

## May 2013 - Rhenman Healthcare Equity L/S

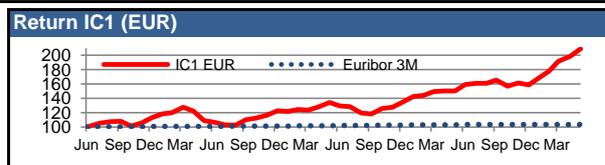
### Monthly Update

Global equity markets were up slightly in May. The USD appreciated somewhat. The healthcare sector rose modestly. The Fund had a good month, up +5.4% in the main share class in EUR. S&P in the US rallied strongly in the first half, but then gave back some of those gains in the second half. The downturn was largely due to speculation that the Fed is looking to start tapering off its asset purchase program (QE=quantitative easing) sooner than thought. Long-term interest rates therefore rose during May and caused risk markets to cool off. It is now quite possible that the Fed will start reducing their asset purchases after the summer (although this would partly be a reflection of lower volumes of bond issues as the budget deficit is now shrinking rapidly). Outside the US, the Japanese market suddenly took a major negative turn after some weaker than expected Chinese manufacturing numbers, the discussion on US tapering off monetary stimulus at the same time as the BOJ Governor stated that it would not be necessary to launch any further measures on top of those announced in April. The Yen depreciation came to a slight reversal and the equity market started to correct. We believe QE will continue at some level until next year, although the FED may very well start to slow their purchases sooner than some expect. It might take many years for the FED to actually start to sell what they have bought, if ever! From an interest rate perspective, there is a very long way to go before monetary policy starts to become restrictive. We therefore believe the stock market will have support by central banks monetary policies several years to come. Also, other central banks, e.g. Japan, will likely continue their QE programs.

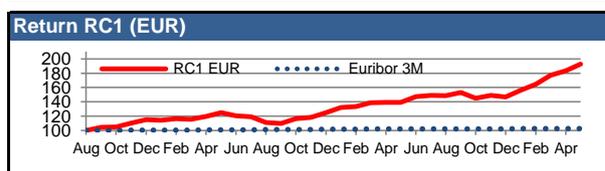
Within our sector there have been three focus points; namely the reporting season, M&A and ASCO. The Q1 reporting season was as expected but not better. Companies delivered reasonable numbers, which the market received in a supportive manner. The level of M&A has picked up strongly, exemplified by the purchase of Warner Chilcott (which we hold) by Actavis. Valeant will acquire the privately-held ophthalmology company Bausch & Lomb. Astra-Zeneca made a small acquisition (Omthera), and there has been market chatter about other take-over targets, i.e. Shire and Meda. The third hot topic in the sector was the annual ASCO (America Society of Clinical Oncology) meeting which took place at the very end of the month. Going into this year's ASCO there was much discussion about a new approach to treating cancer, namely by immunotherapy. The new treatment has the potential to revolutionize oncology. Such treatments (PD-1/PDL-1) would essentially activate the patient's own immune system to seek and destroy cancer cells, which in turn would mean that some cancers that currently have poor prognosis could go from often being acute, deadly diseases, to more manageable ones, perhaps chronic, over the coming decades. Companies with potential assets in this field were strong going into ASCO in anticipation of interesting news flow, e.g. Bristol-Myers, Roche and Merck.

In May Warner Chilcott, Ariad and Gilead gave the largest positive contributions, while Nektar, Novo Nordisk and Astellas Pharma contributed most negatively. The specialty pharma company Warner Chilcott will be bought by Actavis and merger synergies will be significant. Ariad is seeing a good launch in the US for its blood cancer drug Iclusig. Gilead, the antiviral company, bounced back after a weak finish in April. Nektar was weak throughout May as the FDA has signaled that it may require an additional (safety) trial in order to approve one of their drugs, Naloxegol for Opioid Induced Constipation. Novo announced some new, good data in Hemophilia B, but due to manufacturing issues there is a delay in its expected arrival to market, giving Biogen a two-year head start in this indication. Astellas Pharma sold off along with the entire Japanese market. Flattening market share for its newly-launched drug Xtandi probably added to the weakened sentiment. The outlook for the Fund is strong despite recent market weakness which we believe is related to a limited rise in interest rates. We believe there is further upside to be gained in the coming two months, which we estimate will last until the end of the second quarter reporting season. The fund is still modestly geared reflecting our optimistic short-term outlook. Our intention is to lower the exposure over the late summer, early autumn period. We would remind our investors and readers that we firmly believe the outlook for the healthcare sector has not been as good as it is today for more than ten years.

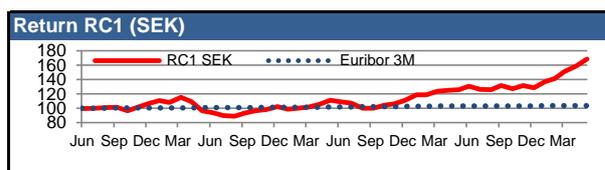
Return IC1 (EUR)			
	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)	
May	5.39%	0.02%	
YTD	31.58%	0.08%	
Since Inception (June 22, 2009)	109.10%	3.48%	



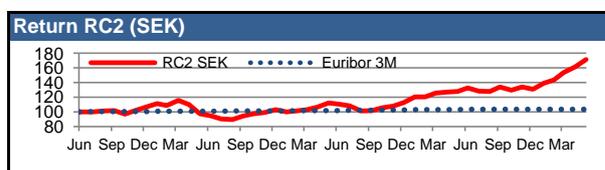
Return RC1 (EUR)			
	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)	
May	5.28%	0.02%	
YTD	31.29%	0.08%	
Since Inception (August 31, 2010)	92.89%	2.49%	



Return RC1 (SEK)			
	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)	
May	6.10%	0.02%	
YTD	31.05%	0.08%	
Since Inception (June 22, 2009)	68.47%	3.48%	



Return RC2 (SEK)			
	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)	
May	6.16%	0.02%	
YTD	31.14%	0.08%	
Since Inception (June 22, 2009)	71.53%	3.48%	



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	198.41	209.10								
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	3.39	5.39								+31.58
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	158.78	168.47								
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	5.23	6.10								+31.05
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	161.57	171.53								
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	5.27	6.16								+31.14
Risk (IC1)			Exposure <sup>4</sup>					Largest Long Positions					
Value at Risk, % <sup>1</sup>		2.3	Long					150% Ariad					
Standard deviation, % <sup>2,3</sup>		15.1	Short					17% Meda					
Sharpe ratio <sup>2,3</sup>		2.27	Gross					167% Roche					
			Net					134% Alexion					
								Novartis					

1) For holdings on May 31. 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	64%	CHF	9%
		EUR	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 %
• 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)
• 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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