

February 2012 - Rhenman Healthcare Equity L/S

Monthly Update

February was a month of continued recovery in global stock markets as a result of the agreement to write down the Greek national debt. The reporting season continued and was characterised once again by subdued growth expectations but showed little real concern over a new recession.

Growth in the U.S. continues to be fair without being impressive while in Europe, on the other hand, it seems to be on its way towards negative figures for one or two quarters. The euro strengthened during the month, the rally being a result of the relief that a Greek suspension of payments had been avoided. This worked against the interests of the fund because holdings of U.S. stocks decreased in value, when calculated in Euro.

Volatility within the U.S. biotech sector increased which may be a sign of consolidation on the back of recent large gains. European reports were marginally worse those from the U.S. reflecting, among other things, the strong Swiss franc for the Swiss companies and price pressure in continental Europe. Novo Nordisk was a shining exception and the company is valued at a highly respectable premium compared to other pharmaceutical companies, about twice the P/E ratio. In addition to a strong quarter, the stock market is now beginning to consider the possibility that the company's drug Victoza may be approved for weight loss among high-risk patients. This is a very large potential market. The small Belgian biotechnology company Galapagos in which we hold stocks succeeded in reaching an agreement with U.S.-based Abbott in the field of rheumatism at the end of the month, and the share took another step upwards. It has now doubled since we bought it in November.

Despite slightly higher market volatility in February than in January and the lack of growth optimism, we chose to continue to have a high exposure to equities, although it was somewhat reduced. We believe that stocks in the healthcare sector have significantly more to give. The positive news dominates very strongly and interest for small and medium-sized companies is particularly high, not least in biotechnology. During the month, we concentrated our holdings slightly, and ten or so companies were sold off mainly because they were smaller and/or could be considered controversial in one way or other, and thus could be considered as having a higher than average risk.

Novo Nordisk, Galapagos and Thrombogenics gave the largest positive contributions to the fund's development during the month. Nobel Biocare, Ironwood Pharmaceutical and Medivir were the biggest negative contributors.

Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
February	1.10%	0.11%
YTD	6.98%	0.23%
Since Inception (June 22, 2009)	43.99%	2.85%

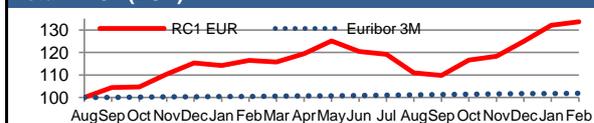
Return IC1 (EUR)



Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
February	1.10%	0.11%
YTD	6.94%	0.23%
Since Inception (August 31, 2010)	33.59%	1.86%

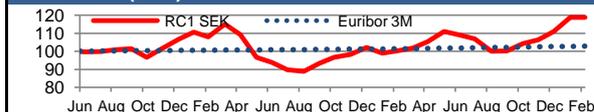
Return RC1 (EUR)



Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
February	0.08%	0.11%
YTD	7.04%	0.23%
Since Inception (June 22, 2009)	18.87%	2.85%

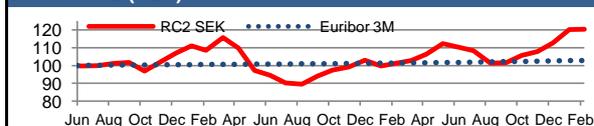
Return RC1 (SEK)



Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
February	0.12%	0.11%
YTD	6.93%	0.23%
Since Inception (June 22, 2009)	20.44%	2.85%

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	134.59	
2012	142.42	143.99											
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	5.58	+9.66
2012	5.82	1.10											+6.98
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	124.92	
2012	132.14	133.59											
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	5.59	+8.32
2012	5.78	1.10											+6.94
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	111.05	
2012	118.78	118.87											
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	4.35	+8.70
2012	6.96	0.08											+7.04
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	112.63	
2012	120.30	120.44											
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	4.39	+9.26
2012	6.81	0.12											+6.93
Risk (IC1)			Exposure						Largest Long Positions				
Value at Risk, % ¹			1.9	Long				133%	Algeta				
Standard deviation, % ^{2,3}			20.9	Short				28%	Novo Nordisk				
Sharpe ratio ^{2,3}			0.67	Gross				161%	Bayer				
				Net				106%	Medivation				
									Gilead				

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

Currency Exposure (% of equity > 6%)					
USD	65%	EUR	11%	DKK	6%

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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