

## July 2012 - Rhenman Healthcare Equity L/S

### Monthly Update

July was a positive month for both the world index and the healthcare sector. The dollar strengthened and contributed to the positive performance, measured in euros. The first part of the reporting season was, on the whole, very good for our companies with the exception of the managed care sector (health insurance companies). Providers (such as hospitals) had relatively low demand growth, which has characterized the sector for a long time, and this is a consequence of the weak economy. Most of the pharmaceutical companies and the profitable biotechnology companies managed to beat market expectations. As usual, medical technology presented a fragmented picture, with those companies with new technologies showing significantly better growth than those with most of their sales coming from products introduced a long time ago. Profit-taking in smaller, non-profit biotechnology companies began to be noticeable and is clearly a seasonal phenomenon. Many players choose to sell their holdings for the period July to October, which is often a weak and volatile time for the market in general and for non-profit companies in particular.

The Fund's main share class rose by just over one per cent, calculated in the fund's base currency (EUR). The Fund's holdings in large companies performed slightly better than the smaller ones. The service sector was relatively weak. The pharmaceutical sector was relatively strong. The Fund had a couple of investments that did not perform well. Vivus, a company that has developed a new dietary medicine, received approval in July with a good "label" (prescribing guidelines), but the company will not introduce the drug until the fourth quarter and the share price dropped sharply. Mako Surgical, a company in robotic surgery, that has already been a negative contributor to the fund's performance, continued to fall due to fewer sold robots than the market had expected.

Managed care came under pressure during the second half of the month. The main reason for this was the reports from Humana and Wellpoint which were somewhat weaker than expected. Our holdings in these companies were small, but the sector as a whole fell after the interim reports. The insurance industry tends to run into temporary setbacks and then bounce back with full force when companies have adjusted their premiums and insurance product terms. Managed care is part of a major structural change in the healthcare sector in the U.S. and the sub-sector has risen by 400% over the last ten years. This process of change will continue with Obamacare.

However, despite these setbacks the overall impression remains strong. Fundamentally our companies are, on average, performing well and the spring as a whole was characterized by relatively little heavy profit-taking as a result of setbacks or rapid increases of valuations.

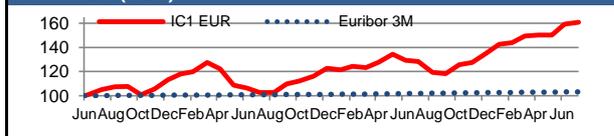
Interest in the major pharmaceutical companies is clearly on the rise. Companies such as Bayer, Bristol Myers, Novo Nordisk, Roche and Sanofi are making significant fundamental progress. Companies such as Glaxo, Merck, Novartis and Pfizer are developing steadily. The quite weak European pharmaceuticals market is being offset by emerging markets which continue to grow strongly. The strong dollar is a plus for the European-based companies and the stable domestic market provides support for American companies. We believe that a significant P/E-expansion will occur for the large companies in the coming years, but exactly how and when this will happen depends on several factors, such as the global economy, the reception of newly-launched drugs as well as continued solid sales growth in emerging markets.

Theravance, Onyx and Actelion gave the largest positive contributions to the Fund's development during the month. Mako Surgical, Vivus and Questcor were the biggest negative contributors.

#### Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
July	1.05%	0.06%
YTD	19.43%	0.59%
Since Inception (June 22, 2009)	60.74%	3.23%

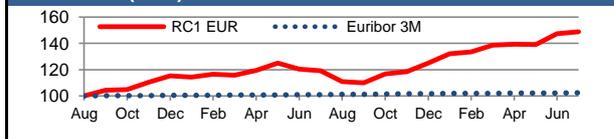
#### Return IC1 (EUR)



#### Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
July	1.02%	0.06%
YTD	19.19%	0.59%
Since Inception (August 31, 2010)	48.89%	2.23%

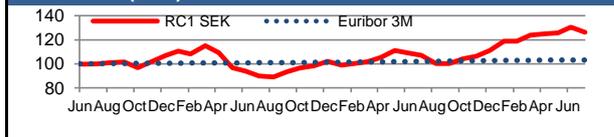
#### Return RC1 (EUR)



#### Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
July	-3.40%	0.06%
YTD	13.62%	0.59%
Since Inception (June 22, 2009)	26.17%	3.23%

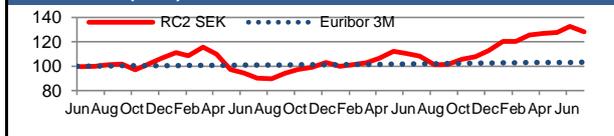
#### Return RC1 (SEK)



#### Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
July	-3.36%	0.06%
YTD	13.76%	0.59%
Since Inception (June 22, 2009)	28.13%	3.23%

#### 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	160.74						
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	1.05						+19.43
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	148.89						
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	1.02						+19.19
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	126.17						
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	-3.40						+13.62
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	128.13						
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	-3.36						+13.76
Risk (IC1)			Exposure					Largest Long Positions					
Value at Risk, % <sup>1</sup>			1.7	Long			132%	Actelion					
Standard deviation, % <sup>2,3</sup>			19.9	Short			15%	Roche					
Sharpe ratio <sup>2,3</sup>			0.79	Gross			147%	Ariad Pharmaceuticals					
				Net			118%	United Health Group					
								Bayer					

1) For holdings on July 31. 2) Since inception until July 26.  
3) Standard deviation and Sharpe ratio annualized.

Currency Exposure (% of equity > 6%)					
USD	71%	EUR	10%	CHF	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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