

Annual report including audited financial statements as at 31st December 2015

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,
Central Administrator
and Alternative Investment Fund
Manager**

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

**Board of Directors of
the Management Company
and Alternative Investment
Fund Manager**

Chairman
Gustaf UNGER
Head of Investor Services, Transaction Banking
Skandinaviska Enskilda Banken AB (publ), Sweden

Vice-Chairman
Peter KUBICKI
Head of Wealth Management
SEB Wealth Management, Denmark
(until 2nd March 2015)

Directors
Ralf FERNER
Managing Director
SEB Fund Services S.A., Luxembourg
(until 11th December 2015)

Göran FORS
Head of Sales and Market Development
Asset Servicing
Skandinaviska Enskilda Banken AB (publ), Sweden

Jonas LINDGREN
Head of Prime Brokerage, SEB Equities
Skandinaviska Enskilda Banken AB (publ), Sweden

Erika LUNDQUIST
Managing Director
Skandinaviska Enskilda Banken S.A., Luxembourg
(since 2nd March 2015)

Magnus WALLBERG
Deputy Managing Director, CFO/ COO
Skandinaviska Enskilda Banken S.A., Luxembourg

Depositary 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

Rhenman & Partners Fund

Organisation (continued)

Portfolio Manager	Rhenman & Partners Asset Management AB Strandvägen 5A SE-114 51 Stockholm
Placement and Distribution Agent	SEB Fund Services S.A. 4, rue Peternelchen L-2370 Howald
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
Auditor of the Fund	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg

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 amended Law of 17th December 2010 (the "2010 Law") relating to Undertakings for Collective Investment and qualified as Alternative Investment Fund ("AIF") in accordance with the law of 12th July 2013 (the "2013 Law") on Alternative Investment Fund Managers. The Fund is managed by SEB Fund Services S.A. (the "Management Company"), a management company incorporated under chapter 15 of the amended 2010 Law, relating to Undertakings for Collective Investment and having its registered office in Luxembourg. The Management Company also acts as Alternative Investment Fund Manager (the "AIFM") in accordance with the provisions of Chapter 2 of the 2013 Law.

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 18th June 2009. A notice of the amendment of the Management Regulations has been published for the last time on 14th August 2014.

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

At present, one Sub-Fund is at unitholders' disposal:

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

For the time being, only the Classes IC1 (EUR), IC1 (USD), IC2 (EUR), IC2 (SEK), IC2 (USD), 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 AIFM.

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 AIFM.

Financial reports of the Fund are published annually and semi-annually. These reports, as well as the sales prospectus and other information concerning the Fund are available at the registered office of the Management Company, the Placement and Distribution Agent or its Agents and the Depositary.

Rhenman & Partners Fund

Report from the Management Company

To the Unit holders,

The main Fund unit class IC1 (EUR) rose by 20.10% in 2015. The stated strategy of the Fund is to hold roughly a third of small, medium and large cap healthcare companies respectively, over time. This strategy renders the portfolio diversified and more balanced than otherwise. Another way in which the portfolio benefits from diversification is through its exposure to several different subsectors of healthcare, namely pharmaceuticals, biotechnology, medical technology and services.

In 2015, small cap healthcare companies outperformed large cap by a few percentage points for the year overall. Although small caps were clearly in the lead until mid-July, August and September were volatile months, after which the large caps had the edge. In August, global stock markets contracted sharply following a sudden devaluation of the Chinese currency which resulted in genuine concern for the strength of the Chinese economy and the global growth outlook. Even though the currency move was only 3-4%, it was interpreted as a signal that the Chinese policy makers were becoming concerned. It is fair to say that the manufacturing side of the Chinese economy is growing at a slower pace than before. It is also highly likely that the GDP growth rate will fall, from nearly 7% in 2015 to perhaps just under 6% in 2017. However, this is still a fairly decent growth rate for an economy of that size. At the same time the service sector is still expanding, as indicated by non-manufacturing PMI figures well above 50.

Following the setback in August, September too was another negative month for the healthcare sector. On this occasion a discussion regarding unreasonable drug pricing was sparked when an ex-hedge fund manager, now the CEO of a small pharmaceutical company, raised the price of a recently acquired drug by more than 50 times overnight. The drug in question was over 50 years old and without patent protection. However the company in question, Turing Pharmaceuticals, was the sole supplier of the drug at the time. Shortly after this, presidential candidate Hillary Clinton voiced her intention to stop such price gouging, which caused a significant sell off in healthcare overall, and in biotech in particular.

Biotech is a subsector that often develops drugs for diseases with high unmet medical needs, meaning that there is often no approved treatment for the targeted indication. Pricing, under this scenario, an important variable when attracting risk capital and drug development capabilities, is assumed to be market based, or free. A regulated pricing environment would therefore, the market interpreted, be a significant risk to many biotech players. It should be noted however, that the US biotech industry is one of the most successful export industries in a country that wishes to be a leader in innovation. Presidential candidate Clinton followed her comments regarding unacceptable price gouging by saying that companies who bring about innovation have nothing to fear. It is also worth mentioning that the overall pricing environment in the US is showing low single digit growth, despite some areas of higher price increases. This is due to the fact that, in volume terms, drugs which have come off patent make up the vast majority of the drugs prescribed. In this sense the market is healthy, since new and paradigm changing drugs are able to be priced high enough to motivate innovation, while there is a steady stream of drugs coming off patent, allowing some slack in the total drug bill which makes up around 11% of the overall healthcare cost in the US.

Despite the difficult second half of 2015, all healthcare subsectors outperformed a general equity index for the year overall. The best performer was services, followed closely by biotech which, for reasons mentioned above, did not recover from the setback in the early autumn. Medtech performed slightly better than Pharma, which was the weakest performer.

One exciting development in 2015 was the prospect of a more efficacious disease-modifying drug class for rheumatoid arthritis patients, with the added benefit of it being a once a day pill instead of an injection or an infusion, as with the current treatment paradigm. In fact the Fund's best performing stock in 2015, Galapagos, is one of the companies developing such a drug in the JAK class. In a recent study, Incyte's JAK drug candidate beat the leading drug in the anti-TNF class, Humira, in terms of efficacy in RA patients. The anti-TNF class generated sales totaling 35 bn USD in 2014, of which 14 bn

Rhenman & Partners Fund

Report from the Management Company (continued)

USD was attributed to Humira, making it the biggest drug in the world by revenue. Therefore, the market for the new, efficacious and oral JAK class should have significant opportunities ahead.

