

Audited annual report as at 31st December 2012

Rhenman & Partners Fund

Investment Fund (F.C.P.), Luxembourg



Notice

The sole legally binding basis for the purchase of units of the Fund described in this report is the latest valid sales prospectus with its terms of contract.

Rhenman & Partners Fund

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Rhenman & Partners Fund

Organisation

Management Company and Central Administrator

SEB Fund Services S.A.*
4, rue Peternelchen
L-2370 Howald

Board of Directors of the Management Company

Chairman

Ralf FERNER
Managing Director
SEB Asset Management SA, Luxembourg
(since 16th November 2012)

Niklas NYBERG
Global Head of GTS Financial Institutions
SEB Merchant Banking, Sweden
(until 15th November 2012)

Vice-Chairman

Peter KUBICKI
Managing Director
Skandinaviska Enskilda Banken S.A., Luxembourg
(since 1st June 2012)

William PAUS
Managing Director
Skandinaviska Enskilda Banken AB (publ), Oslo Branch, Norway
(until 31st May 2012)

Directors

Göran FORS
Global Head of GTS Banks and Financial Institutions
SEB Merchant Banking, Sweden
(since 16th November 2012)

Ann-Charlotte LAWYER
Managing Director
SEB Fund Services S.A., Luxembourg

Jonas LINDGREN
Global Head of Prime Brokerage
SEB Enskilda, Securities Finance, Sweden

Jan HEDMAN
Global Head of Fund Execution
SEB Merchant Banking, Sweden
(until 15th November 2012)

Rudolf KÖMEN
Managing Director
SEB Asset Management S.A., Luxembourg
(until 15th November 2012)

* The registered office of all SEB entities in Luxembourg was transferred from 6a, Circuit de la Foire Internationale, L-1347 Luxembourg to 4, rue Peternelchen, L-2370 Howald with effect from 1st April 2012.

Rhenman & Partners Fund

Organisation (continued)

Custodian Bank and Paying Agent	Skandinaviska Enskilda Banken S.A.* 4, rue Peternelchen L-2370 Howald
Sub-Administrator, Registrar and Transfer Agent	European Fund Administration S.A. 2, rue d'Alsace L-1122 Luxembourg
Investment Manager	Rhenman Partners Asset Management AB Kaptensgatan 6 SE-114 57 Stockholm
Placement and Distribution Agent	Rhenman Partners Asset Management AB Kaptensgatan 6 SE-114 57 Stockholm
Prime Broker	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm
Paying Agent in Sweden	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm
Promoter	SEB Fund Services S.A.* 4, rue Peternelchen L-2370 Howald
Auditor	PricewaterhouseCoopers, Société coopérative 400, route d'Esch L-1471 Luxembourg

* The registered office of all SEB entities in Luxembourg was transferred from 6a, Circuit de la Foire Internationale, L-1347 Luxembourg to 4, rue Peternelchen, L-2370 Howald with effect from 1st April 2012.

Rhenman & Partners Fund

General information

Rhenman & Partners Fund (the "Fund") is an open-ended mutual investment fund set up under the laws of the Grand Duchy of Luxembourg as a "*Fonds Commun de Placement*" ("FCP") registered pursuant to Part II of the Law of 17th December 2010 relating to Undertakings for Collective Investment.

The Fund is set up in accordance with Management Regulations signed in Luxembourg on 5th June 2009 and which have been deposited with the Luxembourg *Registre de Commerce et des Sociétés*. A notice of such deposit was published in the *Mémorial C, Recueil des Sociétés et Associations* (the "*Mémorial*") on 18 June 2009.

The registered office of the Management Company is established at 4, rue Peternelchen, L-2370 Howald.

The Fund is an umbrella fund and as such provides investors with the choice of investment in a range of several separate Sub-Funds each of which relates to a separate portfolio of liquid assets and other securities and assets permitted by Law with specific investment objectives, as described in Part B of the current prospectus.

At present, one Sub-Fund is at the unitholder's disposal:

- Rhenman & Partners Fund - Rhenman Healthcare Equity L/ S in EUR.

For the time being, only the Classes IC1 (EUR), IC2 (EUR), IC3 (EUR), IC4 (EUR), ID1 (SEK), RC1 (SEK), RC1 (EUR) and RC2 (SEK) have been launched.

Class I Units, reserved to institutional investors as defined by Article 174 of the Law, are issued as capitalization ("C") and distributing ("D") Units.

The financial year of the Fund ends on 31st December.

The Net Asset Value per unit of each class, subscription and redemption prices in the Sub-Fund are available at the registered office of the Management Company.

The Fund's currency is euro (EUR).

The Net Asset Value per unit of the Sub-Fund is calculated monthly as of the last Business Day of each month in Luxembourg ("Valuation Day"), under the overall responsibility of the Management Company.

Financial reports of the Fund are published annually and semi-annually. These reports, as well as the sales prospectus and all information concerning the Fund are available at the registered office of the Management Company, the Custodian Bank and Paying Agent.

Rhenman & Partners Fund

Report from the Investment Manager

To the Unitholders,

The Fund's main unit class (IC1, EUR) rose by 18.1% in 2012. The stated strategy of the Fund is to hold roughly a third of small, medium and large cap companies respectively, over time. This diversification style has ensured, and continues to ensure, that the Fund is balanced. The biotechnology sub-sector contributed significantly to the positive performance during the year. Medical technology companies struggled during the year as utilization remained low, and estimates have come down as a result of the medical device tax. Pharmaceutical companies had a reasonably good year and patent expirations are becoming less important to the outlook of this sub-sector. Also, pipelines continue to progress. Service companies had a mediocre year since the implications of Obamacare are still not yet completely clear. The dollar was strong in the first half of the year, but weakened in the second half and had little net effect on performance.

