



RHENMAN GLOBAL OPPORTUNITIES L/S

September 2018

RC1 (SEK)
-1.46%

YTD
RC1 (SEK)
-5.11%

- 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 is supported by a renowned Advisory Board.

Monthly update

Following an unusually good performance in August the market took a breather in September. Most major markets were flattish, measured in euros, with the exception of the Japanese market which was strong. However, the world index as a whole was able to show an uptick in the third quarter; a quarter which traditionally tends to be rocky.

In the absence of earnings reports and other major company-specific news, political events attracted investor interest during the month. Trade tensions between the United States on the one hand and a number of countries and regions on the other, showed disparate developments in September. On September 30, the United States, Mexico, and Canada renegotiated the North American Free Trade Agreement (NAFTA). The new deal is called the United States-Mexico-Canada Agreement (USMCA) and must be ratified by each country's legislature before going into effect before 2020. The agreement was considered a victory for Trump. On the other hand, the United States' troubles with China appeared to deepen, and a planned round of negotiations was canceled with the United States imposing fresh tariffs on Chinese goods which had been initially announced in June.

In Europe, the fragile political situation in several European countries continued to concern investors. The issues surrounding the British withdrawal from the EU created deeper divisions, both within the Conservative Party and the Labour opposition. The new populist government in Italy also created headlines when it forced its moderate finance

minister, Giovanni Tria, to abandon his targets to combat the country's budget deficit. In France, another country faced with major reform needs, President Emmanuel Macron saw his continued decline in public opinion figures. Even the seemingly unwavering Angela Merkel appeared to be looking at a weakened position. All in all, the view of Europe, was of a region finding it difficult to implement the reforms needed for future growth.

Overall, the world index decreased by 2.7 percent in September, measured in Swedish kronor. All sectors showed negative returns, with banks and information technology at the bottom. Energy companies and healthcare companies managed to cope relatively better, but were still down measured in Swedish kronor.

FUND PERFORMANCE

Measured in its main share class RC1 (SEK), the fund decreased by 1.5 percent, with consumer discretionary and energy being the biggest contributors while industrial companies and banks dragged down returns. The fund's long positions burdened the fund's performance by 1.8 percent, while short positions positively contributed with 0.3 percent.

Alexion is a US biotechnology company specialized in rare diseases. The company has developed the drug Soliris (eculizumab), an inhibitor of the complement system (part of the immune response system) for the treatment of patients with so-called paroxysmal nocturnal hemoglobinuria (PNH).

Continued on the next page →

atypical hemolytic uremic syndrome (aHUS) and generalized myasthenia gravis (gMG). In September, the company reported positive phase III data for Soliris within an additional indication – neuromyelitis optica spectrum disorder (NMOSD). This is also a rare autoimmune-like disease. The condition causes inflammation of the optic nerve and/or spinal cord, which may lead to sudden loss of vision. In the absence of therapies for the sickest patients, the future sales of the company are expected to be further strengthened. Alexion's share price, which has been depressed for a longer period, reacted very positively to the announcement.

The fund's best holdings in September also included the short position in electric car manufacturer Tesla. The share price fell sharply on news that the SEC, the US financial regulatory authority, had decided to sue the company's CEO Elon Musk for what it claimed were misleading tweets from earlier this summer. On Twitter, Musk wrote that he would be taking Tesla private and that funding was secured. This proved not to be true. The lawsuit showed, among other things, that the SEC wanted Musk banned from continuing as the head of Tesla as well as for other listed companies. The risk that Musk would be forced to leave his role was very negatively received by investors, who attribute a large part of the company's value and future to this visionary individual.

The staffing giant Adecco was one of the month's worst contributors. The stock fell after the company issued a profit warning early in the fall. In July and August, Adecco had increased sales both organically and adjusted for the number of workdays, but the volume trend in September indicated a slowdown for the end of the third quarter compared with the first two months. This raised concern over the company's ability to meet its targets with regard to margin improvements.

Another stock that dragged down fund performance in September was US banking giant Wells Fargo. The company's share price fell in line with the benchmark for the US financial sector, which demonstrated weakness during the month. Wells Fargo stock was further pummeled by news that the bank plans to close 300 branches across the United States in 2018 and reduce its workforce by up to 26,500 employees. According to the bank, the restructuring is a result of customers' moving online to do their banking business.

