

MARCH 2018



RHENMAN GLOBAL OPPORTUNITIES L/S

BACK TO BASICS

- A global long/short equity fund able to invest in all sectors around the world.
- Fundamental portfolio management by a portfolio manager with almost 30 years experience of the finance sector.
- The portfolio team supported by the renowned Advisory Board.
- Global Long/Short equity fund with a long bias over a business cycle.
- Typical net exposure of 50 % to 90 %.
- Active selection of regions and sectors, regardless of index.
- 35-50 single stock positions, preferably in larger companies.
- Investment horizon for long positions of 2-4 years, short position horizon of 6 months to 2 years.

MONTHLY UPDATE

Volatility in the world's stock markets continued in March. The month saw plenty of political posturing, particularly in the United States. President Trump announced the imposition of tariffs on steel and aluminum, prompting fear among investors of the risk of a full-scale trade war. As the month went on, however, these fears were allayed somewhat as more countries and regions, including the EU, were exempted, at least for the time being. At the end of the month, it became increasingly clear that the real purpose was to transform US trade relations with China, not so much with respect to steel but rather concerning more value-added products.

Another startling piece of news in line with these happenings was the Trump administration's blocking of Singapore-based Broadcom's bid for American Qualcomm, the biggest technology deal ever, worth about USD 120 billion. The justification for the decision stemmed from the unwillingness of the United States to

risk losing control of strategically important technology, in this case within communications.

The news this month was otherwise dominated by political events. On the positive side there was the upcoming meeting between North Korean leader Kim Jong-Un and Donald Trump, while on the negative side there was the nerve agent attack in England and its aftermath of sharply deteriorating diplomatic relations between Russia and the West.

The month's biggest business news also had political overtones when Facebook lost more than 15 percent of its value following news that personal data from 50 million users had been used by Cambridge Analytica to influence election campaigns. Shares in another of the world's largest companies, Amazon, fell toward the end of March when President Trump tweeted his displeasure with the e-commerce giant's tax compliance, use of the US Postal

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Service and the negative impact on employment in retail. Measured in Swedish krona, the world index fell in March by nearly 2 percent. Raw materials, IT and consumer discretionary led the decline, while energy and consumer staples, the worst sectors year to date, rose.

FUND PERFORMANCE

Measured in its main share class RC1 (SEK), the fund decreased by 1.2 percent, with consumer discretionary and consumer staples being the biggest contributors while banks and industrial enterprises pushed down returns. The fund's long positions dragged down performance by 2.1 percent while short positions contributed with 0.9 percent.

This month's top contributor was the fund's short position in Tesla. The fund benefited when the share price fell following multiple negative news. For one, Tesla is now being investigated by US authorities after a fatal crash related to the autopilot on its Model X. As a result, Moody's downgraded Tesla's credit rating due to production and cash flow problems. Furthermore, the company will be forced to recall vehicles for the third time due to safety concerns. This time around, the move represents the largest recall ever – 123,000 Model S sedans – after problems with corrosion in the steering bolts. But, perhaps most importantly, there is growing concern over the slow rate of production of the Model 3.

The Japanese video game developer Square Enix showed strong performance during the month and was the fund's second-best contributor. Interest in the stock was high in March after the re-release of two of Square Enix's classic games, Secret of Mana

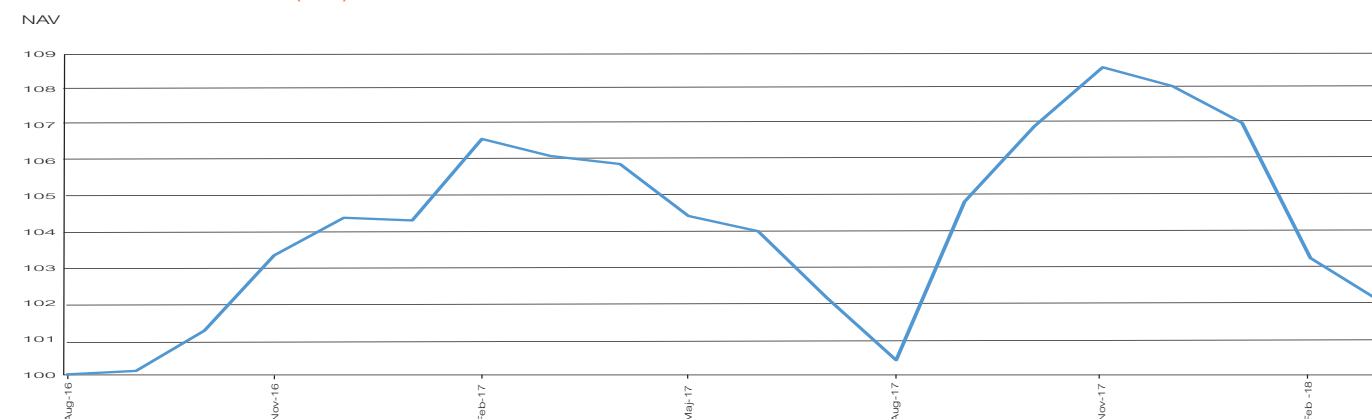
and Chrono Trigger, on the latest generation of gaming platforms. Several analysts also upgraded their recommendations for the stock during the month.