For the year overall, the USD appreciated about 10% versus the Euro, creating a tailwind for the Fund's main share class which is Euro denominated, given that around 70% of the assets are US companies. Continued USD strength would benefit large European companies and create corresponding headwinds for internationally active US corporates. The headwind effect will be less noticeable for most US biotech companies given that the majority of their revenues originate in the US, but they are also growing at such a hefty pace that the currency headwind will not be as much of a burden.

On the macro front, the year has contained geopolitical uncertainty caused by the ongoing war in Syria, which has forced millions of people to seek refuge in Europe and elsewhere. This has resulted in political tension, both on national and international levels. Another tragic event was the terrorist attack in Paris in November, which cost 130 people their lives, and injured over 350. At the same time the US election debates are colored by more protectionist winds both with respect to trade but also with respect to safety and security from further terrorist attacks. Meanwhile, the Federal Reserve carried out the first rate hike in nearly a decade in December, in the first attempts at normalizing interest rate policy.

After a year of strong performance for the Fund we still see good opportunities for a successful 2016 for the healthcare sector. At the same time it is an election year in US, which generates news headline risks for the sector. Candidates may suggest some level of price regulation as well as wider discounts from the pharmaceutical industry. This may alarm equity market participants in the short term but, in our view, the likelihood of a significant change to the system is low as this requires a congressional agreement which would demand that both the House of Representatives and the Congress were controlled by the Democrats. Even under that scenario system change will be difficult to push through as many Americans value their ability to choose drugs freely as opposed to the government telling them, for instance, which HIV treatment they are allowed to use.

Valuations are not stretched, if compared to a longer historical perspective, while the drivers for the sector overall are solid. Innovation is very strong, pipelines are maturing and the most meaningful patent cliff is behind us. Recently growth rates in Emerging Markets have slowed somewhat, but long term low penetration rates, rising purchasing power, improving life expectancy and the increasing prevalence of chronic disease such as diabetes, COPD and cancer all support future demand growth for healthcare in these markets.

Luxembourg, 16th February 2016

The Board of Directors of the Management Company

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 2015 and the statement of operations and the statement of 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.

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
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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 2015, 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, 13th April 2016

A handwritten signature in blue ink, appearing to read 'TB', with a long, sweeping horizontal line extending to the right.

Thierry Blondeau

Rhenman & Partners Fund

Combined statement of net assets (in EUR)

as at 31st December 2015

Assets

Investments

Securities portfolio at market value	821,561,333.77
	<hr/>
	821,561,333.77

Cash and cash equivalents

Cash at banks	37,198,956.52
Cash collateral at banks for short sales of securities	60,872.93
	<hr/>
	37,259,829.45

Receivables

Receivable on sales of securities	41,003,561.35
Income receivable on portfolio	192,656.80
	<hr/>
	41,196,218.15

Total assets

900,017,381.37

Liabilities

Payables

Short sales of securities at market value	142,288,716.21
Payable on purchases of securities	1,933,901.57
Income payable on short position on portfolio	2,204.42
Interest payable on bank overdrafts	204,655.00
Expenses payable	2,950,136.55
	<hr/>
	147,379,613.75

Borrowings

Bank overdrafts	59,820,616.22
Collateralized debt at banks	161,042,725.60
	<hr/>
	220,863,341.82

Other liabilities

Prepaid subscriptions	11,546,693.28
	<hr/>
	11,546,693.28

Total liabilities

379,789,648.85

Total net assets at the end of the year

520,227,732.52

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

Rhenman & Partners Fund

Combined statement of operations (in EUR)

from 1st January 2015 to 31st December 2015

Income

Investment income

Dividends, net	4,437,516.17
	<hr/> 4,437,516.17

Realised gain on investments

- on securities portfolio	179,586,470.28
- on option contracts	4,545,605.75
- on foreign exchange	2,350,852.72
	<hr/> 186,482,928.75

Unrealised gain on investments

- on securities portfolio	66,344,068.24
	<hr/> 66,344,068.24

Total income

257,264,513.16

Expenses

Investment advisory or management fees

Management fees	7,902,010.10
Performance fees	23,447,143.61
	<hr/> 31,349,153.71

Other expenses

Depositary fees	80,476.76
Banking charges and other fees	2,445,056.10
Transaction fees	5,180,303.42
Central administration costs	414,970.83
Professional fees	20,732.65
Other administration costs	25,273.75
Subscription duty ("taxe d'abonnement")	156,415.18
Interest paid on bank overdrafts	1,382,694.28
Dividends paid on short sales of securities	955,825.43
Interest paid on collateralized debt at banks	836,639.01
	<hr/> 11,498,387.41

Realised loss on investments

- on securities portfolio	62,119,254.80
- on option contracts	1,805,492.15
	<hr/> 63,924,746.95

Unrealised loss on investments

- on securities portfolio	77,760,596.93
	<hr/> 77,760,596.93

Total expenses

184,532,885.00

Net income

72,731,628.16

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

Rhenman & Partners Fund

Combined statement of changes in net assets (in EUR) from 1st January 2015 to 31st December 2015

Net income	72,731,628.16
Dividends paid	-698,421.98
Subscriptions	210,596,687.97
Equalisation credit for unitholders	51,265.16
Redemptions	-105,968,313.42
Total changes in net assets	176,712,845.89
Total net assets at the beginning of the year	343,514,886.63
<u>Total net assets at the end of the year</u>	<u>520,227,732.52</u>

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 2015

Assets

Investments

Securities portfolio at market value	821,561,333.77
	<hr/>
	821,561,333.77

Cash and cash equivalents

Cash at banks	37,198,956.52
Cash collateral at banks for short sales of securities	60,872.93
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	37,259,829.45

Receivables

Receivable on sales of securities	41,003,561.35
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Interest payable on bank overdrafts	204,655.00
Expenses payable	2,950,136.55
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	147,379,613.75

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Bank overdrafts	59,820,616.22
Collateralized debt at banks	161,042,725.60
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	220,863,341.82

Other liabilities

Prepaid subscriptions	11,546,693.28
	<hr/>
	11,546,693.28

Total liabilities

379,789,648.85

Total net assets at the end of the year

520,227,732.52

"IC1 (EUR)" units outstanding	112,476.086
Net asset value per "IC1 (EUR)" unit	423.32

