

SECTOR CAPITAL FUNDS PLC

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

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY 2014 TO 30 JUNE 2014

Registration No. 489443

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the period 1 January 2014 to 30 June 2014

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SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the period 1 January 2014 to 30 June 2014

GENERAL INFORMATION

Directors

Michael Boyce (*Irish*)^
Peter Murray (*Irish*)^
Lars Tell (*Swedish*)

^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
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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
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INVESTMENT MANAGERS' REPORTS

Sector Global Equity Kernel Fund

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

During the three months the fund has been running, the portfolio has returned +6.60% compared to the MSCI ACWI, which has been up 6.55% during the same period.

Sector Healthcare Value Fund

The first half of 2014 has certainly been an eventful one for the healthcare sector, with news flow dominated by M&A mega deals, rumours of company spin offs, product approvals and improving pipeline yields. In terms of performance, the sector as a whole was up over 10.8%, handsomely beating the broader market by over 4.6% and looks set to potentially beat the global equity markets for a fourth consecutive year.

Sector Healthcare Value Fund was up 11.1% (Class A USD) during the first half of 2014, outperforming the MSCI Healthcare Index with 0.3%. The largest contributors to performance were Eli Lilly Lilly, Astrazeneca and Edwards Lifesciences. The largest detractors from performance were Medicines Company, Volcano Corp and Vivus.

Sector Sigma Nordic Fund

The global PMI for June suggests that growth of manufacturing output strengthened at the end of the second quarter, with the J.P. Morgan Global Manufacturing PMI rising to 52.7 in June from 52.1 in May. Furthermore, global manufacturing production increased at the fastest pace since February. In summary, the latest PMI data from around the globe pointed to a slight acceleration in the rates of expansion of production, new orders and employment in June, nearly recouping momentum lost earlier in the quarter.

Sector Sigma Nordic Fund was up 5.3% (Class ANOK) during the first half year of 2014, driven by the long book. The largest contributors to performance were long-time long holdings in pharmaceutical company Novo Nordisk and in Swedish automotive safety equipment manufacturer Autoliv. In addition, the Fund's long position in LPG shipping company BW LPG Ltd contributed positively. The largest performance detractors was short position in the Finnish mining equipment company Metso, as well as long positions in ABB and Navios Maritime.

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BALANCE SHEET

As at 30 June 2014

	Note	Sector Global Equity Kernel Fund USD	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
Current Assets					
Investments in financial assets held at fair value through profit or loss		10,395,452	84,304,081	226,114,588	131,556,211
Cash at bank and brokers	6	586,788	3,924,819	36,734,947	10,499,403
Amounts due from broker		—	—	1,268,858	206,824
Receivable for securities sold		167,339	829,394	1,502,669	1,241,668
Interest receivable		—	—	120	20
Dividends receivable		3,724	33,649	—	37,373
Other assets		42,642	46,420	484,647	168,059
Total Assets		11,195,945	89,138,363	266,105,829	143,709,558
Current Liabilities					
Investments in financial liabilities held at fair value through profit or loss		—	14,709	2,372,178	401,374
Amounts due to broker		—	468,534	—	468,534
Payable for securities purchased		618,793	—	2,727,973	1,063,452
Payable to investment manager	9	8,925	71,693	530,145	167,032
Incentive fee	10	3,919	732,155	2,014,706	1,064,471
Administration fee	11	12,269	29,343	168,735	69,116
Directors' fees and expenses	12	360	4,231	12,325	6,600
Auditors' fee		3,063	5,748	39,492	15,248
Custodian fee	11	7,471	5,053	30,911	17,562
Legal fee		3,589	2,274	14,927	8,296
Interest payable		151	—	44	158
Equalisation credit payable		760	677,210	354,778	735,799
Other creditors		3,543	11,055	46,740	22,217
Total Liabilities (excluding net assets attributable to holders of Redeemable Participating Shares)		662,843	2,022,005	8,312,954	4,039,859
Net assets attributable to holders of Redeemable Participating Shares		10,533,102	87,116,358	257,792,875	139,669,699
Shares outstanding					
Class A EUR	8	—	136,556	25,360	
Class A NOK		—	15,692	67,138	
Class A USD		—	186,314	9,577	
Class B EUR		—	—	18,192	
Class B NOK		—	64,847	84,032	
Class B USD		—	—	19	
Class C NOK		—	—	3,653	
Class L NOK		—	25,492	7,411	
Class O NOK		12,874	—	—	
Class P USD		86,440	—	—	
Net Asset Value per Share					
Class A EUR		—	157.60	100.82	
Class A NOK		—	1,341.32	1,315.28	
Class A USD		—	217.03	102.30	
Class B EUR		—	—	124.55	
Class B NOK		—	742.22	1,284.19	
Class B USD		—	—	125.46	
Class C NOK		—	—	1,259.81	
Class L NOK		—	1,429.86	1,407.40	
Class O NOK		628.59	—	—	
Class P USD		106.60	—	—	

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

Sector Sigma Nordic Fund is translated in the total column at the Balance Sheet exchange rate of 0.1630.

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
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BALANCE SHEET (Continued)

As at 31 December 2013

		Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK
Total Net Asset Value		78,419,435	197,363,561
Shares outstanding	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
Net Asset Value per Share			
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

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
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BALANCE SHEET (Continued)

As at 30 June 2013

	Note	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
Current Assets				
Investments in financial assets held at fair value through profit or loss		47,948,624	124,592,273	68,356,838
Cash at bank and brokers	6	4,894,340	24,132,306	8,847,212
Amounts due from broker		–	320,710	52,532
Receivable for securities sold		780,437	5,586,384	1,695,487
Interest receivable		–	895	147
Dividends receivable		17,176	36,942	23,227
Other assets		61,980	611,944	162,216
Total Assets		53,702,557	155,281,454	79,137,659
Current Liabilities				
Investments in financial liabilities held at fair value through profit or loss		56,849	199,732	89,565
Amounts due to broker		189,574	–	189,574
Payable for securities purchased		3,228,643	1,848,690	3,531,458
Payable to investment manager	9	31,909	148,595	56,249
Incentive fee	10	330,766	647,335	436,799
Administration fee	11	29,512	218,283	65,267
Directors' fees and expenses	12	4,122	14,519	6,500
Auditors' fee		6,195	34,514	11,848
Custodian fee	11	6,948	33,067	12,364
Legal fee		7,991	10,267	9,673
Equalisation credit payable		161,830	1,437,037	397,217
Other creditors		10,194	37,897	16,402
Total Liabilities (excluding net assets attributable to holders of Redeemable Participating Shares)		4,064,533	4,629,936	4,822,916
Net assets attributable to holders of Redeemable Participating Shares		49,638,024	150,651,518	74,314,743
Shares outstanding				
	8			
Class A EUR		78,477	–	
Class A NOK		15,692	42,745	
Class A USD		184,457	–	
Class B EUR		–	9,862	
Class B NOK		–	89,481	
Class B USD		–	10	
Class C NOK		–	792	
Class L NOK		27,190	500	
Net Asset Value per Share				
Class A EUR		119.25	–	
Class A NOK		1,005.61	1,072.68	
Class A USD		163.87	–	
Class B EUR		–	104.77	
Class B NOK		–	1,064.07	
Class B USD		–	105.01	
Class C NOK		–	1,047.89	
Class L NOK		1,047.19	1,096.70	

Sector Sigma Nordic Fund is translated in the total column at the Balance Sheet exchange rate of 0.1638.