Due to the intervention of state governments in Europe and the ECB, the financial crisis abated somewhat during the autumn and equity markets rallied as a result. The most acute phase of the financial crisis is over and the long term work to integrate within the EU continues. The biggest hurdle to healthcare companies in Europe is the continued austerity efforts in many of the highly indebted countries, such as Spain, Italy, Greece, Ireland and Portugal.

Optimism for 2013 is tangible. We continue to believe in a strong outlook for healthcare stocks. The relative performance of healthcare versus cyclical segments will depend on the growth of the global economy. If growth comes back in a very strong way, we would expect 'cyclicals' to do better, while a more modest recovery should benefit healthcare stocks. We expect M&A activity to stay high during the year as interest rates are low, valuations attractive and the need to build global franchises remains.

Healthcare markets continue to grow steadily, although Europe is lagging behind while the emerging markets are driving forward. The US market growth has faded somewhat and is now in the low single digit range, which is quite positive to the US economy as a whole. When Obamacare is implemented in 2014, growth momentum may pick up. Meanwhile, growth during 2013 in the US will be at least as high as last year since utilization is likely to pick up with the improved employment situation, and the pent up demand for procedures. Interest in the Japanese market has been rising of late and is likely to be a somewhat more important theme for the Fund during the coming year.

Luxembourg, 1st February 2013

The Investment Manager

Note: The information in this report represents historical data and is not an indication of future results.



Audit Report

To the Unitholders of
Rhenman & Partners Fund

We have audited the accompanying financial statements of Rhenman & Partners Fund, which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2012 and the statement of operations and other changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the Management Company for the financial statements

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Management Company, as well as evaluating the overall presentation of the financial statements.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



Audit Report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Rhenman & Partners Fund as of 31st December 2012, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matters

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 10th April 2013



Jean-Robert Lantz

Rhenman & Partners Fund

Consolidated statement of net assets (in EUR)

as at 31st December 2012

Assets

Securities portfolio at market value	109,036,521.60
Cash at banks	38,153.22
Cash collateralized at banks	989,636.21
Formation expenses, net	9,870.09
Receivable on sales of securities	4,202,712.41
Income receivable on portfolio	31,024.35
Interest receivable on bank accounts	605.09
	<hr/>
Total assets	114,308,522.97
	<hr/>

Liabilities

Bank liabilities	3,352,573.33
Collateralized debt at banks	26,505,263.57
Short sales of securities at market value	5,574,924.18
Payable on purchases of securities	3,275,320.87
Income payable on short position on portfolio	9,323.89
Interest on bank liabilities and expenses payable	131,166.57
Other liabilities	18,711.06
	<hr/>
Total liabilities	38,867,283.47
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Net assets at the end of the year	75,441,239.50
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The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund

Consolidated statement of operations and other changes in net assets (in EUR)

from 1st January 2012 to 31st December 2012

Income

Dividends, net	694,920.06
Interest on bank accounts	5,187.82
Interest on cash collateral	11.34
Total income	<u>700,119.22</u>

Expenses

Management fees	800,039.16
Performance fees	1,427,832.43
Banking charges and other fees	174,885.10
Transaction fees	2,479.06
Central administration costs	101,786.49
Professional fees	13,741.93
Other administration costs	12,281.58
Subscription duty ("taxe d'abonnement")	15,262.44
Interest paid on bank liabilities	12,654.82
Dividends paid on short sales of securities	67,245.23
Interest paid on collateralized debt at banks	153,613.45
Other expenses	6,764.75
Total expenses	<u>2,788,586.44</u>

Net investment loss -2,088,467.22

Net realised gain/(loss)

- on securities portfolio	12,909,079.64
- on foreign exchange	547,655.01
Realised result	<u>11,368,267.43</u>

Net variation of the unrealised gain/(loss)

- on securities portfolio -4,526,593.98

Result of operations 6,841,673.45

Subscriptions 46,084,576.26

Redemptions -9,926,341.31

Total changes in net assets 42,999,908.40

Total net assets at the beginning of the year 32,441,331.10

Total net assets at the end of the year 75,441,239.50

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statement of net assets (in EUR)

as at 31st December 2012

Assets

Securities portfolio at market value	109,036,521.60
Cash at banks	38,153.22
Cash collateralized at banks	989,636.21
Formation expenses, net	9,870.09
Receivable on sales of securities	4,202,712.41
Income receivable on portfolio	31,024.35
Interest receivable on bank accounts	605.09
Total assets	<u>114,308,522.97</u>

Liabilities

Bank liabilities	3,352,573.33
Collateralized debt at banks	26,505,263.57
Short sales of securities at market value	5,574,924.18
Payable on purchases of securities	3,275,320.87
Income payable on short position on portfolio	9,323.89
Interest on bank liabilities and expenses payable	131,166.57
Other liabilities	18,711.06
Total liabilities	<u>38,867,283.47</u>
Net assets at the end of the year	<u>75,441,239.50</u>

