

April 2010 - Rhenman Healthcare Equity L/S

Monthly Update

The reporting season was very strong and most evidently so in cyclical sectors such as machinery, engineering and technology. The healthcare sector delivered strong reports on the whole, though there were some weak reports as a result of the new higher rebates to Medicaid and Medicare – key elements of the U.S healthcare reform – that were already implemented in the first quarter. Especially hard hit were Baxter and Gilead, both holdings in the fund.

Despite a very strong quarterly report, the ongoing general concern for the impact of the healthcare reform on insurance companies did affect our holding in United Healthcare negatively. Companies in medical technology fared better, possibly due to the fact that the extra taxation of the sector mandated by the US healthcare reform will only be implemented in the year 2013.

The fund decreased in value during the month of April. As a result of Greece's weak financial situation, there was serious concern regarding the monetary union in Europe and the large budget deficits in the so-called PIIGS-countries (Portugal, Italy, Ireland, Greece and Spain), which also affected the prices of our holdings negatively.

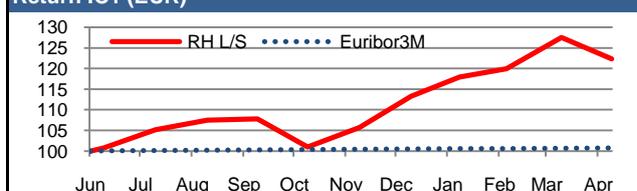
In retrospect, we could have been more receptive to the fact that the additional mandated rebates on pharmaceuticals would fall before the increase in volumes. However, we felt that companies should be able to absorb this revenue loss by keeping costs under control, as have indeed a vast majority of companies. However, those companies that failed to do so served as a reminder to the financial markets that the benefits of the reform are due at a later stage. Our thinking was based on the belief that markets would focus on the increased transparency of the healthcare sector created by the reform, but this aspect was overshadowed by the strong economy. During April the market focused emphatically on companies with markedly strong profit growths. Goldman Sachs' downgrade of the U.S. pharmaceutical company Merck to "neutral" after a very good quarterly report – on the grounds that the growth of the economy is accelerating – is a reminder that the current economic environment favors cyclical companies. Furthermore, we see a lot of opportunities to invest in companies that tend to do well on the upswing and we will therefore continue to favor such holdings.

Algeta ASA, Q-Med AB, Gerresheimer AG yielded the greatest positive contributions to the fund's development during the month. Gilead Sciences Inc, Baxter International Inc and Synthes Inc were the main negative contributors.

Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor
April	-4.09%	0.05%
YTD	7.97%	0.22%
Since Inception (2009-06-22)	22.31%	0.73%

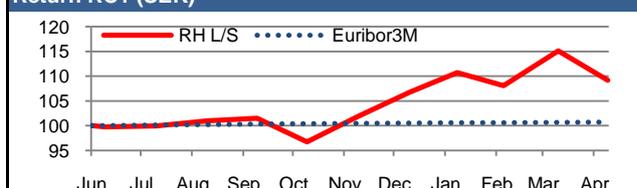
Return IC1 (EUR)



Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor
April	-5.14%	0.05%
YTD	2.28%	0.22%
Since Inception (2009-06-22)	9.18%	0.73%

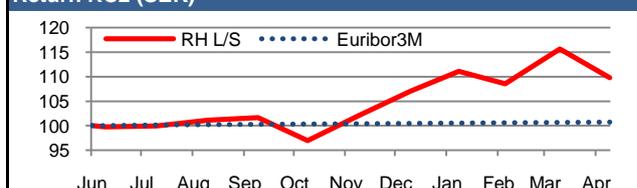
Return RC1 (SEK)



Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor
April	-5.11%	0.05%
YTD	2.53%	0.22%
Since Inception (2009-06-22)	9.78%	0.73%

Return RC2 (SEK)



Risk	Exposure	Largest Long Positions (% of equity)
Value at Risk, % ¹	2.66 Long	Gilead Sciences Inc 7.6%
Standard deviation, % ^{2,3}	12.88 Short	Synthes Inc 5.0%
Sharpe ratio ^{2,3}	1.87 Gross	CVS Caremark Corp 4.4%
	Net	Teva Pharmaceutical 4.3%
	Net (adjusted) ⁴	Fresenius SE 4.2%

1) For holdings on April 30. 2) Since start until April 29.

