

September 2011 - Rhenman Healthcare Equity L/S

Monthly Update

September was a depressing month for the world's stock exchanges. However, the global healthcare sector fared better than the world index and, as in August, performed significantly better than the cyclical sector. The main fund share class in EUR decreased by 0.9%.

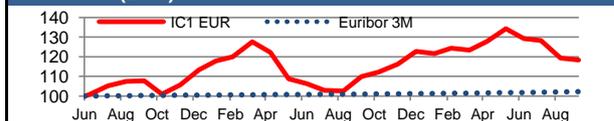
Several of the fund's biotechnology holdings performed strongly during the month, including Alexion, and BioMarin. The interest in biotechnology is greater than expected in view of the market's aversion to risk. In our judgement this is because the biotech sector in general has had a great deal of positive news during the year and investors have increasingly accepted that the risk level in the sector is not linked to the current economic situation. In the case of Alexion, there is preliminary data that the drug Soliris can help severe cases of myasthenia gravis (an autoimmune neuromuscular disease that leads to muscle weakness), and in the case of BioMarin the market is increasingly looking forward to the company's two major research projects that can deliver revenue in two to three years, something which investors have not previously been willing to discount. The phenomenon is really interesting since many other parts of the stock market cannot even think beyond the next three months. To reduce the fund's risk, we have carried out a number of actions during the month; we have reduced the biotechnology part, reduced the total exposure, and reduced the number of holdings through the sale of some pure research companies or companies with a high commercial risk. There has been a concentration on companies with strong balance sheets, stable sales prospects regardless of the economic situation and strong cash flows. Despite the extreme turbulence that now prevails, we can see great potential in the fund's holdings. The largest positive contributions to the development of the fund came from Alexion, BioMarin and Wellpoint. The largest negative contributions to the fund's development came from Algeta, Boule Diagnostics and Bavarian Nordic.

Global investor focus shifted from the US economy, once again, to PIIGS countries in Europe. The immediate risk of a default by Greece was seen to increase, and renewed concern for developments in Italy created a strong feeling that developments in Europe have become highly unpredictable. A mixed picture was given by leading economists and politicians about whether or not the new EFSF-fund (European Financial Stability Facility) should be able to loan against its assets to buy (even more) government bonds from PIIGS countries. Leaders have found it difficult to take a decision regarding the question since several countries have still not ratified the EFSF agreement. It has probably been considered too risky to take up the question before the fund is fully approved. Those who have advocated an EFSF "with more fire power" have made comparisons with the corresponding support programmes (TARP) in the United States in 2008, and are of the opinion that it is necessary to increase the size of the fund if the markets are to be convinced that sufficient financial purchasing power is available in the event of a Greek default. The market for new issues of government bonds would probably come to a standstill if the financial actors did not judge the secondary market to be liquid and stable. In this case, several countries, probably the PIIGS countries, would be completely excluded from continued funding and thus a collapse of the euro would be a fact. However, there is still resistance from many quarters against such a 'leverage' arrangement. Nevertheless, we think the ECB will probably support EFSF leverage. ECB's approval is of course necessary if such a structure is to be launched. We believe that this will indeed happen, and that it will be the start of a new, more stable phase in the Euro area.

Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
September	-0.90%	0.13%
YTD	-3.63%	0.95%
Since Inception (June 22, 2009)	18.28%	2.22%

Return IC1 (EUR)



Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
September	-0.95%	0.13%
YTD	-4.73%	0.95%
Since Inception (August 31, 2010)	9.86%	1.24%

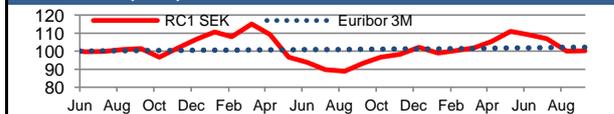
Return RC1 (EUR)



Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
September	0.20%	0.13%
YTD	-1.83%	0.95%
Since Inception (June 22, 2009)	0.29%	2.22%

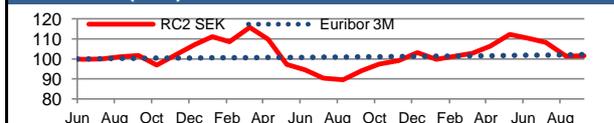
Return RC1 (SEK)



Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
September	0.25%	0.13%
YTD	-1.46%	0.95%
Since Inception (June 22, 2009)	1.58%	2.22%

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	127.79	134.24	129.26	128.19	119.36	118.28			

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	3.60	5.05	-3.71	-0.83	-6.89	-0.90				-3.63

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	119.40	125.10	120.47	119.15	110.91	109.86			

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	3.12	4.77	-3.70	-1.10	-6.92	-0.95				-4.73

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	105.28	111.04	109.04	107.03	100.09	100.29			

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	3.42	5.47	-1.80	-1.84	-6.48	0.20				-1.83

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	106.40	112.28	110.30	108.32	101.33	101.58			

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	3.46	5.53	-1.76	-1.80	-6.45	0.25				-1.46

Risk (IC1)		Exposure		Largest Long Positions	
Value at Risk, % ¹	2.10	Long	117.3%	Gilead Sciences	
Standard deviation, % ^{2,3}	20.52	Short	15.2%	Algeta ASA	
Sharpe ratio ^{2,3}	0.39	Gross	132.5%	Roche	
		Net	102.2%	Shire	
				Pfizer	

1) For holdings on July 29. 2) Since start until July 28.
3) Standard deviation and Sharpe ratio annualized.

Currency Exposure (% of equity > 6%)			
USD	54,6%	EUR	15,6%
CHF	7,9%		

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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