OUTLOOK

The year 2018 has thus far been marked by widespread scepticism about economic growth, especially in Europe and emerging markets. Instead, investor interest has been significant for US assets in general and growth stocks in particular. During the past quarter, however, this trend has slowed down. Relatively speaking, so-called value companies have recovered, probably as a consequence of all-too negative expectations being proved groundless. This has made previous valuations appear to be too low.

The big question is, of course, how long the current strong economic climate can last. Next week kicks off the reporting season for the third quarter. We should then expect answers to how companies experienced demand and profitability during a period in which trade conflicts and a tighter monetary policy were in focus, and whether or not growth seems to be slowing down.

Our view is, however, that weaker economic development and negative outcomes of trade conflicts are for the most part already priced into many sectors and regions. We therefore maintain our view that there is significant share price potential for the companies in which the fund is invested.

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

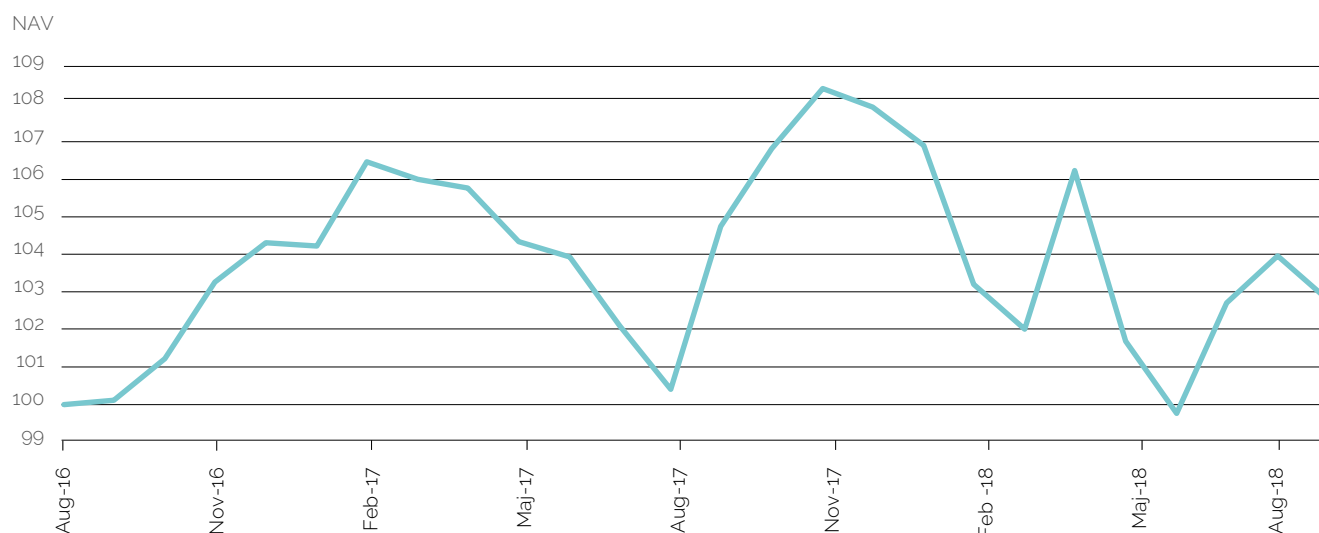
NOTICE PERIOD

3 working days

HURDLE RATE

Euribor 90D (high-water mark)

FUND PERFORMANCE - RC1 (SEK)



SEPTEMBER 2018

SHARE CLASS	NAV ¹	MONTHLY RETURN ¹	YTD 2018 ¹	SINCE INCEPTION ¹
RC1 (SEK)	102.48	-1.46%	-5.11%	2.48%
RCg (SEK)	105.12	-1.36%	-4.19%	5.12%
IC1 (EUR)	92.39	1.43%	-9.35%	-7.61%
3 mån Euribor (EUR)	99.47	0.00%	-0.11%	-0.53%