"IC1 (EUR)" units outstanding	58,067.609
Net asset value per "IC1 (EUR)" unit	158.92
"IC2 (EUR)" units outstanding	50,000.000
Net asset value per "IC2 (EUR)" unit	123.64
"IC3 (EUR)" units outstanding	59,645.315
Net asset value per "IC3 (EUR)" unit	159.79
"IC4 (EUR)" units outstanding	200,000.000
Net asset value per "IC4 (EUR)" unit	99.82
"ID1 (SEK)" units outstanding	432,034.342
Net asset value per "ID1 (SEK)" unit	SEK 103.07
"RC1 (SEK)" units outstanding	811,567.500
Net asset value per "RC1 (SEK)" unit	SEK 128.55
"RC1 (EUR)" units outstanding	656.778
Net asset value per "RC1 (EUR)" unit	146.92
"RC2 (SEK)" units outstanding	860,729.745
Net asset value per "RC2 (SEK)" unit	SEK 130.80

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statement of operations and other changes in net assets (in EUR)

from 1st January 2012 to 31st December 2012

Income

Dividends, net	694,920.06
Interest on bank accounts	5,187.82
Interest on cash collateral	11.34
Total income	<u>700,119.22</u>

Expenses

Management fees	800,039.16
Performance fees	1,427,832.43
Banking charges and other fees	174,885.10
Transaction fees	2,479.06
Central administration costs	101,786.49
Professional fees	13,741.93
Other administration costs	12,281.58
Subscription duty ("taxe d'abonnement")	15,262.44
Interest paid on bank liabilities	12,654.82
Dividends paid on short sales of securities	67,245.23
Interest paid on collateralized debt at banks	153,613.45
Other expenses	6,764.75
Total expenses	<u>2,788,586.44</u>

Net investment loss -2,088,467.22

Net realised gain/(loss)

- on securities portfolio	12,909,079.64
- on foreign exchange	547,655.01

Realised result 11,368,267.43

Net variation of the unrealised gain/(loss)

- on securities portfolio	<u>-4,526,593.98</u>
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Result of operations 6,841,673.45

Subscriptions 46,084,576.26

Redemptions -9,926,341.31

Total changes in net assets 42,999,908.40

Total net assets at the beginning of the year 32,441,331.10

Total net assets at the end of the year 75,441,239.50

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statistical information (in EUR)

as at 31st December 2012

Total net assets	
- as at 31.12.2012	75,441,239.50
- as at 31.12.2011	32,441,331.10
- as at 31.12.2010	27,450,316.72
Number of "IC1 (EUR)" units	
- outstanding at the beginning of the year	43,356.587
- issued	17,915.658
- redeemed	-3,204.636
- outstanding at the end of the year	58,067.609
Net asset value per "IC1 (EUR)" unit	
- as at 31.12.2012	158.92
- as at 31.12.2011	134.58
- as at 31.12.2010	122.73
Number of "IC2 (EUR)" units	
- outstanding at the beginning of the year	50,000.000
- issued	0.000
- redeemed	0.000
- outstanding at the end of the year	50,000.000
Net asset value per "IC2 (EUR)" unit	
- as at 31.12.2012	123.64
- as at 31.12.2011	104.30
- as at 31.12.2010	-
Number of "IC3 (EUR)" units	
- outstanding at the beginning of the year	44,037.449
- issued	60,205.389
- redeemed	-44,597.523
- outstanding at the end of the year	59,645.315
Net asset value per "IC3 (EUR)" unit	
- as at 31.12.2012	159.79
- as at 31.12.2011	132.02
- as at 31.12.2010	120.00
Number of "IC4 (EUR)" units	
- outstanding at the beginning of the year	0.000
- issued	200,000.000
- redeemed	0.000
- outstanding at the end of the year	200,000.000
Net asset value per "IC4 (EUR)" unit	
- as at 31.12.2012	99.82
- as at 31.12.2011	-
- as at 31.12.2010	-
Number of "ID1 (SEK)" units	
- outstanding at the beginning of the year	0.000
- issued	432,034.342
- redeemed	0.000
- outstanding at the end of the year	432,034.342
Net asset value per "ID1 (SEK)" unit	
- as at 31.12.2012	SEK 103.07
- as at 31.12.2011	-
- as at 31.12.2010	-

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statistical information (in EUR) (continued)

as at 31st December 2012

Number of 'RC1 (SEK)' units	
- outstanding at the beginning of the year	536,875.056
- issued	477,074.348
- redeemed	-202,381.904
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- outstanding at the end of the year	811,567.500
Net asset value per 'RC1 (SEK)' unit	
- as at 31.12.2012	SEK 128.55
- as at 31.12.2011	SEK 111.04
- as at 31.12.2010	SEK 102.16
Number of 'RC1 (EUR)' units	
- outstanding at the beginning of the year	529.493
- issued	353.071
- redeemed	-225.786
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- outstanding at the end of the year	656.778
Net asset value per 'RC1 (EUR)' unit	
- as at 31.12.2012	146.92
- as at 31.12.2011	124.91
- as at 31.12.2010	115.32
Number of 'RC2 (SEK)' units	
- outstanding at the beginning of the year	697,326.414
- issued	165,928.331
- redeemed	-2,525.000
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- outstanding at the end of the year	860,729.745
Net asset value per 'RC2 (SEK)' unit	
- as at 31.12.2012	SEK 130.80
- as at 31.12.2011	SEK 112.63
- as at 31.12.2010	SEK 103.08

