



November 2018

RC1 (SEK)
+0.44%

YTD
RC1 (SEK)
-11.65%

RHENMAN GLOBAL OPPORTUNITIES L/S

- 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

On the heels of October, a month that proved to be the single worst trading month for several years, world markets showed signs of stabilization in November. Eventually, world indices measured in euros closed one percent up, but with plenty of ups and downs during the month. An initial spike quickly transformed into a new downturn, ultimately leading to a rebound. At the heart of the action were giant technology stocks, and the month's strong finish was largely due to the sector's broad gains during the month's final week. As a region, China stood out in a positive sense and was by far the top market in November. Europe, however, continued to show weak performance with a slight decline.

As so often earlier this year, worries over macro factors troubled investors this month too, including concerns over trade conflicts, interest rate hikes in the United States and possible political complications in Europe which could lead to worsening economic development. A sharp fall in the price of oil also fueled this concern.

One of the key events this period was the G20 summit in Buenos Aires at the turn of the month from November to December. Expectations for the summit were low as doubts grew over the possibility of a trade truce between the United States and China, but also regarding the sideline meeting between Russia and Saudi Arabia on cutting production to stabilize oil prices. This dampened market sentiment. However, both in terms of the trade agreement and the

sideline meeting, surprisingly positive results were achieved, even if the markets during the first few days of December have been finding it tricky to assess how much progress was actually made.

Something that increased risk willingness, on the other hand, came at the end of the month from the US Federal Reserve, which stated that the benchmark interest rate was now approaching a neutral level. This was interpreted to mean that there would be fewer rate hikes than previously feared. One reason for the market jitters in October stemmed from statements made by Fed chairman Jerome Powell who set off worries that monetary policy would be tighter than investors had expected.

Overall the world index increased 1.2 percent in November, measured in euros. Performance by the various sectors was mixed, with healthcare companies and utilities at the head of the pack while energy companies and information technology were at the bottom.

FUND PERFORMANCE

Measured in its main share class RC1 (SEK), the fund rose 0.4 percent, with healthcare and information technology contributing positively while industrial and energy companies dragged down returns. The fund's long positions contributed positively to fund performance with 0.7 percent, while short positions contributed negatively with 0.3 percent.

Continued on the next page →

The month's top contributor was cyber security firm Symantec. Its stock rose after the company reported better-than-expected earnings, which was interpreted by investors as a stabilization of the company and a sign that it was getting its own house in order. Furthermore, the stock was given a buy recommendation by CNBC's Jim Cramer, who pointed both to the positive report and the new involvement in the company of activist investor Starboard Management. In addition, Rick Hills joined the company's board as a genuine catalyst. All of these factors made Symantec stock rise by upwards of 20 percent.

Another company that contributed positively was Medtronic, a large US medical technology company. Its stock rose following a strong report, beating even the highest earnings-per-share estimates. In view of the company's broad product portfolio and upcoming launches in high-growth segments such as technology for cardiovascular diseases, the market believes that the company's upwardly revised numbers for the full year and long-term growth are reasonable.

US oil services company Halliburton turned out to be one of November's worst contributors. This was largely a consequence of the weakness of the energy sector as a whole during the month, and was in line with falling oil prices. Investors interpreted lower oil prices as a risk for Halliburton: low oil prices may mean that the oil companies cut their budgets for investment and maintenance.

Another stock among the fund's holdings that contributed negatively was US semiconductor manufacturer Qualcomm. The company issued a forecast for the coming quarter that missed estimates. This led analysts to suggest that Qualcomm's first half-year 2019 could be weak, largely due to Chinese tariffs. China accounted for 65 percent of the company's revenues during the 2017 fiscal year. However, in Qualcomm's recently ended fourth quarter the company exceeded expectations.

OUTLOOK

With only one month left, 2018 has been an unusually tricky year in the capital markets for virtually all major asset classes. As far as share prices go, most markets have moved sideways or have declined, with the exception of

growth companies in the United States. This has been despite overall healthy global economic development, which has also been reflected in companies' profit growth. Investors have found it difficult to view the future positively and solid earnings have often been met with stagnant or falling prices.

There are various causes behind this weak development, depending on where you look. For one, emerging markets have been plagued by a stronger dollar, rising oil prices and the potential repercussions of tariffs. Europe has become increasingly unpopular with US investors as the political landscape has shifted towards populism. In the United States, where the economy has been strong for several years, investors are showing concern that economic activity will deteriorate gradually. In the fall, US growth companies – with Apple and Amazon in the front line – were also challenged.

There are, of course, always reasons for taking these concerns seriously. But the combination of a healthy earnings trend and weak share prices has led to a considerably improved valuation level, which we consider already largely reflects future earnings deterioration. A generally cautious approach on the part of companies (with a powerful memory of the major financial crisis ten years ago) also means that the level of resilience in the face of any declining demand is relatively good for many companies. We can note that the portfolio's holdings are valued on average at nearly 13 times next year's profits, while dividend yields are roughly 3.5 percent. We therefore maintain our view that there is significant share price potential for the companies in which the fund has invested, and that this potential will be realized as the clouds of worry successively clear.

