

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 decreased in September. The fund was down 0.8 percent in RC1 (SEK), 2.4 percent in IC6 (EUR) and 4.5 percent in RC1 (USD) during the month. Since inception (29 May 2026), the fund is up 5.1 percent in RC1 (SEK), 1.3 percent in IC6 (EUR) and down 1.2 percent in RC1 (USD). Currency drove much of the gap between share classes, a weaker SEK, USD/SEK +4.5 percent in the month, cushioned the SEK share class somewhat relative to the EUR and, in particular, the USD share class. The fund ended the month with net exposure of 68 percent (101 percent long, 32 percent short), across 58 long and 30 short positions. At month end, the long book was allocated 36 percent to biotech, 31 percent to medtech, 27 percent to services and 8 percent to pharma. The short book was allocated 6 percent to biotech, 18 percent to medtech, 5 percent to services and 3 percent to pharma.

Highlights

Iovance was one of the fund's strongest contributors in September. Iovance's cell therapy Amtagvi is approved for use in advanced melanoma. Amtagvi has recently seen an increased uptake, reflecting the improved processing and logistics associated with the treatment. As a result from the solid demand, Iovance raised full year guidance by 15 percent from previous guidance, implying an approximately 60 percent growth in total revenue. Management also provided reassuring comments on the expected uptake of Amtagvi in 2027. The company now awaits data in lung cancer before year-end.

During the month, Guardant Health share price rose on back of the FDA approval of AstraZeneca's breast cancer drug camizestrant. The approval was based on the clinical trial SERENA-6, in which patients were regularly monitored by Guardant's blood test Guardant360. The outcome represents a material opportunity for Guardant as Guardant360 was approved as the companion diagnostic test to be used together with camizestrant. In our view, this should be a tailwind not only for Guardant but for liquid biopsy more broadly.

Performance attribution

Iovance and 10x Genomics were the strongest contributors in September. Alignment and Procept were the largest detractors. The long book detracted from performance, while the short book contributed. Biotech had a volatile month, rates moved higher as FED hiked, the

month brought few deals and few positive read-outs. Iovance alone contributed close to 1.5 percentage points to the fund, but this was not enough to offset the broader weakness in the sector. Services was the weakest sub-sector, driven by a further negative event at Alignment. In medtech, the short book contributed positively, while Procept weighed on the long side. The fund's largest positions at month end were Livanova, Procept, Axsome, Guardant and Anteris.

Outlook

Despite an M&A slowdown in September for the biopharma industry, the year as a whole remains on track for a strong year. The slowdown primarily reflects the recent market volatility tied to macroeconomic and geopolitical uncertainty. However, large-cap pharma continues to buy differentiated, late-stage assets as patent cliffs approach later this decade and we expect this to remain a meaningful tailwind for small and mid-caps, primarily in biotech but also to an extent within medtech.

The macro backdrop has become more challenging. The Federal Reserve raised rates by 25 basis points in September, its first hike since 2023, and the projection now points to one further hike before year-end. As noted last month, this backdrop can produce sharp rotations away from growth and innovation, even when the long-term outlook for the fund's holdings remain intact. We aim to manage this risk through the short book and net exposure, which we are keeping below 70 percent going into October. Q3 earnings season starts in mid-October alongside a dense clinical calendar, and we remain enthusiastic about the outlook for both the sector and the fund for the rest of the year.

Overall, we see a favorable environment for active, catalyst-driven management. We expect wide dispersion between winners and losers. We position the portfolio based on our internal due diligence, input from our Scientific Advisory Board and KOL discussions. On the long side, we are selective. We favor companies where we believe the probability of a positive outcome is underappreciated, but overall the book is currently tilted more toward execution stories rather than binary events. On the short side, we protect the portfolio where expectations already look high heading into earnings and read-outs.

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