

September 2012 - Rhenman Healthcare Equity L/S

Monthly Update

September as a whole was characterized by relatively unchanged stock markets, although share prices were seen to rise at the start of the month, and there was profit taking at the end of it. The healthcare sector rose marginally. The Fund's main share class rose by almost 3%, in the base currency EUR. Historically September is a rather weak month so the market should have been relieved that no major events weighed down on share price performance. In Europe there is sense of wait-and-see regarding Spain which seems to have decided not to seek support from the European rescue fund, at least not for the time being. In the U.S. interest has focused on the economy and the forthcoming election. While the U.S. housing market has turned up somewhat, the labour market is still making very little progress, especially in terms of full-time jobs.

Several of the Fund's sub-sectors are developing well. Hospitals have definitely turned up due to the fact that Obama appears to be slightly in the lead in the election campaign. Insurance companies, however, are characterized by the general uncertainty that the healthcare reform is creating for the sub-sectors' profit margins. The biotechnology sector continues to develop very strongly due to strong positive news flows and the index looks, technically speaking as if it could break through the previous all-time-high level from year 2000 (which in fact it has already done based on monthly data). The pharmaceutical sector continues to rise slowly but surely. Medical technology has recovered somewhat. The small and mid-cap companies continue to outperform the large cap companies.

Historically, the stock market has behaved cautiously during election campaigns but then picks up speed with the election itself. There is every reason to keep this historical trend in mind as the final run-up to the election begins and while the race is relatively evenly balanced between the candidates Romney and Obama. Our view on the significance of the election results is as follows: If Romney wins this will be seen as being positive for the stock market as a whole, particularly if the Republicans also win the Senate. A majority in the Senate would lead to greater likelihood for an active reduction of the budget deficit since the Republicans would then have the majority in the Congress as a whole, and thus could more easily prevent a release of "Fiscal Cliff" in the new year, i.e. the combination of drastic tax increases and automatic budget cuts as stipulated by the Budget Control Act of 2011. We would then probably see companies with cyclical exposure becoming clear winners, such as technology, construction, finance, engineering and, of course, defence. Healthcare shares at large would probably rise although not to the same extent as the market as a whole and some subsectors of healthcare might go down slightly.

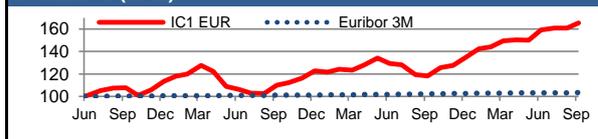
On the other hand, if Obama wins then healthcare shares will most likely be a leading sector, but the focus rather soon after the election would be on "Fiscal Cliff" and the need for budget compromise. Such a compromise would probably be reached but only after long and tense negotiations. In the meantime, it is difficult to see the prerequisites for the market to rise strongly, despite the fact that they tend to rise strongly after elections. We will be making a number of changes to the portfolio in the light of the above analysis, and the extent of the changes will be determined by developments during the election campaign.

Achillion, Allscripts and Galapagos contributed most to the Fund's positive development during the month. Peregrine, Incyte and Vivus gave the largest negative contributions.

Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
September	2.94%	0.05%
YTD	22.94%	0.70%
Since Inception (June 22, 2009)	65.47%	3.33%

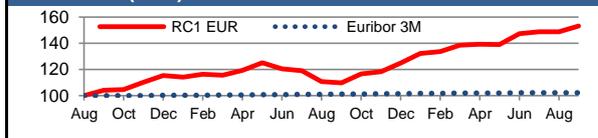
Return IC1 (EUR)



Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
September	2.91%	0.05%
YTD	22.61%	0.70%
Since Inception (August 31, 2010)	53.16%	2.34%

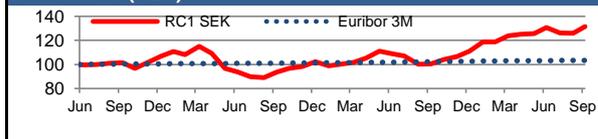
Return RC1 (EUR)



Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
September	4.61%	0.05%
YTD	18.55%	0.70%
Since Inception (June 22, 2009)	31.65%	3.33%

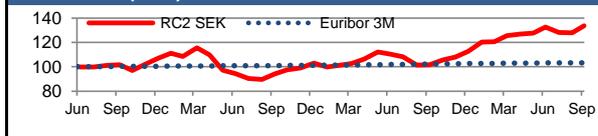
Return RC1 (SEK)



Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
September	4.62%	0.05%
YTD	18.77%	0.70%
Since Inception (June 22, 2009)	33.77%	3.33%

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	160.74	165.47				
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	0.00	2.94				+22.94
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	148.83	153.16				
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	-0.04	2.91				+22.61
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	125.85	131.65				
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	-0.25	4.61				+18.55
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	127.86	133.77				
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	-0.21	4.62				+18.77
Risk (IC1)			Exposure					Largest Long Positions					
Value at Risk, % ¹			1.4				Long		144%	Allscripts			
Standard deviation, % ^{2,3}			19.5				Short		9%	Roche			
Sharpe ratio ^{2,3}			0.81				Gross		152%	Novo Nordisk			
							Net		135%	Regeneron			
										Incyte			

1) For holdings on September 28. 2) Since inception until September 27.
3) Standard deviation and Sharpe ratio annualized.

Currency Exposure (% of equity > 5%)			
USD	69%	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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