

## June 2012 - Rhenman Healthcare Equity L/S

### Monthly Update

After a weak start, June was an unexpectedly strong month for shares on the world's stock markets as a result of a strong rally the last day of the month. Negotiations between the European countries concerning the conditions for capital injections into the Spanish banking system resulted in the surprising and very positive solution that the capital injections would be made directly into the banks that needed support instead of going through the national state. This solution means that the debt burden will not increase further for those countries, like Spain, that need bank support. Certain infrastructure investments and other short-term job creation measures were also agreed upon, although details are lacking at present.

The Fund had one of its strongest months since its inception three years ago with a value increase of 6 % in euros. The increase was broadly based, with the exception of the healthcare insurance sector that was flat. For the Fund as a whole, the decision by the U.S. Supreme Court regarding the PPACA (Patient Protection and Affordable Care Act, colloquially known as "Obamacare") was the month's main event. The court's decision that the PPACA was consistent with the Constitution, with one exception regarding specific rules regarding the financing of the expansion of Medicaid, surprised the market that was instead expecting the court to make a more restrictive ruling. The individual mandate, the obligation to purchase insurance, shall be seen, according to the Supreme Court, as a tax measure, which the federal government is entitled to decide upon. Republicans immediately counterattacked strongly and the party's presidential candidate, Mitt Romney, promised to tear up the legislation if he wins the election and has the opportunity to do so with the support of Congress.

The initial market reaction was basically negative since the hope was that the legislation would be torn up and that increased taxation of, and increased rebates price concessions from the sector's companies would be completely removed. However, after one day, the sector came back with a vengeance, supported by the agreement in Europe.

Our interpretation of the Supreme Court's ruling is more positive than that of the market's in general. The USA now has a new platform for stable and long-term volume growth and at reasonably well-known terms, even if, in the short-term, it could be quite costly for both suppliers and the providers. This may allow for P/E-expansion in the coming years. In the event of an election victory for the Republicans, a major part of the law will be torn up and probably with more symmetry (as much negative as positive will be removed, seen from a business perspective) than if the Supreme Court hypothetically had made such a ruling. The stock market would also be able to live with this potential election outcome (the initial stock market reaction to the healthcare sector will actually probably be positive), although we believe it will be worse for the stock market in the long-term.

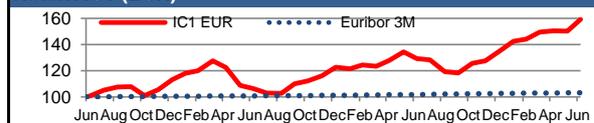
The single most important company event was Onyx Pharmaceuticals, which unexpectedly received a positive recommendation from an FDA Advisory Committee for a new cancer drug, although the clinical documentation was relatively thin. The Fund owned the share and the very large percentage increase meant that the share, despite a relatively small position, contributed almost one percentage point to the Fund's June performance. The FDA and its expert committees have recently been somewhat more constructive with regard to the approval of new drugs; a new diet pill has also recently been approved which has led to an interest in biotechnology.

Onyx Pharmaceuticals, Algeta and Exelixis gave the largest positive contributions to the Fund's development during the month. Centene, ThromboGenics and Regeneron were the largest negative contributors.

#### Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
June	6.00%	0.06%
YTD	18.19%	0.53%
Since Inception (June 22, 2009)	59.07%	3.17%

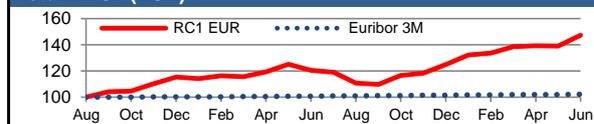
#### Return IC1 (EUR)



#### Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
June	5.97%	0.06%
YTD	17.99%	0.53%
Since Inception (August 31, 2010)	47.39%	2.18%

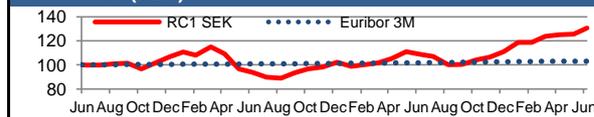
#### Return RC1 (EUR)



#### Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
June	3.83%	0.06%
YTD	17.61%	0.53%
Since Inception (June 22, 2009)	30.61%	3.17%

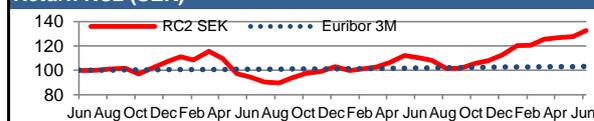
#### Return RC1 (SEK)



#### Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
June	3.85%	0.06%
YTD	17.71%	0.53%
Since Inception (June 22, 2009)	32.58%	3.17%

#### 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	149.51	150.29	150.07	159.07							
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	3.83	0.52	-0.15	6.00							+18.19
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	138.66	139.34	139.09	147.39							
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	3.80	0.49	-0.18	5.97							+17.99
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	123.79	125.05	125.79	130.61							
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	4.14	1.02	0.59	3.83							+17.61
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	125.51	126.83	127.66	132.58							
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	4.00	2.13	4.39	+9.26
2012	6.81	0.12	4.21	1.05	0.65	3.85							+17.71
Risk (IC1)			Exposure					Largest Long Positions					
Value at Risk, % <sup>1</sup>			2.1	Long				144%	Onyx Pharmaceuticals				
Standard deviation, % <sup>2,3</sup>			19.8	Short				12%	Celgene Corp				
Sharpe ratio <sup>2,3</sup>			0.77	Gross				156%	Universal Health				
				Net				131%	Algeta ASA				
									HCA Holdings				

1) For holdings on June 29 (95% confidence interval). 2) Since inception until June 29.

3) Standard deviation and sharpe ratio annualized.

Currency Exposure (% of equity > 4%)			
USD	74%	EUR	9%
		CHF	4%

## 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) = RHLEIC1 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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