"IC1 (USD)" units outstanding	66,816.331
Net asset value per "IC1 (USD)" unit	USD 104.09

"IC2 (SEK)" units outstanding	636,949.021
Net asset value per "IC2 (SEK)" unit	SEK 281.94

"IC2 (USD)" units outstanding	213,170.837
Net asset value per "IC2 (USD)" unit	USD 138.70

"IC3 (EUR)" units outstanding	89,031.963
Net asset value per "IC3 (EUR)" unit	480.47

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) (continued)

as at 31st December 2015

"IC4 (EUR)" units outstanding	248,571.351
Net asset value per "IC4 (EUR)" unit	308.57
"ID1 (SEK)" units outstanding	641,881.615
Net asset value per "ID1 (SEK)" unit	SEK 253.27
"RC1 (SEK)" units outstanding	3,767,775.632
Net asset value per "RC1 (SEK)" unit	SEK 350.16
"RC1 (EUR)" units outstanding	19,796.583
Net asset value per "RC1 (EUR)" unit	374.15
"RC2 (SEK)" units outstanding	3,314,400.254
Net asset value per "RC2 (SEK)" unit	SEK 361.10

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

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statement of operations (in EUR)

from 1st January 2015 to 31st December 2015

Income

Investment income

Dividends, net	4,437,516.17
	<hr/> 4,437,516.17

Realised gain on investments

- on securities portfolio	179,586,470.28
- on option contracts	4,545,605.75
- on foreign exchange	2,350,852.72
	<hr/> 186,482,928.75

Unrealised gain on investments

- on securities portfolio	66,344,068.24
	<hr/> 66,344,068.24

Total income

257,264,513.16

Expenses

Investment advisory or management fees

Management fees	7,902,010.10
Performance fees	23,447,143.61
	<hr/> 31,349,153.71

Other expenses

Depositary fees	80,476.76
Banking charges and other fees	2,445,056.10
Transaction fees	5,180,303.42
Central administration costs	414,970.83
Professional fees	20,732.65
Other administration costs	25,273.75
Subscription duty ("taxe d'abonnement")	156,415.18
Interest paid on bank overdrafts	1,382,694.28
Dividends paid on short sales of securities	955,825.43
Interest paid on collateralized debt at banks	836,639.01
	<hr/> 11,498,387.41

Realised loss on investments

- on securities portfolio	62,119,254.80
- on option contracts	1,805,492.15
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Unrealised loss on investments

- on securities portfolio	77,760,596.93
	<hr/> 77,760,596.93

Total expenses

184,532,885.00

Net income

72,731,628.16

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

Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

Statement of changes in net assets (in EUR)

from 1st January 2015 to 31st December 2015

Net income	72,731,628.16
Dividends paid	-698,421.98
Subscriptions	210,596,687.97
Equalisation credit for unitholders	51,265.16
Redemptions	-105,968,313.42
Total changes in net assets	176,712,845.89
Total net assets at the beginning of the year	343,514,886.63
<u>Total net assets at the end of the year</u>	<u>520,227,732.52</u>

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 2015

Total net assets	
- as at 31.12.2015	520,227,732.52
- as at 31.12.2014	343,514,886.63
- as at 31.12.2013	185,619,071.69
Number of "IC1 (EUR)" units	
- outstanding at the beginning of the year	116,824.872
- issued	40,573.632
- redeemed	-44,922.418
- outstanding at the end of the year	112,476.086
Net asset value per "IC1 (EUR)" unit	
- as at 31.12.2015	423.32
- as at 31.12.2014	352.48
- as at 31.12.2013	246.79
Number of "IC1 (USD)" units	
- outstanding at the beginning of the year	0.000
- issued	102,644.079
- redeemed	-35,827.748
- outstanding at the end of the year	66,816.331
Net asset value per "IC1 (USD)" unit	
- as at 31.12.2015	USD 104.09
- as at 31.12.2014	-
- as at 31.12.2013	-
Number of "IC2 (EUR)" units	
- outstanding at the beginning of the year	27,214.140
- issued	0.000
- redeemed	-27,214.140
- outstanding at the end of the year	0.000
Net asset value per "IC2 (EUR)" unit	
- as at 31.12.2015	-
- as at 31.12.2014	277.15
- as at 31.12.2013	192.85
Number of "IC2 (SEK)" units	
- outstanding at the beginning of the year	926,949.021
- issued	0.000
- redeemed	-290,000.000
- outstanding at the end of the year	636,949.021
Net asset value per "IC2 (SEK)" unit	
- as at 31.12.2015	SEK 281.94
- as at 31.12.2014	SEK 240.91
- as at 31.12.2013	SEK 158.77
Number of "IC2 (USD)" units	
- outstanding at the beginning of the year	92,800.328
- issued	185,751.351
- redeemed	-65,380.842
- outstanding at the end of the year	213,170.837
Net asset value per "IC2 (USD)" unit	
- as at 31.12.2015	USD 138.70
- as at 31.12.2014	USD 126.40
- as at 31.12.2013	-

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 2015

Number of "IC3 (EUR)" units	
- outstanding at the beginning of the year	71,753.048
- issued	24,383.371
- redeemed	-7,104.456
- outstanding at the end of the year	89,031.963
Net asset value per "IC3 (EUR)" unit	
- as at 31.12.2015	480.47
- as at 31.12.2014	389.50
- as at 31.12.2013	260.40
Number of "IC4 (EUR)" units	
- outstanding at the beginning of the year	200,000.000
- issued	73,571.351
- redeemed	-25,000.000
- outstanding at the end of the year	248,571.351
Net asset value per "IC4 (EUR)" unit	
- as at 31.12.2015	308.57
- as at 31.12.2014	246.20
- as at 31.12.2013	163.28
Number of "ID1 (SEK)" units	
- outstanding at the beginning of the year	587,568.529
- issued	167,725.719
- redeemed	-113,412.633
- outstanding at the end of the year	641,881.615
Net asset value per "ID1 (SEK)" unit	
- as at 31.12.2015	SEK 253.27
- as at 31.12.2014	SEK 227.49
- as at 31.12.2013	SEK 157.19
Dividend paid	
Ex-dividend date	27.02.2015
Dividend per unit	SEK 11.37
Units outstanding at dividend date	575,058.023
Number of "RC1 (SEK)" units	
- outstanding at the beginning of the year	2,601,832.488
- issued	2,001,388.692
- redeemed	-835,445.548
- outstanding at the end of the year	3,767,775.632
Net asset value per "RC1 (SEK)" unit	
- as at 31.12.2015	SEK 350.16
- as at 31.12.2014	SEK 302.97
- as at 31.12.2013	SEK 202.38
Number of "RC1 (EUR)" units	
- outstanding at the beginning of the year	12,458.170
- issued	8,786.913
- redeemed	-1,448.500
- outstanding at the end of the year	19,796.583
Net asset value per "RC1 (EUR)" unit	
- as at 31.12.2015	374.15
- as at 31.12.2014	315.14
- as at 31.12.2013	224.79