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 period ended 30 June 2014

	Note	Sector Global Equity Kernel Fund USD	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
Income					
Dividend income		81,093	904,493	3,528,863	1,569,966
Interest income		6	—	266,886	44,202
Other income		—	4,944	—	4,944
		<u>81,099</u>	<u>909,437</u>	<u>3,795,749</u>	<u>1,619,112</u>
Net realised gain/(loss) on:					
- investments		(29,852)	9,631,686	10,793,916	11,389,306
- foreign currency		1,409	635,986	495,777	719,496
Net change in unrealised appreciation/(depreciation) on:					
- investments		458,737	(498,797)	5,701,063	904,036
- foreign currency		16,113	(690,597)	(709,905)	(792,044)
Net investment gain		<u>527,506</u>	<u>9,987,715</u>	<u>20,076,600</u>	<u>13,839,906</u>
Expenses					
Management fee	9	(10,086)	(444,722)	(1,520,244)	(706,560)
Incentive fee	10	(3,919)	(139,939)	(2,118,182)	(494,629)
Administration fee	11	(16,634)	(74,364)	(482,983)	(170,980)
Custodian fee	11	(8,471)	(18,135)	(100,962)	(43,325)
Directors' fees and expenses	12	(399)	(9,023)	(24,811)	(13,531)
Auditors' fee		(3,063)	(6,372)	(21,514)	(12,998)
Commission fee		—	—	(26,860)	(4,448)
Dividend expense		—	—	(2,441,140)	(404,253)
Legal fee		(3,589)	(13,381)	(148,924)	(41,632)
Listing fee		(784)	(1,941)	(4,339)	(3,443)
Trading and research fees		—	(23,541)	(157,214)	(49,576)
Other expenses		(7,510)	(30,685)	(153,164)	(63,559)
Total expenses before waivers		<u>(54,455)</u>	<u>(762,103)</u>	<u>(7,200,337)</u>	<u>(2,008,934)</u>
Expense waiver from Investment Manager	9	34,294	—	—	34,294
Net expenses after waivers		<u>(20,161)</u>	<u>(762,103)</u>	<u>(7,200,337)</u>	<u>(1,974,640)</u>
Net gain before finance costs		<u>507,345</u>	<u>9,225,612</u>	<u>12,876,263</u>	<u>11,865,266</u>
Finance costs					
Interest expense		(160)	(382)	(228,906)	(38,449)
Total finance costs		<u>(160)</u>	<u>(382)</u>	<u>(228,906)</u>	<u>(38,449)</u>
Taxation					
Withholding tax		(19,996)	(220,803)	(934,070)	(395,481)
Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations		<u>487,189</u>	<u>9,004,427</u>	<u>11,713,287</u>	<u>11,431,336</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 total column at the average exchange rate of 0.1656.

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
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PROFIT AND LOSS ACCOUNT (Continued)

For the period ended 30 June 2013

	Note	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
Income				
Dividend income		456,881	2,646,407	918,943
Interest income		–	144,169	25,172
		<u>456,881</u>	<u>2,790,576</u>	<u>944,115</u>
Net realised gain/(loss) on:				
- investments		3,366,451	5,489,467	4,324,912
- foreign currency		(265,564)	1,620,567	17,387
Net change in unrealised appreciation/(depreciation) on:				
- investments		4,419,609	2,779,438	4,904,899
- foreign currency		(1,166,634)	5,340,090	(234,254)
Net investment gain		<u>6,810,743</u>	<u>18,020,138</u>	<u>9,957,059</u>
Expenses				
Management fee	9	(176,705)	(1,015,605)	(354,030)
Incentive fee	10	(255,427)	(664,496)	(371,448)
Administration fee	11	(50,330)	(419,962)	(123,655)
Custodian fee	11	(13,632)	(120,122)	(34,605)
Directors' fees and expenses	12	(7,884)	(30,178)	(13,153)
Auditors' fee		(5,860)	(34,287)	(11,847)
Dividend expense		–	(2,061,506)	(359,939)
Legal fee		(20,084)	(75,435)	(33,255)
Listing fee		(1,274)	–	(1,274)
Trading and research fees		(12,643)	(143,507)	(37,699)
Other expenses		(25,236)	(124,252)	(46,931)
Total expenses		<u>(569,075)</u>	<u>(4,689,350)</u>	<u>(1,387,836)</u>
Net gain before finance costs		<u>6,241,668</u>	<u>13,330,788</u>	<u>8,569,223</u>
Finance costs				
Interest expense		(44)	(35,048)	(6,163)
Total finance costs		<u>(44)</u>	<u>(35,048)</u>	<u>(6,163)</u>
Taxation				
Withholding tax		(104,629)	(730,970)	(232,256)
Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations		<u>6,136,995</u>	<u>12,564,770</u>	<u>8,330,804</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 Sigma Nordic Fund is translated in the total column at the average exchange rate of 0.1746.

The accompanying notes form an integral part of the financial statements

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

For the period ended 30 June 2014

	Sector Global Equity Kernel Fund USD	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
Net Assets attributable to holders of Redeemable Participating Shares at beginning of period	–	78,419,435	197,363,561	110,944,950
Capital transactions:				
Issue of Redeemable Participating Shares	10,046,673	15,569,227	80,993,927	39,028,494
Redemption of Redeemable Participating Shares	–	(15,611,003)	(31,915,828)	(20,896,264)
Equalisation applied	(760)	(265,728)	(362,072)	(326,447)
Net increase/(decrease) in net assets resulting from capital transactions of Redeemable Participating Shares	10,045,913	(307,504)	48,716,027	17,805,783
Currency adjustment	–	–	–	(512,370)
Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations	487,189	9,004,427	11,713,287	11,431,336
Net Assets attributable to holders of Redeemable Participating Shares at end of period	10,533,102	87,116,358	257,792,875	139,669,699

Sector Sigma Nordic Fund is translated in the total column at the average exchange rate of 0.1656.

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

For the period ended 30 June 2013

	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK	Sector Capital Funds PLC USD
Net Assets attributable to holders of Redeemable Participating Shares at beginning of period	34,588,431	141,215,227	59,964,807
Capital transactions:			
Issue of Redeemable Participating Shares	13,140,048	16,850,000	16,082,058
Redemption of Redeemable Participating Shares	(4,137,205)	(18,422,225)	(7,353,725)
Equalisation applied	(90,245)	(1,556,254)	(361,967)
Net increase/(decrease) in net assets resulting from capital transactions of Redeemable Participating Shares	8,912,598	(3,128,479)	8,366,366
Currency adjustment	—	—	(2,347,234)
Net increase in net assets attributable to holders of Redeemable Participating Shares resulting from operations	6,136,995	12,564,770	8,330,804
Net Assets attributable to holders of Redeemable Participating Shares at end of period	49,638,024	150,651,518	74,314,743

Sector Sigma Nordic Fund is translated in the total column at the average exchange rate of 0.1746.

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
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SCHEDULES OF INVESTMENTS

As at 30 June 2014

Sector Global Equity Kernel Fund

<i>Investment</i>	Units	Fair Value as a % of Net Assets	Fair Value USD
<u>Financial Assets at Fair Value through profit or loss</u>			
<u>Equities</u>			
<u>Australia</u>			
AGL Energy Ltd.	6,923	0.96%	101,151
Telstra Corp Ltd.	19,993	0.93%	98,315
Woodside Petroleum Ltd.	2,600	0.96%	100,786
Total Australia		2.85%	300,252
<u>Austria</u>			
Mayr Melnhof Karton AG	810	0.92%	96,495
Semperit AG Holding	1,745	1.02%	106,915
Total Austria		1.94%	203,410
<u>Bermuda</u>			
Marvell Technology Group Ltd.	6,197	0.84%	88,803
Total Bermuda		0.84%	88,803
<u>Canada</u>			
Canadian Imperial Bank of Commerce	1,128	0.98%	102,829
Genworth MI Canada, Inc.	2,759	0.94%	98,455
Magna International, Inc.	959	0.98%	103,413
Total Canada		2.90%	304,697
<u>Denmark</u>			
Schouw & Co.	1,930	0.90%	94,813
TDC A/S	10,317	1.01%	106,766
Total Denmark		1.91%	201,579
<u>Finland</u>			
Elisa Oyj	3,309	0.96%	101,212
Total Finland		0.96%	101,212
<u>France</u>			
Boiron S.A.	973	0.80%	84,607
Cie Generale des Etablissements Michelin SCA	796	0.90%	95,100
Imerys S.A.	1,151	0.92%	96,980
Orange S.A.	6,051	0.91%	95,481
Societe BIC S.A.	775	1.01%	106,024
Thales S.A.	1,613	0.93%	97,558
Total S.A.	1,421	0.98%	102,687
Total France		6.45%	678,437
<u>Germany</u>			
BASF SE	859	0.95%	100,004
Continental AG	421	0.93%	97,500
Freenet AG	3,200	0.97%	101,777
RWE AG	2,471	1.01%	106,113
Total Germany		3.86%	405,394
<u>Great Britain</u>			
Cranswick PLC	4,680	0.96%	101,227
Total Great Britain		0.96%	101,227
<u>Hong Kong</u>			
Guangdong Investments Ltd.	90,000	0.99%	103,815
Total Hong Kong		0.99%	103,815
<u>Italy</u>			
Enel S.p.A.	17,578	0.97%	102,381
Total Italy		0.97%	102,381

