

## November 2011 - Rhenman Healthcare Equity L/S

### Monthly Update

World stock markets were down significantly during most of November but finished strongly. The Fund's performance ended up at +1.44%. The strengthening of the dollar by three percent contributed to the positive development. The U.S. economy now seems to be strengthening, while European economies are weakening as a result of the uncertainty surrounding the euro, the need of the European banks to reduce their risk exposure, and the fiscal savings programmes in the PIIGS-countries. This contrast is an important reason for the strengthening of the dollar, which may also have been reinforced by the caution shown by non-European countries towards being exposed to a currency whose future appears to be uncertain and risky. A further strengthening of the U.S. dollar is therefore possible in the near future, which may affect the Fund's investments and investment policies.

The development of the Fund's sub-sectors was relatively similar, with rising share prices reflecting an increasing risk appetite. This has not always been the case historically, since increased risk appetite may mean that the so-called defensive stocks develop less favourably than the cyclical stocks. However, the majority of the defensive shares (i.e. the big pharmaceutical companies) have the lowest "beta", meaning that they rise least with a better market climate. At the same time, relatively speaking, they are "outperformers" in the current year and we are confident that these companies will continue to rise, albeit at a slightly lower rate than other stocks if we are now facing a time with stronger stock markets.

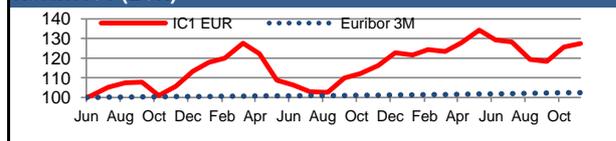
The likelihood of stronger stock markets is, in our opinion, quite high. Clear signals from a series of coordinated measures of a political, fiscal and monetary nature in Europe are the main reasons. Other arguments are that the U.S. economy is gaining strength, the U.S. housing market has bottomed and that global monetary policy is about to become even more expansive. The European Central Bank's purchases of government bonds continue and the so-called sterilization of these purchases should not be regarded as absolute: long, unsecured loans (which are bought by the ECB) are being replaced by short, secured loans issued by the ECB. This is a clear shift of risk from the banks to the Central Bank. The new head of the ECB, Mario Draghi, has also signaled that the downside risks should not be underestimated and thereby indicated that monetary easing will continue.

A spectacular acquisition of the research company Pharmasset for \$ 11 billion was a reminder of the huge commercial potential of biotechnology. The biotech sector as a whole was therefore strong and the Fund's holding in Salix rose sharply. Stocks in Medivir fell because the market has become increasingly aware of the complex and strong competition within hepatitis C. Our investment in Exelixis fell sharply when it became clear that the company needs to do more detailed studies of its cancer drug, despite the very promising phase 2 data. The Norwegian biotech company Algeta contributed to the downside following the presentation of successful clinical trial results within the prostate area by a competing company. Another Norwegian company, Pronova, did much better now that investors are confident that its sales will finally rise in 2012. Our investment in Shire, an English company that is becoming increasingly stronger in rare diseases, continues to perform well, as sales rise strongly. Novo-Nordisk appears to have become even more competitive (Glaxo had a setback within diabetes) and the share is heading towards an all-time high. We look forward to more of our companies rising to all time highs now that the general share climate seems to be improving.

#### Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
November	1.44%	0.13%
YTD	3.87%	1.21%
Since Inception (June 22, 2009)	27.48%	2.49%

#### Return IC1 (EUR)



#### Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
November	1.40%	0.13%
YTD	2.59%	1.21%
Since Inception (August 31, 2010)	18.31%	1.50%

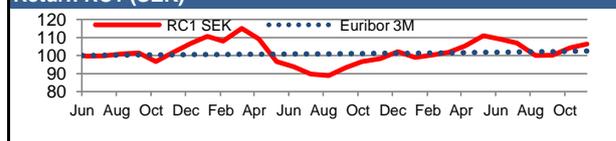
#### Return RC1 (EUR)



#### Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
November	2.09%	0.13%
YTD	4.17%	1.21%
Since Inception (June 22, 2009)	6.42%	2.49%

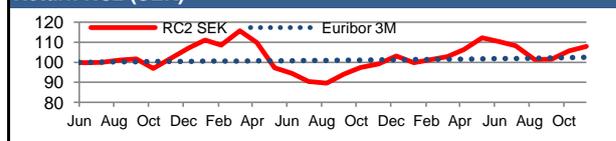
#### Return RC1 (SEK)



#### Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
November	2.13%	0.13%
YTD	4.67%	1.21%
Since Inception (June 22, 2009)	7.89%	2.49%

#### 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	125.67	127.48	

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	6.25	1.44		+3.87

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	116.68	118.31	

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	6.21	1.40		+2.59

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	104.24	106.42	

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	3.94	2.09		+4.17

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	105.64	107.89	

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	4.00	2.13		+4.67

Risk (IC1)		Exposure		Largest Long Positions	
Value at Risk, % <sup>1</sup>	2.8	Long	145%	Sanofi	
Standard deviation, % <sup>2,3</sup>	20.4	Short	16%	Novo Nordisk	
Sharpe ratio <sup>2,3</sup>	0.32	Gross	160%	Bayer AG	
		Net	129%	Shire PLC	
				Forest Laboratories	

1) For holdings on October 31. 2) Since start until October 27.  
3) Standard deviation and Sharpe ratio annualized.

Currency Exposure (% of equity > 6%)					
USD	59%	EUR	18%	DKK	5%

## 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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