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statement of investments and other net assets (in EUR)

as at 31st December 2012

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<u>Investments in securities</u>					
<u>Transferable securities admitted to an official stock exchange listing</u>					
Shares					
CHF	40,000	Actelion Ltd	1,362,130.32	1,442,941.18	1.91
CHF	20,000	Novartis AG Reg	975,202.68	952,182.06	1.26
CHF	21,000	Roche Holding AG B de jous Pref	3,095,764.10	3,202,116.18	4.24
			5,433,097.10	5,597,239.42	7.41
DKK	6,000	Alk-Abello A/ S B	321,004.21	312,816.52	0.41
DKK	90,000	Bavarian Nordic A/ S	766,083.36	600,704.21	0.80
DKK	50,000	Genmab A/ S	549,095.67	521,360.86	0.69
DKK	85,000	H Lundbeck A/ S	1,023,415.13	944,413.70	1.25
DKK	15,000	Novo Nordisk A/ S B	1,824,029.35	1,842,521.45	2.44
DKK	250,000	Topotarget A/ S	87,013.81	72,038.94	0.10
DKK	47,000	Zealand Pharma A/ S	456,124.41	529,134.36	0.70
			5,026,765.94	4,822,990.04	6.39
EUR	125,000	Ablynx NV	567,600.13	731,250.00	0.97
EUR	27,000	Agennix AG	102,622.09	9,450.00	0.01
EUR	15,000	Bayer AG Reg	926,600.65	1,078,350.00	1.43
EUR	40,000	Carl Zeiss Meditec AG	743,215.97	870,000.00	1.15
EUR	20,000	Fresenius SE & Co KGaA	1,691,323.42	1,742,000.00	2.31
EUR	71,130	Galapagos Genomics NV	580,111.79	1,124,565.30	1.49
EUR	28,000	Gerresheimer AG	948,484.64	1,122,660.00	1.49
EUR	60,000	Medica	796,441.27	906,000.00	1.20
EUR	20,000	MorphoSys AG	441,779.68	586,000.00	0.78
EUR	50,000	Sanofi	3,266,826.41	3,569,500.00	4.73
EUR	210,000	Sorin SpA	317,166.05	352,590.00	0.47
			10,382,172.10	12,092,365.30	16.03
GBP	20,000	Shire Plc	457,461.46	464,867.63	0.62
HKD	375,200	Sinopharm Group Co Ltd H	877,834.35	890,115.38	1.18
JPY	55,000	Astellas Pharma Inc	1,895,588.94	1,868,484.72	2.48
JPY	55,000	Chugai Pharmaceutical Co Ltd	780,292.99	796,095.04	1.06
JPY	110,000	Daiichi Sankyo Co Ltd	1,457,550.81	1,274,909.31	1.69
			4,133,432.74	3,939,489.07	5.23
NOK	80,000	Algeta ASA	1,572,813.68	1,687,092.14	2.24
NOK	40,000	Clavis Pharma ASA	204,267.57	42,504.26	0.06
			1,777,081.25	1,729,596.40	2.30
SEK	85,000	Active Biotech AB	573,736.24	544,299.92	0.72
SEK	82,500	BioInvent Intl AB	249,531.99	31,697.47	0.04
SEK	87,610	Boule Diagnostics AB	462,208.26	386,589.04	0.51
SEK	50,000	Meda AB A	389,712.76	389,742.03	0.52
SEK	126,783	Medivir AB B	1,206,861.14	1,018,513.45	1.35
SEK	135,900	Moberg Derma AB	547,889.01	590,180.62	0.78
SEK	85,000	Vitrolife AB	181,390.86	398,823.40	0.53
SEK	85,000	Xvivo Perfusion AB	79,778.39	199,906.51	0.27
			3,691,108.65	3,559,752.44	4.72
USD	100,000	Abiomed Inc	1,213,816.65	1,020,624.81	1.35
USD	200,000	Acadia Pharmaceuticals Inc	968,569.97	705,186.53	0.93
USD	150,000	Achillion Pharmaceuticals Inc	925,455.42	912,192.90	1.21
USD	10,000	Aetna Inc	287,531.23	351,076.73	0.47
USD	100,000	Akorn Inc	985,288.82	1,013,042.16	1.34
USD	35,000	Alere Inc	540,639.09	490,976.65	0.65
USD	30,000	Alexion Pharmaceuticals Inc	2,355,391.30	2,133,985.44	2.83

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statement of investments and other net assets (in EUR) (continued)