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SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the period 1 January 2014 to 30 June 2014

SCHEDULES OF INVESTMENTS (continued)

As at 30 June 2014

Sector Global Equity Kernel Fund (Continued)

<i>Investment</i>	<i>Units</i>	<i>Fair Value as a % of Net Assets</i>	<i>Fair Value USD</i>
<u>Financial Assets at Fair Value through profit or loss (continued)</u>			
<u>Japan</u>			
COMSYS Holdings Corp.	5,400	0.95%	100,372
Doshisha Co. Ltd.	6,200	1.04%	109,122
KDDI Corp.	1,700	0.98%	103,690
Mitsubishi Tanabe Pharma Corp.	6,800	0.97%	101,827
Mochida Pharmaceutical Co. Ltd.	1,500	1.02%	107,645
Nippon Telegraph & Telephone Corp.	1,600	0.95%	99,786
Nisshin Seifun Group, Inc.	8,400	0.95%	100,248
NTT DoCoMo, Inc.	5,900	0.96%	100,872
Total Japan		7.82%	823,562
<u>Netherlands</u>			
Koninklijke Ahold NV	5,446	0.97%	102,227
Sligro Food Group NV	2,250	0.88%	93,034
Total Netherlands		1.85%	195,261
<u>Norway</u>			
Kongsberg Gruppen A/S	510	0.11%	11,553
Leroy Seafood Group ASA	2,980	1.03%	108,782
TGS Nopec Geophysical Co. ASA	3,027	0.92%	96,735
Veidekke ASA	9,022	0.96%	101,448
Yara International ASA	2,131	1.01%	106,718
Total Norway		4.03%	425,236
<u>Singapore</u>			
Flextronics International Ltd.	9,612	1.01%	106,405
Total Singapore		1.01%	106,405
<u>Spain</u>			
Endesa S.A.	2,612	0.96%	101,028
Gas Natural SDG S.A.	3,404	1.02%	107,496
Total Spain		1.98%	208,524
<u>Switzerland</u>			
Bucher Industries AG	304	0.99%	104,384
Clariant AG	4,824	0.90%	94,435
Metall Zug AG	8	0.22%	23,491
Novartis AG	1,115	0.96%	100,964
Swisscom AG	167	0.92%	97,078
Total Switzerland		3.99%	420,352
<u>United Kingdom</u>			
Berkeley Group Holdings PLC	2,032	0.80%	84,011
British Telecommunications PLC	14,943	0.93%	98,343
IG Group Holdings PLC	9,879	0.94%	99,238
Royal Dutch Shell PLC	2,504	0.98%	103,673
Total United Kingdom		3.65%	385,265
<u>United States</u>			
Aaron's Inc.	3,005	1.02%	107,098
Ameren Corp.	2,543	0.99%	103,958
American Electric Power Co Inc	1,850	0.98%	103,175
Apache Corp.	1,040	0.99%	104,645
Apple Computer, Inc.	1,092	0.96%	101,480
Archer-Daniels-Midland Co.	2,228	0.93%	98,277
AT&T, Inc.	2,900	0.97%	102,544
Bemis Co	2,406	0.93%	97,828
Benchmark Electronics, Inc.	4,301	1.04%	109,590
BlackRock, Inc.	322	0.98%	102,911
Cabot Corp.	1,726	0.95%	100,091

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
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SCHEDULES OF INVESTMENTS (continued)

As at 30 June 2014

Sector Global Equity Kernel Fund (Continued)

<i>Investment</i>	Units	Fair Value as a % of Net Assets	Fair Value USD
<u>Financial Assets at Fair Value through profit or loss (continued)</u>			
<u>United States (continued)</u>			
CenturyLink, Inc.	2,670	0.92%	96,654
ConocoPhillips	1,247	1.02%	106,905
Credit Acceptance Corp.	769	0.90%	94,664
Cummins, Inc.	649	0.95%	100,134
CVS Caremark Corp.	1,266	0.91%	95,418
Dana Holding Corp.	4,494	1.04%	109,743
Dover Corp.	1,138	0.98%	103,501
Eli Lilly & Co.	1,660	0.98%	103,202
Entergy Corp.	1,310	1.02%	107,538
Exxon Mobil Corp.	988	0.94%	99,472
Health Net, Inc.	2,477	0.98%	102,895
Hewlett-Packard Co.	2,964	0.95%	99,828
Humana, Inc.	792	0.96%	101,154
Intel Corp.	3,619	1.06%	111,827
iShares MSCI ACWI Index Fund	3,900	2.23%	235,014
Johnson & Johnson	970	0.96%	101,481
JPMorgan Chase & Co.	1,793	0.98%	103,313
Lear Corp.	1,106	0.94%	98,788
Montpelier Re Holdings Ltd.	3,174	0.96%	101,409
Myriad Genetics, Inc.	2,961	1.09%	115,242
Occidental Petroleum Corp.	990	0.97%	101,604
Omnivision Technologies, Inc.	4,526	0.94%	99,481
PartnerRe Ltd.	934	0.97%	102,002
Pinnacle West Capital Corp.	1,802	0.99%	104,228
Public Service Enterprise Group, Inc.	2,534	0.98%	103,362
Sanderson Farms, Inc.	1,012	0.93%	98,366
SanDisk Corp.	1,016	1.01%	106,101
The Cato Corp.	3,380	0.99%	104,442
The Kroger Co.	2,090	0.98%	103,309
Timken Co.	1,517	0.98%	102,913
UnitedHealth Group, Inc.	1,240	0.96%	101,370
Unum Group	2,880	0.95%	100,109
Valero Energy Corp.	1,769	0.84%	88,627
Vishay Intertechnology, Inc.	6,549	0.96%	101,444
WellPoint, Inc.	915	0.94%	98,463
Westar Energy, Inc.	2,750	1.00%	105,023
Western Digital Corp.	1,134	0.99%	104,668
Whirlpool Corp.	691	0.91%	96,201
Zimmer Holdings, Inc.	945	0.93%	98,148
Total United States		49.73%	5,239,640
Total Equities		98.69%	10,395,452
Total Financial Assets at Fair Value through profit or loss		98.69%	10,395,452
Total Investments at Fair Value		98.69%	10,395,452
Cash at bank and brokers		5.57%	586,788
Liabilities in excess of other assets		(4.26)%	(449,138)
Total Net Assets		100.00%	10,533,102

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the period 1 January 2014 to 30 June 2014

SCHEDULES OF INVESTMENTS (Continued)

As at 30 June 2014

Sector Global Equity Kernel Fund (Continued)

**ALL SECURITIES ARE TRANSFERABLE SECURITIES ADMITTED
TO AN OFFICIAL EXCHANGE LISTING OR TRADED ON A
REGULATED MARKET**

Analysis of Total Assets	% of Total Assets
Transferable securities admitted to an official exchange listing or traded on a regulated market	92.85%
Other assets	7.15%
Total Assets	100.00%

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
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SCHEDULES OF INVESTMENTS (continued)

