

January 2013 - Rhenman Healthcare Equity L/S

Monthly Update

Equity markets performed very strongly in January and the Fund had one of its best months since inception, when it rose more than 6% in the base currency (EUR). The tax agreement in the U.S. caused huge relief as was demonstrated by the significant bounce in markets, some of which can be attributed to a pent-up need to allocate more capital to equities. Happily for the Fund, healthcare was one of the best sectors, partly reflecting the market's belief that the U.S. healthcare reforms will now be fully implemented.

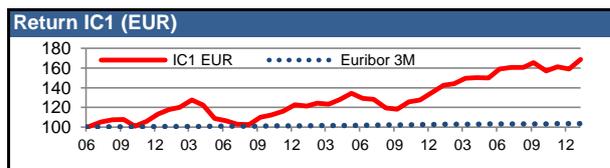
Those who are sceptical with regards to the rise in equity markets have two important arguments that are worth commenting on. One objection is that we have yet to see a final agreement on spending cuts in the U.S. Thus there is still a risk of political crisis between March and May. We do not share this concern because we find it hard to believe that the Republicans would not agree to raise the debt ceiling in May. The absence of a political agreement before that time would mean that the "sequester" would cut sharply into the U.S. federal budget in general and thereby achieve the savings that the Republicans have set as a requirement for an increase in the debt ceiling. We would expect the media coverage of the matter to be rather dramatic, but we do not think that it will be particularly negative for equities. The stock market in fact wants to see fiscal consolidation and the "sequester" is precisely that. The size of the sequester as it is governed by law is also large enough to satisfy the most critical observers of the U.S. economy. Hopefully, however, the parties will come to an agreement on a programme that is less drastic in the short term than the one that is now likely to be applied. The U.S. economy remains rather weak and more cautious cuts are, in our opinion, preferable.

The second objection to the strong stock market performance in January is that the ECB did not succeed in reversing the deflationary tendencies in Europe (as, for instance, can be illustrated by the strong Euro). Therefore the peripheral European countries continue to be extremely vulnerable and the market underestimates the risk of an "aftershock". This is a more serious concern, but we believe that the political system is fundamentally equipped to take care of such repercussions, and that there is strong political motivation to deal with these as and when they appear. Our optimistic viewpoint is that any aftershocks may render stock markets temporarily weaker, but that they will not reverse the strong positive sentiment amongst market participants with the associated long-term reallocation of capital from bonds to shares that is now taking place.

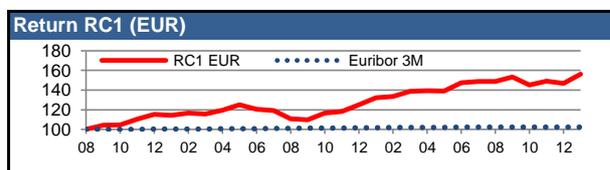
The healthcare sector was strong across the board this month. The reporting season kicked off fairly well with large caps such as United Healthcare and Johnson & Johnson. We reduced our net exposure slightly during the month in case of possible profit-taking in the market. We believe there are many variables that suggest that 2013 will be a good year for equities.

Celgene, Alkermes and Boston Scientific contributed the most to the Fund's performance during the month. Pfizer, Cyberonics and Mako Surgical gave the largest negative contribution.

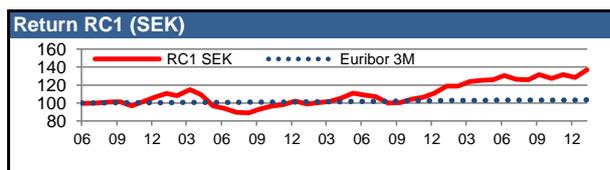
Return IC1 (EUR)		
	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
January	6.29%	0.02%
YTD	6.29%	0.02%
Since Inception (June 22, 2009)	68.92%	3.41%



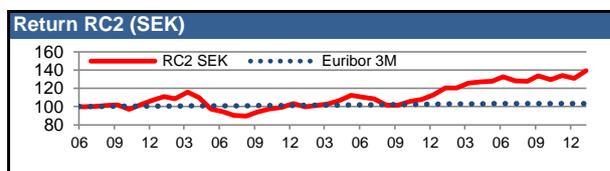
Return RC1 (EUR)		
	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
January	6.28%	0.02%
YTD	6.28%	0.02%
Since Inception (August 31, 2010)	56.14%	2.42%



Return RC1 (SEK)		
	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
January	6.39%	0.02%
YTD	6.39%	0.02%
Since Inception (June 22, 2009)	36.76%	3.41%



Return RC2 (SEK)		
	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
January	6.40%	0.02%
YTD	6.40%	0.02%
Since Inception (June 22, 2009)	39.17%	3.41%



IC1 (EUR) NAV per share													
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	156.93	161.34	158.92	
2013												168.92	
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	-5.16	2.81	-1.50	+18.08
2013													+6.29
RC1 (SEK) NAV per share													
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	127.25	131.60	128.55	
2013												136.76	
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	-3.34	3.42	-2.32	+15.76
2013													+6.39
RC2 (SEK) NAV per share													
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	129.36	133.84	130.80	
2013												139.17	
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	-3.30	3.46	-2.27	+16.13
2013													+6.40
Risk (IC1)			Exposure					Largest Long Positions					
Value at Risk, % ¹		1.3	Long					132% Merck					
Standard deviation, % ^{2,3}		19.3	Short					17% Alexion					
Sharpe ratio ^{2,3}		0.77	Gross					149% Biogen					
			Net					116% Incyte					
								Alkermes					

1) For holdings on January 31. 2) Since inception until January 31.

3) Standard deviation and Sharpe ratio annualized.

4) The exposure is adjusted for fund inflow at month end.

Currency Exposure (% of equity > 5%)					
USD	69%	EUR	8%	CHF	8%

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 500 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) = RHLERC1 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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