

RHENMAN HEALTHCARE EQUITY L/S FUND

Outstanding performance in a complex market

- Annualised return of 29% (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

February was yet another strong month and our fears of an imminent correction came to nothing. The global market rose nearly 7% and the Fund's main share class (IC1 EUR) increased in value by 7.15%, calculated in the Fund's base currency, the euro. The market continues to discount better prospects for the world economy, with low interest rates, which together support further P/E expansion and acquisitions. Consensus suggests that the problems in Greece and Ukraine are long term and are unlikely to achieve their solutions in the foreseeable future; waiting for this to happen means a missed opportunity for capital appreciation. Furthermore, the downside of negative development is more than offset by the upside from a relatively stable economic situation and demand in the world as a whole. We share this point of view.

The numerous acquisitions in the stock market are a good illustration of strong demand. In fact, acquisition of one of the Fund's holdings took place during the month - Valeant's purchase of Salix. The purchase price is closely linked to the FDA approval of the drug Xifaxan in a new indication, IBS, a chronic stomach ailment, something that the company is by no means certain to receive. However, Valeant wanted to buy Salix before the FDA considered the question of approval because it was afraid that a *de facto* approval would lead to the large pharmaceutical giants outbidding them. By taking a risk on the outcome, they got the company more cheaply and are less likely to be forced into a bidding war where the deepest pocket and greatest prestige wins. We actually share Valeant's risk/reward judgment

Fund Performance IC1 (EUR)

Since inception	+319%
2015 YTD	+19%
2014	+43%
2013	+55%
2012	+18%
2011	+10%
2010	+8%
2009	+13%

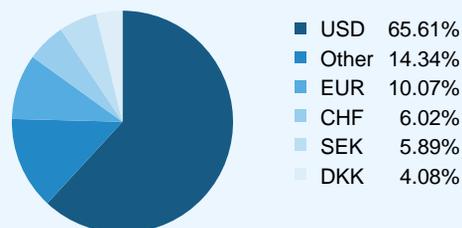


FEBRUARY 2015

Share class	February 2015	YTD Return	Since inception ¹
IC1 (EUR)	7.15%	18.97%	319.34%
IC3 (EUR)	7.72%	21.13%	371.80%
IC2 (SEK)	7.35%	17.79%	183.76%
ID1 (SEK)	2.76%	12.71%	156.41%
IC1 (USD)	6.43%	6.43%	6.43%
IC2 (USD)	6.46%	11.80%	41.32%
RC1 (EUR)	6.87%	18.51%	273.47%
RC1 (SEK)	7.20%	17.54%	256.11%
RC2 (SEK)	7.27%	17.65%	265.80%
3 month Euribor (EUR)	0.01%	0.01%	3.86%

	Risk (IC1 EUR)	Exposure ⁵	
Value at Risk ²	1.77%	Long	133%
Standard Deviation ^{3,4}	16.69%	Short	12%
Sharpe Ratio ^{3,4}	3.52	Gross	145%
		Net	121%

Currency Exposure⁶



Largest Long Positions

	AUM ⁵
1. Novartis AG	Fund:
2. Bayer AG	EUR 475m
3. Roche AG	USD 541m
4. Celgene Corp	Firm:
5. Alexion Pharma Inc	EUR 515m

Portfolio Construction⁷

Pyramid level	Position size	No.
High conviction	3%-10%	3
Core holdings	1%-3%	48
Fractional positions	0.5%-1%	50
Candidate holdings	<0.5%	30

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)





regarding the FDA's review. Equally, we feel they are right about the major pharmaceutical giants' willingness to take binary risks in connection with acquisitions; It is relatively low because employees careers are at stake if the acquisition turns out to be a bad, they have no incentive to take the risk - especially if the event is in the near future.

The service sector turned out to be the leading sub-sector during the month. In addition to a strong reporting season, the insignificant impact of the strong US dollar may have played a role. In March The Supreme Court is due to start the process of determining whether the ACA (Affordable Care Act), as worded, allows for federal subsidies for healthcare premiums for those states that did not set up their own exchanges but relied on federal assistance. This has worried the market for some time and it may have felt that the bottom had been reached for the time being.

Esperion, a company that is developing lipid-lowering agents for patients who cannot tolerate statins, was the Fund's most important positive contributor during the month. Salix (see above) was number two. Anthera, one of the Fund's few micro caps (market capitalization below 200 million USD), rose sharply as it now seems that the company has a good chance of success in lupus (autoimmune disease with severe inflammation of several organs). Anthera is interesting in the sense that we have owned the company for several years, with progressively deteriorating share price development, but in a single event it has moved into positive territory again. We see this as a good illustration of the importance to being able to wait for events that lie far in the future, if the risk/reward is good. It is often the case that it is impossible to know when an event will occur. The important thing is that it will occur, and that the Fund can make a lot of money by just letting time pass and not worrying about when exactly in time it will take place. The Fund's most negative contributors during the month were Gilead, Achillion and AbbVie, all three linked to the hepatitis C segment and the fears that the market will not grow as strongly in the future. We are confident that growth will continue, albeit at a low rate. Lower prices are a prerequisite for treating patients who are less severely ill, and is something that we believe the stock market will realize later during the year.

The Fund has risen nearly 70% since bottom in late April last year. We reiterate that a minor correction is likely in the spring. We also believe that 2015 has every opportunity of being a good year for the Fund, with continued appreciation of the sector, linked to continued intense acquisition activity. The sector has probably never had such strong fundamentals as now, something which few point out. Growth expectations are actually rather modest, which indicates a continued upward trend.

Share class characteristics

	Minimum Investment	Mgt. fee	Perf. fee	ISIN number	Bloomberg ticker	Lipper Reuters	Telekurs
Institutional share classes							
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
IC2 (SEK)	50,000,000	1.00%	20%	LU0417598793	RHHIC2S LX	68204997	20323930
ID1 (SEK)	100,000	1.50%	20%	LU0417599098	RHHIC1D1 LX	68153820	18491109
IC1 (USD)	300 000	1,50%	20%	LU0417598280	RHUIC1A LX	tbc	tbc
IC2 (USD)	6,000,000	1.00%	20%	LU0417598520	RHUIC2ULX	68265724	24456000
Retail share classes							
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

Minimum top up

No minimum

Chief Investment Officer

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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	373.47										

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	6.87											18.51

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	356.11										

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	7.20											17.54

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	365.80										

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	7.27											17.65

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