as at 31st December 2012

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	120,000	Alkermes Plc	1,609,339.66	1,685,168.33	2.23
USD	10,000	Allergan Inc	704,139.33	695,556.57	0.92
USD	150,000	Allscripts Healthcare So Inc	1,435,191.11	1,071,428.57	1.42
USD	20,000	AmerisourceBergen Corp	602,243.00	654,837.73	0.87
USD	227,200	Anthera Pharmaceuticals Inc	257,465.74	106,812.25	0.14
USD	93,554	Ariad Pharmaceuticals Inc	1,200,245.46	1,360,604.88	1.80
USD	250,000	ArQule Inc	530,583.02	528,889.90	0.70
USD	100,000	Array BioPharma Inc	283,743.65	282,074.61	0.37
USD	30,000	Auxilium Pharmaceuticals Inc	435,151.12	421,519.56	0.56
USD	25,000	Baxter Intl Inc	1,281,516.46	1,263,648.77	1.68
USD	25,000	Biogen IDEC Inc	2,742,846.43	2,780,368.52	3.68
USD	40,000	BioMarin Pharmaceutical Inc	1,164,466.55	1,493,782.23	1.98
USD	300,000	Boston Scientific Corp	1,322,590.86	1,303,457.69	1.73
USD	30,000	Bristol Myers Squibb Co	788,361.69	741,355.78	0.98
USD	25,000	Cardinal Health Inc	797,394.75	780,633.91	1.04
USD	30,000	Celgene Corp	1,729,929.16	1,790,718.84	2.37
USD	200,000	Celldex Therapeutics Inc	899,066.17	1,017,591.75	1.35
USD	25,000	Cepheid Inc	697,956.20	640,923.57	0.85
USD	10,000	Cerner Corp	551,992.35	588,717.02	0.78
USD	25,000	Covidien Plc	1,103,885.15	1,094,555.66	1.45
USD	20,000	Cubist Pharmaceuticals Inc	656,433.14	637,852.59	0.85
USD	35,000	CVS Caremark Corp	1,267,889.18	1,283,174.10	1.70
USD	10,000	Cyberonics Inc	205,115.98	398,316.65	0.53
USD	289,389	Dyax Corp	453,474.15	763,628.84	1.01
USD	167,000	Dynavax Technologies Corp	300,047.93	362,162.57	0.48
USD	23,500	Edwards Lifesciences Corp	1,579,794.47	1,606,759.93	2.13
USD	5,000	Eli Lilly & Co	187,819.36	186,988.17	0.25
USD	80,000	Endologix Inc	692,165.89	863,815.59	1.15
USD	300,000	Exelixis Inc	1,168,787.68	1,039,581.44	1.38
USD	25,000	Express Scripts Hg Co	1,155,997.77	1,023,657.87	1.36
USD	40,000	Forest Laboratories Inc	1,091,621.56	1,071,276.92	1.42
USD	15,000	Gilead Sciences Inc	690,222.54	835,418.56	1.11
USD	20,000	HCA Holdings Inc	447,705.79	457,537.15	0.61
USD	50,000	Hologic Inc	741,375.72	759,402.49	1.01
USD	20,000	Illumina Inc	754,016.37	843,039.12	1.12
USD	100,000	ImmunoGen Inc	1,082,729.47	966,787.99	1.28
USD	205,000	Incyte Corp	3,049,775.54	2,581,930.54	3.42
USD	4,000	Intuitive Surgical Inc	1,602,404.31	1,487,321.81	1.97
USD	130,000	Ironwood Pharmaceuticals Inc A	1,299,454.49	1,093,190.78	1.45
USD	10,000	Laboratory Corp of America Hgs	659,155.32	656,809.22	0.87
USD	300,000	Lexicon Pharmaceuticals Inc	472,811.48	505,004.55	0.67
USD	10,000	Life Technologies Corp	384,903.23	372,156.51	0.49
USD	2,203	Lifepoint Hospitals Inc	63,826.84	63,059.79	0.08
USD	45,000	Ligand Pharmaceuticals Inc B	576,321.94	707,688.81	0.94
USD	80,000	MAKO Surgical Corp	1,046,783.80	780,709.74	1.04
USD	25,000	MAP Pharmaceuticals Inc	293,295.33	297,808.61	0.39
USD	70,000	Masimo Corp	1,199,944.34	1,115,180.47	1.48
USD	10,000	McKesson Corp	664,223.00	735,213.83	0.97
USD	40,000	Medivation Inc	1,580,902.49	1,551,713.68	2.06
USD	15,000	Mednax Inc	804,846.44	904,458.60	1.20
USD	50,000	Medtronic Inc	1,585,706.95	1,555,201.70	2.06
USD	10,000	Merck Co Inc	341,125.09	310,433.73	0.41
USD	100,000	Nektar Therapeutics	585,485.01	561,874.43	0.74
USD	40,000	Omnicare Inc	1,055,531.73	1,094,934.79	1.45
USD	31,000	OncoGenex Pharmaceuticals Inc	324,678.29	308,401.58	0.41
USD	15,000	Onyx Pharmaceuticals Inc	980,165.54	859,076.44	1.14
USD	250,000	Peregrine Pharmaceuticals Inc	412,822.05	250,227.48	0.33
USD	21,000	Perkin Elmer Inc	456,551.52	505,414.01	0.67
USD	10,000	Pharmacyclics Inc	402,964.60	439,035.49	0.58
USD	160,000	Raptor Pharmaceutical Corp	639,574.31	709,736.12	0.94
USD	22,000	Regeneron Pharmaceuticals Inc	2,588,028.02	2,853,760.99	3.78

