



Healthcare Select

Q2 2025



Sustainable Philosophy

Core Beliefs

Our active approach to the stewardship of investments ensures sustainability commitments

We emphasize active ownership to influence positive change and progress

The integration of sustainability factors is key to our long-term investment research process

Prioritising pro-active engagement rather than excluding and divesting

Investing responsibly is aligned with superior risk-adjusted long-term returns

Our actions

Engaging directly with and voting on investee companies

Researching sustainability factors is fully integrated into our overall investment approach

Materiality ensures that we prioritize what matters most

Extensive screening to ensure norm-based alignment

C WorldWide Healthcare Select

Quarterly Comments

During the past quarter, it was once again time for the NordicSIF conference. A conference gathering the Nordic sustainable investment forums (DanSIF, SweSIF, NorSIF, FinSIF, and IcelandSIF) in one of the Nordic capitals. This year the conference was held in Stockholm and the header of the conference was the 'Future of Humanity'. In scope quite broad, but also a timely and topical theme. Topics of discussion included the climate transition, sustainable living, the Nordic JEDI (justice, equity, diversity, inclusion) warrior, as well as peace and war.

The latter has seen significant public interest the last three years, specifically since Russia invaded Ukraine, as we also wrote about during the last quarter. Furthermore, the topic continues to be highly debated among market participants, politicians, as well as in the sustainability community. Since the EU in February 2025 announced its revised strategy to re-arm Europe in the Readiness 2030 strategy, a large number of European and in particular Nordic asset owners have gone from excluding defense companies as a standard in investment strategies to now including these in strategic investment guidelines. The month of June, in particular, showed many changes, even before the member countries of NATO decided to increase defense spending from 2% to 5% of GDP until at least 2035.

Investing in the defense sector presents numerous challenges and opportunities. The defense sector is highly regulated, and from an investment perspective requires additional attention to detail. Many companies are not pure defense contractors and much of their product range is used in other industries. An investment in defense was often treated as an exclusion criterion. From our perspective, all of our investment strategies, except for the Global Ethical Equities strategy, allow for investments in defense companies that produce or produce components for conventional weapons.

Importantly, one must distinguish between conventional weapons and controversial weapons. Conventional weapons are those that are not classified as weapons of mass destruction but rather encompass a wide range of military equipment including light weapons, artillery, tanks, combat aircraft, warships, and missiles. These weapons are commonly used in armed conflicts and are a subject of arms control efforts.

Controversial weapons on the other hand are regulated by international conventions, are used for mass destruction, and include anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, white phosphorus munitions, and nuclear weapons.

The recent development from asset owners is to include a broader range of defense companies. This includes the allowance of nuclear weapons, if the defense companies are based in countries that have signed the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). The NPT aims to prevent the spread of nuclear weapons and promote peaceful uses of nuclear energy.

Despite close similarities between the Nordic countries, inclusion of weapons, and in particular controversial weapons in investment guidelines varies across countries. The most significant difference is Finland, which earlier in June decided to withdraw from the Ottawa Convention that bans anti-personnel mines. The Finnish parliament argues that reintroducing anti-personnel mines would offer a cost-effective deterrent to slow a possible Russian advance, while preserving Finland's territorial integrity. Finland shares a 1,340 km border with Russia.

As an active public equity manager, we follow the significant developments within defense investments and value our engagement with key stakeholders on this topic for the benefit of our long-term investment approach.



Investment Screenings

Sanctions Screenings

All investments are screened against Refinitiv World-Check sanctions-screening covering all known sanction bodies

Norms-Based Global Standards Screenings

Convention Breach screenings, compliance with UN Global Compact Principles, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

Investment Exclusions

None of the companies within the portfolio exceeds a certain level of involvement in the activities specified.

- 0% Controversial Weapons
- 5% Small Arms
- 0% Adult Entertainment
- 5% Alcoholic Beverages
- 5% Gambling
- 0% Tobacco Products
- 0% Oil & Gas
- 25 % Oil & Gas
- 0 % Thermal Coal
- 5 % Thermal Coal
- 0% Oil Sands
- 0% Shale Energy

Portfolio Changes

No new holdings in the fund.

Direct Engagements

Karyopharm Therapeutics

We held a virtual meeting with the management team of Karyopharm to discuss the company's financial position ahead of two critical Phase 3 read-outs: Xpovio in myelofibrosis expected in the second half of 2025, and in endometrial cancer in 2026.

Management acknowledged the company's precarious financial situation and outlined the steps taken to contain costs and extend runway. The discussion focused on the importance of securing the necessary funding to reach these key data milestones. The company is actively exploring all available options for non-dilutive financing and is well aware of the need to avoid unnecessary dilution, although the financing path remains uncertain at this stage.