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 2015

Number of "RC2 (SEK)" units

- outstanding at the beginning of the year	2,532,144.193
- issued	1,110,032.692
- redeemed	-327,776.631
<hr/>	<hr/>
- outstanding at the end of the year	3,314,400.254

Net asset value per "RC2 (SEK)" unit

- as at 31.12.2015	SEK 361.10
- as at 31.12.2014	SEK 310.92
- as at 31.12.2013	SEK 206.39

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 2015

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<u>Securities: investments and short positions</u>					
<u>Transferable securities admitted to an official stock exchange listing</u>					
Shares					
AUD	35,000	CSL Ltd	1,584,492.00	2,468,094.03	0.47
CHF	47,000	Actelion Ltd	4,915,850.59	6,033,174.19	1.16
CHF	197,000	Novartis AG Reg	16,256,127.48	15,723,475.16	3.02
CHF	71,000	Roche Holding AG B de jours Pref	17,772,256.41	18,045,086.78	3.47
			38,944,234.48	39,801,736.13	7.65
DKK	27,442	Alk-Abello A/ S B	2,356,209.33	3,220,932.43	0.62
DKK	115,675	Ambu AS	1,536,922.94	3,247,022.38	0.62
DKK	40,000	Bavarian Nordic A/ S	357,223.85	1,916,010.06	0.37
DKK	20,000	Coloplast A/ S B	1,423,360.99	1,492,612.03	0.29
DKK	41,000	Genmab A/ S	1,113,450.94	5,040,245.34	0.97
DKK	105,000	H Lundbeck A/ S	1,637,761.75	3,311,749.69	0.64
DKK	115,000	Novo Nordisk AS B	5,174,646.55	6,161,848.15	1.19
			13,599,576.35	24,390,420.08	4.70
EUR	197,000	Ablynx NV	1,222,132.61	3,133,285.00	0.60
EUR	50,000	Almirall SA	848,172.50	931,500.00	0.18
EUR	84,000	Bayer AG Reg	10,459,050.17	9,727,200.00	1.87
EUR	47,000	Fresenius SE & Co KGaA	1,710,777.55	3,100,590.00	0.60
EUR	173,890	Galapagos Genomics NV	4,185,301.87	9,869,996.40	1.90
EUR	60,000	Genfit	2,659,194.00	1,953,000.00	0.38
EUR	67,000	Grifols SA	2,198,281.40	2,856,210.00	0.55
EUR	100,000	Ion Beam Applications SA	2,103,409.07	3,390,000.00	0.65
EUR	62,000	Ipsen SA	2,567,553.07	3,782,000.00	0.73
EUR	98,000	Korian SA	2,294,655.70	3,300,640.00	0.63
EUR	135,000	Merck KGaA	12,573,816.21	12,091,950.00	2.32
EUR	27,000	MorphoSys AG	1,277,691.88	1,556,550.00	0.30
EUR	111,000	Sanofi SA	9,247,852.54	8,724,600.00	1.68
EUR	54,000	UCB	3,596,663.53	4,494,420.00	0.87
			56,944,552.10	68,911,941.40	13.26
GBP	100,000	Al Noor Hospitals Group Plc	1,293,680.84	1,503,604.97	0.29
GBP	1,596,197	Cambian Group Plc	3,047,873.63	3,027,138.56	0.58
GBP	278,000	Shire Plc	17,628,507.02	17,723,594.34	3.41
GBP	270,000	Smith & Nephew Plc	4,130,689.23	4,426,135.36	0.85
			26,100,750.72	26,680,473.23	5.13
HKD	1,016,500	Lee's Pharmaceutical Hgs Ltd	1,291,129.57	1,171,484.05	0.22
HKD	3,300,000	Sino Biopharmaceutical Ltd	2,460,071.94	2,768,062.58	0.53
HKD	2,253,000	Sinopharm Group Co Ltd H	7,497,944.47	8,324,896.53	1.60
			11,249,145.98	12,264,443.16	2.35
JPY	335,000	Astellas Pharma Inc	3,514,704.58	4,440,070.61	0.85
JPY	152,000	Chugai Pharmaceutical Co Ltd	3,722,727.50	4,933,237.44	0.95
JPY	361,000	Santen Pharmaceutical Co Ltd	3,793,625.93	5,543,202.00	1.07
JPY	95,000	Takeda Pharmaceutical Co Ltd	3,554,549.23	4,410,389.90	0.85
JPY	171,000	Terumo Corp	3,244,421.60	4,947,781.18	0.95
			17,830,028.84	24,274,681.13	4.67
SEK	1,014,184	Active Biotech AB	3,155,152.64	1,528,194.97	0.29
SEK	6,280,199	BioInvent Intl AB	1,417,879.13	2,598,935.73	0.50
SEK	688,178	Episurf Medical AB B	2,273,478.47	1,314,987.90	0.25
SEK	822,367	Hansa Medical AB	3,281,309.20	2,271,794.90	0.44

