

**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)*

**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

*Registration No. 489443*

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**SECTOR CAPITAL FUNDS PLC**  
**Annual Report and Audited Financial Statements**  
**For the year ended 31 December 2014**

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**GENERAL INFORMATION**

**Directors**

Michael Boyce (*Irish*)<sup>^</sup>  
Peter Murray (*Irish*)<sup>^</sup>  
Lars Tell (*Swedish*)

<sup>^</sup>*Independent non-executive Director*

**Investment Manager**

*Sector Global Equity Kernel Fund*  
Sector Omega AS  
Filipstad Brygge 2  
PO Box 1994 Vika  
N - 0125 Oslo  
Norway

**Investment Manager**

*Sector Healthcare Value Fund*  
Sector Gamma AS  
Filipstad Brygge 2  
PO Box 1994 Vika  
N - 0125 Oslo  
Norway

**Investment Manager**

*Sector Sigma Nordic Fund*  
Sigma Fondsforvaltning AS  
Filipstad Brygge 2  
PO Box 1994 Vika  
N - 0125 Oslo  
Norway

**Administrator, Registrar and Transfer Agent**

BNY Mellon Investment Servicing (International) Limited  
Riverside Two  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2  
Ireland

**Custodian**

BNY Mellon Trust Company (Ireland) Limited  
Guild House  
Guild Street  
IFSC  
Dublin 1  
Ireland

**Registered Office**

2nd Floor, Beaux Lane House  
Mercer Street Lower  
Dublin 2  
Ireland

**Independent Auditors**

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

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

Bugge, Arentz-Hansen & Rasmussen Advokatfirma (BA-HR)  
Tjuvholmen allé 16  
NO-0252 Oslo  
PO Box 1524 Vika  
NO - 0117 Oslo  
Norway

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

Maples and Calder  
75 St. Stephen's Green  
Dublin 2  
Ireland

**Sponsoring Brokers**

Maples and Calder  
75 St. Stephen's Green  
Dublin 2  
Ireland

**Company Secretary**

MFD Secretaries Limited  
2nd Floor, Beaux Lane House  
Mercer Street Lower  
Dublin 2  
Ireland

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## **DIRECTORS' REPORT**

The Directors present to the shareholders their annual report and the audited financial statements of Sector Capital Funds plc (the "Company") for the year 1 January 2014 to 31 December 2014.

### **Principal Activities and Review of Business**

The Company was incorporated and registered in Ireland under the Companies Act, 1963 to 2013 as an open-ended umbrella investment company with variable capital and with segregated liability between sub-funds on 27 September 2010 with registered number 489443. The net assets of the Company were USD112,560,837 on 31 December 2014 (2013: USD 110,944,950).

The Company was authorised by the Central Bank of Ireland pursuant to European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (the "UCITS Regulations").

As at 31 December 2014, the Company has three funds in existence (31 December 2013: two), Sector Healthcare Value Fund, Sector Sigma Nordic Fund and Sector Global Equity Kernel Fund (the "Funds").

Sector Healthcare Value Fund commenced trading on 17 November 2010. The base currency of Sector Healthcare Value Fund is U.S. Dollars ("USD"). As at 31 December 2014 five classes are subscribed to in the Fund (31 December 2013: five), Class A EUR Shares, Class A NOK Shares, Class A USD Shares, Class B NOK Shares and Class L NOK Shares. Class A USD, Class A EUR and Class A NOK Shares were listed on the Irish Stock Exchange on 18 November 2010 and Class B NOK Shares were listed on the Irish Stock Exchange on 10 September 2013.

Sector Sigma Nordic Fund commenced trading on 25 June 2012. The base currency of the Fund is Norwegian Krone ("NOK"). As at 31 December 2014 seven classes are subscribed to in the Fund (31 December 2013: six), Class A EUR Shares, Class A NOK Shares, Class A USD, Class B EUR Shares, Class B NOK Shares, Class C NOK Shares and Class L NOK Shares. No application has been made to list the Shares on any stock exchange.

Sector Global Equity Kernel Fund commenced trading on 19 March 2014. The base currency of Sector Global Equity Kernel Fund is USD. As at 31 December 2014 three classes are subscribed to in the Fund, Class L NOK Shares, Class O NOK Shares and Class P USD Shares. Class P USD Shares were listed on the Irish Stock Exchange on 27 March 2014.

### **Results, Activities and Future Developments**

The results of operations are set out on page 13. A detailed review of the business and future developments for the Funds is contained in the Investment Managers' Reports on page 7.

### **Statement of Directors' Responsibilities**

Irish company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2013, the UCITS Regulations and the Listing Rules of the Irish Stock Exchange. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Accounting Records**

The Directors believe that they have complied with the requirements of section 202 of the Companies Act 1990 with regard to the books of account by employing the resources of an administrator, BNY Mellon Investment Servicing (International) Limited. During the year the books of the Company were maintained at the offices of the Administrator: BNY Mellon Investment Servicing (International) Limited, Riverside Two, Sir John Rogerson's Quay, Grand Canal Dock, Dublin 2.

### **Fair Value Directive**

It is the opinion of the Board of Directors that the information required by the European Communities (Fair Value Accounting) Regulations 2004, in relation to the use by the Company of financial instruments and the financial risk management objectives and policies of the Company and the exposures of the Company to market risk, currency risk, interest rate risk, liquidity risk and credit risk is contained in the Investment Managers' Reports and note 7.

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## **DIRECTORS' REPORT (Continued)**

### **Significant events during the year**

Sector Global Equity Kernel Fund commenced trading on 19 March 2014.

There were no other significant events during the year.

### **Significant events after the balance sheet date**

A revised Supplement for Sector Sigma Nordic Fund was issued on 20 March 2015 to include Class D Shares.

There were no other significant events after the balance sheet date.

### **Directors**

The current Directors are listed on page 2 and they served for the entire year.

### **Directors' and Secretary's Interests**

The Directors and Secretary and their families had no interest in the shares of the Company at 31 December 2014, other than as disclosed in note 15 to the financial statements.

### **Dividends**

Under the Articles of Association (the "Articles"), dividends may be paid out of the profits. During the year ended 31 December 2014, no dividends were paid.

### **Corporate Governance Statement**

The Company is subject to and complies with the UCITS Regulations and the Listing Rules of the Irish Stock Exchange, as applicable to investment funds.

The Board has adopted the voluntary Irish Funds Industry Association (IFIA) Corporate Governance Code for Irish domiciled Collective Investment Schemes and Management Companies, issued 14 December 2011 (the "Code") with effect from 11 December 2012. The Board has reviewed and assessed the measures included in the Code and considers its corporate governance practices and procedures since the adoption of the Code as consistent therewith.

The Company is subject to corporate governance practices imposed by:

1. The Irish Companies Acts 1963 to 2013 and the UCITS Regulations which are available for inspection at the registered office of the Company and may also be obtained at [www.irishstatutebook.ie](http://www.irishstatutebook.ie).
2. The Articles of Association of the Company which are available for inspection at the registered office of the Company and at the Companies Registration Office in Ireland.
3. The Central Bank of Ireland in their UCITS Notices and Guidance Notes which can be obtained from the Central Bank of Ireland's website at: [www.centralbank.ie](http://www.centralbank.ie) and are available for inspection at the registered office of the Company.
4. The Irish Stock Exchange ("ISE") through the ISE Code of Listing Requirements and Procedures which can be obtained from the ISE's website at [www.ise.ie](http://www.ise.ie).

### *Financial Reporting Process - description of main features*

The Board is ultimately responsible for overseeing the establishment and maintenance of adequate internal control and risk management systems of the Company in relation to the financial reporting process. As the Company has no employees and two of the Directors serve in a non-executive capacity, all functions including the preparation of the financial statements have been outsourced. The Company has appointed BNY Mellon Investment Servicing (International) Limited, as its Administrator consistent with the regulatory framework applicable to investment fund companies such as the Company.

On appointing the Administrator, the Board noted that it was regulated by the Central Bank of Ireland and, in the Board's opinion, had significant experience as an administrator. The Board also noted the independence of the Administrator from the Company's Investment Managers. Subject to the supervision of the Board, the appointment of the Administrator is intended to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The annual and interim financial statements of the Company are required to be approved by the Board of the Company and filed with the Central Bank of Ireland and the Irish Stock Exchange. The statutory financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

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**DIRECTORS' REPORT (Continued)**

**Corporate Governance Statement (continued)**

*Risk Assessment*

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and for ensuring that processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board's appointment of an administrator independent of the investment manager to the Company and which is regulated by Central Bank of Ireland is intended to mitigate though not eliminate the risk of fraud or irregularities which may impact the financial statements of the Company.

*Monitoring*

The Board receives regular presentations and reviews reports from the Custodian, Investment Manager and Administrator. The Board also has an annual process to ensure that appropriate measures are taken to consider and address any control weaknesses identified and measures recommended by the independent auditors.

*Capital structure*

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company's share capital. There are no restrictions on voting rights.

For the appointment and replacement of Directors, the Company is governed by its Articles of Association, Irish Statute comprising the Companies Acts, 1963 to 2013, the UCITS Regulations, and the Listing Rules of the Irish Stock Exchange as applicable to investment funds. The Articles of Association themselves may be amended by special resolution of the shareholders.

*Composition and operation of the board of directors*

There are three Directors currently, two of whom are non-executive and are independent of the Investment Manager as required by the Irish Stock Exchange Listing Rules for investment funds. None of the Directors have entered into an employment or service contract with the Company. All related party transactions during the year are detailed in note 15 to the financial statements. The Articles of Association do not provide for retirement of Directors by rotation. However, the Directors may be removed by the shareholders by ordinary resolution in accordance with the procedures established under the Irish Companies Acts 1963 to 2013. The Board meets at least quarterly. There are no sub-committees of the Board.

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association. Subject to its supervision and direction, the Board has delegated the day to day administration of the Company to the Administrator and the investment management and distribution functions to Sector Omega AS, Sector Gamma AS and Sigma Fondforvaltning AS as the Investment Managers. The Company has appointed BNY Mellon Trust Company (Ireland) Limited as the Custodian to the Company with responsibility for the safekeeping of the assets of the Company.

*Shareholder meetings*

The convening and conduct of shareholders' meetings are governed by the Articles of Association of the Company and the Companies Acts. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within fifteen months of the date of the previous annual general meeting. Shareholders representing not less than 10 percent of the paid up share capital of the Company may also request the Directors to convene a shareholders' meeting. Not less than twenty one days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to shareholders and fourteen days' notice must be given in the case of any other general meeting unless the auditors of the Company and all the shareholders of the Company entitled to attend and vote agree to shorter notice.


On a show of hands every shareholder who is present in person or by proxy shall have one vote. On a poll every shareholder present in person or by representative or proxy shall have one vote for every share for which is registered in the name of the shareholder. Such voting rights may be amended in the same manner as any other provision of the Trust Deed.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a shareholders' meeting. An ordinary resolution of the Company requires a simple majority of the votes cast by the shareholders voting in person or by proxy at the meeting at which the resolution is proposed. A special resolution of the Company requires a majority of not less than 75% of the shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution including a resolution to amend the Articles of Association.

**Independent Auditors**

Deloitte and Touche, Chartered Accountants and Statutory Audit Firm, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Board of Directors

  
Director  
Date: 16 April 2015

  
Director

## **Report of the Custodian to the Shareholders**

We have enquired into the conduct of Sector Capital Funds plc (the "Company") for the year ended 31 December 2014, in our capacity as custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company, in accordance with the Central Bank of Ireland's UCITS Notice 4, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

### **Responsibilities of the Custodian**

Our duties and responsibilities are outlined in the Central Bank of Ireland's UCITS Notice 4. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (the "Regulations"). It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

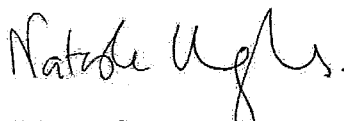
### **Basis of Custodian Opinion**

The custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in UCITS Notice 4 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

### **Opinion**

In our opinion, the Company has been managed during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Regulations.



BNY Mellon Trust Company (Ireland) Limited  
Date: 16 April 2015

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## **INVESTMENT MANAGERS' REPORTS**

### **Sector Global Equity Kernel Fund**

Sector Global Equity Kernel Fund was launched on the 19th March 2014. The Fund is a Global equity long only fund, using the MSCI ACWI as its benchmark index.

The idea behind Sector Global Equity Kernel is to combine equity market returns with the harvest of risk premiums and alpha generation. The Investment Manager seeks to harvest the size, value and momentum risk premiums by investing in good companies at an attractive price, but only when they are trading in a positive trend. Because the Fund equal-weights positions, it tends to be short the size factor (the Fund's weighted average market-cap is lower than in the capital-weighted index). There are three generic sources of alpha in the Fund; bets on sectors, countries and stocks. Stock selection alpha is a result of how quality is assessed, value and momentum, how they are combined, as well as the Investment Manager's judgment. The Fund also strives to generate alpha from market and sector selection. Because the Fund is benchmark agnostic, countries or sectors are not over/underweight relative to benchmark weights. Rather, stocks are only bought from the sectors and countries where the Investment Manager adjudges that the "tide is rising".

During the nine months the Fund has been running, the portfolio was up 5% and outperforming the MSCI ACWI by 0.5%. On a single stock basis, the largest contributors to performance were Omnivision Technologies, Health Net and Kroger.

