

November 2009 - Rhenman Healthcare Equity L/S

Monthly Update

November proved a markedly better environment for healthcare investments and created a substantial change in momentum. Rhenman Healthcare Equity L/S rebounded 4.7%. Compared to October, the net and gross exposure was significantly lowered, in accordance with the internal stop-loss policy. However, the fund retained exposure by implementing option strategies which achieved good participation when the market strengthened, but contained a limit to the downside. The merit of the option strategies was further enhanced by lowering company specific risks.

Why the market and in particular biotechnology was weak in October, but then quite strong in November is still unclear. We can point to the overall strong cyclical momentum in the third quarter reports as a reason for the weakness in biotechnology in October. (It is worth reiterating that the fund's downturn in October was the result of a weak sector and not caused by any alarming losses in specific positions, neither on the long- nor the short side).

November's rebound might be explained by the large valuation difference between cyclicals and non-cyclicals which might have become too evident after the reporting season. The benign evolution of the US healthcare reform may have influenced the markets as well, although we are of the opinion that this development was obvious much earlier on.

Following the end of November, the fund has reinvested a significant part of its liquidity as there are good reasons to be net long in our sector. The biotechnology sector is somewhat de-emphasized compared to the fund's allocation in October as we see stronger momentum in pharmaceuticals and other sectors. It is somewhat assuring that a major investment bank, UBS, has now selected European Pharma & Bio as a top sector pick going into 2010. We agree.

Gerresheimer, Fresenius and Biogen gave the largest positive contributions to the fund's performance. CVS Caremark, Intuitive Surgical and Biotage were the most significant negative contributors during the month.

Return

| | Rhenman Healthcare (EUR) | MSCI World Healthcare ¹ (EUR) | 3 Month Euribor |
|---------------|--------------------------|--|-----------------|
| November 2009 | 4.66% | 4.85% | 0.06% |
| Since Start | 5.70% | 10.70% | 0.44% |
| 12m Rolling | - | - | - |

1) Source: Bloomberg. 2) Fund Inception: June 22, 2009.

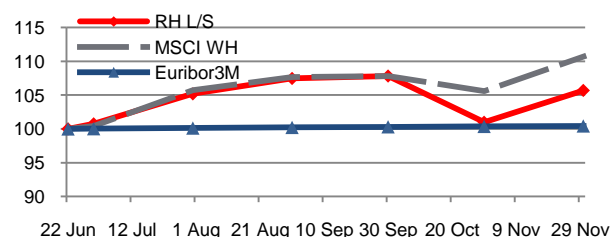
Risk

| | Rhenman Healthcare (EUR) | MSCI World Healthcare | MSCI World |
|--------------------------------------|--------------------------|-----------------------|------------|
| Value at Risk, % ² | 1.65 | 1.77 | - |
| Standard deviation, % ^{3,4} | 12.43 | 10.09 | 14.82 |
| Correlation ³ | - | 0.59 | 0.60 |
| Sharpe ratio ^{3,4} | 1.08 | - | - |
| Beta vs. Index ³ | - | 0.73 | 0.51 |

2) For holdings on the 30 of November. 3) Since start until 26 of November.

4) Standard deviation and Sharpe ratio annualized.

Cumulative Return Since Inception



Exposure

| | Rhenman Healthcare (EUR) | Largest Long Positions (% of equity) | |
|-----------------------------|--------------------------|--------------------------------------|------|
| Long | 44.3% | Medtronic | 7.9% |
| Short | 7.6% | Abbott | 7.4% |
| Gross | 51.9% | Gerresheimer | 6.0% |
| Net | 36.7% | Biogen | 5.8% |
| | | Fresenius | 5.7% |
| Net (adjusted) ⁵ | 33.4% | | |

5) Adjusted for net fund inflow for December.

Monthly Performance (IC1 EUR, since inception, net of fees), %

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|-----|-----|-----|-----|-----|------|------|------|------|-------|------|-----|------|
| 2009 | | | | | | 0.75 | 4.41 | 2.17 | 0.33 | -6.34 | 4.66 | | 5.70 |

NAV (IC1 EUR)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|--------|--------|--------|--------|--------|--------|-----|
| 2009 | | | | | | 100.75 | 105.19 | 107.47 | 107.83 | 100.99 | 105.70 | |

NAV (RC1 SEK)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-------|-------|--------|--------|-------|--------|-----|
| 2009 | | | | | | 99.74 | 99.92 | 101.00 | 101.51 | 96.72 | 101.85 | |

NAV (RC2 SEK)

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-----|-----|-----|-----|-----|-------|-------|--------|--------|-------|--------|-----|
| 2009 | | | | | | 99.74 | 99.98 | 101.12 | 101.68 | 96.94 | 102.10 | |

Fund characteristics

- Target annual returns in excess of 15% (before fees) with a volatility below the stock market
- Long-term investment horizon but active trading around holdings
- Roughly equal allocation to small-, mid- and large-cap companies
- Typically 60–70 positions out of a 500 company universe
- Portfolio company size > USD 200 million
- Cash flow positive companies are predominant

Key Data

| | |
|--------------------------------------|--|
| • Base currency: | EUR |
| • Subscription/redemption frequency: | Monthly (T-3) |
| • Share classes: | (R) Retail class / (I) Institutional class |
| • Minimum initial investment: | RC1 = SEK 250 000 RC2 = SEK 2 500 000 IC1 = EUR 250 000 |
| • Minimum top-up investment: | No minimum |
| • Management fee: | RC1 = 2 %, RC2 = 1,5 %, IC1 = 1,5 % |
| • Benchmark: | Euribor 90D |
| • Performance fee (quarterly): | 20 % (high water mark) |
| • Soft close: | EUR 500m |
| • Hard close: | EUR 1bn |
| • Dividends: | R = Only capitalization I = Capitalization + Distribution |
| • Legal Structure: | Open-ended FCP (Fonds Commun de Placement) under Part II of the Luxembourg Law on Investment Funds (20 Dec, 2002) |
| • Fund Management Company: | SEB Fund Services S.A. |
| • Fund Promotor (Sponsor): | SEB Fund Services S.A. |
| • Investment Manager: | Rhenman & Partners Asset Management AB |
| • Placement and Distribution Agent: | Rhenman & Partners Asset Management AB |
| • Custodian Bank and Paying Agent: | Skandinaviska Enskilda Banken S.A. |
| • Prime Broker: | Skandinaviska Enskilda Banken AB (publ) |
| • External Auditor: | PricewaterhouseCoopers (PwC) |
| • Swedish registration: | Registration process initiated |
| • ISIN: | RC1 = LU0417597712, RC2 = LU0417590817, IC1 = LU0417598108 |
| • Bloomberg ticker: | RC1 = RHLSRC1 LX, RC2 = RHLSRC2 LX, IC1 = RHLEIC1 LX |
| • Lipper Reuters ticker: | RC1 = 68014067, RC2 = 68015239, IC1 = 65147588 |
| • Telekurs ticker: | RC1 = 10239523, RC2 = 10239528, IC1 = 10034579 |

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