Another Japanese company, the brewery conglomerate Asahi Group, became the fund's third-largest contributor. Moody's upgraded its rating of the company's outlook from stable to positive, and justified its decision by the reduction in debt that Asahi has achieved more quickly than expected. In addition, the company announced some good news about its future earnings growth. Operating profit is expected to grow faster than revenue over the next one to two years, thanks to new products and cost-saving programs. In addition, the newly acquired eastern European product lines of Pilsner Urquell, Kozel and Tyskie are expected to further boost profits.

The fund's holdings in chip manufacturer, Qualcomm, dragged down fund performance during the month. The stock fell sharply after the Trump administration issued a presidential order blocking Broadcom's bid for the company in order to limit foreign investment in US technology companies. The United States seems concerned about increased Chinese influence, claiming that China forces US companies to pass on valuable technology and trade secrets. Broadcom's close relationships with Chinese Huawei may have contributed to the unexpected decision to halt the deal.

The Chinese automaker, Great Wall Motors, was also a negative contributor during the month after its sales growth fell to just 2.6 percent in 2017 compared with 30 percent in 2016. One reason stems from the increasingly fierce competition from cheaper options on the home market. Investors are also concerned that Great

FUND PERFORMANCE - RC1 (SEK)



MARCH 2018

SHARE CLASS	NAV	MONTHLY RETURN	YTD 2018 ¹	SINCE INCEPTION ¹
RC1 (SEK)	102.04	-1.16%	-5.52%	2.04%
RC9 (SEK)	104.00	-1.06%	-5.21%	4.00%
IC1 (EUR)	92.06	-2.98%	-9.67%	-7.94%
3 month Euribor (EUR)	99.49	-0.03%	-0.08%	-0.51%

SHARE CLASS CHARACTERISTICS – INSTITUTIONAL SHARE CLASSES (ONLY INSTITUTIONAL INVESTORS)

	MINIMUM INVESTMENT	MGT. FEE	PERF. FEE	ISIN NUMBER	BLOOMBERG TICKER	LIPPER REUTERS	TELEKURS
IC1 (EUR)	100,000	1.50 %	20 %	LU1346219667	RGLOPC1 LX	68373122	32744428
IC1 (SEK)	1,000,000	1.50 %	20 %	LU1346220160	RGLOP11 LX	68373081	32744302

SHARE CLASS CHARACTERISTICS – RETAIL SHARE CLASSES (ALSO OPEN TO INSTITUTIONAL INVESTORS)

	MINIMUM INVESTMENT	MGT. FEE	PERF. FEE	ISIN NUMBER	BLOOMBERG TICKER	LIPPER REUTERS	TELEKURS
RC1 (SEK)	500	2.00 %	20 %	LU1346219402	RGLOPR1 LX	68373110	32744421
RC9 (SEK)	2,500,000	0.70 %	20 %	LU1339365303	RGLOPR9 LX	68373115	32744420

Administrative fees are charged in addition to the fees above. Further information is available in the KIID as well as the prospectus (part B, B14-18).

Notes: ¹ Please find launch date information on page 4.

Wall Motors will now be forced to lower the prices of its currently dominant high-end SUVs.

The fund's investment in staffing company Adecco Group also had a negative impact on fund performance. The stock fell after the company presented its earnings report. The Swiss company missed expectations, and its organic growth was somewhat lower in January and February than expected. This was a disappointment for investors.

FORECAST

Despite favorable cyclical developments and upward-adjusted profit estimates in most sectors and regions, stock markets have faltered since their strong start in January. The world index now remains unchanged, as measured in Swedish krona, since the start of this year (in both USD and EUR, the index is now below zero). What appears most likely to dampen risk appetite is concern that the recent US moves on trade will lead to deterioration in the growth of the global economy. We respect this stance but do not share this view completely; we see these initiatives as more of a negotiation tactic aimed at addressing distorted competition.