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 2015

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
SEK	262,000	Meda AB A	2,780,158.07	3,063,893.65	0.59
SEK	340,975	Orexo AB	4,140,774.01	2,336,249.35	0.45
			17,048,751.52	13,114,056.50	2.52
USD	246,000	AbbVie Inc	13,305,779.77	13,419,005.52	2.58
USD	220,000	Abiomed Inc	13,392,009.34	18,288,766.11	3.52
USD	120,000	Acadia Pharmaceuticals Inc	2,953,957.14	3,939,226.52	0.75
USD	266,000	Achillion Pharmaceuticals Inc	1,888,561.28	2,642,854.51	0.50
USD	104,000	Aetna Inc	10,113,218.95	10,354,033.15	1.99
USD	100,000	Alexion Pharmaceuticals Inc	15,565,823.41	17,564,456.72	3.38
USD	158,000	Alkermes Plc	8,244,599.07	11,548,839.78	2.22
USD	55,000	Allergan Plc	14,091,327.71	15,826,427.26	3.04
USD	62,000	Alnylam Pharmaceuticals Inc	5,563,491.58	5,374,475.14	1.03
USD	46,000	AmerisourceBergen Corp	4,024,567.80	4,392,872.93	0.84
USD	82,000	Amgen Inc	11,714,494.89	12,256,961.33	2.36
USD	88,000	Anthem Inc	11,337,434.98	11,299,005.52	2.17
USD	250,000	Anthera Pharmaceuticals Inc	751,138.10	1,068,139.96	0.21
USD	430,000	Ariad Pharmaceuticals Inc	1,951,712.48	2,474,677.71	0.48
USD	370,000	Array BioPharma Inc	1,406,859.94	1,437,753.22	0.28
USD	154,006	Avalanche Biotechnologies Inc	4,384,133.37	1,350,034.18	0.26
USD	88,000	Baxalta Inc	3,041,755.45	3,162,651.93	0.61
USD	69,000	Becton Dickinson & Co	8,259,538.72	9,790,248.62	1.88
USD	133,535	BIND Therapeutics Inc	1,109,353.79	281,579.33	0.05
USD	118,000	BioMarin Pharmaceutical Inc	10,750,711.03	11,382,762.43	2.19
USD	274,000	Boston Scientific Corp	4,245,756.94	4,652,449.35	0.90
USD	183,000	Bristol Myers Squibb Co	9,467,127.49	11,591,685.08	2.23
USD	104,000	Cardinal Health Inc	7,145,842.16	8,548,876.61	1.64
USD	306,227	Catabasis Pharmaceuticals Inc	3,487,442.59	2,236,077.45	0.43
USD	104,000	Celgene Corp	10,091,939.93	11,468,729.28	2.20
USD	320,000	Celldex Therapeutics Inc	5,184,836.23	4,620,257.83	0.89
USD	226,000	Cempra Inc	5,102,771.41	6,478,250.46	1.25
USD	149,000	Centene Corp	8,435,212.92	9,029,180.48	1.74
USD	75,000	Cepheid Inc	2,369,927.34	2,522,790.06	0.48
USD	82,000	Cerner Corp	4,652,605.14	4,543,222.84	0.87
USD	256,000	Chimerix Inc	3,176,847.63	2,109,760.59	0.41
USD	87,000	Cigna Corp	12,014,339.43	11,722,569.06	2.25
USD	73,000	Clovis Oncology Inc	3,957,087.21	2,352,670.35	0.45
USD	95,000	Community Health Syst Inc	4,214,538.83	2,320,764.27	0.45
USD	37,000	Cooper Companies Inc (The)	5,848,338.28	4,572,191.53	0.87
USD	180,000	CVS Health Corp	15,321,578.21	16,204,972.37	3.11
USD	105,000	Dexcom Inc	4,837,195.19	7,918,508.29	1.52
USD	55,000	Dynavax Technologies Corp	711,036.36	1,223,572.74	0.23
USD	49,000	Edwards Lifesciences Corp	2,900,251.99	3,563,554.33	0.68
USD	146,000	Eli Lilly & Co	9,686,271.28	11,327,771.64	2.18
USD	116,000	Endo International Plc	6,918,565.51	6,539,152.86	1.26
USD	420,000	Endologix Inc	3,744,954.34	3,828,729.28	0.73
USD	100,000	Esperion Therapeutics Inc	5,060,936.48	2,049,723.76	0.39
USD	460,000	Exelixis Inc	2,354,370.66	2,388,950.28	0.46
USD	74,000	Express Scripts Hg Co	6,233,262.06	5,956,114.19	1.15
USD	50,000	FibroGen Inc	1,397,579.99	1,402,854.51	0.27
USD	124,000	Gilead Sciences Inc	11,544,010.48	11,553,922.65	2.22
USD	410,000	Halozyme Therapeutics Inc	6,458,585.85	6,542,633.52	1.26
USD	96,000	HCA Holdings Inc	5,882,455.23	5,978,342.54	1.15
USD	122,000	Health Net Inc	7,461,256.20	7,690,718.23	1.47
USD	67,000	Heartware Intl Inc	5,044,330.98	3,109,392.27	0.59
USD	33,301	Hologic Inc	631,552.57	1,186,386.45	0.23
USD	146,000	Horizon Pharma Plc	2,651,492.42	2,913,278.08	0.56
USD	61,000	Humana Inc	10,401,169.21	10,026,804.79	1.93
USD	110,000	Incyte Corp Ltd	8,931,823.56	10,984,806.63	2.11
USD	96,000	Insulet Corp	2,759,994.38	3,342,320.44	0.64
USD	26,000	Intercept Pharmaceuticals Inc	5,430,001.07	3,575,598.53	0.68