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statement of investments and other net assets (in EUR) (continued)

as at 31st December 2012

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	25,000	Salix Pharmaceutical Ltd	854,857.42	767,364.27	1.02
USD	30,000	Seattle Genetics Inc	577,561.70	527,752.50	0.70
USD	50,000	Spectrum Pharmaceuticals Inc	443,608.14	424,249.32	0.56
USD	20,000	St Jude Medical Inc	492,379.11	548,074.01	0.73
USD	15,000	Stryker Corp	625,639.46	623,521.38	0.83
USD	100,000	Sunesis Pharmaceuticals Inc	441,237.96	318,471.34	0.42
USD	20,000	Teva Pharma Ind Ltd ADR repr 1 Share	596,332.59	566,272.37	0.75
USD	60,000	Theravance Inc	983,438.47	1,013,193.81	1.34
USD	10,000	Thermo Fisher Scientific Inc	463,931.76	483,621.47	0.64
USD	35,000	Thoratec Corp	858,555.77	995,753.72	1.32
USD	45,000	United Health Group Inc	1,921,858.05	1,850,773.43	2.45
USD	20,000	United Therapeutics Corp	719,193.24	810,130.42	1.07
USD	80,000	Vanguard Health Syst Inc	661,378.86	743,099.79	0.99
USD	15,000	Varian Medical Systems Inc	740,679.91	798,908.10	1.06
USD	25,000	Vertex Pharmaceuticals Inc	846,906.65	795,040.95	1.05
USD	15,000	Viropharma Inc	288,496.13	258,871.70	0.34
USD	40,000	Volcano Corp	917,018.17	716,105.55	0.95
USD	150,000	Warner Chilcott Plc	1,624,767.21	1,369,426.75	1.82
			<u>77,019,119.60</u>	<u>75,940,105.92</u>	<u>100.65</u>
Total investments in securities			108,798,073.19	109,036,521.60	144.53
<u>Short positions in securities</u>					
<u>Transferable securities admitted to an official stock exchange listing</u>					
Shares					
USD	-1,000	Dentsply Intl Inc	-22,540.99	-30,034.88	-0.04
Total shares			<u>-22,540.99</u>	<u>-30,034.88</u>	<u>-0.04</u>
<u>Open-ended investment funds</u>					
Tracker funds (UCI)					
USD	-80,000	Health Care Select Sector SPDR Fd (The) Dist	-1,810,043.73	-2,423,415.23	-3.21
USD	-30,000	iShares Trust Nasdaq Biotechnology Idx Fd	-1,892,964.12	-3,121,474.07	-4.14
Total tracker funds (UCI)			<u>-3,703,007.85</u>	<u>-5,544,889.30</u>	<u>-7.35</u>
Total short positions in securities			-3,725,548.84	-5,574,924.18	-7.39
Cash at banks and cash collateralized at banks				1,027,789.43	1.36
Bank liabilities and collateralized debt at banks				-29,857,836.90	-39.58
Other net assets/ (liabilities)				809,689.55	1.08
Total				<u>75,441,239.50</u>	<u>100.00</u>

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Industrial and geographical classification of investments

as at 31st December 2012

Industrial classification

(in percentage of net assets)

Pharmaceuticals and biotechnology	94.56 %
Health care equipment and services	42.35 %
Materials	2.92 %
Food retailing, drugstores and pharmacies	1.70 %
Insurance	1.36 %
Commercial services and supplies	0.97 %
Technology hardware and equipment	0.67 %
Total	<u>144.53 %</u>

Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

United States of America	95.85 %
Switzerland	7.41 %
Germany	7.17 %
Denmark	6.39 %
France	5.93 %
Japan	5.23 %
Sweden	4.72 %
Ireland	4.05 %
Belgium	2.46 %
Norway	2.30 %
China	1.18 %
Israel	0.75 %
Jersey	0.62 %
Italy	0.47 %
Total	<u>144.53 %</u>

The accompanying notes are an integral part of these financial statements.

Rhenman & Partners Fund

Notes to the financial statements

as at 31st December 2012

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of Fund are established in accordance with the Luxembourg legal and regulatory requirements concerning undertakings for collective investment.

b) Valuation

- 1) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- 2) The value of assets, which are listed or dealt in on any stock exchange, is based on the last available price of the preceding business day on the stock exchange, which is normally the principal market for such assets.
- 3) The value of assets dealt in on any other regulated market which is recognised, operating regularly and open to the public (a "Regulated Market") is based on the last available price.
- 4) In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (2) or (3) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.
- 5) The liquidating value of options contracts not traded on exchanges or on other Regulated Markets is their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets are based upon the settlement or closing prices of these contracts on the preceding business day on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors of the Management Company may deem fair and reasonable.
- 6) Units or shares of open-ended underlying funds are valued at their last determined and available Net Asset Value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors of the Management Company on a fair and equitable basis and in good faith.
- 7) All other securities and other assets are valued at fair market value as determined in good faith pursuant to the procedures established by the Management Company.

c) Net realised gain/ (loss) on sales of securities

The net realised gain/ (loss) on sales of securities is determined on the basis of the average cost of securities sold.

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2012

d) Cost of securities

The acquisition cost of a security denominated in a currency other than that of the Sub-Fund is converted to the Sub-Fund's currency at the exchange rate prevailing on the date of purchase.

e) Exchange translation

Bank balances, other assets and liabilities and the value of securities held that are denominated in other currencies than the Sub-Fund's currency are converted at the prevailing exchange rate of the closing day. Income and expenses incurred in currencies other than the Sub-Fund's currency are converted at the prevailing exchange rate of the day of each transaction. Exchange gains and losses are recorded in the statement of operations and other changes in net assets.

