Rhenman & Partners
Rhenman Healthcare Next Generation L/S

Past performance is no indication of future returns.

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MONTHLY COMMENT by CIO, Kaspar Hållsten

Overview, exposure and positioning
Rhenman Healthcare Next Generation L/S increased in August following July's rotation from quality innovation and growth to value healthcare. The fund was up by 1.8 percent in RC1 (SEK), 0.4 percent in IC6 (EUR), and 1.4 percent in RC1 (USD) during the month. Since inception (29 May 2026), the fund is up 5.9 percent in RC1 (SEK), 3.7 percent in IC6 (EUR), and 3.5 percent in RC1 (USD).

The fund ended the month with net exposure of 67 percent, 102 percent long exposure and 34 percent short exposure. 59 long positions and 38 short positions.

By end of month, the long book sub-sector allocation was 40 percent biotech, 27 percent medtech, 26 percent services and 8 percent pharma, while the short book sub-sector allocation was 4 percent biotech, 18 percent medtech, 10 percent services and 2 percent pharma.

Highlights
The biotech company Sionna presented data for its cystic fibrosis NBD1 drug, it showed no benefit compared to placebo. Sionna decided to pause development of this asset pending full exploration of the data set, causing the stock to collapse leaving the company with only early projects with limited current value. Even with prior and early data showing some signs of effect this negative announcement was clearly not expected from the market. Even if this was a single binary risk this event put some light on the risk in early ongoing projects within some of the biotech's.

Moderna, on the other hand, presented Ph3 data from the INTerpath-001 trial showing that intismeran autogene (mRNA-4157) plus Keytruda significantly improved recurrence-free and distant metastasis-free survival versus Keytruda alone in resected high-risk malignant melanoma. The positive readout, which was the first Ph3 validation of a personalized neoantigen cancer vaccine. It triggered a massive rally in MRNAs stock with notably high short interest, sending shares up as much as 177 percent on the news.

Performance attribution
Iovance and Novocure were the strongest contributors during the month. Sionna and Alignment Healthcare were the largest detractors.
Medtech long positions delivered the strongest contribution among the sub-sectors. Biotech longs contributed positively despite the Sionna disappointment, while the short book and services detracted. The fund's largest positions at month end were Brightspring, Anteris, Jazz, Procept and Neurocrine.

We are pleased to see the fund had a positive month in all share classes in August after a difficult July. It is still early days for the fund, and months like July are a reminder of how quickly sentiment can turn against an innovation and growth tilted strategy, at least in the short term. That said, the underlying names in the fund continue to deliver fundamentally, points in the right direction with strong support from earnings season and clinical updates.

Outlook
Biopharma M&A continues at a rapid pace, and 2026 remains on track to be a strong year for healthcare dealmaking. Large-cap pharma continues to move on differentiated, late-stage assets as patent cliffs approach later this decade. We expect this trend to continue and being a meaningful tailwind for small- and mid-caps within primarily biotech but for medtech as well.

The macro backdrop is more mixed. The Federal Reserve held rates steady at its latest meeting, but the vote was split and markets now estimate with approximately 70 percent probability a rate hike from FED at the September meeting. As noted last month, this backdrop can produce sharp rotations away from growth and innovation, even when the long-term outlook for our holdings remains intact. We continue to manage this risk through the short book and the net exposure. September is a somewhat challenging month for the overall market and therefore we are keeping the net exposure below 70 percent going into the month. With earnings season at its end, we are now shifting over to other clinical catalysts in the coming period, and we remain enthusiastic about the outlook for both the sector and the fund for the rest of the year.

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