As at 30 June 2014

Sector Healthcare Value Fund

<i>Investment</i>	Units	Fair Value as a % of Net Assets	Fair Value USD
<u>Financial Assets at Fair Value through profit or loss</u>			
<u>Equities</u>			
<u>Denmark</u>			
H Lundbeck A/S	120,000	3.39%	2,953,060
Total Denmark		3.39%	2,953,060
<u>France</u>			
Ipsen S.A.	43,000	2.23%	1,943,707
Sanofi-Aventis S.A.	41,000	5.00%	4,354,965
Total France		7.23%	6,298,672
<u>Germany</u>			
Bayer AG	10,000	1.62%	1,412,278
Total Germany		1.62%	1,412,278
<u>India</u>			
Dr Reddy's Laboratories Ltd.	20,900	1.04%	901,835
Total India		1.04%	901,835
<u>Israel</u>			
Teva Pharmaceutical Industries Ltd.	41,100	2.47%	2,154,462
Total Israel		2.47%	2,154,462
<u>Japan</u>			
Astellas Pharmaceutical Co. Ltd.	200,000	3.01%	2,627,708
Daiichi Sankyo Co. Ltd.	130,000	2.79%	2,425,349
Nichi-iko Pharmaceutical Co. Ltd.	12,450	0.21%	186,187
Otsuka Holdings Co. Ltd.	51,000	1.81%	1,580,771
Shionogi & Co. Ltd.	80,000	1.92%	1,669,414
Total Japan		9.74%	8,489,429
<u>Sweden</u>			
Meda AB	53,961	1.08%	937,105
Total Sweden		1.08%	937,105
<u>Switzerland</u>			
Actelion Ltd.	7,000	1.02%	885,656
Nobel Biocare Holding AG	111,400	1.90%	1,658,187
Total Switzerland		2.92%	2,543,843
<u>United Kingdom</u>			
AstraZeneca PLC	40,000	3.41%	2,968,643
Smith & Nephew PLC	120,498	2.46%	2,140,688
Total United Kingdom		5.87%	5,109,331
<u>United States</u>			
Abbvie, Inc.	40,000	2.59%	2,257,600
Acorda Therapeutics, Inc.	52,000	2.01%	1,752,920
AmerisourceBergen Corp.	10,500	0.88%	762,930
Auxilium Pharmaceuticals, Inc.	15,000	0.35%	300,900
AVANIR Pharmaceuticals, Inc.	200,000	1.29%	1,128,000
Baxter International, Inc.	74,000	6.14%	5,350,200
Bio-Rad Laboratories, Inc.	9,000	1.24%	1,077,390
Boston Scientific Corp.	365,000	5.35%	4,661,050
Bristol-Myers Squibb Co.	21,000	1.17%	1,018,710
Cardinal Health, Inc.	28,000	2.20%	1,919,680
Cubist Pharmaceuticals, Inc.	24,000	1.92%	1,675,680
Edwards Lifesciences Corp.	33,000	3.25%	2,832,720
Eli Lilly & Co.	100,000	7.14%	6,217,000
Hospira, Inc.	32,000	1.89%	1,643,840
Integra LifeSciences Holdings Corp.	20,000	1.08%	941,200
Ironwood Pharmaceuticals, Inc.	140,000	2.46%	2,146,200

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
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SCHEDULES OF INVESTMENTS (continued)

As at 30 June 2014

Sector Healthcare Value Fund (Continued)

<i>Investment</i>	<i>Units</i>	<i>Fair Value as a % of Net Assets</i>	<i>Fair Value USD</i>
<u>Financial Assets at Fair Value through profit or loss (continued)</u>			
<u>United States (continued)</u>			
LifePoint Hospitals, Inc.	20,000	1.43%	1,242,000
Patterson Cos., Inc.	20,000	0.91%	790,200
PerkinElmer, Inc.	42,000	2.26%	1,967,280
Quest Diagnostics, Inc.	30,000	2.02%	1,760,700
ResMed, Inc.	30,000	1.74%	1,518,900
Spectrum Pharmaceuticals, Inc.	25,000	0.23%	203,250
Tenet Healthcare Corp.	24,000	1.29%	1,126,560
The Medicines Co.	25,800	0.86%	749,748
Thoratec Corp.	70,000	2.80%	2,440,200
UnitedHealth Group, Inc.	27,000	2.53%	2,207,250
Vertex Pharmaceuticals, Inc.	8,000	0.87%	757,440
Volcano Corp.	75,000	1.52%	1,320,750
WellCare Health Plans, Inc.	21,000	1.80%	1,567,860
Total United States		61.22%	53,338,158
Total Equities		96.58%	84,138,173
Net unrealised gain on forward foreign currency contracts (note 7)		0.19%	165,908
Total Financial Assets at Fair Value through profit or loss		96.77%	84,304,081
<u>Financial Liabilities at Fair Value through profit or loss</u>			
Net unrealised loss on forward foreign currency contracts (note 7)		(0.02)%	(14,709)
Total Financial Liabilities at Fair Value through profit or loss		(0.02)%	(14,709)
Total Investments at Fair Value		96.75%	84,289,372
Cash at bank and brokers		4.51%	3,924,819
Liabilities in excess of other assets		(1.26)%	(1,097,833)
Total Net Assets		100.00%	87,116,358

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

Analysis of Total Assets	% of Total Assets
Transferable securities admitted to an official exchange listing or traded on a regulated market	94.39%
Financial derivative instruments	0.19%
Other assets	5.42%
Total Assets	100.00%

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the period 1 January 2014 to 30 June 2014

SCHEDULES OF INVESTMENTS (continued)

As at 30 June 2014

Sector Sigma Nordic Fund

<i>Investment</i>	<i>Units</i>	<i>Fair Value as a % of Net Assets</i>	<i>Fair Value NOK</i>
<u>Financial Assets at Fair Value through profit or loss</u>			
<u>Equities</u>			
<u>Bermuda</u>			
BW LPG Ltd.	103,000	3.60%	9,270,000
Total Bermuda		3.60%	9,270,000
<u>Denmark</u>			
Danske Bank A/S	45,200	3.04%	7,839,165
DSV A/S	32,000	2.48%	6,400,900
Novo Nordisk A/S	46,200	5.06%	13,047,154
Novozymes A/S	23,500	2.81%	7,232,398
Royal UNIBREW A/S*	7,000	2.62%	6,752,499
Total Denmark		16.01%	41,272,116
<u>Finland</u>			
Amer Sports Oyj	41,000	2.00%	5,149,709
Huhtamaki Oyj	47,000	2.93%	7,542,040
Total Finland		4.93%	12,691,749
<u>France</u>			
Total S.A.	16,000	2.75%	7,094,911
Total France		2.75%	7,094,911
<u>Norway</u>			
Aurora LPG Holding AS	98,390	2.14%	5,509,840
Cermaq ASA	110,000	3.61%	9,295,000
Det Norske Oljeselskap ASA	98,000	2.55%	6,566,000
Marine Harvest ASA	171,000	5.55%	14,321,250
Norsk Hydro ASA	267,000	3.40%	8,765,610
Opera Software ASA	107,000	3.39%	8,752,600
Petroleum Geo-Services ASA	191,000	4.82%	12,415,000
Total Norway		25.46%	65,625,300
<u>Sweden</u>			
AarhusKarlshamn AB*	15,556	2.47%	6,375,318
Assa Abloy AB	29,500	3.57%	9,206,263
Autoliv, Inc.*	21,900	5.57%	14,372,509
Hennes & Mauritz AB	29,000	3.01%	7,772,546
Hexpol AB	12,100	2.61%	6,730,393
Nordea Bank AB	72,000	2.42%	6,231,988
Swedbank AB	44,000	2.78%	7,156,469
Trelleborg AB	52,000	2.63%	6,787,118
Total Sweden		25.06%	64,632,604
<u>United States</u>			
Baker Hughes, Inc.	24,000	4.25%	10,964,341
Exxon Mobil Corp.	10,000	2.40%	6,178,027
RPC, Inc.	50,000	2.80%	7,207,084
Total United States		9.45%	24,349,452
Total Equities		87.26%	224,936,132
<u>Contracts-for-Difference</u>			
<u>United Kingdom</u>			
NOBLE Corp. PLC	(45,900)	0.08%	208,624
Total Contracts-for-Difference		0.08%	208,624
<u>Options</u>			
August 14 Puts on OMX Put 1350 15/08/2014	400	0.20%	518,598
July 14 Puts on OMX Put 1320 18/07/2014	700	0.07%	183,116
Total Options		0.27%	701,714

