

June 2013 - Rhenman Healthcare Equity L/S

Monthly Update

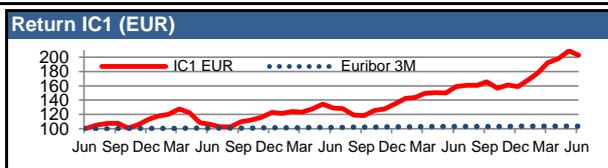
June was a volatile month and stock markets fell. The Fund had its first negative month so far this year. The two main reasons were the combination of high interbank interest rates in China and a statement from the Fed that the purchase of government bonds most likely will decline during the autumn, to finally end in the middle of 2014. Long-term interest rates around the world continued to rise. In the USA, 10-year rates were up, at most, by a full percentage point since early May. The ongoing civil war in Syria and the unrest in Turkey and Egypt reminded the market of the possible macro-related threats to the world economy. The European scene was dominated by the German Constitutional Court's review of whether the ECB's ability to carry out OMT operations (Outright Monetary Transactions), i.e. the purchase of government bonds in exchange for reforms in crisis-affected countries, is compatible with the German Constitution. We have yet to see the final verdict on this issue.

The Fund was down about 3.1 % in the main share class (EUR), which was slightly worse than the global pharmaceutical index. The negative deviation can be entirely explained by the fund's two positions in Meda and Dynavax. Meda fell when takeover speculation cooled while Dynavax did not receive approval for its hepatitis B vaccine; instead they are required to make another safety study. The market had expected that the company would receive restrictive approval for indications where existing vaccines do not have satisfactory efficacy and that the company would then gradually be given broader approval as the vaccine, through its use, generated more safety data. The problem with narcolepsy surrounding the swine flu vaccine Pandemix may have contributed to the FDA's cautious approach.

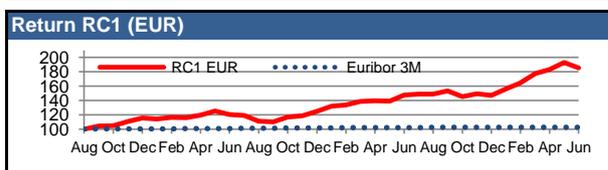
Nektar, Celldex and Ligand were the three largest positive contributors to the Fund's performance in June. They all benefited from the current high level of interest in medium-sized biotech companies. In addition, these three companies are developing very well and should therefore be considered as potential M&A targets. Along with Meda and Dynavax, the biotech company Biomarin performed weakly following a period of very strong share price momentum. These three companies gave the greatest negative contributions to the Fund during the month.

We remain positive about the outlook for the healthcare sector in the near term. Second quarter results should be strong, especially compared to those of other sectors. Just after the end of the second quarter there was an indication of a bid for the biotech company Onyx, which led to renewed speculation about other possible takeover candidates. In fact, the list of potential takeover candidates can be made very long as cash and loan-financed purchases could result in extremely high bid premiums (50-100%) due to the low interest rate environment. We look forward to an exciting and eventful summer and autumn.

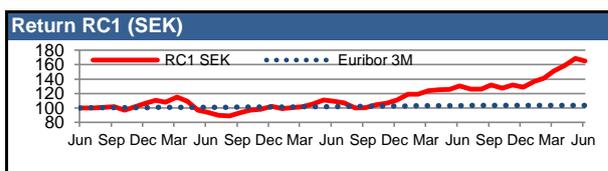
Return IC1 (EUR)			
	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)	
June	-3.14%	0.02%	
YTD	27.44%	0.10%	
Since Inception (June 22, 2009)	102.53%	3.50%	



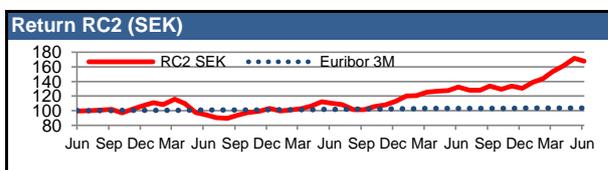
Return RC1 (EUR)			
	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)	
June	-3.75%	0.02%	
YTD	26.36%	0.10%	
Since Inception (August 31, 2010)	85.65%	2.50%	



Return RC1 (SEK)			
	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)	
June	-1.91%	0.02%	
YTD	28.55%	0.10%	
Since Inception (June 22, 2009)	65.25%	3.50%	



Return RC2 (SEK)			
	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)	
June	-2.10%	0.02%	
YTD	28.38%	0.10%	
Since Inception (June 22, 2009)	67.92%	3.50%	



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	202.53							
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	-3.14							+27.44
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	165.25							
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	-1.91							+28.55
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	167.92							
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	-2.10							+28.38
Risk (IC1)			Exposure ⁴					Largest Long Positions					
Value at Risk, % ¹		2.8	Long					171% Roche					
Standard deviation, % ^{2,3}		17.5	Short					34% Alexion					
Sharpe ratio ^{2,3}		1.58	Gross					205% Ariad					
			Net					138% Biogen					
								Sanofi					

1) For holdings on June 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	10%	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 %
• 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):	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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