### **Sector Healthcare Value Fund**

In 2014, the Healthcare sector ended up 18.1% versus 5.5% for the broader market making this the fourth consecutive year of outperformance both on a relative and absolute basis. The stand out sub sector was once again biotech, which ended up nearly 48% in 2014.

2014 certainly was an eventful year as many of our core themes continued to play out including maturing pipelines, a healthy pricing environment, increasing benefits from the Affordable Care Act (ACA) and the unstoppable M&A train. The changing political landscape in the US also plagued the sector in 2014, as the Republicans gained greater control of Congress following the mid-term elections and further legal challenges being lodged against elements of the ACA. Taxation was also high on the political agenda, with companies utilising inversions as part of their M&A strategy being labelled as "tax deserters" by the President. The result has been that some of the larger high profile deals were altered, where the inversion element was either removed or abandoned altogether. Although tax reform is a long and difficult path to follow, rhetoric is not. And the threat of not being able to "do business" with the government can be a powerful tool, especially in healthcare where 60 percent plus of revenues are directly or indirectly related to government budgets.

Sector Healthcare Value Fund was up 19.5% in 2014, outperforming the MSCI Healthcare Index by 1.4%. The largest contributors to performance were Edwards Lifesciences, Eli Lilly Lilly and Forest Labs. The largest detractors from performance were H Lundbeck, Sanofi and Daiichi.

### **Sector Sigma Nordic Fund**

Global economic growth slowed further at the end of 2014, with the J.P. Morgan Global All-Industry Output Index registering a 14-month low while dropping to 52.3 in December. In our view, there is little to suggest that global growth momentum will pick up in the near-term. In fact, it appears that equity markets will continue to be challenged by tepid aggregate earnings growth in the coming quarters. We remain convinced that offshore-related oil exploration and production activity faces a multi-year downturn.

Sector Sigma Nordic Fund had a strong year and ended up 16.3% for 2014. In comparison, MSCI Nordic was up 13.2% and the Absolute UCITS European Equity Index was up 2.4% for the year. The Fund had positive contribution both from the long and short book. On a single stock basis, the Fund's largest performance contributors were Marine Harvest, Norsk Hydro and Royal Unibrew.



## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SECTOR CAPITAL FUNDS PLC

We have audited the financial statements of Sector Capital Funds Plc (the "Company") for the year ended 31 December 2014 which comprise the Balance Sheet, the Profit and Loss Account, the Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the Company's shareholders, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland of the state of the affairs of the Company as at 31 December 2014 and of the Profit for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2013, and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011.

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SECTOR CAPITAL FUNDS PLC

### **Matters on which we are required to report by the Companies Acts 1963 to 2013**

- We have obtained all the information and explanations we considered necessary for the purpose of our audit.
- In our opinion proper books of account have been kept by the Company.
- The Company's Balance Sheet and its Profit and Loss Account are in agreement with the books of account.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which requires us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.



Brian Forrester  
For and on behalf of Deloitte & Touche  
Chartered Accountants and Statutory Audit Firm  
Dublin.

Date: 16/4/2015

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**BALANCE SHEET**

*As at 31 December 2014*

	Note	Sector Global Equity Kernel Fund USD	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
<b>Current Assets</b>					
Investments in financial assets held at fair value through profit or loss		9,881,148	57,796,560	213,541,976	96,164,207
Cash at bank and brokers	6	312,889	4,040,923	121,267,741	20,530,929
Amounts due from broker		–	–	2,311,226	308,317
Interest receivable		–	–	792	106
Dividends receivable		10,720	62,059	–	72,779
Other assets		37,556	25,305	380,260	113,588
<b>Total Assets</b>		<b>10,242,313</b>	<b>61,924,847</b>	<b>337,501,995</b>	<b>117,189,926</b>
<b>Current Liabilities</b>					
Investments in financial liabilities held at fair value through profit or loss		–	276,068	150,887	296,196
Amounts due to broker		–	2,003,368	–	2,003,368
Payable to investment manager	9	15,849	61,526	300,851	117,509
Incentive fee	10	7,211	429,465	6,897,032	1,356,740
Administration fee	11	21,359	31,732	248,009	86,175
Directors' fees and expenses	12	548	3,761	14,317	6,219
Auditors' fee	13	11,500	11,505	75,000	33,010
Custodian fee	11	17,480	5,876	38,638	28,510
Legal fee		6,431	329	1,925	7,017
Interest payable		3	–	305	44
Equalisation credit payable		1,515	472,857	1,090,157	619,799
Other creditors		7,892	42,051	184,099	74,502
<b>Total Liabilities (excluding net assets attributable to holders of Redeemable Participating Shares)</b>		<b>89,788</b>	<b>3,338,538</b>	<b>9,001,220</b>	<b>4,629,089</b>
<b>Net assets attributable to holders of Redeemable Participating Shares</b>		<b>10,152,525</b>	<b>58,586,309</b>	<b>328,500,775</b>	<b>112,560,837</b>
<b>Shares outstanding</b>					
	8				
Class A EUR		–	97,848	47,121	
Class A NOK		–	15,692	74,103	
Class A USD		–	85,070	1,355	
Class B EUR		–	–	10,416	
Class B NOK		–	96,094	88,301	
Class C NOK		–	–	2,498	
Class L NOK		4,000	25,492	20,184	
Class O NOK		1,623	–	–	
Class P USD		90,075	–	–	
<b>Net Asset Value per Share</b>					
Class A EUR		–	169.75	110.34	
Class A NOK		–	1,454.91	1,452.59	
Class A USD		–	233.38	111.61	
Class B EUR		–	–	135.20	
Class B NOK		–	802.06	1,407.23	
Class B USD		–	–	–	
Class C NOK		–	–	1,377.75	
Class L NOK		1,004.45	1,561.53	1,589.47	
Class O NOK		728.02	–	–	
Class P USD		105.01	–	–	

Sector Global Equity Kernel Fund commenced operations on 19 March 2014.

Sector Sigma Nordic Fund is translated in the Company total column at the Balance Sheet exchange rate of 0.1334.

On behalf of the Board of Directors:



Director

Date: 16 April 2015



Director

*The accompanying notes form an integral part of the financial statements*

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**BALANCE SHEET (Continued)**

As at 31 December 2013

	Note	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
<b>Current Assets</b>				
Investments in financial assets held at fair value through profit or loss		75,956,578	180,159,433	105,646,852
Cash at bank and brokers	6	3,327,064	29,621,191	8,208,636
Amounts due from broker		473,300	–	473,300
Interest receivable		–	750	124
Dividends receivable		22,615	107,080	40,262
Other assets		46,359	533,962	134,356
<b>Total Assets</b>		<b>79,825,916</b>	<b>210,422,416</b>	<b>114,503,530</b>
<b>Current Liabilities</b>				
Investments in financial liabilities held at fair value through profit or loss		39,631	4,259,016	741,517
Amounts due to broker		132,463	231,909	170,682
Payable to investment manager	9	61,314	200,031	94,279
Incentive fee	10	629,942	3,181,818	1,154,306
Administration fee	11	31,096	198,428	63,797
Auditors' fee	13	11,149	87,507	25,570
Custodian fee	11	6,685	18,223	9,688
Legal fee		1,459	9,729	3,062
Equalisation credit payable		484,107	4,845,644	1,282,669
Other creditors		8,635	26,550	13,010
<b>Total Liabilities (excluding net assets attributable to holders of Redeemable Participating Shares)</b>		<b>1,406,481</b>	<b>13,058,855</b>	<b>3,558,580</b>
<b>Net assets attributable to holders of Redeemable Participating Shares</b>		<b>78,419,435</b>	<b>197,363,561</b>	<b>110,944,950</b>
<b>Shares outstanding</b>				
	8			
Class A EUR		98,930	–	
Class A NOK		15,692	42,745	
Class A USD		223,138	–	
Class B EUR		–	16,805	
Class B NOK		64,332	91,523	
Class B USD		–	6,454	
Class C NOK		–	2,071	
Class L NOK		25,492	5,936	
<b>Net Asset Value per Share</b>				
Class A EUR		141.84	–	
Class A NOK		1,200.84	1,248.89	
Class A USD		195.35	–	
Class B EUR		–	119.59	
Class B NOK		665.37	1,225.45	
Class B USD		–	120.19	
Class C NOK		–	1,204.57	
Class L NOK		1,269.13	1,317.87	

Sector Sigma Nordic Fund is translated in the Company total column at the Balance Sheet exchange rate of 0.1648.

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**SECTOR CAPITAL FUNDS PLC**  
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**BALANCE SHEET (Continued)**

*As at 31 December 2012*

		<b>Sector Healthcare Value Fund USD</b>	<b>Sector Sigma Nordic Fund NOK</b>
<b>Total Net Asset Value</b>		34,588,431	141,215,227
<b>Shares outstanding</b>	8		
Class A EUR		58,207	–
Class A NOK		15,692	42,745
Class A USD		139,179	–
Class B EUR		–	90,711
Class B NOK		–	10
Class B USD		–	150
Class C NOK		–	–
Class L NOK		36,139	500
<b>Net Asset Value per Share</b>			
Class A EUR		99.58	–
Class A NOK		835.11	997.35
Class A USD		136.58	–
Class B EUR		–	98.44
Class B NOK		–	994.86
Class B USD		–	978.38
Class C NOK		–	–
Class L NOK		859.70	1,002.41

*The accompanying notes form an integral part of the financial statements*

**SECTOR CAPITAL FUNDS PLC**  
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**PROFIT AND LOSS ACCOUNT**

*For the year ended 31 December 2014*

	Note	Sector Global Equity Kernel Fund USD	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
<b>Income</b>					
Dividend income		241,569	1,310,743	4,517,535	2,271,052
Interest income		15	–	606,329	96,482
Other income		–	4,944	–	4,944
		<u>241,584</u>	<u>1,315,687</u>	<u>5,123,864</u>	<u>2,372,478</u>
Net realised gain/(loss) on:					
- investments		(81,096)	21,237,881	33,844,535	26,541,450
- foreign currency		(265,801)	(4,503,880)	5,556,626	(3,885,622)
Net change in unrealised appreciation/(depreciation) on:					
- investments		779,227	(3,684,185)	10,313,348	(1,264,104)
- foreign currency		(262,410)	(4,690,889)	5,377,131	(4,097,798)
		<u>411,504</u>	<u>9,674,614</u>	<u>60,215,504</u>	<u>19,666,404</u>
<b>Expenses</b>					
Management fee	9	(40,592)	(830,760)	(3,102,125)	(1,364,900)
Incentive fee	10	(23,405)	(215,765)	(7,221,787)	(1,388,156)
Administration fee	11	(59,003)	(143,547)	(1,183,316)	(390,816)
Custodian fee	11	(27,849)	(37,173)	(222,102)	(100,358)
Directors' fees and expenses	12	(1,460)	(16,667)	(52,939)	(26,550)
Auditors' fee		(11,500)	(12,128)	(57,022)	(32,700)
Commission fee		–	–	(26,860)	(4,273)
Dividend expense		–	–	(3,093,859)	(492,233)
Legal fee		(9,999)	(20,395)	(190,287)	(60,669)
Listing fee		(2,140)	(4,522)	(9,313)	(8,144)
Trading and research fees		–	(66,865)	(400,407)	(130,570)
Other expenses		(19,330)	(78,882)	(337,375)	(151,888)
Total expenses before waivers		<u>(195,278)</u>	<u>(1,426,704)</u>	<u>(15,897,392)</u>	<u>(4,151,257)</u>
Expense waiver from Investment Manager	9	106,086	–	–	106,086
<b>Net expenses after waivers</b>		<u>(89,192)</u>	<u>(1,426,704)</u>	<u>(15,897,392)</u>	<u>(4,045,171)</u>
<b>Net gain before finance costs</b>		<u>322,312</u>	<u>8,247,910</u>	<u>44,318,112</u>	<u>15,621,233</u>
<b>Finance costs</b>					
Interest expense		(309)	(2,903)	(318,336)	(53,859)
<b>Total finance costs</b>		<u>(309)</u>	<u>(2,903)</u>	<u>(318,336)</u>	<u>(53,859)</u>
<b>Taxation</b>					
Withholding tax		(53,362)	(311,804)	(1,078,159)	(536,701)
<b>Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations</b>		<u>268,641</u>	<u>7,933,203</u>	<u>42,921,617</u>	<u>15,030,673</u>

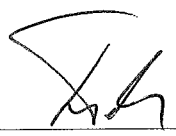
There are no recognised gains or losses for the period other than those set out in the Profit and Loss Account. All activities relate to continuing operations.

Sector Global Equity Kernel Fund commenced operations on 19 March 2014.

Sector Sigma Nordic Fund is translated in the Company total column at the average exchange rate of 0.1591.