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
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SCHEDULES OF INVESTMENTS (continued)

As at 30 June 2014

Sector Sigma Nordic Fund (Continued)

<i>Investment</i>	<i>Units</i>	<i>Fair Value as a % of Net Assets</i>	<i>Fair Value NOK</i>
<u>Financial Assets at Fair Value through profit or loss (continued)</u>			
Net unrealised gain on forward foreign currency contracts (note 7)		0.10%	268,118
Total Financial Assets at Fair Value through profit or loss		87.71%	226,114,588
<u>Financial Liabilities at Fair Value through profit or loss Contracts-for-Difference</u>			
<u>United Kingdom</u>			
Enesco Plc	(24,600)	(0.03)%	(80,551)
<u>Norway</u>			
ORKLA ASA	(123,000)	(0.08)%	(219,284)
<u>Sweden</u>			
Svenka Handelsbanken	(22,800)	(0.15)%	(377,402)
TeliaSonera AB	(130,000)	(0.16)%	(404,042)
Total Sweden		(0.31)%	(781,444)
<u>Denmark</u>			
Carlsberg AS	(11,000)	(0.21)%	(531,423)
<u>Switzerland</u>			
Transocean Ltd.	(40,300)	(0.29)%	(759,476)
Total Contracts-for-Difference		(0.92)%	(2,372,178)
Total Financial Liabilities at Fair Value through profit or loss		(0.92)%	(2,372,178)
Total Investments at Fair Value		86.79%	223,742,410
Cash at bank and brokers		14.25%	36,734,947
Liabilities in excess of other assets		(1.04)%	(2,684,482)
Total Net Assets		100.00%	257,792,875

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

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<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	84.53%
Financial derivative instruments	0.44%
Other assets	15.03%
Total Assets	100.00%

The accompanying notes form an integral part of the financial statements

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the period 1 January 2014 to 30 June 2014

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 “Regulations”).

As at 30 June 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 30 June 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 30 June 2014, eight 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 B USD 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.

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 30 June 2014, two classes are currently subscribed to in the Fund, 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 capitalization 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 30 June 2014 and 30 June 2013 there was no material difference between the reported Net Asset Value of the Funds and the valuation required by FRS 26.

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the period 1 January 2014 to 30 June 2014

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.

SECTOR CAPITAL FUNDS PLC
Unaudited Interim Financial Statements
For the period 1 January 2014 to 30 June 2014

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 30 June 2014, in accordance with Financial Reporting Standard 23: The Effects of Changes in Foreign Exchange Rates ("FRS 23"), a period end exchange rate of NOK/USD 0.1630 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 30 June 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 0.1656 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 period end. The adjustment recorded in the Statement of Changes in Net Assets attributable to holders of Redeemable Participating Shares for the period ended 30 June 2014 was a loss of USD512,370 (30 June 2013: loss USD2,347,234).

(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 30 June 2014 and 30 June 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 30 June 2014 Sector Global Equity Kernel Fund incurred transaction costs of USD88,690, Sector Healthcare Value Fund incurred transaction costs of USD42,437 (30 June 2013: USD28,440) and Sector Sigma Nordic incurred transaction costs of NOK744,556 (30 June 2013: USD465,403).

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 period under review. Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

5. Exchange Rates

The following exchange rates (against USD) were used to convert the investments and other assets and liabilities denominated in currencies other than USD as at 30 June 2014 and 30 June 2013:

Currency	30 June 2014	30 June 2013
Australian Dollar	1.0594	n/a
British Pound	0.5848	0.6593
Canadian Dollar	1.0679	n/a
Danish Krone	5.4466	5.7372
Euro	0.7304	0.7693
Hong Kong Dollar	7.7519	n/a
Hungarian Forint	227.2727	227.2727
Japanese Yen	101.0101	99.0099
Norwegian Krone	6.1350	6.1050
Swedish Krona	6.6845	n/a
Swiss Franc	0.8868	0.9462

SECTOR CAPITAL FUNDS PLC
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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 30 June 2014 and 30 June 2013:

Currency	30 June 2014	30 June 2013
British Pound	0.0953	0.1080
Danish Krone	0.8874	0.9398
Euro	0.1190	0.1260
Swedish Krona	1.0894	1.1053
US Dollar	0.1630	0.1638

An average exchange rate of 0.1656 was used to convert NOK to USD in the Profit and Loss Account (30 June 2013: 0.1713).

6. Cash

As at 30 June 2014 and 30 June 2013 all cash balances are held with BNY Mellon Trust Company (Ireland) Limited (the "Custodian"), DNB, Goldman Sachs and Nordea.

	Sector Global Equity Kernel Fund USD	Sector Healthcare Value Fund USD	Sector Sigma Nordic Fund NOK
30 June 2014			
BNY Mellon	586,788	3,924,819	27,444,817
DNB	-	-	217,898
Goldman Sachs	-	-	4,023,438
Nordea	-	-	5,048,794
	586,788	3,924,819	36,734,947
30 June 2013			
BNY Mellon		4,894,340	19,497,804
DNB		-	2,565,365
Goldman Sachs		-	2,067,151
Nordea		-	1,986
		4,894,340	24,132,306

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.

SECTOR CAPITAL FUNDS PLC
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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 period ended 30 June 2014

	Year end VaR	Gross Exposure*	Net Exposure**	lowest VaR	highest VaR	average VaR
Sector Global Equity Kernel Fund	1.0%	98.8%	98.8%	0.8%	1.4%	1.1%
	Year end VaR	Gross Exposure*	Net Exposure**	lowest VaR	highest VaR	average VaR
Sector Healthcare Value Fund	1.0%	96.7%	96.7%	1.0%	1.2%	1.1%
	Year end VaR	Gross Exposure*	Net Exposure**	lowest VaR	highest VaR	average VaR
Sector Sigma Nordic Fund	0.6%	119.2%	55.3%	0.4%	0.8%	0.6%

* Exposure as % of NAV

** Net open position as % of NAV

For the period ended 30 June 2013

	Year end VaR	Gross Exposure*	Net Exposure**	lowest VaR	highest VaR	average VaR
Sector Healthcare Value Fund	1.3%	99.7%	99.7%	1.2%	1.4%	1.3%
	Year end VaR	Gross Exposure*	Net Exposure**	lowest VaR	highest VaR	average VaR
Sector Sigma Nordic Fund	0.7%	120.8%	42.1%	0.6%	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 period ended 30 June 2014 and 30 June 2013 the Funds have not invested in interest bearing assets, other than cash amounts. As at 30 June 2014 and 30 June 2013, the Funds do not have any significant fair value interest rate risk exposure.

Tables outlining the currency and interest exposure as at 30 June 2014 and 30 June 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 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 its assets in unquoted securities.

For the period ended 30 June 2014 and 30 June 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 30 June 2014:

Sector Global Equity Kernel Fund

Description	Cumulative
< 1 day	100%
1-2 days	100%
3-5 days	100%
1-2 weeks	100%
3-4 weeks	100%
> 4 weeks	100%

Sector Healthcare Value Fund

Description	Cumulative
< 1 day	97%
1-2 days	100%
3-5 days	100%
1-2 weeks	100%
3-4 weeks	100%
> 4 weeks	100%

Sector Sigma Nordic Fund

Description	Cumulative
< 1 day	92%
1-2 days	95%
3-5 days	100%
1-2 weeks	100%
3-4 weeks	100%
> 4 weeks	100%

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

7. Financial Instruments and Associated Risks (Continued)

(c) Liquidity risk (Continued)

Sector Healthcare Value Fund

Description	Cumulative
< 1 day	100.00%
1-2 days	100.00%
3-5 days	100.00%
1-2 weeks	100.00%
3-4 weeks	100.00%
> 4 weeks	100.00%
Unknown N/A	100.00%

Sector Sigma Nordic Fund

Description	Cumulative
< 1 day	97.00%
1-2 days	100.00%
3-5 days	100.00%
1-2 weeks	100.00%
3-4 weeks	100.00%
> 4 weeks	100.00%
Unknown N/A	100.00%

(d) Foreign currency risk

A substantial portion of the financial assets of the Funds are denominated in currencies other than the 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.

