

# RHENMAN HEALTHCARE EQUITY L/S FUND

*Outstanding performance in a complex market*

- Annualised return of 28% (net) since inception
- Over 20 years managing successful healthcare funds.
- World renowned industry professionals each with over 30 years experience, actively involved through the Scientific Advisory Board.
- Unquestionable alpha generation, outperforming all relevant indices and top quartile in all relevant rankings.
- Long term investment horizon:
  - Diversified across subsectors, company size and geographies to lower volatility.
  - Active trading around holdings.
  - Predominantly cash flow positive companies.
  - Typically investing post approval, mitigating event risk.

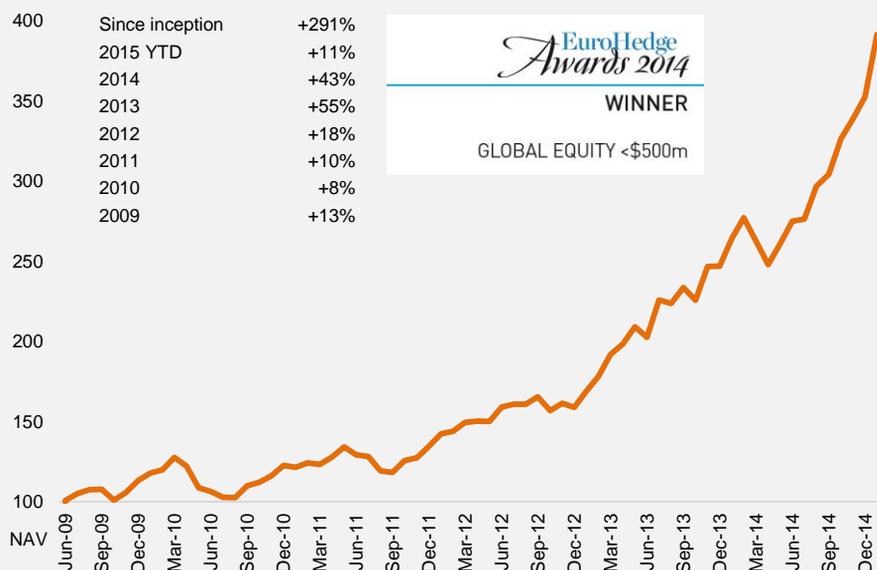
## Monthly Update

January was dominated by a strongly appreciating dollar. The ECB's decision to purchase bonds was embraced by most of the investment community and was described as unexpectedly large and even, in principle, unlimited. Interest rates fell, the euro weakened and the dollar strengthened. The Swiss National Bank was forced to abandon its peg to the euro and the Swiss franc appreciated dramatically as a result.

Global Equity Indexes fell in dollars but rose sharply in euros by five percent. The healthcare sector rose almost ten percent. The Fund's main share class rose eleven percent in its base currency the Euro. This increase was the second-best for a single month since the Fund's inception in the summer of 2009. It is important to emphasize however that the stronger dollar contributed more than half of the Fund's return.

## Fund Performance IC1 (EUR)

Period	Return
Since inception	+291%
2015 YTD	+11%
2014	+43%
2013	+55%
2012	+18%
2011	+10%
2010	+8%
2009	+13%

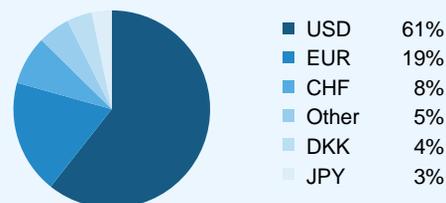


## JANUARY 2015

Share class	January 2015	2014 Return	Since inception <sup>1</sup>
IC1 (EUR)	11.02%	42.83%	291.34%
IC3 (EUR)	12.45%	49.58%	337.99%
IC4 (EUR)	12.51%	50.78%	177.01%
IC2 (SEK)	9.72%	51.74%	164.32%
ID1 (SEK)	9.68%	44.72%	149.52%
IC2 (USD)	5.02%	26.40%	32.75%
RC1 (EUR)	10.89%	40.19%	249.47%
RC1 (SEK)	9.65%	49.70%	232.20%
RC2 (SEK)	9.68%	50.65%	241.02%
3 month Euribor (EUR)	0.01%	0.22%	3.85%