Zai Lab

We held a virtual meeting with Chief Operating Officer Josh Smiley to receive a general update on Zai Lab's recent performance and strategic outlook. A key topic was the growing investor concern over U.S.-China trade tensions and the potential implications for cross-border biotech partnerships.

Mr. Smiley offered a confident and constructive view of Zai Lab's position, emphasizing that the company remains well-placed to navigate geopolitical headwinds. In fact, he suggested that the current climate may present new opportunities: with many Western biopharmaceutical companies becoming increasingly hesitant to launch independently in China, Zai Lab's track record as a reliable, experienced, and commercially successful partner makes it an attractive alternative for market entry. The company continues to demonstrate its ability to execute and deliver strong results with its in-licensed portfolio, which strengthens its position in negotiations for future licensing and collaboration agreements.

Ionis Pharmaceuticals

We hosted a lunch meeting at our offices with the senior management team of Ionis Pharmaceuticals, including CEO Brett Monia, CFO Beth Hougen, Chief Global Product Strategy Officer Kyle Jenne, and SVP of Investor Relations Wade Walke.

The discussion focused on several key areas: the breadth of Ionis' late-stage pipeline, including multiple upcoming pivotal read-outs; the ongoing build-out of the company's internal commercial infrastructure in preparation for potential product launches; and the company's approach to drug pricing and market access. We also discussed the evolving regulatory landscape, including recent interactions with the FDA under the new U.S. administration, and how this may impact review timelines and regulatory strategy. Finally, the team addressed Ionis' financial outlook and reiterated their focus on reaching profitability as late-stage programs transition to revenue-generating assets.



Krystal Biotech

We hosted a meeting with CEO and co-founder Krish Krishnan, along with Laurent Goux, Senior Vice President and General Manager for Europe.

The discussion covered several key areas. Management provided an update on recent financial performance and competitive dynamics, as well as insights into the current regulatory environment in the U.S. under the new administration. Despite broader market concerns about potential FDA slowdowns, the company reported no delays or disruptions in its regulatory interactions, which was reassuring.

Laurent Goux gave an overview of the upcoming European launch of Vyjuvek following its recent approval, including early thoughts on market access and pricing strategy across key EU countries. CEO Krishnan reiterated the company's commitment to maintaining financial discipline and emphasized that Krystal intends to remain profitable as it scales its operations and expands internationally.

Proxy Voting

Q2 is the peak season for Annual General Meetings (AGMs), and during the quarter we voted on a total of 385 proposals across our portfolio companies.

A key area where we frequently opposed the board of directors was on executive compensation. We continue to see many stock option programs that are overly generous, often too short-term in nature, and lacking clear performance targets—both in terms of operational outcomes and alignment with sustainability goals.

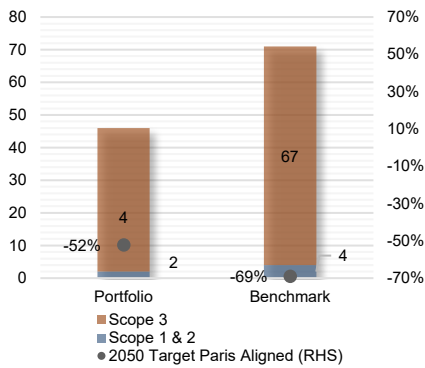
We also diverged from the recommendation in our Glass Lewis proxy voting policy to vote against the Chair of the Board when that person also serves as CEO. In these cases, we considered the broader governance context. The U.S. corporate governance framework permits a combined Chair/CEO role, and many of the individuals in question have held both roles for a long time, demonstrating strong leadership and deep company knowledge. We saw no reason to mistrust their stewardship and also note that governance concerns are often addressed through the appointment of a lead independent director.

C WORLDWIDE HEALTHCARE EQUITIES

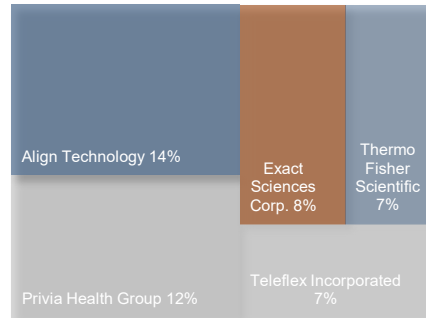
Sustainalytics Portfolio Risk Rating: Medium

Benchmark: MSCI Healthcare

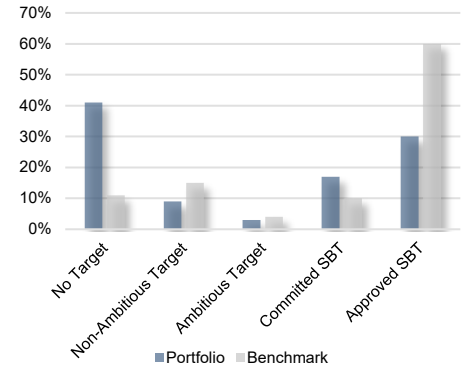
Emissions Exposure & SDS (tCO₂e)



Top 5 Contributors to Portfolio Emissions



Climate Target Assessment



The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot against the allocated carbon budget until 2050.