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

7. Financial Instruments and Associated Risks (Continued)

(d) Foreign currency risk (Continued)

The foreign currency exposure as at 30 June 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	30,750	—	—	300,251	—	—	331,001
CAD	2,484	—	—	304,698	—	794	307,976
CHF	596	—	—	420,351	—	76,202	497,149
DKK	122	—	—	201,579	—	—	201,701
EUR	36,100	—	—	1,998,293	—	(85,346)	1,949,047
GBP	31,869	—	—	382,820	—	(83,549)	331,140
HKD	—	—	—	103,815	—	(103,653)	162
JPY	4,463	—	—	823,561	—	—	828,024
NOK	174,022	—	—	425,237	—	84,746	684,005
SEK	127	—	—	—	—	—	127
USD	306,255	—	—	5,434,847	—	(338,332)	5,402,770
Total	586,788	—	—	10,395,452	—	(449,138)	10,533,102

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	3,207	—	—	2,543,843	—	—	2,547,050
DKK	151	—	—	2,953,060	—	—	2,953,211
EUR	33,196	165,908	—	7,710,950	—	—	7,910,054
GBP	1,319	—	—	5,109,331	—	—	5,110,650
HUF	45	—	—	—	—	—	45
JPY	9,643	—	—	8,489,430	—	—	8,499,073
NOK	1,958	(14,709)	—	—	—	—	(12,751)
SEK	369	—	—	937,105	—	—	937,474
USD	3,874,931	—	—	56,394,455	—	(1,097,834)	59,171,552
Total	3,924,819	151,199	—	84,138,174	—	(1,097,834)	87,116,358

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	1,114	—	—	41,272,117	(531,423)	—	40,741,808
EUR	282,840	262,759	—	19,786,660	—	—	20,332,259
GBP	105,330	—	—	—	—	—	105,330
NOK	24,915,239	—	—	74,895,300	(219,284)	(2,684,482)	96,906,773
SEK	11,304,819	—	—	65,334,317	(781,444)	—	75,857,692
USD	125,605	5,359	—	24,558,076	(840,027)	—	23,849,013
Total	36,734,947	268,118	—	225,846,470	(2,372,178)	(2,684,482)	257,792,875

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(d) Foreign currency risk (Continued)

The foreign currency exposure as at 30 June 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	1,046,223	—	—	2,053,163	—	(1,042,554)	2,056,832
DKK	3	—	—	1,192,172	—	—	1,192,175
EUR	31,094	(33,113)	—	5,277,332	—	(285,630)	4,989,683
GBP	241,432	—	—	3,040,392	—	(237,592)	3,044,232
HUF	3,356	—	—	172,603	—	—	175,959
JPY	254,434	—	—	2,964,680	—	(249,262)	2,969,852
NOK	626	(23,736)	—	—	—	(261,055)	(284,165)
USD	3,317,172	—	—	33,248,282	—	(1,071,998)	35,493,456
Total	4,894,340	(56,849)	—	47,948,624	—	(3,148,091)	49,638,024

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	3,589,277	—	—	14,789,067	(3,437)	—	18,374,907
EUR	116,045	7,814	—	18,391,977	—	320,490	18,836,326
GBP	92,975	—	—	63,391	—	(6)	156,360
NOK	19,810,627	24	—	18,313,219	(125,184)	1,769,245	39,767,931
SEK	311,580	—	—	70,336,251	(70,950)	1	70,576,882
USD	211,802	—	—	2,690,530	(161)	36,941	2,939,112
Total	24,132,306	7,838	—	124,584,435	(199,732)	2,126,671	150,651,518

As at 30 June 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						
1/8/2014	BNY Mellon	USD	28,775,640	EUR	21,135,636	165,908
1/8/2014	BNY Mellon	USD	16,891,187	NOK	103,692,039	(14,709)
Total unrealised gain on forward foreign currency contracts						151,199

Sector Sigma Nordic Fund

Maturity Date	Counterparty	Sale Currency	Amount	Purchase Currency	Amount	Unrealised gain/(loss)
NOK						
1/8/2014	BNY Mellon	NOK	39,447,751	EUR	4,719,929	262,759
1/8/2014	BNY Mellon	NOK	5,900,766	USD	961,256	5,359
Total unrealised gain on forward foreign currency contracts						268,118

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(d) Foreign currency risk (Continued)

As at 30 June 2013 the following open 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
1/8/2013	BNY Mellon	USD	12,101,890	EUR	9,283,397	(33,113)
1/8/2013	BNY Mellon	USD	7,178,866	NOK	43,742,540	(23,736)
Total unrealised loss on forward foreign currency contracts						(56,849)

Sector Sigma Nordic Fund						
Maturity Date	Counterparty	Sale Currency	Amount	Purchase Currency	Amount	Unrealised gain/(loss)
						NOK
1/8/2013	BNY Mellon	NOK	8,189,308	EUR	1,031,380	7,814
1/8/2013	BNY Mellon	NOK	6,530	USD	1,072	24
Total unrealised gain on forward foreign currency contracts						7,838

(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 hold 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 30 June 2014 and 30 June 2013:

	30 June 2014	30 June 2013
BNY Mellon	A+	AA-
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 30 June 2014 was as follows:

Sector Sigma Nordic Fund

Security	Counterparty	Market Value of Margin
		NOK
AarhusKarlshamn AB	Goldman Sachs	5,963,359
Autoliv, Inc.	Goldman Sachs	12,071,224
Royal UNIBREW A/S	Goldman Sachs	5,882,135

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(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 period ended 30 June 2014:

Sector Global Equity Kernel Fund	Level 1	Level 2	Level 3	30 June 2014
	USD	USD	USD	USD
Financial assets at fair value through profit or loss				
Equity securities	10,395,452	–	–	10,395,452
Total	10,395,452	–	–	10,395,452

Sector Healthcare Value Fund	Level 1	Level 2	Level 3	30 June 2014
	USD	USD	USD	USD
Financial assets at fair value through profit or loss				
Equity securities	84,138,174	–	–	84,138,174
Derivative instruments	–	165,908	–	165,908
Financial liabilities at fair value through profit or loss				
Derivative instruments	–	(14,709)	–	(14,709)
Total	84,138,174	151,199	–	84,289,373

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Financial Instruments and Associated Risks (Continued)

(f) Fair value estimation (Continued)

Sector Sigma Nordic Fund	Level 1	Level 2	Level 3	30 June 2014
	NOK	NOK	NOK	NOK
Financial assets at fair value through profit or loss				
Equity securities	224,936,132	208,624	—	225,144,756
Derivative instruments	701,714	268,118	—	969,832
Financial liabilities at fair value through profit or loss				
Equity securities	—	(2,372,178)	—	(2,372,178)
Total	225,637,846	(1,895,436)	—	223,742,410

There were no significant transfers between levels for the period ended 30 June 2014.

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 period ended 30 June 2014.