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 2015

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	126,000	Intra-Cellular Therapies Inc	1,607,173.22	6,240,828.73	1.20
USD	67,000	Ionis Pharmaceuticals Inc	2,958,074.36	3,820,727.44	0.73
USD	42,000	Jazz Pharmaceuticals Plc	6,282,427.14	5,436,022.10	1.05
USD	1,233,000	Keryx Biopharmaceuticals Inc	10,377,504.90	5,733,563.54	1.11
USD	81,000	Laboratory Corp of America Hgs	8,688,275.26	9,221,767.96	1.77
USD	575,000	Lion Biotechnologies Inc	5,977,754.05	4,087,476.98	0.79
USD	66,000	Livanova Plc	3,549,704.35	3,608,121.54	0.69
USD	94,000	Macrogenics Inc	2,204,854.88	2,680,644.57	0.52
USD	59,000	McKesson Corp	11,092,784.04	10,715,073.67	2.06
USD	160,000	Medivation Inc	6,997,133.97	7,121,915.29	1.37
USD	249,000	Medtronic Plc	15,828,452.06	17,636,353.59	3.38
USD	50,000	Mirati Therapeutics Inc	778,747.73	1,454,880.29	0.28
USD	581,000	Nektar Therapeutics	5,936,625.16	9,014,594.84	1.74
USD	74,000	Omniceil Inc	1,740,723.52	2,117,790.06	0.41
USD	1,189,000	Orexigen Therapeutics Inc	6,269,613.07	1,883,130.76	0.36
USD	35,000	Pacira Pharmaceuticals Inc	2,276,130.97	2,474,815.84	0.48
USD	145,000	Perrigo Co Plc	21,683,712.84	19,319,981.58	3.71
USD	438,000	Pfizer Inc	12,729,051.90	13,019,005.52	2.50
USD	62,000	Portola Pharmaceuticals Inc	2,241,680.93	2,937,292.82	0.56
USD	21,000	Regeneron Pharmaceuticals Inc	8,755,772.67	10,497,486.19	2.02
USD	200,000	Regulus Therapeutic Inc	1,479,418.85	1,605,893.19	0.31
USD	173,000	Revance Therapeutics Inc	3,675,245.98	5,441,694.29	1.05
USD	844,313	Rigel Pharmaceuticals Inc	1,797,120.77	2,355,679.92	0.45
USD	678,000	Rite Aid Corp	5,080,668.75	4,894,585.64	0.94
USD	150,000	Sagent Pharmaceuticals Inc	2,133,383.27	2,197,513.81	0.42
USD	175,000	St Jude Medical Inc	10,807,291.49	9,953,729.28	1.92
USD	288,000	Supernus Pharmaceuticals Inc	2,071,277.55	3,564,198.90	0.68
USD	209,000	Tandem Diabetes Care Inc	2,245,128.74	2,272,826.89	0.44
USD	50,899	Tesaro Inc	1,086,086.20	2,452,150.72	0.47
USD	225,000	Tetraphase Pharmaceuticals Inc	4,047,390.12	2,078,038.67	0.40
USD	201,537	Threshold Pharmaceuticals	638,824.92	89,058.57	0.02
USD	121,000	United Health Group Inc	11,979,775.70	13,107,219.15	2.52
USD	44,000	Universal Health Services Inc B	4,110,379.31	4,841,215.46	0.93
USD	69,000	Valeant Pharm Intl Inc	6,001,580.88	6,458,425.41	1.24
USD	56,000	Vertex Pharmaceuticals Inc	5,401,697.97	6,488,471.46	1.25
USD	132,000	Walgreens Boots Alliance Inc	10,367,674.65	10,350,331.49	1.99
USD	181,303	Xencor Inc	2,193,364.07	2,440,745.73	0.47
USD	128,000	ZELTIQ Aesthetics Inc	3,819,951.52	3,362,651.93	0.65
USD	107,000	Zimmer Biomet Hgs Inc	9,816,978.53	10,107,854.51	1.95
			586,337,192.64	609,016,113.82	117.05
Total shares			769,638,724.63	820,921,959.48	157.80

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 2015

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<u>Short positions in transferable securities admitted to an official stock exchange listing</u>					
Shares					
SEK	-170,000	Getinge AB B	-3,757,486.90	-4,130,112.31	-0.79
USD	-155,097	Johnson & Johnson	-14,388,632.40	-14,669,948.29	-2.82
Total shares			-18,146,119.30	-18,800,060.60	-3.61
<u>Transferable securities dealt in on another regulated market</u>					
Shares					
GBP	192,307	Faron Pharmaceuticals Oy	714,380.41	639,374.29	0.12
Total shares			714,380.41	639,374.29	0.12
<u>Short positions in open-ended investment funds</u>					
Tracker funds (UCI)					
USD	-894,000	Health Care Select Sector SPDR Fd (The)	-56,470,623.98	-59,311,878.45	-11.40
USD	-206,000	iShares Trust Nasdaq Biotech ETF Dist	-59,724,176.21	-64,176,777.16	-12.34
Total tracker funds (UCI)			-116,194,800.19	-123,488,655.61	-23.74
Total securities: investments and short positions			636,012,185.55	679,272,617.56	130.57
Cash at banks and cash collateralized at banks				37,259,829.45	7.16
Bank overdrafts and collateralized debt at banks				-220,863,341.82	-42.46
Other net assets/ (liabilities)				24,558,627.33	4.73
Total				520,227,732.52	100.00

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 2015

Industrial classification

(in percentage of net assets)

Pharmaceuticals and biotechnology	96.64 %
Health care equipment and services	44.91 %
Food retailing, drugstores and pharmacies	6.04 %
Insurance	3.40 %
Commercial services and supplies	2.06 %
Diversified financial services	1.26 %
Investment funds	-23.74 %
Total	<u>130.57 %</u>

Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

United States of America	73.34 %
Ireland	15.22 %
Switzerland	7.65 %
Germany	5.09 %
Denmark	4.70 %
Japan	4.67 %
Belgium	4.02 %
France	3.42 %
Jersey	3.41 %
United Kingdom	2.41 %
Sweden	1.73 %
China	1.60 %
Canada	1.24 %
Cayman Islands	0.75 %
Spain	0.73 %
Australia	0.47 %
Finland	0.12 %
Total	<u>130.57 %</u>

Rhenman & Partners Fund

Notes to the financial statements

as at 31st December 2015

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the 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 AIFM, 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 AIFM 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 AIFM 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 AIFM.

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 2015

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.

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

1	EUR	=	1.4933993	AUD	Australian Dollar
			1.0875204	CHF	Swiss Franc
			7.4634264	DKK	Danish Krona
			0.7368957	GBP	Pound Sterling
			8.4167172	HKD	Hong Kong Dollar
			130.6403772	JPY	Japanese Yen
			9.6204939	NOK	Norwegian Krona
			9.1583466	SEK	Swedish Krona
			1.0860000	USD	US Dollar

f) Combined financial statements

The combined 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 were amortised over a period of five years.

h) Investment income

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

i) Options contracts

Premiums received on the sale of options are recorded as liabilities, and premiums paid on the purchase of options are carried separately as assets. Unrealised gain/ (loss) is recorded in the statement of net assets. Realised and unrealised gains and losses on options are recorded in the statement of operations.

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2015

j) 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.

k) Transaction fees

Transaction costs disclosed under the caption "Transaction fees" in the expenses of the statement of operations are mainly composed of broker fees incurred by the Fund and of fees relating to liquidation of transactions paid to the Depositary as well as of transaction fees on financial instruments.

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. SEB Fund Services S.A..