On behalf of the Board of Directors:

  
 Director  
 Date: 16 April 2015

  
 Director

*The accompanying notes form an integral part of the financial statements*

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**PROFIT AND LOSS ACCOUNT (Continued)**

*For the year ended 31 December 2013*

	Note	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
<b>Income</b>				
Dividend income		819,492	3,090,885	1,345,251
Interest income		–	287,536	48,910
		<u>819,492</u>	<u>3,378,421</u>	<u>1,394,161</u>
Net realised gain/(loss) on:				
- investments		8,575,290	10,075,476	10,289,128
- foreign currency		75,752	5,436,805	1,000,553
Net change in unrealised appreciation/(depreciation) on:				
- investments		10,534,646	24,361,221	14,678,490
- foreign currency		97,061	6,513,763	1,205,052
<b>Net investment gain</b>		<b><u>20,102,241</u></b>	<b><u>49,765,686</u></b>	<b><u>28,567,384</u></b>
<b>Expenses</b>				
Management fee	9	(499,085)	(2,107,124)	(857,507)
Incentive fee	10	(668,497)	(3,256,112)	(1,222,362)
Administration fee	11	(113,793)	(878,008)	(263,142)
Custodian fee	11	(29,487)	(195,943)	(62,817)
Directors' fees and expenses	12	(17,588)	(54,015)	(26,776)
Auditors' fee		(10,815)	(87,281)	(25,661)
Dividend expense		–	(2,463,234)	(418,996)
Legal fee		(39,172)	(233,499)	(78,890)
Listing fee		(8,812)	(2,188)	(9,184)
Trading and research fees		(25,115)	(301,735)	(76,440)
Other expenses		(55,161)	(227,130)	(93,796)
Total expenses before waivers		<u>(1,467,525)</u>	<u>(9,806,269)</u>	<u>(3,135,571)</u>
<b>Net gain before finance costs</b>		<b><u>18,634,716</u></b>	<b><u>39,959,417</u></b>	<b><u>25,431,813</u></b>
<b>Finance costs</b>				
Interest expense		(414)	(145,837)	(25,221)
<b>Total finance costs</b>		<b><u>(414)</u></b>	<b><u>(145,837)</u></b>	<b><u>(25,221)</u></b>
<b>Taxation</b>				
Withholding tax		(179,090)	(798,747)	(314,957)
<b>Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations</b>		<b><u>18,455,212</u></b>	<b><u>39,014,833</u></b>	<b><u>25,091,635</u></b>

There are no recognised gains or losses for the period other than those set out in the Profit and Loss Account. All activities relate to continuing operations.

Sector Sigma Nordic Fund is translated in the Company total column at the average exchange rate of 0.1701.

**SECTOR CAPITAL FUNDS PLC**  
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES**

*For the year ended 31 December 2014*

	Sector Global Equity Kernel Fund USD	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
<b>Net Assets attributable to holders of Redeemable Participating Shares at beginning of year</b>	–	<b>78,419,435</b>	<b>197,363,561</b>	<b>110,944,950</b>
<b>Capital transactions:</b>				
Issue of Redeemable Participating Shares	12,534,409	28,664,533	148,054,660	64,754,438
Redemption of Redeemable Participating Shares	(2,638,004)	(56,059,711)	(58,731,004)	(68,041,818)
Equalisation applied	(12,521)	(371,151)	(1,108,059)	(559,964)
<b>Net increase/(decrease) in net assets resulting from capital transactions of Redeemable Participating Shares</b>	<b>9,883,884</b>	<b>(27,766,329)</b>	<b>88,215,597</b>	<b>(3,847,344)</b>
Currency adjustment	–	–	–	(9,567,442)
<b>Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations</b>	<b>268,641</b>	<b>7,933,203</b>	<b>42,921,617</b>	<b>15,030,673</b>
<b>Net Assets attributable to holders of Redeemable Participating Shares at end of year</b>	<b>10,152,525</b>	<b>58,586,309</b>	<b>328,500,775</b>	<b>112,560,837</b>

Sector Sigma Nordic Fund is translated in the total column at the average exchange rate of 0.1591.



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

*For the year ended 31 December 2013*

	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
<b>Net Assets attributable to holders of Redeemable Participating Shares at beginning of year</b>	<b>34,588,431</b>	<b>141,215,227</b>	<b>59,964,807</b>
<b>Capital transactions:</b>			
Issue of Redeemable Participating Shares	39,307,013	44,538,072	46,882,939
Redemption of Redeemable Participating Shares	(13,505,859)	(22,423,043)	(17,320,018)
Equalisation applied	(425,362)	(4,981,528)	(1,272,720)
<b>Net increase in net assets resulting from capital transactions of Redeemable Participating Shares</b>	<b>25,375,792</b>	<b>17,133,501</b>	<b>28,290,201</b>
Currency adjustment	–	–	(2,401,693)
<b>Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations</b>	<b>18,455,212</b>	<b>39,014,833</b>	<b>25,091,635</b>
<b>Net Assets attributable to holders of Redeemable Participating Shares at end of year</b>	<b>78,419,435</b>	<b>197,363,561</b>	<b>110,944,950</b>

Sector Sigma Nordic Fund is translated in the total column at the average exchange rate of 0.1701.

**SECTOR CAPITAL FUNDS PLC**  
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**SCHEDULES OF INVESTMENTS**

*As at 31 December 2014*

**Sector Global Equity Kernel Fund**

<i>Investment</i>	<b>Units</b>	<b>Fair Value as a % of Net Assets</b>	<b>Fair Value USD</b>
<b><u>Financial Assets at Fair Value through profit or loss</u></b>			
<b><u>Equities</u></b>			
<u>Australia</u>			
M2 Telecommunications Group Ltd.	14,399	0.94%	95,799
Telstra Corp Ltd.	20,033	0.96%	97,872
Total Australia		<u>1.90%</u>	<u>193,671</u>
<u>Canada</u>			
Canadian Imperial Bank of Commerce	1,088	0.92%	93,784
Genworth MI Canada, Inc.	2,809	0.88%	89,684
Magna International, Inc.	889	0.95%	96,625
Total Canada		<u>2.75%</u>	<u>280,093</u>
<u>China</u>			
China Mobile Ltd.	8,000	0.92%	93,361
Sino Biopharmaceutical Ltd.	88,000	0.79%	79,775
Total China		<u>1.71%</u>	<u>173,136</u>
<u>Finland</u>			
Elisa Oyj	3,639	0.98%	99,560
Total Finland		<u>0.98%</u>	<u>99,560</u>
<u>France</u>			
Ipsen S.A.	1,970	1.01%	102,503
Orange S.A.	6,051	1.02%	103,606
Societe BIC S.A.	775	1.01%	103,016
Total France		<u>3.04%</u>	<u>309,125</u>
<u>Germany</u>			
Freenet AG	3,640	1.03%	104,367
Henkel KGaA	1,050	1.01%	102,203
Total Germany		<u>2.04%</u>	<u>206,570</u>
<u>Hong Kong</u>			
Guangdong Investments Ltd.	70,000	0.90%	91,169
Total Hong Kong		<u>0.90%</u>	<u>91,169</u>
<u>Japan</u>			
Ain Pharmaciez, Inc.	3,700	1.05%	106,468
Asahi Kasei Corp.	12,000	1.09%	110,647
Bridgestone Corp.	2,700	0.93%	94,560
KDDI Corp.	1,600	1.00%	101,916
Lintec Corp.	4,800	1.06%	107,254
Maeda Road Construction Co. Ltd.	7,000	1.03%	104,625
Mitsubishi Electric Corp.	8,000	0.95%	96,484
NTT DoCoMo, Inc.	6,300	0.91%	92,901
Osaka Gas Co. Ltd.	25,000	0.93%	94,041
Resona Holdings, Inc.	17,300	0.87%	88,293
Tokyo Gas Co. Ltd.	18,000	0.96%	97,901
Total Japan		<u>10.78%</u>	<u>1,095,090</u>
<u>Netherlands</u>			
Koninklijke Ahold NV	5,446	0.96%	97,234
TKH Group NV	3,050	0.96%	97,286
Unilever NV	2,630	1.02%	103,875
Total Netherlands		<u>2.94%</u>	<u>298,395</u>
<u>Singapore</u>			
Flextronics International Ltd.	9,612	1.06%	107,462
Total Singapore		<u>1.06%</u>	<u>107,462</u>

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**SCHEDULES OF INVESTMENTS (continued)**

As at 31 December 2014

**Sector Global Equity Kernel Fund (Continued)**

<i>Investment</i>	<b>Units</b>	<b>Fair Value as a % of Net Assets</b>	<b>Fair Value USD</b>
<b><u>Financial Assets at Fair Value through profit or loss (continued)</u></b>			
<b><u>Spain</u></b>			
Gas Natural SDG S.A.	3,534	0.88%	88,990
Total Spain		<u>0.88%</u>	<u>88,990</u>
<b><u>Switzerland</u></b>			
BB Biotech AG	469	1.10%	111,486
Partners Group Holding AG	371	1.06%	108,091
Swisscom AG	167	0.86%	87,815
Total Switzerland		<u>3.02%</u>	<u>307,392</u>
<b><u>United Kingdom</u></b>			
Berkeley Group Holdings PLC	2,500	0.95%	96,673
British Telecommunications PLC	16,643	1.03%	104,192
Cable & Wireless Communications PLC	129,500	0.99%	100,234
Cranswick PLC	4,480	0.95%	96,748
Delphi Automotive PLC	1,370	0.98%	99,626
Hikma Pharmaceuticals PLC	3,310	1.01%	102,138
IG Group Holdings PLC	10,139	1.12%	113,668
Persimmon PLC	4,170	1.01%	102,603
WPP PLC	950	0.97%	98,895
Total United Kingdom		<u>9.01%</u>	<u>914,777</u>
<b><u>United States</u></b>			
Aaron's Inc.	3,805	1.15%	116,319
Aetna, Inc.	1,160	1.01%	103,043
Ameren Corp.	2,303	1.05%	106,237
American Electric Power Co, Inc.	1,700	1.02%	103,224
Annaly Capital Management, Inc.	8,790	0.94%	95,020
Anthem, Inc.	725	0.90%	91,111
Apple Computer, Inc.	912	0.99%	100,667
Archer-Daniels-Midland Co.	1,908	0.98%	99,216
Aspen Insurance Holdings Ltd.	2,280	0.98%	99,796
Axis Capital Holdings Ltd.	2,010	1.01%	102,691
Benchmark Electronics, Inc.	4,111	1.03%	104,584
BlackRock, Inc.	262	0.92%	93,681
Broadcom Corp.	2,400	1.02%	103,992
Bunge Ltd.	1,120	1.00%	101,819
Cal-Maine Foods, Inc.	2,230	0.86%	87,037
Cardinal Health, Inc.	1,260	1.00%	101,720
CenturyLink, Inc.	2,520	0.98%	99,742
Chimera Investment Corp.	29,900	0.94%	95,082
Consolidated Edison, Inc.	1,560	1.01%	102,976
CVS Caremark Corp.	1,116	1.06%	107,482
Deluxe Corp.	1,640	1.01%	102,090
Entergy Corp.	1,200	1.03%	104,976
Everest Re Group Ltd.	580	0.97%	98,774
Exxon Mobil Corp.	1,090	0.99%	100,770
F5 Networks, Inc.	790	1.02%	103,067
General Electric Co.	3,740	0.93%	94,510
Graco, Inc.	1,260	1.00%	101,027
Health Net, Inc.	2,087	1.10%	111,717
Hewlett-Packard Co.	2,704	1.07%	108,512
Hill-Rom Holdings, Inc.	2,240	1.01%	102,189
Humana, Inc.	752	1.06%	108,010
Idacorp, Inc.	1,580	1.03%	104,580
Ingredion Inc.	1,240	1.04%	105,202
Intel Corp.	2,983	1.07%	108,253
International Flavors & Fragrances, Inc.	1,030	1.03%	104,401
Johnson & Johnson	920	0.95%	96,204
JPMorgan Chase & Co.	1,603	0.99%	100,316

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**SCHEDULES OF INVESTMENTS (continued)**

As at 31 December 2014

**Sector Global Equity Kernel Fund (Continued)**

<i>Investment</i>	Units	Fair Value as a % of Net Assets	Fair Value USD
<b><u>Financial Assets at Fair Value through profit or loss</u></b>			
<b><u>(continued)</u></b>			
<b><u>United States (continued)</u></b>			
Lear Corp.	1,076	1.04%	105,534
NetApp, Inc.	2,350	0.96%	97,407
PartnerRe Ltd.	854	0.96%	97,467
Public Service Enterprise Group, Inc.	2,414	0.98%	99,964
SanDisk Corp.	1,016	0.98%	99,548
Snap-On, Inc.	700	0.94%	95,718
Sonoco Products Co.	2,370	1.02%	103,569
Symantec Corp.	3,960	1.00%	101,594
The Finish Line, Inc.	3,780	0.91%	91,892
The Kroger Co.	1,580	1.00%	101,452
Tyson Foods, Inc.	2,420	0.96%	97,018
United Therapeutics Corp.	760	0.97%	98,412
UnitedHealth Group, Inc.	1,050	1.05%	106,144
Validus Holdings Ltd.	2,480	1.02%	103,069
VF Corp.	1,340	0.99%	100,366
Vishay Intertechnology, Inc.	7,179	1.00%	101,583
Westar Energy, Inc.	2,540	1.03%	104,750
Western Digital Corp.	1,014	1.11%	112,250
Zimmer Holdings, Inc.	915	1.02%	103,779
Total United States		<u>56.09%</u>	<u>5,691,553</u>
<b>Total Equities</b>		<b><u>97.10%</u></b>	<b><u>9,856,983</u></b>
<b>Contracts-for-Difference</b>			
<b><u>China</u></b>			
China Yangtze Power Co Ltd.	68,600	0.15%	15,638
SAIC Motor Corp. Ltd.	31,400	0.08%	8,527
Total China		<u>0.23%</u>	<u>24,165</u>
<b>Total Contracts-for-Difference</b>		<b><u>0.23%</u></b>	<b><u>24,165</u></b>
<b>Total Financial Assets at Fair Value through profit or loss</b>		<b><u>97.33%</u></b>	<b><u>9,881,148</u></b>
<b>Total Investments at Fair Value</b>		<b>97.33%</b>	<b>9,881,148</b>
Cash at bank and brokers		3.08%	312,889
Liabilities in excess of other assets		(0.41)%	(41,512)
<b>Total Net Assets</b>		<b><u>100.00%</u></b>	<b><u>10,152,525</u></b>