The fair values of investments valued under levels 1 to 3 are as follows for the period ended 30 June 2013:

Sector Healthcare Value Fund	Level 1	Level 2	Level 3	30 June 2013
	USD	USD	USD	USD
Financial assets at fair value through profit or loss				
Equity securities	47,948,624	—	—	47,948,624
Financial liabilities at fair value through profit or loss				
Derivative instruments	—	(56,849)	—	(56,849)
Total	47,948,624	(56,849)	—	47,891,775

Sector Sigma Nordic Fund	Level 1	Level 2	Level 3	30 June 2013
	NOK	NOK	NOK	NOK
Financial assets at fair value through profit or loss				
Equity securities	123,065,294	1,519,141	—	124,584,435
Derivative instruments	—	7,838	—	7,838
Financial liabilities at fair value through profit or loss				
Equity securities	—	(199,732)	—	(199,732)
Total	123,065,294	7,838	—	124,392,541

There were no significant transfers between levels for the period ended 30 June 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 A NOK Shares (issued by Sector Sigma Nordic Fund) and 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 period ended 30 June 2014:

	Sector Global Equity Kernel Fund	Sector Healthcare Value Fund	Sector Sigma Nordic Fund
Class A EUR			
Shares in issue at beginning of period	–	98,930	–
Number of shares issued	–	39,943	29,432
Number of shares redeemed	–	(2,317)	(4,072)
Number in issue at end of period	–	136,556	25,360
Class A NOK			
Shares in issue at beginning of period	–	15,692	42,745
Number of shares issued	–	–	24,393
Number of shares redeemed	–	–	–
Number in issue at end of period	–	15,692	67,138

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Share Capital (Continued)

	Sector Global Equity Kernel Fund	Sector Healthcare Value Fund	Sector Sigma Nordic Fund
Class A USD			
Shares in issue at beginning of period	–	223,138	–
Number of shares issued	–	23,492	9,577
Number of shares redeemed	–	(60,316)	–
Number in issue at end of period	–	186,314	9,577
Class B EUR			
Shares in issue at beginning of period	–	–	16,805
Number of shares issued	–	–	1,387
Number of shares redeemed	–	–	–
Number in issue at end of period	–	–	18,192
Class B NOK			
Shares in issue at beginning of period	–	64,332	91,523
Number of shares issued	–	19,220	10,724
Number of shares redeemed	–	(18,705)	(18,215)
Number in issue at end of period	–	64,847	84,032
Class B USD			
Shares in issue at beginning of period	–	–	6,454
Number of shares issued	–	–	1,343
Number of shares redeemed	–	–	(7,778)
Number in issue at end of period	–	–	19
Class C NOK			
Shares in issue at beginning of period	–	–	2,071
Number of shares issued	–	–	1,582
Number of shares redeemed	–	–	–
Number in issue at end of period	–	–	3,653
Class L NOK			
Shares in issue at beginning of period	–	25,492	5,936
Number of shares issued	–	–	1,475
Number of shares redeemed	–	–	–
Number in issue at end of period	–	25,492	7,411
Class O NOK			
Shares in issue at beginning of period	–	–	–
Number of shares issued	12,874	–	–
Number of shares redeemed	–	–	–
Number in issue at end of period	12,874	–	–
Class P USD			
Shares in issue at beginning of period	–	–	–
Number of shares issued	86,440	–	–
Number of shares redeemed	–	–	–
Number in issue at end of period	86,440	–	–

The following are the share class transactions during the period ended 30 June 2013:

	Sector Healthcare Value Fund	Sector Sigma Nordic Fund
Class A EUR		
Shares in issue at beginning of period	58,207	–
Number of shares issued	27,249	–
Number of shares redeemed	(6,979)	–
Number in issue at end of period	78,477	–

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Share Capital (Continued)

	Sector Healthcare Value Fund	Sector Sigma Nordic Fund
Class A NOK		
Shares in issue at beginning of period	15,692	42,745
Number of shares issued	–	–
Number of shares redeemed	–	–
Number in issue at end of period	<u>15,692</u>	<u>42,745</u>
Class A USD		
Shares in issue at beginning of period	139,179	–
Number of shares issued	54,709	–
Number of shares redeemed	(9,431)	–
Number in issue at end of period	<u>184,457</u>	<u>–</u>
Class B EUR		
Shares in issue at beginning of period	–	10,641
Number of shares issued	–	–
Number of shares redeemed	–	(779)
Number in issue at end of period	<u>–</u>	<u>9,862</u>
Class B NOK		
Shares in issue at beginning of period	–	90,711
Number of shares issued	–	16,086
Number of shares redeemed	–	(17,316)
Number in issue at end of period	<u>–</u>	<u>89,481</u>
Class B USD		
Shares in issue at beginning of period	–	10
Number of shares issued	–	–
Number of shares redeemed	–	–
Number in issue at end of period	<u>–</u>	<u>10</u>
Class C NOK		
Shares in issue at beginning of period	–	150
Number of shares issued	–	642
Number of shares redeemed	–	–
Number in issue at end of period	<u>–</u>	<u>792</u>
Class L NOK		
Shares in issue at beginning of period	36,139	500
Number of shares issued	–	–
Number of shares redeemed	(8,949)	–
Number in issue at end of period	<u>27,190</u>	<u>500</u>

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 period ended 30 June 2014 were USD706,560 (30 June 2013: USD354,030) and the amount outstanding at 30 June 2014 was USD167,032 (30 June 2013: USD56,249).

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 period ended 30 June 2014 was USD34,294 and the amount outstanding at 30 June 2014 was USD3,113.

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 period ended 30 June 2014 were USD494,629 (30 June 2013: USD371,448) and the amount outstanding at 30 June 2014 was USD1,064,471 (30 June 2013: USD436,799).

As at 30 June 2014 an equalisation credit of USD326,447 (30 June 2013: USD361,967) 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 period ended 30 June 2014 was USD170,980 (30 June 2013: USD123,655) and the amount outstanding at 30 June 2014 was USD69,116 (30 June 2013: USD65,267).

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 period ended 30 June 2014 was USD43,325 (30 June 2013: USD34,605) and the amount outstanding at 30 June 2014 was USD17,562 (30 June 2013: USD12,364).

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 period ended 30 June 2014 was USD13,531 (30 June 2013: USD13,153) and the amount outstanding at 30 June 2014 was USD6,600 (30 June 2013: USD6,500).

13. Efficient Portfolio Management

The Company may enter into a variety of derivative instruments including, but not limited to, forward foreign exchange contracts, futures, options, swaps, contracts-for-difference, 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 period ended 30 June 2014, the Company has utilised forward foreign currency contracts, contracts-for-difference and options.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Efficient Portfolio Management (Continued)

14. 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 30 June 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 30 June 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 30 June 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	12,874
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 Fondsförvaltning AS	Sector Sigma Nordic Fund, Class L NOK	500

The Board of Directors of the Manager is not aware of any transactions with connected persons during the period ended 30 June 2014 other than those disclosed in these financial statements.

15. Contingent Liabilities

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

As at 30 June 2014 there were three Funds in operation (30 June 2013: two) and there were no known contingent liabilities.

16. Soft Commission

There were no soft commissions for the periods ended 30 June 2014 or 30 June 2013.

17. Prospectus

A revised Supplement was issued on 24 January 2014 for Sector Sigma Nordic Fund.

A revised Supplement was issued on 28 April 2014 for Sector Global Equity Kernel Fund to include Class O NOK Shares.

18. Comparative period

The prior period comparatives are for the period 1 January 2013 to 30 June 2013.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Significant events during the year

As disclosed in note 1 and note 17 the Company launched the Sector Global Equity Kernel Fund on 19 March 2014.

There were no other significant events during the period.

20. Significant events after the balance sheet date

There were no significant events after the balance sheet date.

21. Approval of Financial Statements

The financial statements were authorised for issue by the Directors on 21 August 2014.

SECTOR CAPITAL FUNDS PLC
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SIGNIFICANT PORTFOLIO MOVEMENTS

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 period is provided to ensure that the shareholders can identify changes in the investments held by the Fund. These statements present the aggregate purchases and sales of an investment, exceeding 1% of the total value of purchases and sales for the period. At a minimum the largest 20 purchases and sales are listed. If the Fund enters into less than 20 purchases or sales during the period, then all transactions are presented.

