

September 2013 - Rhenman Healthcare Equity L/S

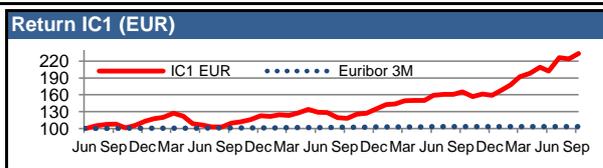
Monthly Update

Markets were surprisingly strong in September despite concerns over Syria and the deadlock in the U.S. regarding next year's budget and the need to raise the debt ceiling. Measured in euros, however, the rise was only a few percent because the dollar weakened significantly due to the risk of a weakened U.S. economy if the Democrats and the Republicans should fail to reach an agreement before the debt ceiling is reached on October 17. The Fund had another strong month with a gain of just over 4% in its base currency, the euro. The biotech sector remained strong.

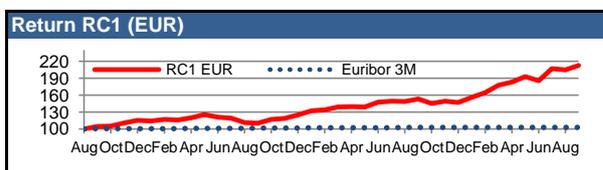
The situation in the United States is now extremely precarious and can create significant volatility in the stock market. If October 17 is reached without an agreement, there could be a hefty fall, similar to the one witnessed when the House of Representatives rejected the TARP programme on September 29, 2008. However, we consider a possible correction as temporary since it would be political suicide for the Republicans not to compromise immediately after the strongly negative market reaction that would be triggered. Even now, public opinion is disapproving and the Republicans are taking the brunt of the blame according to the opinion polls from both NBC News/Wall Street Journal and Gallup. As we see it, the situation can be described as follows: The President has chosen not to compromise further on the budget under threat of (a continued) shutdown of the federal government and of federal default. The Republicans, particularly in the House of Representatives, are stubbornly continuing to voice their threats until they receive concrete promises regarding economic policy, i.e. reduced spending. A 'chicken race-situation' has developed where someone has to give way. Our assessment is that the Republicans would have most to lose from the current situation, because, according to several opinion polls, it is now likely that the Tea Party movement may lose significantly in next year's mid-term elections for Congress; partly as a result of dissatisfaction with the Tea Party movement's unwillingness to compromise, and partly due to the fact that 'Corporate America' might choose to support the election campaigns of more moderate candidates. The chances of the Republicans winning in the Senate would be reduced and the most conservative forces in the House of Representatives would therefore have less opportunity to influence policies in the future. The Republicans are therefore likely to be forced to retreat, sooner or later. The question is whether we have to go through a market crisis (due to continued mangling in Congress after October 17) or not. We believe that this potential crisis is essentially reversible and temporary, although it should be emphasized that many other market observers are more negative regarding the lasting impact that such a situation would have on lending costs for the U.S. national debt. The reason for our optimism, quite simply, is that the U.S. government debt will remain one of the highest qualities in the world. The U.S. will always meet its debt obligations, even if arriving there it is not always plain sailing. Furthermore we are of the view that the federal government will give priority to the payment of the national debt.

Before the month of October, the Fund's net exposure was reduced in order to take advantage of buying opportunities that we expected to see in October. The outlook for the fourth quarter is good, even though we may initially witness some market volatility. There are several factors pointing towards a positive quarter: a good outlook for Q3 results, Obamacare will provide favourable conditions for growth in the future, continued relatively moderate economic growth that benefits non-cyclical growth stocks, seasonal patterns (the fourth quarter tends to be strong), and continued low interest rates combined with an increased rate of innovation in our sector that provide the prerequisites for continued P/E expansion. During the month of September, Celldex, Regeneron and Genmab contributed most to the Fund's positive performance, while Ariad, Algeta and Thrombogenics gave the biggest negative contribution. Celldex continued its strong share price performance as the market increasingly recognizes the potential of its cancer immunotherapy drugs. Ariad's negative contribution can almost entirely be attributed to the fact that the dollar weakened against the Fund's base currency, the euro; as its share price was roughly flat in September.

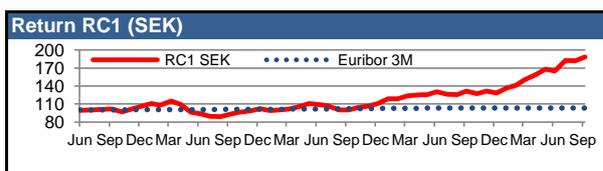
Return IC1 (EUR)			
	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)	
September	4.38%	0.02%	
YTD	46.90%	0.16%	
Since Inception (June 22, 2009)	133.45%	3.56%	



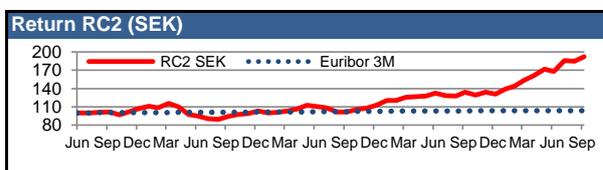
Return RC1 (EUR)			
	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)	
September	3.82%	0.02%	
YTD	44.77%	0.16%	
Since Inception (August 31, 2010)	112.69%	2.56%	



Return RC1 (SEK)			
	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)	
September	3.69%	0.02%	
YTD	46.72%	0.16%	
Since Inception (June 22, 2009)	88.61%	3.56%	



Return RC2 (SEK)			
	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)	
September	3.79%	0.02%	
YTD	46.83%	0.16%	
Since Inception (June 22, 2009)	92.06%	3.56%	



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	233.45				
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	4.38				+46.90
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	188.61				
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	3.69				+46.72
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	192.06				
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	3.79				+46.83
Risk (IC1)			Exposure ⁴					Largest Long Positions					
Value at Risk, % ¹			1.3	Long				115%	Ariad				
Standard deviation, % ^{2,3}			17.2	Short				19%	Roche				
Sharpe ratio ^{2,3}			2.07	Gross				134%	Alkermes				
				Net				96%	Biomarin				
									Sanofi				

1) For holdings on September 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	71%	EUR	8%	DKK	5%

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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