

March 2011 - Rhenman Healthcare Equity L/S

Monthly Update

March was quite a volatile month due to the nuclear disaster in Fukushima and the civil war in Libya. The market came to the conclusion that the impact of Fukushima on the global economy would be limited even though there might be temporary disruptions to production as a result of component shortages, mainly for electronic goods. Central banks were forced to intervene to prevent an uncontrolled strengthening of the yen due to the possibility that Japanese institutions might sell assets abroad in order to repatriate capital to Japan. Libya looks to be facing a protracted conflict where the outcome is uncertain and it appears that oil production has been significantly reduced. Consequently Saudi Arabia and other OPEC states are compensating with increased production to the extent required. Oil has risen to a new level which however does not appear to threaten the continued recovery of the global economy. There is continuing concern for other countries in the Middle East which supports the new price level for oil.

The fund fell by just under one percent in euro but rose by just over one percent in Swedish kronor as a result of the weakened krona. The dollar continued to weaken which formed some headwind for the fund.

The recovery of the equity markets at the end of the month continued to focus on cyclical stocks and small and medium-sized companies, which once again favoured the fund's biotechnology stocks but disfavoured the large pharmaceutical companies. The Nasdaq Biotech Index rose vigorously through its highest level for 52 weeks (a broad upturn combined with high turnover) pointing towards a continued high level of interest for the sector. A hostile bid for the biotech company Cephalon raised the temperature further. The fund has virtually no holdings with downward trends over a six-month period, even though there are some which still do not appear to be rising, especially so-called deep-value stocks, i.e. companies with very low values but where various strategic question marks create uncertainty for investors. Cephalon is one such company and shows how interesting these companies can be after all, if only you are patient. At present it is easy for the acquiring companies to pay a very high premium and still not have reduced earnings per share, a result of the record low interest rates.

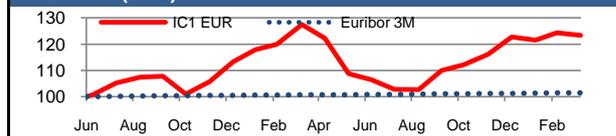
At the end of the month UBS upgraded the pharmaceutical sector to 'buy' on the grounds that, most probably, over the next few years, the sector will perform better than the world market. On the previous occasion, the valuations were so low relative to the market (1993-94), that the pharmaceutical sector subsequently outperformed the broad equity markets by far more than 100%. We believe that a similar scenario is fully possible, even though it is difficult to know exactly when the cyclical companies will stop leading the stock market rise.

Spectrum Pharmaceuticals Inc., Algeta ASA and Gilead Sciences Inc. gave the largest positive contributions to the development of the fund during the month. Bayer AG, Exelixis Inc. and Novartis AG were the largest negative contributors.

Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
March	-0.75%	0.09%
YTD	0.51%	0.25%
Since Inception (2009-06-22)	23.35%	1.51%

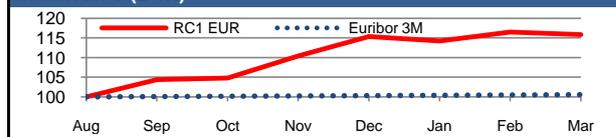
Return IC1 (EUR)



Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
March	-0.61%	0.09%
YTD	0.41%	0.25%
Since Inception (2010-08-31)	15.79%	0.54%

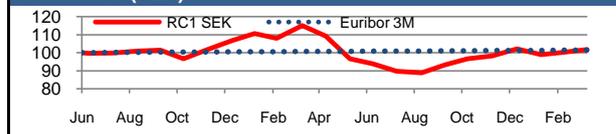
Return RC1 (EUR)



Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
March	1.58%	0.09%
YTD	-0.35%	0.25%
Since Inception (2009-06-22)	1.80%	1.51%

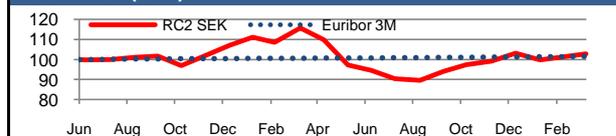
Return RC1 (SEK)



Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
March	1.62%	0.09%
YTD	-0.23%	0.25%
Since Inception (2009-06-22)	2.84%	1.51%

Return RC2 (SEK)



IC1 (EUR) NAV												
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	108.73	106.40	102.84	102.63	109.95	112.16	116.17	122.73
2011	121.53	124.28	123.35									

IC1 (EUR) 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	-11.10	-2.14	-3.35	-0.20	7.13	2.01	3.58	5.65	+8.34
2011	-0.98	2.26	-0.75										+0.51

RC1 (EUR) NAV												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009												
2010								100.00	104.35	104.75	110.36	115.32
2011	114.18	116.50	115.79									

RC1 (EUR) Performance %, net of fees													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009													
2010									4.35	0.38	5.36	4.49	+15.32
2011	-0.99	2.03	-0.61										+0.41

RC1 (SEK) NAV												
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	96.69	93.87	89.69	88.93	93.37	96.59	98.29	102.16
2011	98.91	100.22	101.80									

RC1 (SEK) 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	-11.44	-2.92	-4.45	-0.85	4.99	3.45	1.76	3.94	-4.30
2011	-3.18	1.32	1.58										-0.35

RC2 (SEK) NAV												
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	97.28	94.47	90.31	89.58	94.10	97.38	99.14	103.08
2011	99.84	101.20	102.84									

RC2 (SEK) 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	-11.39	-2.89	-4.40	-0.81	5.05	3.49	1.81	3.97	-3.73
2011	-3.14	1.36	1.62										-0.23

Risk (IC1)		Exposure		Largest Long Positions	
Value at Risk, % ¹	3.10	Long	146.8%	Amgen Inc	
Standard deviation, % ^{2,3}	19.55	Short	22.4%	Fresenius SE	
Sharpe ratio ^{2,3}	0.61	Gross	169.2%	Bayer AG	
		Net	124.5%	Merck & Co. Inc	
				Unitedhealth Group Inc	

1) For holdings on March 31. 2) Since start until March 31.
3) Standard deviation and Sharpe ratio annualized.

Currency Exposure (% of equity > 5%)					
USD	60.3%	EUR	17.8%	CHF	5.9%

Fund characteristics

- Target annual net returns in excess of 12% 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 60–80 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:	IC1 = EUR 250 000 RC1 = EUR 2 500, SEK 25 000 RC2 = SEK 2 500 000
• Minimum top-up investment:	No minimum
• Management fee:	IC1 = 1.5 %, RC1 = 2%, RC2 = 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:	IC1 (EUR) = LU0417598108, RC1 (EUR) = LU0417597555 RC1 (SEK) = LU0417597712, RC2 (SEK) = LU0417598017
• Bloomberg ticker:	IC1 (EUR) = RHLIC1 LX, RC1 (EUR) = RHLERC1 LX RC1 (SEK) = RHLSRC1 LX, RC2 (SEK) = RHLSRC2 LX
• Lipper Reuters ticker:	IC1 (EUR) = 65147588, RC1 (EUR) = 65147589 RC1 (SEK) = 68014067, RC2 (SEK) = 68015239
• Telekurs ticker:	IC1 (EUR) = 10034579, RC1 (EUR) = 10034567 RC1 (SEK) = 10239523, RC2 (SEK) = 10239528

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