	Risk (IC1 EUR)	Exposure <sup>5</sup>	
Value at Risk <sup>2</sup>	2.29%	Long	130%
Standard Deviation <sup>3,4</sup>	16.64%	Short	11%
Sharpe Ratio <sup>3,4</sup>	3.51	Gross	141%
		Net	119%

## Currency Exposure<sup>6</sup>



## Largest Long Positions

Rank	Company	Fund: AUM <sup>5</sup>
1.	Gilead Sciences Inc	EUR 427m
2.	Bayer AG	USD 488m
3.	Novartis AG	Firm: EUR 452m
4.	Actelion Ltd	
5.	Roche AG	

## Portfolio Construction<sup>7</sup>

Pyramid level	Position size	No.
High conviction	3%-10%	10
Core holdings	1%-3%	43
Fractional positions	0.5%-1%	51
Candidate holdings	<0.5%	25

### Notes:

1. Please find launch date information on page 3 and 4.
2. For holdings at month end (95% conf. int, 250 days history).
3. Last 12 months.
4. Standard deviation and Sharpe ratio are annualized.
5. The AUM and exposure is adjusted for fund inflow at month end.
6. As a percentage of the market value of the long book.
7. Number of long and short equity positions (excluding any ETFs)





Biotech had a very strong month, while medical technology was the weakest performing subsector. One possible explanation could be that biotech is the least negatively influenced by the strong dollar in terms of earnings estimates for 2015, while medical technology is affected the most. The Majority of medical technology companies are American with a large portion of sales derived from outside the United States, while many biotech companies still have a disproportionately large share of both sales and earnings in the US. This pattern might be further reinforced during the year if the dollar continues to strengthen.

The three positions that contributed the most to the Fund were; Gilead (appearing to maintain a high market share of hepatitis C), Bayer (winning on the back of the weak euro) and Celgene (very optimistic long-term forecasts from the company). Negative contributions came from Insulet (lower growth forecast from the company), Receptos (profit taking) and Keryx (wait-and-see approach ahead of the product launch that is currently rolling out).

After such a strong start to the year a recoil could be imminent and may well affect the Fund. A cyclical rally during the year could even give better returns elsewhere. However, we believe that the year as a whole will be good for the Fund. Firstly, we believe that valuations are well-founded and below their long term historical average. Secondly, the healthcare sector's fundamentals are steadily improving and heading toward the levels which prevailed during the second half of 1990s. Therefore, P/E expansion is likely to continue (but at a slower pace) with a possible interruption because of the interest rate hike in the United States. This interest rate hike may come in the second half of the year and will probably create volatility in the entire stock market. Bearing all this in mind, we want to reiterate that an investment in the Fund should be made with a time horizon of several years.

### Share class characteristics

	Minimum Investment	Mgt. fee	Perf. fee	ISIN number	Bloomberg ticker	Lipper Reuters	Telekurs
<b>Institutional share classes</b>							
IC1 (EUR)	250,000	1.50%	20%	LU0417598108	RHLEIC1 LX	65147588	10034579
IC3 (EUR)	5,000,000	1.50%	10%	LU0434614789	RHHIC3 LX	68014068	10283697
IC4 (EUR)	20,000,000	0.75%	10%	LU0815250997	RHHIC4 LX	68173297	19867376
IC2 (SEK)	50,000,000	1.00%	20%	LU0417598793	RHHIC2S LX	68204997	20323930
ID1 (SEK)	100,000	1.50%	20%	LU0417599098	RHHICD1 LX	68153820	18491109
IC1 (USD)	300 000	1.50%	20%	LU0417598280	tbc	tbc	tbc
IC2 (USD)	6,000,000	1.00%	20%	LU0417598520	RHUIC2ULX	68265724	24456000
<b>Retail share classes</b>							
RC1 (EUR)	2,500	2.00%	20%	LU0417597555	RHLERC1 LX	65147589	10034567
RC1 (SEK)	500	2.00%	20%	LU0417597712	RHLSRC1 LX	68014067	10239523
RC2 (SEK)	2,500,000	1.50%	20%	LU0417598017	RHLSRC2 LX	68015239	10239528