*The accompanying notes form an integral part of the financial statements*

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**SCHEDULES OF INVESTMENTS (Continued)**

*As at 31 December 2014*

**Sector Global Equity Kernel Fund (Continued)**

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

<u>Analysis of Total Assets</u>	<u>% of Total Assets</u>
Transferable securities admitted to an official exchange listing or traded on a regulated market	96.24%
Financial derivative instruments	0.24%
Other assets	3.52%
<b>Total Assets</b>	<b>100.00%</b>

*The accompanying notes form an integral part of the financial statements*

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**SCHEDULES OF INVESTMENTS (continued)**

As at 31 December 2014

**Sector Healthcare Value Fund**

<i>Investment</i>	Units	Fair Value as a % of Net Assets	Fair Value USD
<b><u>Financial Assets at Fair Value through profit or loss</u></b>			
<b><u>Equities</u></b>			
<u>Denmark</u>			
H Lundbeck A/S	120,000	4.08%	2,394,637
Total Denmark		<u>4.08%</u>	<u>2,394,637</u>
<u>France</u>			
Ipsen S.A.	34,000	3.02%	1,769,093
Sanofi-Aventis S.A.	41,000	6.41%	3,753,648
Total France		<u>9.43%</u>	<u>5,522,741</u>
<u>Germany</u>			
Bayer AG	7,840	1.83%	1,072,008
Total Germany		<u>1.83%</u>	<u>1,072,008</u>
<u>Japan</u>			
Astellas Pharmaceutical Co. Ltd.	100,000	2.40%	1,406,647
Daiichi Sankyo Co. Ltd.	110,000	2.64%	1,548,689
Nichi-iko Pharmaceutical Co. Ltd.	50	0.00%	782
Otsuka Holdings Co. Ltd.	30,000	1.55%	905,042
Shionogi & Co. Ltd.	30,000	1.33%	781,934
Takeda Pharmaceutical Co. Ltd.	20,000	1.42%	833,479
Total Japan		<u>9.34%</u>	<u>5,476,573</u>
<u>Netherlands</u>			
Koninklijke Philips Electronics NV	30,000	1.50%	876,681
Total Netherlands		<u>1.50%</u>	<u>876,681</u>
<u>Sweden</u>			
Getinge AB	29,186	1.13%	662,890
Total Sweden		<u>1.13%</u>	<u>662,890</u>
<u>Switzerland</u>			
Actelion Ltd.	9,000	1.78%	1,044,332
Basilea Pharmaceutica AG	6,000	0.95%	556,433
Total Switzerland		<u>2.73%</u>	<u>1,600,765</u>
<u>United Kingdom</u>			
AstraZeneca PLC	28,000	3.40%	1,988,886
GlaxoSmithKline PLC	50,000	1.83%	1,072,764
Total United Kingdom		<u>5.23%</u>	<u>3,061,650</u>
<u>United States</u>			
AmerisourceBergen Corp.	8,500	1.31%	766,360
Baxter International, Inc.	48,000	6.00%	3,517,920
Bio-Rad Laboratories, Inc.	9,000	1.85%	1,085,040
Boston Scientific Corp.	275,000	6.22%	3,643,750
Bristol-Myers Squibb Co.	38,000	3.83%	2,243,140
Cardinal Health, Inc.	16,000	2.21%	1,291,680
Cigna Corp.	9,000	1.58%	926,190
Community Health Systems, Inc.	9,000	0.83%	485,280
Edwards Lifesciences Corp.	10,000	2.17%	1,273,800
Eli Lilly & Co.	46,000	5.42%	3,173,540
Hospira, Inc.	27,000	2.82%	1,653,750
Integra LifeSciences Holdings Corp.	20,000	1.85%	1,084,600
Ironwood Pharmaceuticals, Inc.	95,000	2.48%	1,455,400
LifePoint Hospitals, Inc.	15,000	1.84%	1,078,650
Masimo Corp.	30,000	1.35%	790,200
Mylan, Inc.	19,000	1.83%	1,071,030
Patterson Cos., Inc.	12,000	0.99%	577,200
PerkinElmer, Inc.	30,000	2.24%	1,311,900
Quest Diagnostics, Inc.	14,000	1.60%	938,840

*The accompanying notes form an integral part of the financial statements*

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**SCHEDULES OF INVESTMENTS (continued)**

*As at 31 December 2014*

**Sector Healthcare Value Fund (Continued)**

<i>Investment</i>	Units	Fair Value as a % of Net Assets	Fair Value USD
<b><u>Financial Assets at Fair Value through profit or loss (continued)</u></b>			
<b><u>United States (continued)</u></b>			
Rite Aid Corp.	100,000	1.28%	752,000
Spectrum Pharmaceuticals, Inc.	44,500	0.53%	308,385
Stryker Corp.	21,000	3.38%	1,980,930
Tenet Healthcare Corp.	24,000	2.08%	1,216,080
The Medicines Co.	27,000	1.28%	747,090
Thoratec Corp.	35,000	1.94%	1,136,100
Vertex Pharmaceuticals, Inc.	11,000	2.23%	1,306,800
WellCare Health Plans, Inc.	16,000	2.24%	1,312,960
Total United States		<u>63.38%</u>	<u>37,128,615</u>
<b>Total Equities</b>		<b><u>98.65%</u></b>	<b><u>57,796,560</u></b>
<b>Total Financial Assets at Fair Value through profit or loss</b>		<b><u>98.65%</u></b>	<b><u>57,796,560</u></b>
<b><u>Financial Liabilities at Fair Value through profit or loss</u></b>			
Net unrealised loss on forward foreign currency contracts (note 7)		<u>(0.47)%</u>	<u>(276,068)</u>
<b>Total Financial Liabilities at Fair Value through profit or loss</b>		<b><u>(0.47)%</u></b>	<b><u>(276,068)</u></b>
<b>Total Investments at Fair Value</b>		<b>98.18%</b>	<b>57,520,492</b>
Cash at bank and brokers		6.90%	4,040,923
Liabilities in excess of other assets		(5.08)%	(2,975,106)
<b>Total Net Assets</b>		<b><u>100.00%</u></b>	<b><u>58,586,309</u></b>

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

<b><u>Analysis of Total Assets</u></b>	<b><u>% of Total Assets</u></b>
Transferable securities admitted to an official exchange listing or traded on a regulated market	93.33%
Other assets	6.67%
<b>Total Assets</b>	<b>100.00%</b>

*The accompanying notes form an integral part of the financial statements*

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**SCHEDULES OF INVESTMENTS (continued)**

As at 31 December 2014

**Sector Sigma Nordic Fund**

<i>Investment</i>	<b>Units</b>	<b>Fair Value as a % of Net Assets</b>	<b>Fair Value NOK</b>
<b><u>Financial Assets at Fair Value through profit or loss</u></b>			
<b><u>Equities</u></b>			
<u>Denmark</u>			
Danske Bank A/S	41,000	2.55%	8,362,167
Novo Nordisk A/S	28,000	2.70%	8,879,975
Royal UNIBREW A/S	7,000	2.82%	9,270,584
Topdanmark A/S	34,000	2.52%	8,293,207
Total Denmark		10.59%	34,805,933
<u>Finland</u>			
Amer Sports Oyj	56,000	2.48%	8,159,363
Huhtamaki Oyj	44,000	2.65%	8,718,223
Total Finland		5.13%	16,877,586
<u>Norway</u>			
Aurora LPG Holding AS	121,890	1.95%	6,399,225
Marine Harvest ASA	141,000	4.42%	14,508,900
Opera Software ASA	126,000	3.64%	11,970,000
Salmar ASA	80,000	3.10%	10,200,000
Telenor ASA	55,000	2.54%	8,332,500
Tomra Systems ASA	150,000	2.63%	8,625,000
Yara International ASA	26,000	2.64%	8,678,800
Total Norway		20.92%	68,714,425
<u>Sweden</u>			
AarhusKarlsamn AB	21,200	2.58%	8,477,095
Assa Abloy AB	23,000	2.78%	9,137,371
Autoliv, Inc.	10,800	2.64%	8,662,899
Hennes & Mauritz AB	31,400	2.98%	9,791,940
Hexagon AB	36,600	2.58%	8,483,033
Hexpol AB	12,604	2.71%	8,890,697
Investor AB	33,000	2.74%	8,998,209
Skandinaviska Enskilda Banken AB	121,000	3.51%	11,536,693
SKF AB	54,000	2.60%	8,528,430
Swedbank AB	43,000	2.45%	8,051,372
Total Sweden		27.57%	90,557,739
<b>Total Equities</b>		<b>64.21%</b>	<b>210,955,683</b>
<b><u>Contracts-for-Difference</u></b>			
<u>Denmark</u>			
Carlsberg AS	(13,700)	0.25%	806,244
<u>Norway</u>			
Statoil ASA	(61,000)	0.03%	97,147
TGS Nopec Geophysical Co. ASA	(52,500)	0.13%	423,062
Total Norway		0.16%	520,209
<u>Bermuda</u>			
Avance Gas Holding Ltd.	(61,000)	0.12%	381,952
<b>Total Contracts-for-Difference</b>		<b>0.53%</b>	<b>1,708,405</b>
<b><u>Options</u></b>			
February 15 Puts on OBX Put 460 19/02/2015	600	0.05%	172,500
January 15 Puts on OBX Put 480 15/01/2015	1,000	0.03%	87,500
January 15 Puts on OBX Put 490 15/01/2015	1,000	0.05%	150,000
January 15 Puts on OMX Put 1380 16/01/2015	250	0.03%	92,184
January 15 Puts on OMX Put 1390 16/01/2015	250	0.03%	86,198
<b>Total Options</b>		<b>0.19%</b>	<b>588,382</b>

*The accompanying notes form an integral part of the financial statements*



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**SCHEDULES OF INVESTMENTS (continued)**

*As at 31 December 2014*

**Sector Sigma Nordic Fund (Continued)**

<i>Investment</i>	Units	Fair Value as a % of Net Assets	Fair Value NOK
<b><u>Financial Assets at Fair Value through profit or loss (continued)</u></b>			
Net unrealised gain on forward foreign currency contracts (note 7)		0.08%	289,506
<b>Total Financial Assets at Fair Value through profit or loss</b>		<b>65.01%</b>	<b>213,541,976</b>
<b><u>Financial Liabilities at Fair Value through profit or loss Contracts-for-Difference</u></b>			
<u>Norway</u>			
DNB ASA	(74,000)	(0.01)%	(22,589)
<u>Finland</u>			
Wartsila Oyj	(22,000)	(0.01)%	(43,180)
<u>Denmark</u>			
Trygvesta AS	(8,900)	(0.03)%	(85,118)
<b>Total Contracts-for-Difference</b>		<b>(0.05)%</b>	<b>(150,887)</b>
<b>Total Financial Liabilities at Fair Value through profit or loss</b>		<b>(0.05)%</b>	<b>(150,887)</b>
<b>Total Investments at Fair Value</b>		<b>64.96%</b>	<b>213,391,089</b>
Cash at bank and brokers		36.92%	121,267,741
Liabilities in excess of other assets		(1.88)%	(6,158,055)
<b>Total Net Assets</b>		<b>100.00%</b>	<b>328,500,775</b>

\* Securities pledged, in whole or in part, as margin to cover derivative contracts-for-difference trading.

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

<b><u>Analysis of Total Assets</u></b>	<b><u>% of Total Assets</u></b>
Transferable securities admitted to an official exchange listing or traded on a regulated market	62.51%
Financial derivative instruments	0.77%
Other assets	36.72%
<b>Total Assets</b>	<b>100.00%</b>

*The accompanying notes form an integral part of the financial statements*

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**SECTOR CAPITAL FUNDS PLC**  
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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 under the Companies Act, 1963 to 2013 as an open-ended umbrella investment company with variable capital and with segregated liability between sub-funds on 27 September 2010 with registered number 489443. The Company is authorised by the Central Bank of Ireland pursuant to European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (the “UCITS Regulations”).

As at 31 December 2014, the Company has three funds in existence (31 December 2013: two), Sector Global Equity Kernel Fund, Sector Healthcare Value Fund and Sector Sigma Nordic Fund (the “Funds”).

Sector Healthcare Value Fund commenced trading on 17 November 2010. The base currency of Sector Healthcare Value Fund is U.S. Dollars (“USD”). As at 31 December 2014, five classes are currently subscribed to in the Fund (31 December 2013: five), Class A EUR Shares, Class A NOK Shares, Class A USD Shares, Class B NOK Shares and Class L NOK Shares. Class A EUR Shares, Class A NOK Shares and Class A USD Shares were listed on the Irish Stock Exchange on 18 November 2010 and Class B NOK Shares on 10 September 2013.