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

These rates include the fees payable to the Portfolio Manager for its services whose applicable rates at the date of the report are the following:

- 2.00% p.a. for the classes RC1 (SEK) and RC1 (EUR),
- 1.50% p.a. for the classes RC2 (SEK), IC1 (EUR), IC1 (USD), ID1 (SEK) and IC3 (EUR),
- 1.00% p.a. for the classes IC2 (EUR) IC2 (SEK) and IC2 (USD),
- 0.75% p.a. for the class IC4 (EUR).

Notes to the financial statements (continued)

as at 31st December 2015

Note 4 - Performance fee

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

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. For Class D Units the Gross Net Asset Value (GNAV) used for the calculation of the Performance Fee will be adjusted by any dividend distributions made during the relevant Calculation Period.

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 NAV 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 units, 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 Portfolio 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 Portfolio Manager is not entitled to a Performance Fee and the negative performance at the end of any Calculation Period will not be carried forward to the next Calculation Periods. 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.

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2015

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 Portfolio Manager at the end of the Calculation Period.

At the date of the report, a performance fee of EUR 23,447,143.61 was recorded for the Sub-Fund.

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 Depositary. However the Management Company is entitled to a minimum monthly administration cost of EUR 3,333 payable monthly in arrears to the Management Company.

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

The Fund 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.

Pursuant to Article 175 (a) of the amended 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 borrowing operations. The counterparty of the following positions is Skandinaviska Enskilda Banken AB (publ), Stockholm.

Description	Currency	Quantity	Market value (in EUR)
AbbVie Inc	USD	246,000.00	13,419,005.52
Abiomed Inc	USD	220,000.00	18,288,766.11
Ablynx NV	EUR	197,000.00	3,133,285.00
Acadia Pharmaceuticals Inc	USD	137,000.00	4,497,283.61
Achillion Pharmaceuticals Inc	USD	280,000.00	2,781,952.12
Actelion Ltd	CHF	34,000.00	4,364,423.88
Active Biotech AB	SEK	1,014,184.00	1,528,194.97
Aetna Inc	USD	104,000.00	10,354,033.15
Alexion Pharmaceuticals Inc	USD	100,000.00	17,564,456.72
Alk-Abello A/ S B	DKK	27,000.00	3,169,053.84
Alkermes Plc	USD	158,000.00	11,548,839.78
Allergan Plc	USD	55,000.00	15,826,427.26
Alnylam Pharmaceuticals Inc	USD	63,000.00	5,461,160.22

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2015

Description	Currency	Quantity	Market value (in EUR)
Ambu AS	DKK	115,675.00	3,247,022.38
AmerisourceBergen Corp	USD	53,000.00	5,061,353.59
Amgen Inc	USD	82,000.00	12,256,961.33
Anthem Inc	USD	88,000.00	11,299,005.52
Ariad Pharmaceuticals Inc	USD	387,000.00	2,227,209.94
Array BioPharma Inc	USD	329,100.00	1,278,823.20
Bavarian Nordic A/ S	DKK	40,000.00	1,916,010.06
Bayer AG Reg	EUR	84,000.00	9,727,200.00
Becton Dickinson & Co	USD	79,000.00	11,209,125.23
BioInvent Intl AB	SEK	6,280,199.00	2,598,935.73
BioMarin Pharmaceutical Inc	USD	118,000.00	11,382,762.43
Boston Scientific Corp	USD	213,000.00	3,616,685.08
Bristol Myers Squibb Co	USD	162,000.00	10,261,491.71
Cardinal Health Inc	USD	119,000.00	9,781,887.66
Celgene Corp	USD	79,000.00	8,711,823.20
Celldex Therapeutics Inc	USD	114,000.00	1,645,966.85
Cempra Inc	USD	250,000.00	7,166,206.26
Centene Corp	USD	170,000.00	10,301,749.54
Cepheid Inc	USD	25,500.00	857,748.62
Cerner Corp	USD	93,000.00	5,152,679.56
Chimerix Inc	USD	56,000.00	461,510.13
Cigna Corp	USD	87,000.00	11,722,569.06
Coloplast A/ S B	DKK	20,000.00	1,492,612.03
Community Health Syst Inc	USD	95,000.00	2,320,764.27
Cooper Companies Inc (The)	USD	33,000.00	4,077,900.55
CVS Health Corp	USD	164,700.00	14,827,549.72
Dexcom Inc	USD	84,000.00	6,334,806.63
Edwards Lifesciences Corp	USD	56,000.00	4,072,633.52
Eli Lilly & Co	USD	146,000.00	11,327,771.64
Endo International Plc	USD	55,000.00	3,100,460.41
Endologix Inc	USD	429,000.00	3,910,773.48
Episurf Medical AB B	SEK	688,178.00	1,314,987.90
Express Scripts Hg Co	USD	84,000.00	6,760,994.48
Fresenius SE & Co KGaA	EUR	47,000.00	3,100,590.00
Genmab A/ S	DKK	41,000.00	5,040,245.34
Gilead Sciences Inc	USD	124,000.00	11,553,922.65
H Lundbeck A/ S	DKK	105,000.00	3,311,749.69
HCA Holdings Inc	USD	110,000.00	6,850,184.16
Health Net Inc	USD	139,000.00	8,762,375.69
Heartware Intl Inc	USD	61,000.00	2,830,939.23
Hologic Inc	USD	33,301.00	1,186,386.45
Humana Inc	USD	70,000.00	11,506,169.43
Incyte Corp Ltd	USD	110,000.00	10,984,806.63
Insulet Corp	USD	52,000.00	1,810,423.57
Intercept Pharmaceuticals Inc	USD	30,000.00	4,125,690.61
Intra-Cellular Therapies Inc	USD	144,000.00	7,132,375.69
Ionis Pharmaceuticals Inc	USD	77,000.00	4,390,985.27
Ipsen SA	EUR	62,000.00	3,782,000.00
Jazz Pharmaceuticals Plc	USD	45,000.00	5,824,309.39
Keryx Biopharmaceuticals Inc	USD	1,406,000.00	6,538,029.47
Laboratory Corp of America Hgs	USD	59,000.00	6,717,090.24
Livanova Plc	USD	57,000.00	3,116,104.97
McKesson Corp	USD	53,000.00	9,625,405.16
Meda AB A	SEK	262,000.00	3,063,893.65

