

March 2013 - Rhenman Healthcare Equity L/S

Monthly Update

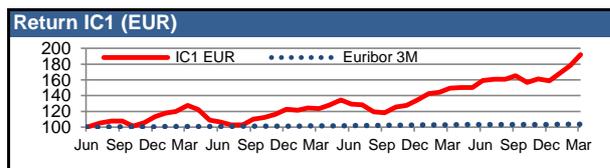
Equity markets were strong in March. The fund had its best month since inception and was up over +7.7% in the base currency (EUR). The US dollar contributed significantly to the increase. The main reason for the rise was probably that the U.S. economy looks to be relatively unaffected by the sequester, at least in the short term. Defensive sectors led the recovery and the healthcare sector is still the best sector this year and over the past 12 months. There remains a persistent uncertainty about the global economy, which could be seen as the US 10-year bond's interest rate fell sharply during the month; a result of lower growth expectations and probably a flight from the Euro to the U.S. Treasury bonds as a result of the crisis in Cyprus.

After an extremely strong start to the year for the fund, we should expect a minor consolidation, especially before the start of the reporting season. The healthcare sector, however, still has much more to give on the upside in the coming years. We expect a general P/E expansion (reaching average levels of the past twenty years) as the market starts pricing in the continued stable sales growth for the sector. This momentum will be driven by the pharmaceutical industry's higher productivity growth over the next five years compared with that of the past five years. The rate of year-on-year sales growth (calculated in percentage terms) will also rise after 2013, allowing increasingly more reliable forecasts for the companies to be made. This is very different from 2008-2009 when valuations actually implied that the pharmaceutical industry was heading for structural decline. Sentiment towards the sector has also improved significantly. Currently there are few who are directly negative to the sector, compared to a few years ago when the majority were at least somewhat negative.

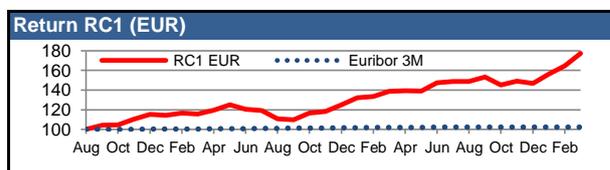
Celldex, Biogen Idec and Sanofi were the main positive contributors to the Fund's performance during the month of March. Especially worth mentioning is Biogen Idec since it received approval for its new MS drug, Tecfidera, which is expected to become a major commercial success as it is given orally and has few and relatively minor side effects. Ariad, Mako and Spectrum Pharmaceuticals were the largest negative contributors. Most interesting is perhaps Ariad, which is in the middle of the launch of a new cancer drug. The stock market is still uncertain about the potential for the drug because it is currently given as second line treatment. Presumably, however, the drug will eventually become the first line option, but the studies are not yet completed.

After an unusually strong period, the market is likely to enter a consolidation phase for a few months. This always creates great opportunities to buy individual stocks which fall on the back of broker downgrades or negative news. The reporting period will therefore be particularly interesting and will definitely lead to changes in the portfolio.

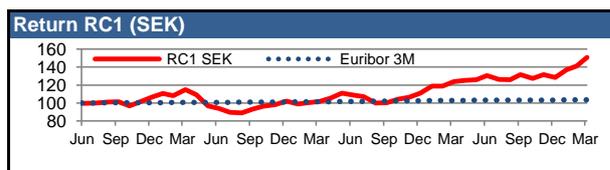
Return IC1 (EUR)		
	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
March	7.75%	0.01%
YTD	20.76%	0.05%
Since Inception (June 22, 2009)	91.91%	3.44%



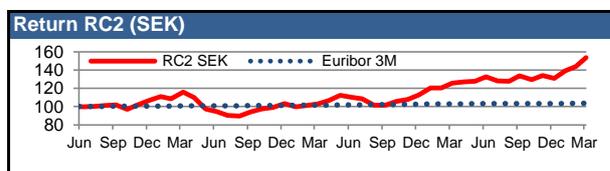
Return RC1 (EUR)		
	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
March	7.71%	0.01%
YTD	20.66%	0.05%
Since Inception (August 31, 2010)	77.28%	2.45%



Return RC1 (SEK)		
	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
March	6.83%	0.01%
YTD	17.38%	0.05%
Since Inception (June 22, 2009)	50.89%	3.44%



Return RC2 (SEK)		
	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
March	6.78%	0.01%
YTD	17.34%	0.05%
Since Inception (June 22, 2009)	53.48%	3.44%



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	178.11	191.91										
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	5.44	7.75										+20.76
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	141.24	150.89										
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	3.28	6.83										+17.38
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	143.74	153.48										
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	3.28	6.78										+17.34
Risk (IC1)			Exposure ⁴					Largest Long Positions					
Value at Risk, % ¹			1.5	Long			148%	Alexion					
Standard deviation, % ^{2,3}			14.7	Short			12%	Medivation					
Sharpe ratio ^{2,3}			1.70	Gross			160%	Biogen					
				Net			136%	Incyte					
								Alkermes					

1) For holdings on March 28. 2) Last 12 months.

3) Standard deviation and Sharpe ratio are annualized.

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

Currency Exposure (% of equity > 5%)					
USD	65%	EUR	11%	CHF	7%

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 %
• Hurdle rate:	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) SEB Fund Services S.A.
• Fund Management Company:	SEB Fund Services S.A.
• Fund Promotor (Sponsor):	Rhenman & Partners Asset Management AB
• Investment Manager:	Rhenman & Partners Asset Management AB
• Placement and Distribution Agent:	Skandinaviska Enskilda Banken S.A.
• Custodian Bank and Paying Agent:	Skandinaviska Enskilda Banken AB (publ)
• Prime Broker:	PricewaterhouseCoopers (PwC)
• External Auditor:	Yes (since November 5, 2009)
• Swedish registration:	IC1 (EUR) = LU0417598108, RC1 (EUR) = LU0417597555 RC1 (SEK) = LU0417597712, RC2 (SEK) = LU0417598017
• ISIN:	IC1 (EUR) = RHLIC1 LX, RC1 (EUR) = RHLERC1 LX RC1 (SEK) = RHLSRC1 LX, RC2 (SEK) = RHLSRC2 LX
• Bloomberg ticker:	IC1 (EUR) = 65147588, RC1 (EUR) = 65147589 RC1 (SEK) = 68014067, RC2 (SEK) = 68015239
• Lipper Reuters ticker:	IC1 (EUR) = 10034579, RC1 (EUR) = 10034567 RC1 (SEK) = 10239523, RC2 (SEK) = 10239528
• Telekurs ticker:	

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