Sector Sigma Nordic Fund commenced trading on 25 June 2012. The base currency of Sector Sigma Nordic Fund is Norwegian Krone (“NOK”). As at 31 December 2014, seven classes are currently subscribed to in the Fund (31 December 2013: six), Class A EUR Shares, Class A NOK Shares, Class A USD Shares, Class B EUR Shares, Class B NOK Shares, Class C NOK Shares and Class L NOK Shares. Class A EUR Shares launched on 27 March 2014 and Class A USD Shares launched on 7 May 2014. No application has been made to list the shares on any stock exchange. Class B USD shares were fully redeemed during September 2014.

Sector Global Equity Kernel Fund commenced trading on 19 March 2014. The base currency of Sector Global Equity Kernel Fund is U.S. Dollars (“USD”). As at 31 December 2014, three classes are currently subscribed to in the Fund, Class L NOK, Class O NOK Shares and Class P USD Shares. Class P USD Shares were listed on the Irish Stock Exchange on 27 March 2014.

### **Investment Objective**

The investment objective of the Sector Global Equity Kernel Fund is to maximize 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 can be no guarantee that the investment objective of the Fund will be achieved.

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 Sector Sigma Nordic Fund is to generate attractive risk adjusted return for its investors, primarily through investment in Norway, Sweden, Denmark, Finland and Iceland (the “Nordic Region”) with the aim of generating positive return over time in rising as well as falling equity markets. There can be no guarantee that the investment objective of the Fund will be achieved.

### **2. Summary of Significant Accounting Policies**

The financial statements have been prepared in accordance with the accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2013 and all regulations to be construed as one with those Acts, including the Regulations. Accounting standards generally accepted in Ireland are those issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants of Ireland. 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.

The format and certain wording of the financial statements have been adapted from those contained in the Companies (Amendment) Act 1986 and in Financial Reporting Standard 3: Reporting Financial Performance (“FRS 3”) so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company’s business as an investment Company. The Company has availed of the exemption available to open-ended investment funds under FRS 1 “Cash Flow Statements” not to prepare a cash flow statement.

The policy set out in the prospectus provides for investments quoted, listed or dealt in on a market to be calculated by reference to the last traded price. Financial Reporting Standard 26: Financial Instruments: Measurement (“FRS 26”) requires securities to be valued using bid prices for long positions and ask prices for short positions. As at 31 December 2014 and 31 December 2013 there was no material difference between the reported Net Asset Value of the Funds and the valuation required by FRS 26.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

**(a) Portfolio valuation**

*Investment transactions*

*(i) Classification*

The Company has adopted Financial Reporting Standard 25: Financial Instruments Presentation ("FRS 25"), FRS 26 and Financial Reporting Standard 29: Financial Instruments Disclosures ("FRS 29") and accordingly all its investment securities and all derivatives are classified as held for trading and are fair valued through profit or loss.

*Held for trading:* These include financial assets or financial liabilities that are held for the purpose of short term profit making and include forward foreign exchange contracts. Derivatives are categorised as held for trading as the Company does not designate any derivatives as hedging instruments for hedge accounting purposes under FRS 26.

*Designated at fair value through profit or loss:* These include financial assets or financial liabilities that are not held for trading, such as investment funds. 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.

Financial assets that are balances due from brokers and accounts receivable are classified as loans and receivables.

*(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 arms 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 in accordance with FRS 25.

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) Options**

When the Company writes or purchases put or call options, an amount equal to the premium received or paid is recorded as a liability or an asset and is subsequently marked-to-market based on quoted market prices in the Balance Sheet. Premiums received or paid from writing or purchasing put or call options which are expired or were unexercised are recognised on the expiration date as realised gains or losses in the Profit or Loss Account. If an option is exercised, the premium received or paid is included with the proceeds or the cost of the transaction to determine whether the Company has realised a gain or loss on the related investment transaction in the Profit and Loss Account. When the Company enters into a closing transaction, the Company will realise a gain or loss in the Profit or Loss Account depending upon whether the amount from the closing transaction is greater or less than the premium received or paid.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

**(d) Contracts-for-difference**

A contract-for-difference (“CFD”) is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset (a security, instrument, basket or index) and its value at contract time. The payment flows are usually netted against each other, with the differences being paid by one party to the other. The unrealised gain or loss depends upon the prices at which the underlying financial instruments of the CFD is valued at and is included in the Profit and Loss Account.

**(e) 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 Sector Global Equity Kernel 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. 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. Sector Sigma Nordic Fund is denominated in Norwegian Krone (“NOK”), due to the fact that the majority of the Fund’s assets are denominated in NOK and that a substantial portion of capital is issued in NOK. 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.

At 31 December 2014, in accordance with Financial Reporting Standard 23: The Effects of Changes in Foreign Exchange Rates (“FRS 23”), a year end exchange rate of NOK/USD 0.1334 (31 December 2013: NOK/USD 0.1648) was used to translate the Balance Sheet of Sector Sigma Nordic Fund in arriving at the total USD value for the Company in the financial statements.

At 31 December 2014, the Profit and Loss Account and Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares of Sector Sigma Nordic Fund have been prepared using an average rate of exchange of NOK/USD 0.1591 (31 December 2014: NOK/USD 0.1701) in arriving at the total USD value for the Company in the financial statements. This results in a foreign currency translation loss in the Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares when compared to the NOK/USD rate used at year end. The adjustment recorded in the Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares for the year ended 31 December 2014 was a loss of USD9,567,442 (31 December 2013: loss USD2,401,693).

**(f) Offsetting financial instruments**

Financial assets and financial liabilities maybe 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 31 December 2014 and 31 December 2013 no offsetting has been presented.

**(g) 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.

**(h) Expenses**

Operating expenses are accounted for on an accruals basis.

**(i) 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.

**(j) Redeemable participating shares**

Redeemable participating shares are redeemable at the shareholders opinion and are classified as a financial liability.

**(k) Amounts due from/to broker**

Amounts due from/to broker relate to the outstanding amounts pending settlement on forward foreign currency contracts.

**(l) Taxation**

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

**(m) 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 period ended 31 December 2014 Sector Global Equity Kernel Fund incurred transaction costs of USD97,262, Sector Healthcare Value Fund incurred transaction costs of USD76,182 (31 December 2013: USD66,327) and Sector Sigma Nordic incurred transaction costs of NOK1,594,898 (31 December 2013: NOK757,682).

**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 Period', a 'Relevant Period' being an eight year period beginning with the acquisition of the shares by the shareholders and each subsequent period of eight years beginning immediately after the preceding relevant period.

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.

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 year 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 31 December 2014 and 31 December 2013:

<b>Currency</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
Australian Dollar	1.2220	n/a
Brazilian Real	2.6582	n/a
British Pound	0.6413	0.6038
Canadian Dollar	1.1583	n/a
Chinese Renminbi	6.2040	n/a
Danish Krone	6.1537	5.4142
Euro	0.8264	0.7257
Hong Kong Dollar	7.7548	n/a
Hungarian Forint	263.1579	217.3913
Japanese Yen	119.8897	105.2632
Norwegian Krone	7.4975	6.0680
Swedish Krona	7.8283	6.4226
Swiss Franc	0.9936	0.8894

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. Exchange Rates (Continued)**

The following exchange rates (against NOK) were used to convert the investments and other assets and liabilities denominated in currencies other than NOK as at 31 December 2014 and 31 December 2013:

<b>Currency</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
British Pound	0.0855	0.0995
Danish Krone	0.8207	0.8924
Euro	0.1102	0.1196
Swedish Krona	1.0441	1.0586
US Dollar	0.1334	0.1648

An average exchange rate of 0.1591 was used to convert NOK to USD in the Profit and Loss Account (31 December 2013: 0.1701).

**6. Cash**

As at 31 December 2014 and 31 December 2013 all cash balances are held with BNY Mellon Trust Company (Ireland) Limited (the "Custodian"), DNB, Goldman Sachs and Nordea.

	<b>Sector Global Equity Kernel Fund USD</b>	<b>Sector Healthcare Value Fund USD</b>	<b>Sector Sigma Nordic Fund NOK</b>
<b>31 December 2014</b>			
BNY Mellon	312,960	4,040,923	37,639,814
DNB	-	-	32,343,434
Goldman Sachs	(71)	-	9,128,070
Nordea	-	-	42,156,423
	<b>312,889</b>	<b>4,040,923</b>	<b>121,267,741</b>
<b>31 December 2013</b>			
BNY Mellon		3,327,064	14,944,691
DNB		-	10,088,681
Goldman Sachs		-	4,584,185
Nordea		-	3,634
		<b>3,327,064</b>	<b>29,621,191</b>

**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) that shall be listed or traded on any market.

The main risks arising from the Company's financial instruments are market price, liquidity, 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 in addition to the investment restrictions found in the Prospectus and related supplements, 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 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.

**(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.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. Financial Instruments and Associated Risks (Continued)**

**(a) Market price risk (Continued)**

The main risk management tool for VaR calculations was Bloomberg Alpha. The Bloomberg Alpha 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. The MRG utilises the commitment approach to calculate global exposure.

There are inherent limitations to VaR. While VaR offers a clear, quantifiable measure, predicting futures behaviour involves extracting patterns from past data and applying judgment and modelling to project forward. There is no guarantee that any particular combination of past data modelling or judgment will actually predict future performance. For the purposes of the figures below, the holding period is 1 day and the length of data history used in the model is one year.

**For the year ended 31 December 2014**

	<b>Year end VaR</b>	<b>Gross Exposure*</b>	<b>Net Exposure**</b>	<b>lowest VaR</b>	<b>highest VaR</b>	<b>average VaR</b>
Sector Global Equity Kernel Fund	1.0%	99%	99%	0.8%	1.4%	1.0%

	<b>Year end VaR</b>	<b>Gross Exposure*</b>	<b>Net Exposure**</b>	<b>lowest VaR</b>	<b>highest VaR</b>	<b>average VaR</b>
Sector Healthcare Value Fund	1.1%	99%	99%	0.9%	1.2%	1.1%

	<b>Year end VaR</b>	<b>Gross Exposure*</b>	<b>Net Exposure**</b>	<b>lowest VaR</b>	<b>highest VaR</b>	<b>average VaR</b>
Sector Sigma Nordic Fund	0.5%	95%	33%	0.3%	0.8%	0.6%

\* Exposure as % of NAV

\*\* Net open position as % of NAV

**For the year ended 31 December 2013**

	<b>Year end VaR</b>	<b>Gross Exposure*</b>	<b>Net Exposure**</b>	<b>lowest VaR</b>	<b>highest VaR</b>	<b>average VaR</b>
Sector Healthcare Value Fund	1.2%	97%	97%	1.2%	1.4%	1.3%

	<b>Year end VaR</b>	<b>Gross Exposure*</b>	<b>Net Exposure**</b>	<b>lowest VaR</b>	<b>highest VaR</b>	<b>average VaR</b>
Sector Sigma Nordic Fund	0.7%	127%	53%	0.5%	1.3%	0.9%

\* 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 year ended 31 December 2014 and 31 December 2013 the Funds have not invested in interest bearing assets, other than cash amounts. As at 31 December 2014 and 31 December 2013, the Funds do not have any significant fair value interest rate risk exposure.

Tables outlining the currency and interest exposure as at 31 December 2014 and 31 December 2013 are outlined in note 7(d).

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. Financial Instruments and Associated Risks (Continued)**

**(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. 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 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.

For the year ended 31 December 2014 and 31 December 2013, the Funds held very liquid assets and liquidity was monitored daily by the Investment Manager.

The reports below are snapshots of the estimated liquidity of the Funds as at 31 December 2014:

**Sector Global Equity Kernel Fund**

<b>Description</b>	<b>Cumulative</b>
< 1 day	100%
1-2 days	100%

**Sector Healthcare Value Fund**

<b>Description</b>	<b>Cumulative</b>
< 1 day	96%
1-2 days	100%

**Sector Sigma Nordic Fund**

<b>Description</b>	<b>Cumulative</b>
< 1 day	91%
1-2 days	96%
3-5 days	97%
1-2 weeks	98%
3-4 weeks	99%
> 4 weeks	100%



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**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 31 December 2013:

**Sector Healthcare Value Fund**

<b>Description</b>	<b>Cumulative</b>
< 1 day	98.04%
1-2 days	100.00%

**Sector Sigma Nordic Fund**

<b>Description</b>	<b>Cumulative</b>
< 1 day	96.95%
1-2 days	99.17%
3-5 days	100.00%

**(d) Foreign currency risk**

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.

Foreign currency risk is in reality a sub-group of market risk, but with its own idiosyncrasies, both with respect to the Funds 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.

**Currency exposure for investor classes**

The shares of the Company are denominated in United States Dollars (USD), Euro (EUR) and Norwegian Krone (NOK) 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 or NOK, 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 or NOK. 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.