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

FundRock

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

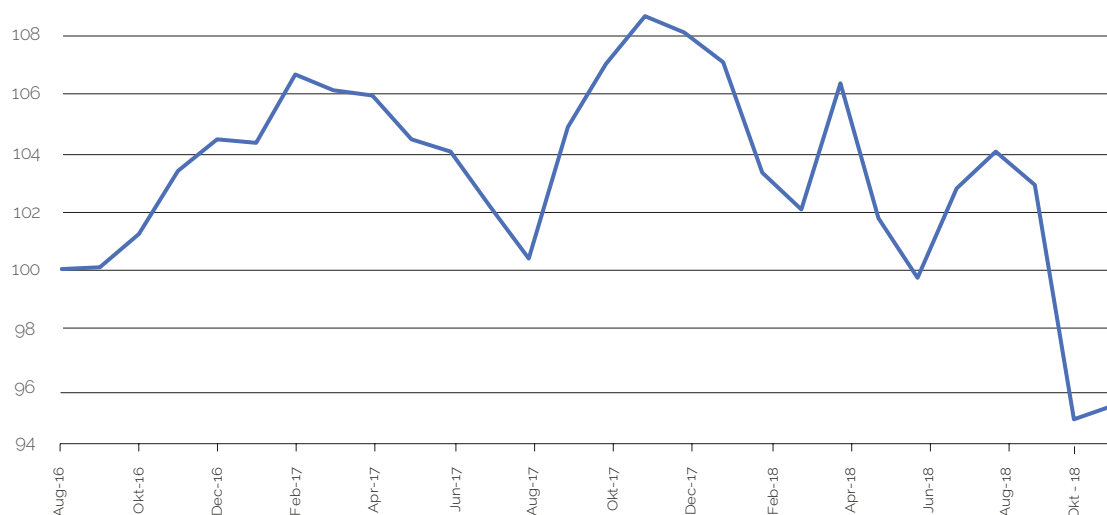
NOTICE PERIOD

3 working days

HURDLE RATE

Euribor 90D (high-water mark)

FUND PERFORMANCE - RC1 (SEK)



NOVEMBER 2018

SHARE CLASS	NAV ¹	MONTHLY RETURN ¹	YTD 2018 ¹	SINCE INCEPTION ¹
RC1 (SEK)	95.42	0.44%	-11.65%	-4.58%
RCg (SEK)	98.10	0.56%	-10.59%	-1.90%
IC1 (EUR)	86.29	0.92%	-15.34%	-13.71%
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

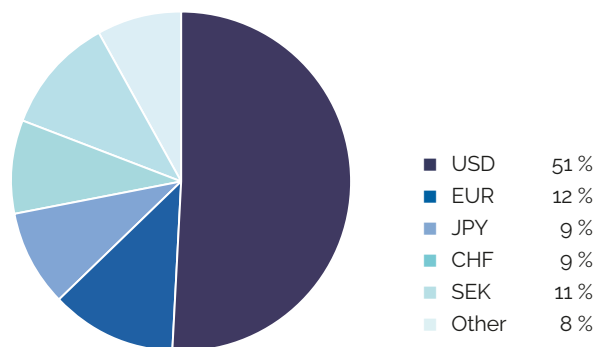
Administrative fees are charged in addition to the fees above. Further information is available in the KIID as well as the prospectus (part B, B14-18).

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

PORTFOLIO CONSTRUCTION²

PYRAMID LEVEL	POSITION SIZE	NO.
High conviction	3%-10%	21
Core holdings	1%-3%	16
Fractional positions	0.5%-1%	1
Candidate holdings	0%-0.5%	0

CURRENCY EXPOSURE³



RISK (RC1 SEK)

Value at risk ⁴	1.43%
Standard Deviation ⁵	8.56%
Sharpe Ratio ⁵	-0.20

EXPOSURE⁶

Long	118%
Short	-5%
Gross	124%
Net	113%

AUM⁷

Fund:	
EUR	8m
USD	10m
Firm total:	EUR 683m

LARGEST LONG POSITIONS

- Roche Holding Ltd Pref
- Exxon Mobil Corp
- Medtronic Plc Reg
- Chevron Corp
- Walt Disney Co (The)

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	95.00	95.42		
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	-7.30	0.44		-11.65
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	97.55	98.10		
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	-7.20	0.56		-10.59
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	85.50	86.29		
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	-7.46	0.92		-15.34



ABOUT RHENMAN & PARTNERS

Rhenman & Partners Asset Management, founded in 2008, is a Stockholm-based investment manager focusing on two niche funds administered by FundRock: 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.

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