Sector Global Equity Kernel Fund

LARGEST PURCHASES

	COST USD
iShares MSCI ACWI Index Fund	634,344
Waddell & Reed Financial, Inc.	111,571
Atlantic Tele Network, Inc.	110,484
Koninklijke Ahold NV	107,138
Myriad Genetics, Inc.	106,797
Kemper Corp.	105,953
Freenet AG	104,703
IG Group Holdings PLC	104,296
Credit Acceptance Corp.	103,874
Guangdong Investments Ltd.	103,632
Apache Corp.	103,490
BHP Billiton Ltd.	103,242
Doshisha Co. Ltd.	103,076
Veidekke ASA	102,932
JPMorgan Chase & Co.	102,460
AT&T, Inc.	102,104
Mantech International Corp.,	102,098
TGS Nopec Geophysical Co. ASA	102,009
Mochida Pharmaceutical Co. Ltd.	101,777
AGL Energy Ltd.	101,189

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SIGNIFICANT PORTFOLIO MOVEMENTS

Sector Global Equity Kernel Fund

LARGEST SALES	PROCEEDS
	USD
iShares MSCI ACWI Index Fund	408,584
Kemper Corp.	102,463
Waddell & Reed Financial, Inc.	102,226
Atlantic Tele Network, Inc.	101,635
BHP Billiton Ltd.	99,384
Mantech International Corp.	98,431
Brocade Communications Systems, Inc.	87,835
Ingredion Inc.	85,507
The Nippon Synthetic Chemical Industry Co. Ltd.	85,327
Kongsberg Gruppen A/S	84,655
Suncor Energy, Inc.	84,244
Foot Locker, Inc.	84,220
Chevron Corp.	84,059
Schneider Electric S.A.	84,043
Metro, Inc.	83,932
Ternium S.A.	83,321
Telecom Italia S.p.A.	82,801
Cardno Ltd.	82,247
Agrium, Inc.	82,153
Trusco Nakayama Corp.	82,128
Patterson Cos., Inc.	81,949
Alfresa Holdings Corp.	81,884
M6-Metropole Television S.A.	81,719
Metall Zug AG	75,794
Lintec Corp.	75,698
Transcontinental, Inc.	55,065
BHP Billiton PLC	54,506
JB Hi-Fi Ltd.	54,356
Nolato AB	52,990
Sonoco Products Co.	51,168
BP PLC	50,762
Tele2 AB	50,227
Fortum Oyj	50,095
Hill-Rom Holdings, Inc.	48,328
Pfizer, Inc.	48,287
Toyoda Gosei Co. Ltd.	45,728
Nippon Konpo Unyu Soko Co. Ltd.	45,670
Navient Corp.	32,283

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SIGNIFICANT PORTFOLIO MOVEMENTS (Continued)

Sector Healthcare Value Fund

LARGEST PURCHASES

	COST USD
Abbvie Inc	3,705,751
Baxter International, Inc.	2,100,712
Boston Scientific Corp.	1,527,469
Otsuka Holdings Co. Ltd.	1,506,763
Hospira, Inc.	1,465,407
Edwards Lifesciences Corp.	1,308,141
Acorda Therapeutics, Inc.	1,180,365
Sanofi-Aventis S.A.	1,113,120
WellCare Health Plans, Inc.	1,088,351
Thoratec Corp.	1,072,721
Bayer AG	1,068,903
Bristol-Myers Squibb Co.	989,544
Eli Lilly & Co.	949,492
AVANIR Pharmaceuticals, Inc.	926,886
Quest Diagnostics, Inc.	866,614
Dr Reddy's Laboratories Ltd.	836,244
Patterson Cos., Inc.	826,571
Vertex Pharmaceuticals, Inc.	736,525
Smith & Nephew PLC	736,180
Teva Pharmaceutical Industries Ltd.	734,612
Shionogi & Co. Ltd.	729,372
AstraZeneca PLC	686,788
AmerisourceBergen Corp.	680,499
Ironwood Pharmaceuticals, Inc.	636,256
Allergan, Inc.	502,173
ResMed, Inc.	463,176
Nobel Biocare Holding AG	445,407
Johnson & Johnson	435,931
H Lundbeck A/S	418,638
Volcano Corp.	406,592
Vivus, Inc.	381,638

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SIGNIFICANT PORTFOLIO MOVEMENTS (Continued)

Sector Healthcare Value Fund

LARGEST SALES

PROCEEDS

USD

Forest Laboratories, Inc.	5,016,957
Johnson & Johnson	4,495,184
Mallinckrodt PLC	2,160,956
Abbvie Inc	1,899,555
Agilent Technologies, Inc.	1,636,350
Bayer AG	1,434,211
Boston Scientific Corp.	1,337,401
Allergan, Inc.	1,148,009
AstraZeneca PLC	1,116,051
Auxilium Pharmaceuticals, Inc.	1,069,093
Sanofi-Aventis S.A.	1,068,280
Meda AB	1,042,083
Stada Arzneimittel AG	849,256
Vertex Pharmaceuticals, Inc.	849,240
Express Scripts Holding Co.	803,074
Masimo Corp.	718,420
United Therapeutics Corp.	714,853
WellCare Health Plans, Inc.	691,456
Richter Gedeon Nyrt	688,200
Actelion Ltd.	621,658
St. Jude Medical, Inc.	594,490
Astellas Pharmaceutical Co. Ltd.	508,956
Edwards Lifesciences Corp.	499,328
Health Net, Inc.	481,440
UnitedHealth Group, Inc.	408,623
Quest Diagnostics, Inc.	354,739

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SIGNIFICANT PORTFOLIO MOVEMENTS (Continued)

Sector Sigma Nordic Fund

LARGEST PURCHASES

**COST
NOK**

Petroleum Geo-Services ASA	12,571,675
BW LPG Ltd.	12,088,184
Baker Hughes, Inc.	9,388,664
Norsk Hydro ASA	8,860,175
Marine Harvest ASA	8,169,977
Novo Nordisk A/S	8,007,150
AstraZeneca PLC	7,747,016
Cermaq ASA	7,619,877
Millicom International Cellular S.A.	7,125,281
Svenska Cellulosa AB	7,098,781
Swedbank AB	6,876,252
Total S.A.	6,809,623
Det Norske Oljeselskap ASA	6,652,248
Investor AB	6,631,646
Seadrill Ltd.	6,505,286
Boliden AB	6,463,506
DSV A/S	6,411,920
Exxon Mobil Corp.	6,390,018
Novozymes A/S	6,243,976
RPC, Inc.	6,114,725
Stolt-Nielsen Ltd.	5,535,421
Amer Sports Oyj	5,175,955
Assa Abloy AB	4,907,608
Aurora LPG Holding AS	4,065,116
ABB Ltd.	4,032,309
Trelleborg AB	3,707,315
Volvo AB	3,244,778
Autoliv, Inc.	2,177,126
Huhtamaki Oyj	2,169,875

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SIGNIFICANT PORTFOLIO MOVEMENTS (Continued)

Sector Sigma Nordic Fund

LARGEST SALES

PROCEEDS

NOK

ABB Ltd.	11,677,858
Royal Caribbean Cruises Ltd.	10,931,942
Norsk Hydro ASA	9,861,739
Volvo AB	9,444,472
AstraZeneca PLC	9,053,733
SKF AB	8,200,091
Investor AB	6,713,486
Svenska Cellulosa AB	6,614,043
Betsson AB	6,583,972
Konecranes Oyj	6,554,914
Seadrill Ltd., ADR	6,549,965
Millicom International Cellular S.A.	6,441,421
Rockwool International A/S	6,431,237
Boliden AB	6,196,596
Bakkafrost P/F	5,640,600
Salmar ASA	5,637,139
BW LPG Ltd.	5,484,245
Novozymes A/S	5,306,904
Novo Nordisk A/S	5,016,378
Stolt-Nielsen Ltd.	5,007,020
Meda AB, Class A	4,792,584
Stora Enso Oyj	4,672,520
Navios Maritime Acq Corp.	4,439,195
Nordea Bank AB	4,313,834
Statoil ASA	4,176,668
Marine Harvest ASA	3,515,985
Lindab International AB	3,335,681
Trelleborg AB	2,118,070