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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 31 December 2014 is as follows:

Sector Global Equity Kernel Fund	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
AUD	2,172	–	–	193,671	–	–	195,843
BRL	165	–	–	–	–	–	165
CAD	2,934	–	–	280,094	–	726	283,754
CHF	2,025	–	–	307,392	–	–	309,417
CNY	–	–	–	24,165	–	–	24,165
DKK	2,837	–	–	–	–	–	2,837
EUR	7,489	–	–	1,002,641	–	–	1,010,130
GBP	4,883	–	–	716,258	–	1,753	722,894
HKD	585	–	–	264,304	–	–	264,889
JPY	154	–	–	1,095,090	–	762	1,096,006
NOK	13,664	–	–	–	–	–	13,664
SEK	109	–	–	–	–	–	109
United States Dollar	–	–	–	201,258	–	–	201,258
USD	275,872	–	–	5,796,275	–	(44,753)	6,027,394
<b>Total</b>	<b>312,889</b>	<b>–</b>	<b>–</b>	<b>9,881,148</b>	<b>–</b>	<b>(41,512)</b>	<b>10,152,525</b>

Sector Healthcare Value Fund	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
CHF	449	–	–	1,600,765	–	–	1,601,214
DKK	133	–	–	2,394,637	–	–	2,394,770
EUR	10,413	(99,327)	–	7,471,430	–	–	7,382,516
GBP	113	–	–	3,061,650	–	14,813	3,076,576
HUF	39	–	–	–	–	–	39
JPY	2,225	–	–	5,476,573	–	8,476	5,487,274
NOK	4,104	(176,741)	–	–	–	–	(172,637)
SEK	24	–	–	662,890	–	–	662,914
USD	4,023,423	–	–	37,128,615	–	(2,998,395)	38,153,643
<b>Total</b>	<b>4,040,923</b>	<b>(276,068)</b>	<b>–</b>	<b>57,796,560</b>	<b>–</b>	<b>(2,975,106)</b>	<b>58,586,309</b>

Sector Sigma Nordic Fund	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	NOK	NOK	NOK	NOK	NOK	NOK	NOK
DKK	(4,222)	–	–	35,612,177	(85,118)	–	35,522,837
EUR	65,367	278,847	–	16,877,586	(43,180)	–	17,178,620
GBP	455	–	–	–	–	–	455
NOK	120,508,229	10,659	–	70,026,586	(22,589)	(6,158,055)	184,364,830
SEK	533,474	–	–	90,736,121	–	–	91,269,595
USD	164,438	–	–	–	–	–	164,438
<b>Total</b>	<b>121,267,741</b>	<b>289,506</b>	<b>–</b>	<b>213,252,470</b>	<b>(150,887)</b>	<b>(6,158,055)</b>	<b>328,500,775</b>

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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 31 December 2013 is as follows:

Sector Healthcare Value Fund	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
CHF	284	–	–	2,356,710	–	–	2,356,994
DKK	358	–	–	2,631,647	–	–	2,632,005
EUR	62,871	(39,631)	–	8,398,336	–	323,070	8,744,646
GBP	9,817	–	–	3,954,649	–	–	3,964,466
HUF	65	–	–	816,171	–	–	816,236
JPY	366	–	–	5,685,809	–	–	5,686,175
NOK	2,859	135,740	–	–	–	117,097	255,696
SEK	49	–	–	1,143,462	–	–	1,143,511
USD	3,250,395	–	–	50,834,054	–	(1,264,743)	52,819,706
<b>Total</b>	<b>3,327,064</b>	<b>96,109</b>	<b>–</b>	<b>75,820,838</b>	<b>–</b>	<b>(824,576)</b>	<b>78,419,435</b>

Sector Sigma Nordic Fund	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	NOK	NOK	NOK	NOK	NOK	NOK	NOK
DKK	84,110	–	–	27,358,176	(313,053)	–	27,129,233
EUR	63,490	3,033	–	15,212,273	(439,863)	–	14,838,933
GBP	100,874	–	–	–	–	–	100,874
NOK	22,424,388	231,319	–	50,582,600	(143,105)	(8,265,127)	64,830,075
SEK	2,043,164	–	–	81,030,134	(2,861,063)	–	80,212,235
USD	4,905,165	(74,275)	–	5,741,898	(427,657)	107,080	10,252,211
<b>Total</b>	<b>29,621,191</b>	<b>160,077</b>	<b>–</b>	<b>179,925,081</b>	<b>(4,184,741)</b>	<b>(8,158,047)</b>	<b>197,363,561</b>

As at 31 December 2014 the following forward foreign currency contracts were held by the Funds:

Sector Healthcare Value Fund						
Maturity Date	Counterparty	Sale Currency	Amount	Purchase Currency	Amount	Unrealised gain/(loss)
						USD
2/2/2015	BNY Mellon	USD	19,937,356	EUR	16,388,709	(99,327)
2/2/2015	BNY Mellon	USD	18,535,628	NOK	137,774,729	(176,741)
Total unrealised gain on forward foreign currency contracts						(276,068)

Sector Sigma Nordic Fund						
Maturity Date	Counterparty	Sale Currency	Amount	Purchase Currency	Amount	Unrealised gain/(loss)
						NOK
2/2/2015	BNY Mellon	NOK	59,357,891	EUR	6,565,049	278,847
2/2/2015	BNY Mellon	NOK	1,115,655	USD	150,085	10,659
Total unrealised gain on forward foreign currency contracts						289,506

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. Financial Instruments and Associated Risks (Continued)**

**(d) Foreign currency risk (Continued)**

As at 31 December 2013 the following open forward foreign currency contracts were held by the Funds:

<b>Sector Healthcare Value Fund</b>						
<b>Maturity Date</b>	<b>Counterparty</b>	<b>Sale Currency</b>	<b>Amount</b>	<b>Purchase Currency</b>	<b>Amount</b>	<b>Unrealised gain/(loss)</b>
						<b>USD</b>
2/1/2014	BNY Mellon	USD	433,353	NOK	2,658,232	4,771
3/2/2014	BNY Mellon	USD	18,968,026	EUR	13,736,834	(39,631)
3/2/2014	BNY Mellon	USD	14,534,294	NOK	89,085,672	130,969
Total unrealised gain on forward foreign currency contracts						<u>96,109</u>

<b>Sector Sigma Nordic Fund</b>						
<b>Maturity Date</b>	<b>Counterparty</b>	<b>Sale Currency</b>	<b>Amount</b>	<b>Purchase Currency</b>	<b>Amount</b>	<b>Unrealised gain/(loss)</b>
						<b>NOK</b>
2/1/2014	BNY Mellon	NOK	4,941,297	USD	802,172	(74,275)
2/1/2014	BNY Mellon	USD	802,172	NOK	4,911,376	44,353
2/1/2014	BNY Mellon	NOK	16,810,307	EUR	2,011,060	3,033
2/1/2014	BNY Mellon	EUR	2,011,060	NOK	17,000,307	186,966
Total unrealised gain on forward foreign currency contracts						<u>160,077</u>

**(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.

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 received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

**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 table below shows the long-term S&P credit ratings for the counterparties that hold cash as at 31 December 2014 and 31 December 2013:

	<b>31 December 2014</b>	<b>31 December 2013</b>
BNY Mellon	A+	A+
DNB	A+	A+
Goldman Sachs International	A	A-
Nordea Bank	AA-	AA-

The value of underlying securities, held by Sector Sigma Nordic Fund, pledged as collateral with Goldman Sachs, in relation to derivative contracts-for-difference trading as at 31 December 2014 was as follows:

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. Financial Instruments and Associated Risks (Continued)**

**(e) Credit risk (Continued)**

**Sector Sigma Nordic Fund**

Security	Counterparty	Market Value of Margin NOK
AarhusKarlshamn AB	Goldman Sachs	5,862,543
Royal UNIBREW A/S	Goldman Sachs	8,068,435

**(f) Fair value estimation**

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the valuation date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs, other than quoted prices in active markets included within level 1 that are observable for the asset or liability, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- c. Inputs other than quoted prices that are observable for the asset or liability (e.g. interest rate and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Company's own assumptions about how market participants would be expected to value the asset or liability. Unobservable inputs are developed based on the best information available in the circumstances, other than market data obtained from sources independent of the Company and might include the Company's own data.

An investment is always categorised as level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

The fair values of investments valued under levels 1 to 3 are as follows for the year ended 31 December 2014:

Sector Global Equity Kernel Fund	Level 1 USD	Level 2 USD	Level 3 USD	31 December 2014 USD
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	9,856,983	–	–	9,856,983
Derivative instruments	–	24,165	–	24,165
<b>Total</b>	<b>9,856,983</b>	<b>24,165</b>	<b>–</b>	<b>9,881,148</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. Financial Instruments and Associated Risks (Continued)**

**(f) Fair value estimation (Continued)**

<b>Sector Healthcare Value Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>31 December</b>
	USD	USD	USD	2014
				USD
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	57,796,560	–	–	57,796,560
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instruments	–	(276,068)	–	(276,068)
<b>Total</b>	<b>57,796,560</b>	<b>(276,068)</b>	<b>–</b>	<b>57,520,492</b>

<b>Sector Sigma Nordic Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>31 December</b>
	NOK	NOK	NOK	2014
				NOK
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	210,955,683	–	–	210,955,683
Derivative instruments	588,382	1,997,911	–	2,586,293
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instruments	–	(150,887)	–	(150,887)
<b>Total</b>	<b>211,544,065</b>	<b>1,847,024</b>	<b>–</b>	<b>213,391,089</b>

The categories of investments above comprise:

- Equity securities (which include equities and contracts-for-difference) and
- Derivative instruments (which includes forward foreign currency contracts and options).

There were no significant transfers between levels for the year ended 31 December 2014.

The fair values of investments valued under levels 1 to 3 are as follows for the period ended 31 December 2013:

<b>Sector Healthcare Value Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>31 December</b>
	USD	USD	USD	2013
				USD
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	75,820,838	–	–	75,820,838
Derivative instruments	–	135,740	–	135,740
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instruments	–	(39,631)	–	(39,631)
<b>Total</b>	<b>75,820,838</b>	<b>96,109</b>	<b>–</b>	<b>75,916,947</b>

<b>Sector Sigma Nordic Fund</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>31 December</b>
	NOK	NOK	NOK	2013
				NOK
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	178,500,269	–	–	178,500,269
Derivative instruments	47,230	1,611,934	–	1,659,164
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instruments	–	(4,259,016)	–	(4,259,016)
<b>Total</b>	<b>178,547,499</b>	<b>(2,647,082)</b>	<b>–</b>	<b>175,900,417</b>

There were no significant transfers between levels for the year ended 31 December 2013.

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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 Sector Fund Services AS.

Sector Global Equity Kernel Fund may issue Class A EUR Shares, Class A NOK Shares, Class A SEK Shares and Class A USD Shares (the "Class A Shares"), Class B EUR Shares, Class B NOK Shares, Class B SEK Shares and Class B USD Shares (the "Class B Shares"), Class C EUR Shares, Class C NOK Shares, Class C SEK Shares and Class C USD Shares (the "Class C Shares"), Class L NOK Shares, Class O NOK Shares, and Class P NOK Shares and Class P USD Shares ("the Class P Shares").

Sector Healthcare Value Fund may issue Class A EUR Shares, Class A NOK Shares, Class A SEK Shares and Class A USD Shares (the "Class A Shares"), Class B EUR Shares, Class B NOK Shares, Class B SEK Shares and Class B USD Shares (the "Class B Shares") and Class L NOK Shares.

Sector Sigma Nordic Fund may issue Class A EUR Shares, Class A NOK Shares, Class A SEK Shares and Class A USD Shares (the "Class A Shares"), Class B EUR Shares, Class B NOK Shares, Class B SEK Shares and Class B USD Shares (the "Class B Shares"), Class C NOK Shares and Class C SEK Shares (the "Class C Shares") and Class L NOK 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.

Class L NOK Shares and Class O NOK (issued by Sector Global Equity Kernel Fund) are only available for subscription by (i) other funds, (including sub-funds of the Company), or similar collective investment schemes that a Sector Group (as defined in the Company's prospectus) company manages; (ii) the Directors; (iii) any person or investor connected with any such person or entity referred to in parts (i) and (ii) including, without limitation, a trustee of a trust established by or for such an entity, (iv) any company, partnership or other entity controlled by a Sector Group company (v) any company, partnership or other entity which has been appointed or acts as investment manager or investment adviser of an entity referred to in part (i), (vi) any employee of the Sector Group or (vii) any nominee of any of the foregoing.

The Class L NOK Shares (issued by Sector Healthcare Value Fund and Sector Sigma Nordic Fund) are open for public participation. However, the Investment Manager intends the Class L NOK Shares will be primarily invested in by any employees of a Sector Group company, any spouse of such employee, or any company controlled by (one or more) such employee or spouse.

Class L NOK Shares (issued by all Funds) are exempt from paying investment management fees.