### Fund Characteristics

- Investible currencies**  
Euro (EUR) / Swedish Krona (SEK) / US Dollar (USD)
- Target fund size**  
EUR 500m (soft close)  
EUR 1bn (hard close)
- Return target**  
Annualised net returns in excess of 12% with volatility below the market
- Legal structure**  
FCP (Fonds Commun de Placement) under Part II of the Luxembourg Law on Investment Funds
- Investment Manager**  
Rhenman & Partners  
Asset Management AB
- Fund Management Company**  
SEB Fund Services S.A.
- Prime Broker**  
Skandinaviska Enskilda Banken AB (publ)
- Custodian Bank and Paying Agent**  
Skandinaviska Enskilda Banken S.A.
- External Auditor**  
PricewaterhouseCoopers (PwC)
- Subscription /redemption**  
Monthly
- Notice period**  
3 working days
- Hurdle rate**  
Euribor 90D (IC4 (EUR) 5%)
- Minimum top up**  
No minimum

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The Investment Manager is under the supervision of The Swedish Financial Supervisory Authority (Finansinspektionen) as of February 2009



**RC1 (EUR) NAV**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010									104.35	104.75	110.36	115.32
2011	114.18	116.50	115.79	119.40	125.10	120.47	119.15	110.91	109.86	116.68	118.31	124.92
2012	132.14	133.59	138.66	139.34	139.09	147.39	148.89	148.83	153.16	145.20	149.21	146.92
2013	156.14	164.59	177.28	183.22	192.89	185.65	206.96	204.86	212.69	205.49	224.58	224.79
2014	240.30	251.66	236.42	223.21	235.00	247.45	248.60	266.95	273.34	293.13	304.24	315.14
2015	349.47											

**RC1 (EUR) Performance % net of fees**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2010									4.35	0.38	5.36	4.49	15.32
2011	-0.99	2.03	-0.61	3.12	4.77	-3.70	-1.10	-6.92	-0.95	6.21	1.40	5.59	8.32
2012	5.78	1.10	3.80	0.49	-0.18	5.97	1.02	-0.04	2.91	-5.20	2.76	-1.53	17.61
2013	6.28	5.41	7.71	3.35	5.28	-3.75	11.48	-1.01	3.82	-3.39	9.29	0.09	53.00
2014	6.90	4.73	-6.06	-5.59	5.28	5.30	0.46	7.38	2.39	7.24	3.80	3.58	40.19
2015	10.89												10.89

**RC1 (SEK) NAV**

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	184.41	203.02	202.38
2014	215.63	226.61	216.26	206.33	218.55	230.73	233.43	249.55	253.98	276.09	286.74	302.97
2015	332.20											

**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	-0.32	57.43
2014	6.55	5.09	-4.57	-4.59	5.92	5.57	1.17	6.91	1.78	8.71	3.86	5.66	49.70
2015	9.65												9.65

**RC2 (SEK) NAV**

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	206.39
2014	219.98	231.28	221.05	210.98	223.54	236.05	238.90	255.47	260.24	283.00	293.97	310.92
2015	341.02											

**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	-0.23	57.79
2014	6.58	5.14	-4.42	-4.56	5.95	5.60	1.21	6.94	1.87	8.75	3.88	5.77	50.65
2015	9.68												9.68

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