sustainability data.

Due Diligence

The Investment Manager carries out a due diligence on the issuers which consists of a positive screening for alignment with SDG 3, a principal adverse impacts analysis, a negative screening for controversial industry exposure, and a negative screening for issuers involved in severe controversies.

Engagement Policies

The Investment Manager interacts routinely with issuers on ESG-related topics, including governance practices that are potentially material as well as with issuers that score in the bottom 20% on Sustainalytics' ESG Ratings within their peer group. Given the low level of ESG policy disclosure among the small and mid-cap healthcare companies, the Investment Manager will often encourage better disclosure of ESG practices. Additionally, the Investment Manager applies the Sustainability Guidelines from ISS Shareholder Services as a guide for proxy-voting decisions.

Designated Reference Benchmark

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-Fund.