The following are the share class transactions during the year ended 31 December 2014:

	<b>Sector Global Equity Kernel Fund</b>	<b>Sector Healthcare Value Fund</b>	<b>Sector Sigma Nordic Fund</b>
<b>Class A EUR</b>			
Shares in issue at beginning of year	–	98,930	–
Number of shares issued	–	70,207	62,766
Number of shares redeemed	–	(71,289)	(15,645)
<b>Number in issue at end of year</b>	<b>–</b>	<b>97,848</b>	<b>47,121</b>
<b>Class A NOK</b>			
Shares in issue at beginning of year	–	15,692	42,745
Number of shares issued	–	–	31,358
Number of shares redeemed	–	–	–
<b>Number in issue at end of year</b>	<b>–</b>	<b>15,692</b>	<b>74,103</b>

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**8. Share Capital (Continued)**

	Sector Global Equity Kernel Fund	Sector Healthcare Value Fund	Sector Sigma Nordic Fund
<b>Class A USD</b>			
Shares in issue at beginning of year	–	223,138	–
Number of shares issued	–	33,196	9,600
Number of shares redeemed	–	(171,264)	(8,245)
<b>Number in issue at end of year</b>	<b>–</b>	<b>85,070</b>	<b>1,355</b>
<b>Class B EUR</b>			
Shares in issue at beginning of year	–	–	16,805
Number of shares issued	–	–	1,388
Number of shares redeemed	–	–	(7,777)
<b>Number in issue at end of year</b>	<b>–</b>	<b>–</b>	<b>10,416</b>
<b>Class B NOK</b>			
Shares in issue at beginning of year	–	64,332	91,523
Number of shares issued	–	59,086	16,197
Number of shares redeemed	–	(27,324)	(19,419)
<b>Number in issue at end of year</b>	<b>–</b>	<b>96,094</b>	<b>88,301</b>
<b>Class B USD</b>			
Shares in issue at beginning of year	–	–	6,454
Number of shares issued	–	–	1,343
Number of shares redeemed	–	–	(7,797)
<b>Number in issue at end of year</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Class C NOK</b>			
Shares in issue at beginning of year	–	–	2,071
Number of shares issued	–	–	1,583
Number of shares redeemed	–	–	(1,156)
<b>Number in issue at end of year</b>	<b>–</b>	<b>–</b>	<b>2,498</b>
<b>Class L NOK</b>			
Shares in issue at beginning of year	–	25,492	5,936
Number of shares issued	4,000	–	14,248
Number of shares redeemed	–	–	–
<b>Number in issue at end of year</b>	<b>4,000</b>	<b>25,492</b>	<b>20,184</b>
<b>Class O NOK</b>			
Shares in issue at beginning of year	–	–	–
Number of shares issued	28,791	–	–
Number of shares redeemed	(27,168)	–	–
<b>Number in issue at end of year</b>	<b>1,623</b>	<b>–</b>	<b>–</b>
<b>Class P USD</b>			
Shares in issue at beginning of year	–	–	–
Number of shares issued	90,075	–	–
Number of shares redeemed	–	–	–
<b>Number in issue at end of year</b>	<b>90,075</b>	<b>–</b>	<b>–</b>

The following are the share class transactions during the year ended 31 December 2013:

	Sector Healthcare Value Fund	Sector Sigma Nordic Fund
<b>Class A EUR</b>		
Shares in issue at beginning of year	58,207	–
Number of shares issued	63,305	–
Number of shares redeemed	(22,582)	–
<b>Number in issue at end of year</b>	<b>98,930</b>	<b>–</b>



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8. Share Capital (Continued)**

	Sector Healthcare Value Fund	Sector Sigma Nordic Fund
<b>Class A NOK</b>		
Shares in issue at beginning of year	15,692	42,745
Number of shares issued	–	–
Number of shares redeemed	–	–
<b>Number in issue at end of year</b>	<b>15,692</b>	<b>42,745</b>
<b>Class A USD</b>		
Shares in issue at beginning of year	139,179	–
Number of shares issued	126,149	–
Number of shares redeemed	(42,190)	–
<b>Number in issue at end of year</b>	<b>223,138</b>	<b>–</b>
<b>Class B EUR</b>		
Shares in issue at beginning of year	–	10,641
Number of shares issued	–	7,146
Number of shares redeemed	–	(982)
<b>Number in issue at end of year</b>	<b>–</b>	<b>16,805</b>
<b>Class B NOK</b>		
Shares in issue at beginning of year	–	90,711
Number of shares issued	68,921	21,318
Number of shares redeemed	(4,589)	(20,506)
<b>Number in issue at end of year</b>	<b>64,332</b>	<b>91,523</b>
<b>Class B USD</b>		
Shares in issue at beginning of year	–	10
Number of shares issued	–	6,444
Number of shares redeemed	–	–
<b>Number in issue at end of year</b>	<b>–</b>	<b>6,454</b>
<b>Class C NOK</b>		
Shares in issue at beginning of year	–	150
Number of shares issued	–	2,271
Number of shares redeemed	–	(350)
<b>Number in issue at end of year</b>	<b>–</b>	<b>2,071</b>
<b>Class L NOK</b>		
Shares in issue at beginning of year	36,139	500
Number of shares issued	–	5,436
Number of shares redeemed	(10,647)	–
<b>Number in issue at end of year</b>	<b>25,492</b>	<b>5,936</b>

**9. Investment Management Fees**

The Company has appointed Sector Omega AS as Investment Manager to Sector Global Equity Kernel Fund, Sector Gamma AS as Investment Manager to Sector Healthcare Value Fund and has appointed Sigma Fondsforvaltning AS as Investment Manager to Sector Sigma Nordic Fund to provide investment management services pursuant to the investment management agreement between the Company and the Investment Manager.

Sector Global Equity Kernel Fund pays the Investment Manager a management fee of up to 1.5 per cent per annum of the Net Asset Value of the Class A Shares, up to 0.75 per cent per annum of the Net Asset Value of the Class B Shares, up to 0.5 per cent per annum of the Net Asset Value of the Class C Shares, up to 0.3 per cent per annum of the Net Asset Value of the Class P Shares and up to 3.0 per cent per annum of the Net Asset Value of the Class O Shares. The Investment Manager does not charge a fee in respect of the Class L NOK Shares.

Sector Healthcare Value Fund pays the Investment Manager a management fee of 1 per cent per annum of the Net Asset Value of Class A Shares and 2 per cent per annum of the Net Asset Value of Class B Shares. The Investment Manager does not charge a fee in respect of the Class L NOK Shares.

Sector Sigma Nordic Fund pays the Investment Manager a management fee of 1 per cent per annum of the Net Asset Value of Class A Shares, 1.5 per cent per annum of the Net Asset Value of Class B Shares, and 2 per cent per annum of the Net Asset Value of Class C Shares. The Investment Manager will not charge a fee in respect of Class L NOK Shares.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. Investment Management Fees (Continued)**

The management fees accrued for the year ended 31 December 2014 were USD1,364,900 (31 December 2013: USD857,507) and the amount outstanding at 31 December 2014 was USD117,509 (31 December 2013: USD94,279).

The Investment Manager to Sector Global Equity Kernel Fund does not anticipate that the "Total Expense Ratio" which includes but is not limited to the management fee, administrator fees and expenses, custodian fees and expenses, establishment costs of the Fund and other operating expenses of the Fund will exceed 0.5% of the Net Asset Value of Class P USD Shares each year of the Fund's operation (the "TER Threshold"). If the Total Expense Ratio exceeds the TER Threshold, the Investment Manager has undertaken to discharge that proportion of the Total Expense Ratio of Class P USD Shares above the TER Threshold and shall rebate the Fund accordingly.

The Investment Manager will invest in Class O NOK Shares in Sector Global Equity Kernel Fund and beginning on the date the Class O NOK subscription is booked to the Fund, the aggregate fees for Class P USD above the Class P USD threshold will be funded in this order on an ongoing basis; i) by utilising the 3% management fee attributable to Class O NOK, then ii) by utilising any preliminary charges attributable to Class O NOK accrued on the Fund. If the amounts funded in accordance with (i) and (ii) are not sufficient to achieve the Class P USD TER Threshold, then this excess cost shall accrue and be offset against future fees attributable to the Investment Manager, including future preliminary charges attributable to future investments in Class O NOK.

The total fees waived by the Investment Manager for the year ended 31 December 2014 was USD106,086 (31 December 2013: USDnil) and the amount outstanding at 31 December 2014 was USD8,953 (31 December 2013: USDnil).

**10. Incentive Fees**

The Investment Manager is also entitled to receive an incentive fee, as calculated on the following basis:

***Sector Global Equity Kernel Fund***

The Fund, in respect of the Class B Shares, Class C Shares and Class O NOK Shares pays the Investment Manager an incentive fee (the "Incentive Fee") equal to 10 per cent 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 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 Period (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 Period, (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 Period, 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 Period 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 Period (or, if no Incentive Fee has yet been paid with respect to any such Calculation Period, 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 Period.

The calculation period 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 Period"). The first Calculation Period shall be the period from the close of the initial offer period until the 31 December 2014. Thereafter, the Incentive Fee will be calculated on an annual basis. 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).

At the end of each Calculation Period, where an Incentive Fee has been paid, and only then, the Prior High Net Asset Value per share will be reset to the Net Asset Value per share of the relevant class at the end of such Calculation Period. For the avoidance of doubt, where the relevant class has underperformed, (i.e. its net asset value per share at the end of a Calculation Period is below the Index adjusted Prior High Net Asset Value per share), no Incentive Fee will be payable until the underperformance is clawed back.

The Incentive Fee will be verified by the Custodian.

As the Incentive Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, it may be paid on unrealised gains which may subsequently never be realised.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10. Incentive Fees (Continued)**

***Sector Healthcare Value Fund***

The Fund, in respect of the Class A Shares, pays the Investment Manager a fee equal to 20 per cent 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") (the "Incentive Fee"). The relevant share's subscription price or the initial issue price (where shares are issued during the initial offer period) 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 period 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 period of the shareholder's investment.

The Incentive Fee will be verified by the Custodian.

No Incentive Fee will be charged in respect of the Class B Shares and Class L NOK Shares.

***Sector Sigma Nordic Fund***

The Investment Manager is also entitled to receive an incentive fee (the "Incentive Fee") of the aggregate appreciation in value of the Class A Shares, the Class B Shares and the Class C Shares (each a "Class") during the relevant Calculation Period (as defined below). No Incentive Fee will be charged in respect of the Class L NOK Shares.

The Incentive Fee equals 15% of the aggregate appreciation in value of the Class A Shares and 20% of the aggregate appreciation in value of the Class B Shares and the Class C Shares.

The Incentive Fee accrues as at each valuation point and is calculated annually on the rate of return (net of the Investment Manager's fees) of each class, and will be payable annually in arrears (on or after the first business day of the following year), or upon redemption, if earlier. The calculation period shall be a calendar year, closing on the last business day each year (the "Calculation Period"). The first Calculation Period in respect of Class A USD Shares, Class A EUR Shares, Class A SEK Shares, Class B SEK Shares and Class C SEK Shares will be from the close of the Initial Offer Period until the last business day of 2013. The Incentive Fee will be verified by the Custodian.

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 Period. 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 (as defined below) over the course of a Calculation Period, (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 "Prior High Net Asset Value" (as defined below) for the relevant share. For each Calculation Period, 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 Period 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 Period (or, if no Incentive Fee has yet been paid with respect to any such Calculation Period, the initial issue price of the relevant share). As the Incentive Fee is based on net realised and net unrealised gains and losses as at the end of each Calculation Period and as a result, it may be paid on unrealised gains which may subsequently never be realised.

At the end of each Calculation Period, where Incentive Fee has been paid, and only then, the Prior High Net Asset Value per share will be reset to the net asset value per share of the relevant class at the end of such Calculation Period. For the avoidance of doubt, where the relevant class has underperformed, (i.e. its net asset value per share at the end of a Calculation Period is below the Prior High Net Asset Value per share), no Incentive Fee will be payable until the underperformance is clawed back.

***Equalisation Credit***

The equalisation credit policy is applied to the calculation of the Incentive Fee payable by all Funds. 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.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10. Incentive Fees (Continued)**

The Incentive Fees accrued for the year ended 31 December 2014 were USD1,388,156 (31 December 2013: USD1,222,362) and the amount outstanding at 31 December 2014 was USD1,356,740 (31 December 2013: USD1,154,306).

As at 31 December 2014 an equalisation credit of USD559,964 (31 December 2013: USD1,272,720) was applied.

**11. Administration Fees and Custodian Fees**

The Company has appointed BNY Mellon Investment Servicing (International) Limited (“BNY Mellon”) to act as Administrator, registrar and transfer agent and BNY Mellon Trust Company (Ireland) Limited to act as Custodian (the “Custodian”). 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 of up to 0.105% of the aggregated Net Assets. BNY Mellon is also entitled to a shareholding services fee of USD1,875 per share class per month together with agree upon transaction charges. The Administrator is also entitled 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).

The Administration fee accrued for the year ended 31 December 2014 was USD390,816 (31 December 2013: USD263,142) and the amount outstanding at 31 December 2014 was USD86,175 (31 December 2013: USD63,797).

The Custodian is entitled to an asset based fee of up to 0.02% per annum payable monthly together with sub-custodian’s 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 Custodian fee accrued for the year ended 31 December 2014 was USD100,358 (31 December 2013: USD62,817) and the amount outstanding at 31 December 2014 was USD28,510 (31 December 2013: USD9,688).

**12. Directors’ fees and expenses**

The Directors are 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 Directors’ remuneration in any one year shall not exceed €20,000 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’ fees and expenses accrued for the year ended 31 December 2014 was USD26,550 (31 December 2013: USD26,776) and the amount outstanding at 31 December 2014 was USD6,600 (31 December 2013: USDnil).

**13. Auditors’ Fees**

Fees and expenses paid to the statutory auditors, Deloitte & Touche, in respect of the financial period, entirely relate to the audit of the financial statements of the Company. There were no fees and expenses paid in respect of other assurance, tax advisory or non-audit services provided by the auditors for the year ended 31 December 2013.