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2015

Description	Currency	Quantity	Market value (in EUR)
Medivation Inc	USD	89,000.00	3,961,565.38
Medtronic Plc	USD	184,000.00	13,032,486.19
Merck KGaA	EUR	135,000.00	12,091,950.00
MorphoSys AG	EUR	27,000.00	1,556,550.00
Nektar Therapeutics	USD	663,000.00	10,286,878.45
Novartis AG Reg	CHF	197,000.00	15,723,475.16
Novo Nordisk AS B	DKK	85,000.00	4,554,409.50
Omniceil Inc	USD	74,000.00	2,117,790.06
Orexigen Therapeutics Inc	USD	789,000.00	1,249,613.26
Orexo AB	SEK	262,956.00	1,801,688.64
Pfizer Inc	USD	438,000.00	13,019,005.52
Regeneron Pharmaceuticals Inc	USD	22,500.00	11,247,306.63
Rite Aid Corp	USD	300,000.00	2,165,745.86
Roche Holding AG B de jouis Pref	CHF	44,000.00	11,182,870.68
Sanofi SA	EUR	111,000.00	8,724,600.00
St Jude Medical Inc	USD	200,000.00	11,375,690.61
Supernus Pharmaceuticals Inc	USD	328,000.00	4,059,226.52
Tandem Diabetes Care Inc	USD	209,000.00	2,272,826.89
UCB	EUR	31,000.00	2,580,130.00
United Health Group Inc	USD	121,000.00	13,107,219.15
Universal Health Services Inc B	USD	29,000.00	3,190,801.10
Vertex Pharmaceuticals Inc	USD	64,000.00	7,415,395.95
Walgreens Boots Alliance Inc	USD	90,000.00	7,057,044.20
Zimmer Biomet Hgs Inc	USD	122,000.00	11,524,843.46
			<u>609,915,654.39</u>

As at 31st December 2015, the Fund hold cash pledged as collateral for a total amount of EUR 60,872.93 in favour of Skandinaviska Enskilda Banken AB (publ), Stockholm.

Note 8 - Short option contracts

As at 31st December 2015, the Fund is not committed in any short option contracts.

Note 9 - 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.

Rhenman & Partners Fund

Notes to the financial statements (continued)

as at 31st December 2015

Note 10 - Event

The Board of Directors of the Management Company resolved, with effective date 21st July 2015, to add a sub-section "Restrictions on subscription and conversion" of the prospectus of the Fund in order to allow Soft Closure and Hard Closure. The Board noted that the assets of the Fund reached EUR 500 million recently. In order to inter alia protect existing unitholders, the Board consequently resolved to decide a Soft Closure by closing as of 31st December 2015 any further subscriptions into the Sub-Fund of the Fund, from investors having not yet invested into the Sub-Fund, provided the assets under management is at least EUR 500 million as of 31st December 2015.

As the Sub-Fund has reached the defined level of assets under management it has been soft-closed for subscriptions. There are currently no plans to change this restriction.

Note 11 - Subsequent Event

The Board of Directors of the Management Company resolved, with effective date 5th February 2016, to approve the creation of the new sub-fund Rhenman & Partners Fund - Rhenman Global Opportunities L/ S which shall be launched on 31st May 2016.

Rhenman & Partners Fund

Additional Information (unaudited)

as at 31st December 2015

Remuneration disclosure

SEB Fund Services S.A. (SEB) has implemented a Remuneration policy that is designed to encourage good performance and behavior, and seeks to achieve a balanced risk-taking that goes in line with unitholders' expectations.

In SEB, there is clear distinction between the criteria for setting fixed remuneration (e.g. base pay, pension and other benefits) and variable remuneration (e.g. short- and long-term variable remuneration). The individual total remuneration corresponds to requirements on task complexity, management and functional accountability and also related to the individual's performance.

SEB provides a sound balance between fixed and variable remuneration and aligns the payout horizon of variable pay with the risk horizon. This implies that certain maximum levels and deferral arrangements apply for different categories of employees.

The amount below represents the proportion of the total remuneration on calendar year 2015 and adjusted according to the number of full time employees during the year 2015 and identified staff (i.e. the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM/ Management Company whose actions have a material impact on the risk profile of the funds). This amount is further proportioned to the total net asset value of each fund, taking into account UCITS and non-UCITS.

	TNA as of 31 December 2015 *	% of total TNA managed by Management Company/ AIFM	Fixed Remuneration *		Variable Remuneration *		Number of beneficiaries (Average Full Time Equivalent)
			All Employees	Identified Staff	All Employees	Identified Staff	All Employees
Rhenman & Partners Fund (AIF)	520,227,732.52	5.14%	91,985.72	28,235.34	1,771.95	377.71	17.58

* All amounts are in euro

Fixed Remuneration (incl. fixed salary, allowances, pension)

Variable Remuneration (incl. "short term incentives and long term incentives")

Risk management disclosure

1) Risk Profile

The current risk profile of the Sub-Fund as disclosed in the Prospectus has not been amended during the reporting period. The AIFM monitors the overall risk profile of the Fund, including market, liquidity, counterparty as well as the level of the leverage.

Rhenman & Partners Fund

Additional Information (unaudited) (continued)

as at 31st December 2015

2) Risk Management systems

The risk monitoring is based on the risk management process adopted by the Board of the AIFM and is performed independently from the portfolio management. No changes have been applied to the risk management procedures.

3) Leverage

In accordance with the Law of 12 July 2013 (the “2013 Law”), a maximum level of leverage has been determined for the AIF which the AIFM is entitled to employ on behalf of Rhenman & Partners Fund. The maximum level of leverage is 300% in accordance with the commitment method and 400% in accordance with the gross method of the total assets.

The AIFM calculates the leverage on a gross and on a commitment method in accordance with Article 7 and Article 8 of the Commission Delegated Regulation EU/ 231/ 2013 on a monthly basis. The gross method converts all positions on derivative financial instruments into equivalent positions in the underlying assets, while the commitment method applies the same while allowing netting and hedging arrangements.

The level of leverage during the reporting period is disclosed below:

Fund	Internal Leverage -limit	Gross Method Leverage			
		Minimum	Average	Maximum	As at 31st December 2015
Rhenman & Partners Fund	400% for the Gross Method Leverage	168.86%	200.70%	233.84%	211.82%
		Commitment Method Leverage			
	300% for the Commitment Method Leverage	Minimum	Average	Maximum	As at 31st December 2015
		169.81%	199.71%	236.86%	203.92%

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