

## November 2013 - Rhenman Healthcare Equity L/S

### Monthly Update

November was a good month for the stock market with a rise of two per cent. The healthcare sector performed a couple of percent better still. The Fund rose by just over 9% in its base currency, the Euro, and thus more than made up for the weakness in October. The increase was led by the biotech sector, which also rose by about 9%. The considerable loss in Ariad in October was reduced somewhat when the share more than doubled this month.

The stock market has been surprisingly strong this autumn. Share prices have only been weak in August and the difficulties at the start of October only lasted for just over a week. An intense debate has again broken out about whether the stock market has risen too much before underlying growth has shown renewed strength going into 2014. A number of questions remain about the world economy and the stability of the financial system, and the fact that the outlook for corporate earnings is difficult to assess at this point.

We make the optimistic interpretation that stocks will continue to rise during the winter season as a result of the expansionary fiscal policy. The reduction of QE (quantitative easing), also referred to as "tapering", will certainly create some short-term turbulence, but should only be a temporary setback to the positive share price momentum. Global stock markets are now only a few percent off the all-time-high set in the autumn of 2007 and we believe that this record will soon be broken. The ultralight fiscal policy is giving rise to higher valuations than some are comfortable with. However, the current situation should not be considered to be an asset bubble since it is due precisely to the fact that interest rates are low so that net present value calculations yield attractive valuations. There will only be a bubble (at current valuation levels), in our view, if the economic development leads to sharply rising interest rates (or a collapse of demand for some reason), an outcome that we believe to be very unlikely.

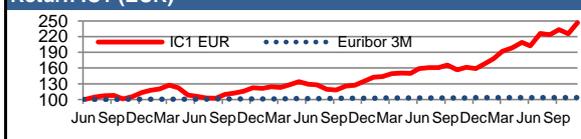
The problems faced by the Obama administration over the implementation of electronic marketplaces for health insurance have created many negative headlines in the U.S. press. Here too, we take the optimistic view that these startup problems are temporary in nature and will not affect the long-term valuation of our companies in general. Managed care companies may be directly affected negatively in the short-term if only the sickest of the uninsured are sufficiently motivated to overcome the administrative hurdles of filling out the online registration forms. However, the fact is that insurance companies had a good month in the stock market in November and recovered from their fall in October.

Among the important contributors to the fund's monthly gain were Algeta, Biogen and Ariad. Algeta may become an acquisition target and Bayer has indicated a bid for the company. Biogen's MS drug Tecfidera has been selling very well since launch, and now the EMA has given a positive ruling regarding the drug's exclusivity in Europe. Ariad rose strongly since the European authorities will allow lclusig to stay on the market which could be seen as an indication that this drug will make it back to the US market next year. Thrombogenics, NPS Pharma and Aegerion were some of the largest negative contributors. Most of the short positions had a negative development due to the strong market.

#### Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
November	9.31%	0.02%
YTD	55.22%	0.20%
Since Inception (June 22, 2009)	146.67%	3.59%

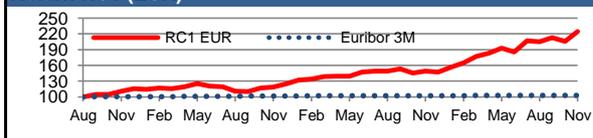
#### Return IC1 (EUR)



#### Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
November	9.29%	0.02%
YTD	52.86%	0.20%
Since Inception (August 31, 2010)	124.58%	2.60%

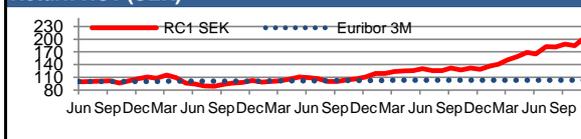
#### Return RC1 (EUR)



#### Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
November	10.09%	0.02%
YTD	57.93%	0.20%
Since Inception (June 22, 2009)	103.02%	3.59%

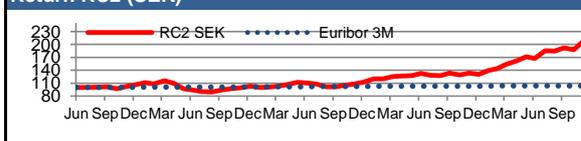
#### Return RC1 (SEK)



#### Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
November	10.12%	0.02%
YTD	58.16%	0.20%
Since Inception (June 22, 2009)	106.87%	3.59%

#### 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	233.45	225.66	246.67		
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	-3.34	9.31		+55.22
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	188.61	244.50		
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	-2.23	10.09		+57.93
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	187.86	206.87		
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	-2.19	10.12		+58.16
Risk (IC1)			Exposure <sup>4</sup>					Largest Long Positions					
Value at Risk, % <sup>1</sup>		1.8	Long					147% Regeneron					
Standard deviation, % <sup>2,3</sup>		17.1	Short					14% Roche					
Sharpe ratio <sup>2,3</sup>		2.44	Gross					161% Novartis					
			Net					133% Biogen					
								Algeta					

1) For holdings on November 29. 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	73%	EUR	8%	CHF	6%

## 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 core 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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