Independent auditors’ fees charged for the year ending 31 December 2014 were EUR26,625 ex VAT (31 December 2013: EUR35,000).

**14. 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, stocklending and repurchase agreements for the purposes of efficient portfolio management only, subject to the conditions and limits set out in the Central Bank of Ireland’s Notices 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 year ended 31 December 2014 and 31 December 2013, the Company has utilised forward foreign currency contracts, contracts-for-difference and options.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. Related Party Transactions**

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

*Custodian and Administrator*

Although not deemed to be related parties under Irish GAAP as they do not exercise "significant influence" over the activities of the Company, UCITS Notice 14 also deems a "Custodian" and its "associated or group companies" to be 'connected parties' to the Company. As such, BNY Mellon Trust Company (Ireland) Limited, the Custodian, and BNY Mellon Investment Servicing (International) Limited, the Administrator, are connected parties to the Company.

The board of directors are 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, custodian, investment manager and/or associated or group companies of these ("connected parties") 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 parties entered into during the period complied with the obligations set out in Notice UCITS 14.

As at 31 December 2014, Sector Asset Management AS, ultimate parent company of the Investment Manager, held 3 Class A EUR Shares, 2 Class A NOK Shares and 3 Class A USD Shares in Sector Healthcare Value Fund.

As at 31 December 2013, Sector Asset Management AS, ultimate parent company of the Investment Manager, held 3 Class A EUR Shares, 2 Class A NOK Shares and 3 Class A USD Shares in Sector Healthcare Value Fund.

As at 31 December 2014 the following key personnel as defined within FRS 8 "Related party disclosures" held a beneficial interest in the Funds as follows:

Key personnel	Role/Team	Fund/Class	Number of Shares held
Sector Omega AS	Investment Manager	Sector Global Equity Kernel Fund, Class O NOK	1,623
Sector Speculare AS	100% owned by Sector Omega AS	Sector Global Equity Kernel Fund, Class L NOK	4,000
Trond Horneland	Investment Manager, Sector Gamma AS	Sector Healthcare Value Fund, Class L NOK	15,665
Trond Tviberg	Investment Manager, Sector Gamma AS	Sector Healthcare Value Fund, Class L NOK	7,945
Jan Henrik Arvesen	Investment Manager, Sigma Fondsforvaltning AS	Sector Sigma Nordic Fund, Class L NOK	3341

The Board of Directors of the Manager is not aware of any transactions with connected persons during the year ended 31 December 2014 other than those disclosed in these financial statements.

**16. 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 Funds' obligations against another Fund.

As at 31 December 2014 there were three Funds in operation (31 December 2013: two) and there were no known contingent liabilities.

**17. Soft Commission**

There were no soft commissions for the years ended 31 December 2014 or 31 December 2013.

**18. Prospectus**

Revised Supplements for Sector Sigma Nordic Fund were issued on 24 January 2014 and 12 December 2014.

Revised Supplements for Sector Global Equity Kernel Fund were issued on 28 April 2014 to include Class O NOK Shares, 5 November 2014 and 12 December 2014.

A revised Supplement for Sector Healthcare Value Fund was issued on 12 December 2014.

A revised Prospectus for Sector Capital Funds was issued on 12 December 2014.

**19. Comparative period**

The prior period comparatives are for the period 1 January 2013 to 31 December 2013.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**20. Significant events during the year**

As disclosed in note 1 the Company launched the Sector Global Equity Kernel Fund on 19 March 2014.

There were no other significant events during the year.

**21. Significant events after the balance sheet date**

A revised Supplement for Sector Sigma Nordic Fund was issued on 20 March 2015 to include Class D Shares.

There were no other significant events after the balance sheet date.

**22. Approval of Financial Statements**

The financial statements were authorised for issue by the Directors on 16 April 2015.

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**SIGNIFICANT PORTFOLIO MOVEMENTS (Unaudited)**

In accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, a statement of the largest changes in the composition of the Schedule of Investments during the year 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 year. At a minimum the largest 20 purchases and sales are listed. If the Fund enters into less than 20 purchases or sales during the year, then all transactions are presented.

**Sector Global Equity Kernel Fund**

**LARGEST PURCHASES**

	<b>COST USD</b>
iShares MSCI ACWI Index Fund	1,373,574
Cal-Maine Foods, Inc.	209,580
Exxon Mobil Corp.	198,452
Westar Energy, Inc.	197,798
Cardinal Health, Inc.	191,602
Lintec Corp.	186,705
Ingredion Inc.	185,038
Berkeley Group Holdings PLC	180,033
Sonoco Products Co.	150,800
Hill-Rom Holdings, Inc.	148,676
Endesa S.A.	130,127
Maruichi Steel Tube Ltd.	119,578
CF Industries Holdings, Inc.	117,108
Ain Pharmaciez, Inc.	117,076
Freenet AG	116,737
IG Group Holdings PLC	116,314
Aaron's Inc.	115,286
CenturyLink, Inc.	114,637
Unum Group	114,237
Annaly Capital Management, Inc.	114,065

**LARGEST SALES**

	<b>PROCEEDS USD</b>
iShares MSCI ACWI Index Fund	1,366,786
The Cato Corp.	131,630
Omnivision Technologies, Inc.	125,376
CF Industries Holdings, Inc.	121,296
Novartis AG	120,063
Boiron S.A.	116,675
Mitsubishi Tanabe Pharma Corp.	114,649
Montpelier Re Holdings Ltd.	113,816
The JM Smucker Co.	113,185
AT&T, Inc.	112,974
Cal-Maine Foods, Inc.	110,412
Unum Group	110,140
Leroy Seafood Group ASA	108,904
Myriad Genetics, Inc.	108,338
Canon Marketing Japan, Inc.	106,150
Mochida Pharmaceutical Co. Ltd.	104,225
Eli Lilly & Co.	103,641
Kemper Corp.	102,463
Waddell & Reed Financial, Inc.	102,226
Atlantic Tele Network, Inc.	101,635

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**SIGNIFICANT PORTFOLIO MOVEMENTS (Unaudited) (Continued)**

**Sector Healthcare Value Fund**

<b>LARGEST PURCHASES</b>	<b>COST USD</b>
Abbvie, Inc.	5,038,876
Baxter International, Inc.	2,521,038
Sanofi-Aventis S.A.	2,462,272
Bristol-Myers Squibb Co.	2,273,617
Stryker Corp.	2,082,488
Hospira, Inc.	2,040,363
Boston Scientific Corp.	1,527,469
Otsuka Holdings Co. Ltd.	1,506,763
Edwards Lifesciences Corp.	1,308,141
Acorda Therapeutics, Inc.	1,180,365
Rite Aid Corp.	1,135,748
GlaxoSmithKline PLC	1,133,233
WellCare Health Plans, Inc.	1,088,351
Vertex Pharmaceuticals, Inc.	1,078,987
Thoratec Corp.	1,072,721
Bayer AG	1,068,903
AstraZeneca PLC	1,030,732
Mylan, Inc.	976,095
Eli Lilly & Co.	949,492
AVANIR Pharmaceuticals, Inc.	926,886
Koninklijke Philips Electronics NV	874,968
Quest Diagnostics, Inc.	866,614
Takeda Pharmaceutical Co. Ltd.	856,532
Cigna Corp.	837,756
Dr Reddy's Laboratories Ltd.	836,244
Patterson Cos., Inc.	826,571
Community Health Systems, Inc.	801,947
Waters Corp.	767,335
Getinge AB	758,048
Smith & Nephew PLC	736,180
Teva Pharmaceutical Industries Ltd.	734,612
Shionogi & Co. Ltd.	729,372
Masimo Corp.	695,840
AmerisourceBergen Corp.	680,499
Ironwood Pharmaceuticals, Inc.	636,256
Basilea Pharmaceutica AG	592,380



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**SIGNIFICANT PORTFOLIO MOVEMENTS (Unaudited) (Continued)**

**Sector Healthcare Value Fund (continued)**

<b>LARGEST SALES</b>	<b>PROCEEDS</b>
	<b>USD</b>
Abbvie, Inc.	5,509,677
Forest Laboratories, Inc.	5,016,957
Johnson & Johnson	4,495,184
Eli Lilly & Co.	3,849,975
Edwards Lifesciences Corp.	3,077,654
UnitedHealth Group, Inc.	2,618,442
Teva Pharmaceutical Industries Ltd.	2,497,389
Boston Scientific Corp.	2,476,692
Sanofi-Aventis S.A.	2,418,961
Baxter International, Inc.	2,387,507
AstraZeneca PLC	2,381,783
Smith & Nephew PLC	2,303,948
Cubist Pharmaceuticals, Inc.	2,241,162
AVANIR Pharmaceuticals, Inc.	2,177,495
Mallinckrodt PLC	2,160,956
Nobel Biocare Holding AG	2,025,042
Astellas Pharmaceutical Co. Ltd.	1,969,531
Acorda Therapeutics, Inc.	1,891,070
Meda AB	1,799,876
Bayer AG	1,713,154
Agilent Technologies, Inc.	1,636,350
ResMed, Inc.	1,604,084
Auxilium Pharmaceuticals, Inc.	1,533,346
Quest Diagnostics, Inc.	1,376,507
Volcano Corp.	1,336,782
Shionogi & Co. Ltd.	1,257,573
Allergan, Inc.	1,148,009
Thoratec Corp.	1,105,570
WellCare Health Plans, Inc.	1,090,581
Ironwood Pharmaceuticals, Inc.	965,291
Dr Reddy's Laboratories Ltd.	956,327
Cardinal Health, Inc.	925,956
Hospira, Inc.	874,662
Stada Arzneimittel AG	849,256
Vertex Pharmaceuticals, Inc.	849,240

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**SIGNIFICANT PORTFOLIO MOVEMENTS (Unaudited) (Continued)**

**Sector Sigma Nordic Fund**

**LARGEST PURCHASES**

	<b>COST NOK</b>
Yara International ASA	14,729,053
Investor AB	14,169,751
Petroleum Geo-Services ASA	12,571,675
BW LPG Ltd.	12,088,184
Novo Nordisk A/S	11,648,204
Trelleborg AB, Class B	10,559,886
Salmar ASA	10,375,184
Volvo AB	10,112,265
Skandinaviska Enskilda Banken AB	9,995,035
Baker Hughes, Inc.	9,388,664
Norsk Hydro ASA	8,860,175
Det Norske Oljeselskap ASA	8,813,408
Marine Harvest ASA	8,169,977
Tomra Systems ASA	7,756,527
AstraZeneca PLC	7,747,016
Telenor ASA	7,686,805
Cermaq ASA	7,619,877
Topdanmark A/S	7,437,340
Swedbank AB	7,433,285
SKF AB	7,309,439
Hexagon AB	7,304,711
Amer Sports Oyj	7,195,811
Millicom International Cellular S.A.	7,125,281
Svenska Cellulosa AB	7,098,781
Total S.A.	6,809,623
Seadrill Ltd.	6,505,286
Boliden AB	6,463,506
DSV A/S	6,411,920
Autoliv, Inc.	6,395,402
Exxon Mobil Corp.	6,390,018
Novozymes A/S	6,243,976
Outotec Oyj	6,186,584
RPC, Inc.	6,114,725
Assa Abloy AB	5,681,956
Aurora LPG Holding AS	5,630,992
Stolt-Nielsen Ltd.	5,535,421
Huhtamaki Oyj	5,047,529
Hexpol AB	4,647,607
ABB Ltd.	4,032,309
Opera Software ASA	3,289,933

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**SIGNIFICANT PORTFOLIO MOVEMENTS (Unaudited) (Continued)**

**Sector Sigma Nordic Fund (continued)**

<b>LARGEST SALES</b>	<b>PROCEEDS</b>
	<b>NOK</b>
Norsk Hydro ASA	19,497,218
Volvo AB	16,141,832
Trelleborg AB	14,824,712
Novo Nordisk A/S	14,268,434
Petroleum Geo-Services ASA	12,028,755
Novozymes A/S	11,897,440
Autoliv, Inc.	11,877,254
BW LPG Ltd.	11,678,261
ABB Ltd.	11,677,858
Royal Caribbean Cruises Ltd.	10,931,942
Cermaq ASA	10,722,949
Nordea Bank AB	10,149,969
Baker Hughes, Inc.	9,700,769
AstraZeneca PLC	9,053,733
SKF AB	8,200,091
Yara International ASA	6,917,950
Investor AB	6,713,486
Svenska Cellulosa AB	6,614,043
RPC, Inc.	6,589,447
Betsson AB	6,583,972
Konecranes Oyj	6,554,914
Seadrill Ltd.	6,549,965
Millicom International Cellular S.A.	6,441,421
Rockwool International A/S	6,431,237
Total S.A.	6,365,868
Exxon Mobil Corp.	6,363,830
Boliden AB	6,196,596
DSV A/S	6,195,795
Det Norske Oljeselskap ASA	6,104,388
Marine Harvest ASA	6,074,017
Bakkafrost P/F	5,640,600
Salmar ASA	5,637,139
Outotec Oyj	5,415,740
Stolt-Nielsen Ltd.	5,007,020
Meda AB	4,792,584
Stora Enso Oyj	4,672,520
Navios Maritime Acq Corp.	4,439,195
Statoil ASA	4,176,668
Huhtamaki Oyj	3,380,822