Also noteworthy is last month's decline of several major technology companies. In this case, it was not cyclical concerns that negatively affected sentiment but rather political considerations, as in the cases of Facebook and Amazon. Concerns about Tesla, a much smaller company, also support the view that last year's winners might be poised to change.

We will maintain our cautious approach to highly-valued technology and consumer discretionary companies that face the challenge of living up to high expectations. Nevertheless, we have a generally positive attitude towards economic development in the medium term and see the potential for higher stock prices in sectors that are benefiting from continued strong economic activity, including industrial companies, banks and energy companies. ■

FUND CHARACTERISTICS

KIID AND PROSPECTUS (WEBPAGE)

<http://fundinfo.sebfundservices.lu/RhenmanPartnersFund/>

INVESTABLE CURRENCIES

Euro (EUR) / Swedish Krona (SEK)

RETURN TARGET

Annualised net returns of +7-8 % over time

LEGAL STRUCTURE

AIF / FCP (Fonds Commun de Placement) under Part II of the Luxembourg Law on Investment Funds

PORTFOLIO MANAGER

Rhenman & Partners Asset Management AB

HEAD OF INVESTMENT TEAM

Staffan Knafve

AIFM / MANAGEMENT COMPANY

SEB Fund Services S.A.

PRIME BROKER

Skandinaviska Enskilda Banken AB (publ)

DEPOSITARY AND PAYING AGENT

Skandinaviska Enskilda Banken S.A.

AUDITOR

PricewaterhouseCoopers (PwC)

SUBSCRIPTION / REDEMPTION

Monthly

MINIMUM TOP UP

No minimum

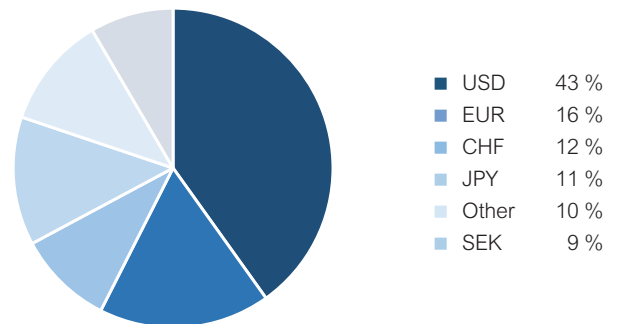
NOTICE PERIOD

3 working days

HURDLE RATE

Euribor 90D (high-water mark)

CURRENCY EXPOSURE²



PORTFOLIO CONSTRUCTION⁷



RISK (RC1 SEK)

Value at risk ⁴	1.37 %
Standard Deviation ⁵	6.13 %
Sharpe Ratio ⁵	0.26

EXPOSURE⁶

Long	102 %
Short	12 %
Gross	114 %
Net	90 %

AUM³

Fund:	
EUR	13m
USD	16m
Firm:	
EUR	558m

LARGEST LONG POSITIONS

1 Halliburton Co
2 Asahi Group Holding Ltd
3 Volkswagen AG
4 Roche Holding Ltd
5 Exxon Mobil Corp

Notes: ² As a percentage of the market value of the long and short positions (excluding cash positions). ³ The AUM is adjusted for fund inflow at month end. ⁴ For holdings at month end (95% conf. int. 250 days history). ⁵ Standard deviation and Sharpe ratio are annualized. ⁶ The exposure is not adjusted for net fund flow at month end. ⁷ Number of long equity positions (excluding any ETFs).

ABOUT RHENMAN & PARTNERS

Rhenman & Partners Asset Management, founded in 2008, is a Stockholm-based investment manager focusing on two niche funds administered by SEB Fund Services S.A.: Rhenman Healthcare Equity L/S, founded in 2009, and Rhenman Global Opportunities L/S, founded in 2016. Assets under management amount to approximately EUR 500m. Investment Teams of both Funds are in their investment processes supported by renowned Advisory Boards, including professors and experts with many years of market experience and extensive networks around the world.

LEGAL DISCLAIMER

Rhenman Global Opportunities L/S. "The Fund" is not an investment fund as defined in the European Union directives relating to undertakings for collective investment in transferable securities (UCITS). Legal information regarding Fund is contained in the Prospectus and the KIID, available at Rhenman & Partners Asset Management AB (Rhenman & Partners) webpage: <http://rhepa.com/the-fund/prospectus/>.

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