SHARE CLASS CHARACTERISTICS – INSTITUTIONAL SHARE CLASSES – ONLY INSTITUTIONAL INVESTORS

MINIMUM INVESTMENT		MGT. FEE	PERF. FEE	ISIN NO.	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 NO.	BLOOMBERG TICKER	LIPPER REUTERS	TELEKURS
RC1 (SEK)	500	2.00 %	20 %	LU1346219402	RGLOPR1 LX	68373110	32744421
RCg (SEK)	2 500 000	0.70 %	20 %	LU1339365303	RGLOPRg LX	68373115	32744420

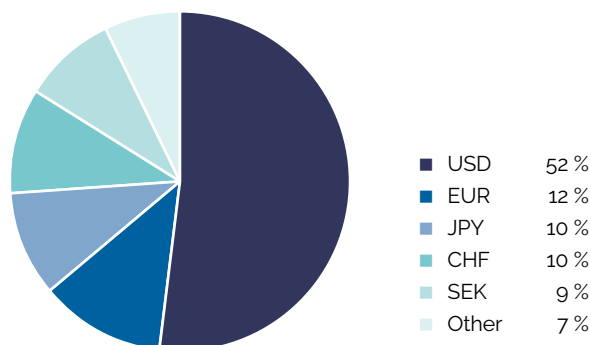
Administrative fees are charged in addition to the fees above. Further information is available in the KIID as well as the prospectus (part B, B14-18).

Note: 1) Please find launch date information on page 4.

PORTFOLIO CONSTRUCTION²

PYRAMID LEVEL	POSITION SIZE	NO.
High conviction	3%-10%	18
Core holdings	1%-3%	18
Fractional positions	0.5%-1%	2
Candidate holdings	0%-0.5%	0

CURRENCY EXPOSURE³



RISK (RC1 SEK)

Value at risk ⁴	0.72%
Standard Deviation ⁵	7.32%
Sharpe Ratio ⁵	0.21

EXPOSURE⁶

Long	108%
Short	-6%
Gross	114%
Net	101%

AUM⁷

Fund:	
EUR	10m
USD	12m
Total:	EUR 733m

LARGEST LONG POSITIONS

1 Nestle SA Reg
2 Exxon Mobil Corp
3 Telefon AB LM Ericsson B
4 Medtronic Plc Reg
5 Roche Holding Ltd Pref

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).

NAV & PERFORMANCE DATA

RC1 (SEK) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2016									100.10	101.22	103.31	104.36	
2017	104.27	106.54	106.06	105.84	104.40	103.98	102.13	100.41	104.80	106.89	108.52	108.00	
2018	106.99	103.24	102.04	106.29	101.71	99.75	102.74	104.00	102.48				
RC1 (SEK) PERFORMANCE %, NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2016									0.10	1.12	2.06	1.02	4.36
2017	-0.09	2.18	-0.45	-0.21	-1.36	-0.40	-1.78	-1.68	4.37	1.99	1.52	-0.48	3.49
2018	-0.94	-3.51	-1.16	4.17	-4.31	-1.93	3.00	1.23	-1.46				-5.11
RC9 (SEK) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2016									100.22	101.45	103.62	104.87	
2017	104.89	107.25	106.85	106.75	105.42	105.11	103.36	101.72	106.28	108.36	110.13	109.72	
2018	108.82	105.11	104.00	108.46	103.89	102.00	105.16	106.57	105.12				
RC9 (SEK) PERFORMANCE %, NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2016									0.22	1.23	2.14	1.21	4.87
2017	0.02	2.25	-0.37	-0.09	-1.25	-0.29	-1.66	-1.59	4.48	1.96	1.63	-0.37	4.62
2018	-0.82	-3.41	-1.06	4.29	-4.21	-1.82	3.10	1.34	-1.36				-4.19
IC1 (EUR) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2017							99.08	98.29	100.48	101.42	101.46	101.92	
2018	101.48	94.89	92.06	93.50	91.73	88.84	92.99	91.09	92.39				
IC1 (EUR) PERFORMANCE %, NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2017							-0.92	-0.80	2.23	0.94	0.04	0.45	1.92
2018	-0.43	-6.49	-2.98	1.56	-1.89	-3.15	4.67	-2.04	1.43				-9.35



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 700m. 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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