

## August 2013 - Rhenman Healthcare Equity L/S

### Monthly Update

August was a weak month for global equity markets, which fell about 2%. In its base currency EUR, the Fund came down by about 1% after the record return in July of +11.5%. Some of the weakness in August can be attributed to geopolitical concerns linked to Syria, but the cooling off of acquisition rumours in the biotech sector also contributed negatively. In July there were rumours that Alexion, Alkermes and Onyx, amongst others, were targets for acquisition. Our assessment then was that all were possible takeover candidates and that Onyx would probably be acquired first, which is what actually took place in August. In the end the deal closed at a price of 10 billion USD, a 40% premium to the share price level prior to the start of the takeover discussions in July. It was interesting to see that both Amgen and Onyx traded up on the day that the deal became public, indicating that the market believed that the deal is beneficial also for the acquiring company, Amgen. Thus, it appears that Amgen may have managed to buy itself the growth prospects which the market previously felt that the company lacked. Analysts now expect the deal to be earnings accretive already from 2015.

On the macroeconomic front, China reported some positive data, including PMI, industrial production and export figures. India had a volatile month with only 4.4% GDP growth in the latest quarter and its currency weakened by as much as 9% against the USD. The Eurozone reported its first quarter of sequential real GDP growth since 3Q11. However, there is still a lot of focus on the upcoming announcements in the US regarding 'tapering', i.e. the gradual reduction of the government asset repurchase program from the current level of 85 billion USD per month. The market expects further details to emerge from the FOMC meeting on the 18 September. Unemployment rate, which is an important metric for the Federal Reserve, has fallen steadily from its peak of 10% in October 2009 to the current 7.3%. Thus, a scaling back of support buying should not lead to any great surprises for the market once it is announced, even though it will probably mean rising long-term interest rates.

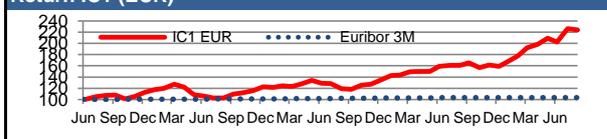
The largest positive contributors to the Fund's performance in August were Incyte, NPS Pharma and Akorn. The largest negative contributors were Sanofi, Onyx and Alkermes. Following a weak first quarter, Sanofi delivered a weaker than expected result for the second quarter as well. The company lowered its 'guidance' and the market was very disappointed with the poor growth in its emerging markets. Onyx and Alkermes, which rallied in July, noted a slight decline. Incyte's shares had a spectacular rise in August after their drug Jakafi, which is approved for Myelofibrosis, showed signs of activity in pancreatic cancer. Hypothetically, it could mean that Jakafi could be effective in yet further indications, which would be a very exciting development for the company. NPS Pharma's launch of Gattex for short bowel syndrome is going faster and better than expected. Akorn announced plans to buy Hi-Tech Pharmacal to improve its capabilities in alternative dosage forms. It is likely that the acquisition could generate as much as a 40% profit growth rate as early as 2014.

We continue to be positive about the remainder of the year and the Fund's ability to perform. It is likely that there will be some pull back in the markets, which historically has been most common in the early autumn. Cyclical stocks have lagged year to date, suggesting that that sector could possibly show a higher return than the healthcare sector in the short term. Meanwhile, the healthcare sector has continued to prove its strong fundamentals and we have every reason to feel positive about the coming six months.

### Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
August	-0.98%	0.02%
YTD	40.74%	0.14%
Since Inception (June 22, 2009)	123.66%	3.54%

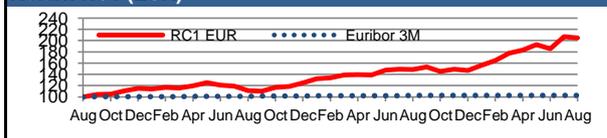
### Return IC1 (EUR)



### Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
August	-1.01%	0.02%
YTD	39.44%	0.14%
Since Inception (August 31, 2010)	104.86%	2.54%

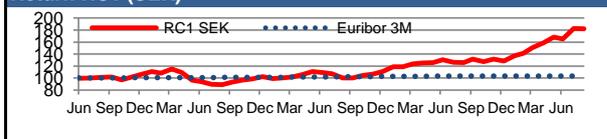
### Return RC1 (EUR)



### Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
August	-0.45%	0.02%
YTD	41.49%	0.14%
Since Inception (June 22, 2009)	81.89%	3.54%

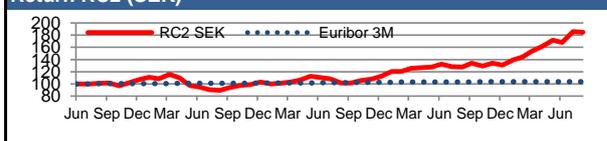
### Return RC1 (SEK)



### Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
August	-0.38%	0.02%
YTD	41.47%	0.14%
Since Inception (June 22, 2009)	85.04%	3.54%

### Return RC2 (SEK)



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	225.87	223.66					
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	11.52	-0.98					+40.74
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	182.72	181.89					
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	5.23	6.10	-1.91	10.57	-0.45					+41.49
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	185.74	185.04					
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	10.61	-0.38					+41.47
Risk (IC1)			Exposure <sup>4</sup>					Largest Long Positions					
Value at Risk, % <sup>1</sup>		2.2	Long					149% Roche					
Standard deviation, % <sup>2,3</sup>		17.1	Short					19% Ariad					
Sharpe ratio <sup>2,3</sup>		2.11	Gross					168% Alkermes					
			Net					127% Regeneron					
								Biomarin					

1) For holdings on August 30. 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	67%	EUR	9%	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)
• 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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