Carbon Intensity (tCO₂e/mill. USD revenue)

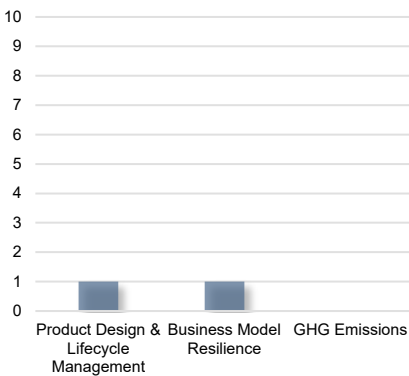


The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

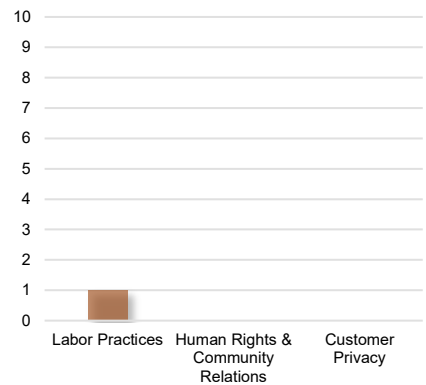
Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 30th of June 2025.

Direct Engagement Topics

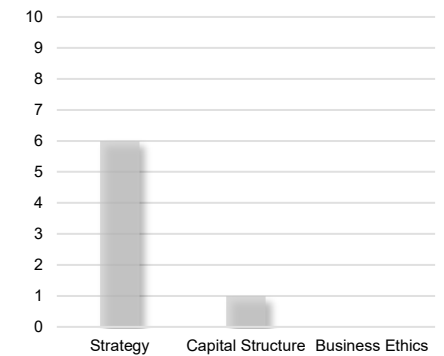
Environment



Social



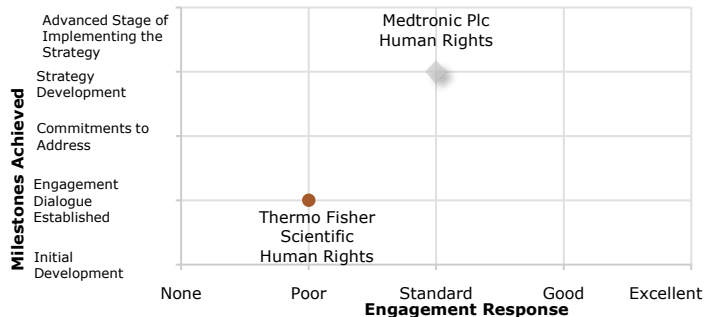
Governance



Total direct company engagements for the portfolio: 6

Throughout the quarter, we conducted several direct engagements with the portfolio companies. Our ESG engagements have most often incorporated an aspect of each subject E, S, and G. The above graphs show the top three engagement topics within environmental, social and governance aspects. There are several sub-topics within each category that can overlap within one engagement.

Collective Engagement



The above graph illustrates our collective engagements with Sustainalytics. The companies are shown within what milestone they have reached thus far and rated according to their communication in relation to the specific engagement topic.

Proxy Voting

Meetings Voted	97%	33
Proposals Voted	79%	315
Meetings with at Least One Vote Against Management	17%	68
	53%	Board Related
Proposal Categories (Top 3)	6%	Compensation
	12%	Audit/Financials

We utilise proxy voting to emphasise the topics discussed with the investee companies in our ongoing engagement with them and to vote on key issues important to the governance of the investee companies. The table above shows key topics and how votes have been cast during the quarter.

Source: Sustainalytics. Portfolio as of 30th of June 2025.

Source: Glass Lewis. Portfolio as of 30th of June 2025.

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Active Investments

C WorldWide Asset Management Fondsmæglerselskab A/S is a focused asset manager. Our objective is to deliver consistent, long term capital growth for clients through active investments in listed equities on global stock exchanges.

Our clients are primarily institutional investors and external distribution channels. Our product range includes discretionary asset management services and commingled fund products.

The combination of a unique investment philosophy based on careful stock picking and long-term global trends coupled with a stable team of experienced portfolio managers, has since 1986 resulted in world-class investment performance.

Please find more of our Sustainability Reports on cworldwide.se.

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