3) Standard deviation and Sharpe ratio annualized. 4) Adjusted for net fund inflow for May.

Monthly Performance
IC1 NAV (EUR)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009						100.75	105.19	107.47	107.83	100.99	105.70	113.28
2010	117.91	119.94	127.53	122.31								

IC1 Performance % (net of fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009						0.75	4.41	2.17	0.33	-6.34	4.66	7.17	+13.28
2010	4.09	1.72	6.33	-4.09									+7.97

RC1 NAV (SEK)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009						99.74	99.92	101.00	101.51	96.72	101.85	106.75
2010	110.70	108.05	115.09	109.18								

RC1 Performance % (net of fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009						-0.26	0.18	1.08	0.50	-4.72	5.30	4.81	+6.75
2010	3.70	-2.39	6.52	-5.14									+2.28

RC2 NAV (SEK)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009						99.74	99.98	101.12	101.68	96.94	102.10	107.07
2010	111.07	108.57	115.69	109.78								

RC2 Performance % (net of fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009						-0.26	0.24	1.14	0.55	-4.66	5.32	4.87	+7.07
2010	3.74	-2.25	6.56	-5.11									+2.53

Fund characteristics

- Target annual returns in excess of 15% (before fees) with a volatility below the stock market
- Long-term investment horizon but active trading around holdings
- Roughly equal allocation to small-, mid- and large-cap companies
- Typically 60–70 positions out of a 500 company universe
- Portfolio company size > USD 200 million
- Cash flow positive companies are predominant

Key Data

• Base currency:	EUR
• Subscription/redemption frequency:	Monthly (T-3)
• Share classes:	(R) Retail class / (I) Institutional class
• Minimum initial investment:	RC1 = SEK 250 000 RC2 = SEK 2 500 000 IC1 = EUR 250 000
• Minimum top-up investment:	No minimum
• Management fee:	RC1 = 2 %, RC2 = 1,5 %, IC1 = 1,5 %
• Benchmark:	Euribor 90D
• Performance fee (quarterly):	20 % (high water mark)
• Soft close:	EUR 500m
• Hard close:	EUR 1bn
• Dividends:	R = Only capitalization I = Capitalization + Distribution
• Legal Structure:	Open-ended FCP (Fonds Commun de Placement) under Part II of the Luxembourg Law on Investment Funds (20 Dec, 2002)
• Fund Management Company:	SEB Fund Services S.A.
• Fund Promotor (Sponsor):	SEB Fund Services S.A.
• Investment Manager:	Rhenman & Partners Asset Management AB
• Placement and Distribution Agent:	Rhenman & Partners Asset Management AB
• Custodian Bank and Paying Agent:	Skandinaviska Enskilda Banken S.A.
• Prime Broker:	Skandinaviska Enskilda Banken AB (publ)
• External Auditor:	PricewaterhouseCoopers (PwC)
• Swedish registration:	Yes (since November 5, 2009)
• ISIN:	RC1 = LU0417597712, RC2 = LU0417590817, IC1 = LU0417598108
• Bloomberg ticker:	RC1 = RHLSRC1 LX, RC2 = RHLSRC2 LX, IC1 = RHLEIC1 LX
• Lipper Reuters ticker:	RC1 = 68014067, RC2 = 68015239, IC1 = 65147588
• Telekurs ticker:	RC1 = 10239523, RC2 = 10239528, IC1 = 10034579

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