At the date of the report, the prevailing exchange rates on the closing day were as follows:

1	EUR	=	1.2067020	CHF	Swiss Franc
			7.4612429	DKK	Danish Krona
			0.8118440	GBP	Pound Sterling
			10.2218210	HKD	Hong Kong Dollar
			114.0630149	JPY	Japanese Yen
			7.3404408	NOK	Norwegian Krona
			8.5890147	SEK	Swedish Krona
			1.3188000	USD	US Dollar

f) Consolidation

The financial statements of the Fund are expressed in EUR and are equal to the sum of the corresponding captions in the financial statements of the only open Sub-fund.

g) Formation expenses

Expenses incurred in connection with the establishment of the Fund and the creation of the Sub-Funds are amortised over a period of five years.

Formation expenses are included in the caption "Other expenses" in the statement of operations and other changes in net assets.

h) Investment income

Dividend income is recognised on an ex-dividend basis and is recorded net of withholding tax.

i) Short sales

When the Fund engages in a short sale, an amount equal to the proceeds received by the Fund is reflected as an asset and equivalent liability. The amount of the liability is subsequently marked to market to reflect the market value of the short sale. The Fund is exposed to the risk of depreciation to the extent that the market value of the security sold short exceeds the proceeds of the short sales.

Securities sold short are borrowed from the prime broker.

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2012

Note 2 - Subscription, Redemption and Conversion fees

The Offer price per unit as well as the Redemption price per unit is equivalent to the Net Asset Value per unit of the relevant class (or Gross Net Asset Value with respect to the subscription of Class IC2 Units) increased by the subscription fee of the respective unit class for subscriptions and decreased by the redemption fee of the respective unit class for redemptions as indicated hereafter:

	Subscription fee	Redemption fee	Conversion fee
Unit class R	max 3%	max 3%	max 3%
Unit class I	max 3%	max 3%	max 3%

The subscription, redemption and conversion fee will revert to the Placement and Distribution Agent, i.e. Rhenman Partners Asset Management AB.

Note 3 - Management fees

The Management Company is entitled to receive out of the Sub-Fund's assets a management fee payable monthly in arrears based on the Sub-Fund's net assets calculated monthly, of:

- maximum 2.075% p.a. for the class RC1 (SEK) and RC1 (EUR),
- maximum 1.575% p.a. for the classes RC2 (SEK), IC1 (EUR), ID1 (SEK) and IC3 (EUR),
- maximum 1.075% p.a. for the class IC2 (EUR),
- maximum 0.825% p.a. for the class IC4 (EUR).

For its services, the Investment Manager, Rhenman Partners Asset Management AB., receives out of the Management fee, an investment management fee calculated for each Valuation Day, paid out monthly in arrears.

At the date of the report, the applicable annual fees are as follows:

- 2.075% p.a. for the class RC1 (SEK) and RC1 (EUR),
- 1.575% p.a. for the classes RC2 (SEK), IC1 (EUR), ID1 (SEK) and IC3 (EUR),
- 1.075% p.a. for the class IC2 (EUR),
- 0.825% p.a. for the class IC4 (EUR).

Note 4 - Performance fee

The Investment Manager is also entitled to receive a performance fee, payable out of the Sub-Fund's assets.

The performance fee charged for the year amounts to EUR 1,427,832.43.

Calculation of the performance fee for all classes except for Class IC4 (EUR)

The performance fee is calculated and accrued monthly in the respective unit classes as described below and is paid out quarterly in arrears. The first period ended on 30th June 2009 and being followed by each successive quarter thereafter (the "Calculation Period").

For each Calculation Period, the performance fee in respect of each unit is equal to 20% (10% for the Class IC3 (EUR) Unit) of the appreciation in the Gross Asset Value per each unit of that class during the Calculation Period above the Base Net Asset Value per each unit of that class.

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2012

The Gross Net Asset Value is calculated after the accrual of all fees but prior to the accrual of any Performance Fee on the relevant Valuation Day.

The Base Net Asset Value per each unit is the greater of the Net Asset Value of that unit at the time of issue of that Unit multiplied by the 3 months EURO Interbank Offered Rate on the last bank business day of the previous calculation period adjusted for monthly return and the highest GNAV of that Unit achieved as of the end of any previous Calculation Period (if any) during which such unit was in issue multiplied by the 3 months EURO Interbank Offered Rate for the relevant calculation period adjusted for monthly return.

For the Class IC2 (EUR), certain adjustments will be made to reduce inequities that would occur for investors subscribing for Units at a time when the Net Asset Value per Unit is other than the Base Net Asset Value per Unit (Equalisation).

For Class IC4 (EUR)

For Class IC4 (EUR) Unit, the performance fee is calculated and accrued monthly and is paid out annually in arrears. The Calculation Period will start on 1st January and end on 31st December each year. For each Calculation Period, the performance fee in respect of each unit is equal to 10%.

The Investment Manager shall be entitled to a Performance Fee if the Sub-Fund produces an excess performance, defined as any positive difference between the performance of the current Gross Net Asset Value (GNAV) per Unit and the Base Net Asset Value per Unit for the same calculation period. If the difference is negative, excess performance is defined to be zero, and in such case the Investment Manager is not entitled to a Performance Fee. A Performance Fee will only be paid if the excess performance is above a 5% annual hurdle rate and if that is the case the Performance Fee will be calculated on the entire difference between the GNAV and the Base Net Asset Value.

The GNAV is calculated after the accrual of all fees but prior to the accrual of any Performance Fee on the relevant Valuation Day.

The Base Net Asset Value per each Unit is equal to the Net Asset Value of that Unit at the end of the previous Calculation Period.

