

January 2010 - Rhenman Healthcare Equity L/S

Monthly Update

Both the equity markets and the fund got off to a strong start at the beginning of the new year. However, the equity markets' initial strength waned quickly and by the end of January the world equity index was in negative territory. Once again, the fund demonstrated a positive performance and increased in value by +4.09%. This was as a result of the continued positive momentum in the healthcare sector, as well as the dollar's increase in value and a good selection of stocks in the sector.

During the month of January the fund's performance was also aided by the likely significant delay of the US healthcare reform, a fact that the market interpreted positively. However, from a shareholder perspective, the proposed healthcare reform had been reasonable, so we deem this development in a less positive light. As a consequence of this delay, the markets will be forced to return to this uncertainty at a later date when conditions for a shareholder friendly reform may well be less accommodating. We will at a later stage see how this pans out, but it could potentially take several years. A positive factor at the end of the month was a sector-rotation from technology into biotechnology, i.e. the opposite move that hurt the fund during the second half of October 2009.

So far, the reporting season, though not completely over yet, has been either good or very good for the companies in our sector, and a majority of the reports were well-received, as opposed to market reactions on the third quarter results. We have increased the fund's equity exposure as we believe that the downward correction is over this time around. In addition, we find the sentiment for the healthcare sector continues to be strong, even though cyclical stocks potentially may have relatively higher performance short term.

Gilead, Wellpoint and Genzyme made the greatest positive contributions to the fund's performance. Nuvasive, Centene and Zimmer were the main negative contributors during the month.

Return and Risk (EUR)

	Rhenman Healthcare Equity L/S	3 Month Euribor
January	4.09%	0.06%
Since start ¹	17.91%	0.56%
Value at Risk, % ²	2.36	-
Standard deviation, % ^{3,4}	12.71	-
Sharpe ratio ^{3,4}	2.05	-

1) Fund Inception: June 22, 2009. 2) For holdings on January 29.
3) Since start until January 28. 4) Standard deviation and Sharpe ratio annualized.

Exposure

	Rhenman Healthcare Equity L/S	Largest Long Positions (% of equity)
Long	141.3%	Biogen Idec Inc 6.7%
Short	31.9%	Teva Pharmaceutical 6.0%
Gross	173.2%	Gilead Sciences Inc 5.3%
Net	109.5%	Medtronic Inc 4.9%
		Merck & Co. Inc 4.7%
Net (adjusted) ⁵	102.1%	

5) Adjusted for net fund inflow for February.

IC1 NAV (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	113.28
2010	117.91											

IC1 Performance % (net of fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009						0.75	4.41	2.17	0.33	-6.34	4.66	7.17	13.28
2010	4.09												4.09

RC1 NAV (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	106.75
2010	110.70											

RC1 Performance % (net of fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009						-0.26	0.18	1.08	0.50	-4.72	5.30	4.81	6.75
2010	3.70												3.70

RC2 NAV (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	107.07
2010	111.07											

RC2 Performance % (net of fees)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009						-0.26	0.24	1.14	0.55	-4.66	5.32	4.87	7.07
2010	3.74												3.74

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)
• 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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