In the case of Units redeemed during a Calculation Period, the accrued Performance Fee in respect of those Units shall be crystallized and subsequently paid to the Investment Manager at the end of the Calculation Period.

Note 5 - Central administration costs

Out of the Sub-Fund's assets an administration fee of maximum 0.135% p.a. is payable to the Management Company monthly in arrears based on the Sub-Fund's average net assets calculated monthly. This fee includes the fee due to the Custodian. However the Management Company is entitled to a minimum monthly administration fee of EUR 3,333 payable monthly in arrears to the Management Company.

Note 6 - Subscription duty ("taxe d'abonnement")

The Fund Company is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Fund is subject to an annual subscription duty ("*taxe d'abonnement*") of 0.05% which is payable quarterly and calculated on the basis of the net assets of each sub-fund on the last day of each quarter.

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2012

Pursuant to Article 175 (a) of the law of 17th December 2010 the net assets invested in undertakings for collective investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

The rate of this tax may be reduced to 0.01% of the value of the net assets for Sub-Funds or classes of units reserved to institutional investors.

Note 7 - Pledged assets

At the date of the report, the following securities serve as pledged assets in relation to collateralized debt at banks, short sales and security lending/ borrowing operations. The counterpart of the following positions is Skandinaviska Enskilda Banken AB (publ), Stockholm.

Description	Currency	Quantity	Market value (in EUR)
Masimo Corp	USD	70,000.00	1,115,180.47
Varian Medical Systems Inc	USD	15,000.00	798,908.10
Endologix Inc	USD	80,000.00	863,815.59
Theravance Inc	USD	60,000.00	1,013,193.81
Medivation Inc	USD	40,000.00	1,551,713.68
Algeta ASA	NOK	80,000.00	1,687,092.14
Gerresheimer AG	EUR	28,000.00	1,122,660.00
MAKO Surgical Corp	USD	80,000.00	780,709.74
Actelion Ltd	CHF	35,000.00	1,262,573.53
Edwards Lifesciences Corp	USD	23,500.00	1,606,759.93
Exelixis Inc	USD	300,000.00	1,039,581.44
Laboratory Corp of America Hgs	USD	10,000.00	656,809.22
Bayer AG Reg	EUR	15,000.00	1,078,350.00
Warner Chilcott Plc	USD	150,000.00	1,369,426.75
Raptor Pharmaceutical Corp	USD	84,387.00	374,328.14
Ironwood Pharmaceuticals Inc A	USD	130,000.00	1,093,190.78
Illumina Inc	USD	10,000.00	421,519.56
Alere Inc	USD	35,000.00	490,976.65
Covidien Plc	USD	20,000.00	875,644.53
Vanguard Health Syst Inc	USD	26,662.00	247,656.58
Novo Nordisk A/ S B	DKK	5,000.00	614,173.82
Aetna Inc	USD	20,000.00	702,153.47
Allscripts Healthcare So Inc	USD	150,000.00	1,071,428.57
Express Scripts Hg Co	USD	25,000.00	1,023,657.87

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2012

Description	Currency	Quantity	Market value (in EUR)
Vitrolife AB	SEK	25,778.00	120,951.41
Incyte Corp	USD	205,000.00	2,581,930.54
Salix Pharmaceutical Ltd	USD	25,000.00	767,364.27
Biogen IDEC Inc	USD	15,000.00	1,668,221.11
Cardinal Health Inc	USD	20,000.00	624,507.13
Roche Holding AG B de jouis Pref	CHF	16,000.00	2,439,707.57
Volcano Corp	USD	40,000.00	716,105.55
Fresenius SE & Co KGaA	EUR	20,000.00	1,742,000.00
Meda AB A	SEK	50,000.00	389,742.03
Medivir AB B	SEK	126,783.00	1,018,513.45
Cyberonics Inc	USD	20,000.00	796,633.30
Onyx Pharmaceuticals Inc	USD	30,000.00	1,718,152.87
Thoratec Corp	USD	35,000.00	995,753.72
Cubist Pharmaceuticals Inc	USD	20,000.00	637,852.59
CVS Caremark Corp	USD	35,000.00	1,283,174.10
Sanofi	EUR	45,000.00	3,212,550.00
BioMarin Pharmaceutical Inc	USD	40,000.00	1,493,782.23
United Therapeutics Corp	USD	20,000.00	810,130.42
Baxter Intl Inc	USD	25,000.00	1,263,648.77
Boston Scientific Corp	USD	300,000.00	1,303,457.69
Bristol Myers Squibb Co	USD	30,000.00	741,355.78
Celgene Corp	USD	30,000.00	1,790,718.84
Cerner Corp	USD	10,000.00	588,717.02
Forest Laboratories Inc	USD	40,000.00	1,071,276.92
Gilead Sciences Inc	USD	15,000.00	835,418.56
Medtronic Inc	USD	50,000.00	1,555,201.70
United Health Group Inc	USD	45,000.00	1,850,773.43
Vertex Pharmaceuticals Inc	USD	25,000.00	795,040.95
McKesson Corp	USD	10,000.00	735,213.83
Abiomed Inc	USD	100,000.00	1,020,624.81
			59,430,024.96

Rhenman & Partners Fund

Notes to the financial statements (continued)
as at 31st December 2012

Note 8 - Changes in the investment portfolio

The statement of changes in the investment portfolio for the period covered by the report is available free of charge upon request from the registered office of the Management Company.

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