

April 2011 - Rhenman Healthcare Equity L/S

Monthly Update

The month of April was characterized by slightly rising prices on the world's stock markets in local currencies, but a continued sharp fall in the dollar meant that the world index was somewhat down converted into euros. The reporting season has so far been strong but not strong enough to lift stock markets to new heights. The markets continue to be concerned about the PIGS countries, the inadequacy of the debt ceiling and the end of quantitative easing (QE2) in the United States. Most probably what would cause stock markets to pick up speed again would be, primarily, a stronger labour market in the U.S. This could be the final sign that U.S. growth is now, for the first time in many years, in a virtuous and self-reinforcing cycle that will successively become sustainable without highly expansionary monetary policies. This, in our opinion, would then bring an end to the fall in the dollar.

It is very pleasing to note that the relative strength of our sector is now increasing. A broad rise across our holdings led to a lift for the fund in both euro and kronor, despite the significant fall of the U.S. dollar. The main fund share class (IC1 EUR) rose by as much as 3.6% during the month, which is better than the healthcare sector as a whole. One reason for this strong fund development has been the fund's substantial exposure to the biotechnology sector.

In principle, the reporting season is now at an end and most of the reports have been well received with rising share prices as a result. The width of the rise is impressive, and only a few companies' shares have not risen in connection with the reports. It is perhaps symptomatic that the worst-performing large cap company in the Fund, Teva, did badly, among other things, due to somewhat reduced interest in the generic company as the market now appears to be taking note of the fact that patent expiries will soon peak and then subside for a few years.

We have many sources of satisfaction in the fund at present: companies that are subject to acquisition or acquisition speculation, good reports and positive clinical news. Synthes, a large Swiss medical technology company, will now be acquired by Johnson & Johnson (JNJ) and we note that the JNJ share has actually strengthened after the acquisition announcement, which should be interpreted as the market accepting and welcoming the wave of acquisitions that is currently taking place. A positive piece of R&D news for Biogen Idec was interpreted as negative for Teva and Active Biotech. It is possible that the reaction was rather excessive, but shows that global competition in key therapeutic areas is rising and tends to be underestimated by local investors.

It may be that we have now seen the biggest stock market reaction for the year and that price levels must now be tested and accumulate (move sideways) over a period of time. Our experience tells us however that this is not the case and that the market has probably only shown an initial interest in our sector. One possible scenario is that the dollar will stabilize in the autumn as a result of the market anticipating that the Fed will, in all probability, raise the interest rate in the first half 2012, in which case the Fund could then continue its positive development. We believe that the fundamentals, which are very strong for our companies, stronger than for many years, suggest that the positive trend will continue.

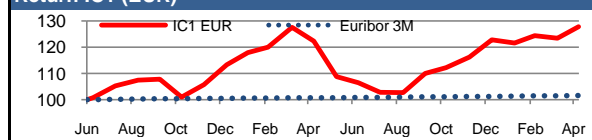
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Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
April	3.60%	0.10%
YTD	4.12%	0.35%
Since Inception (2009-06-22)	27.79%	1.61%

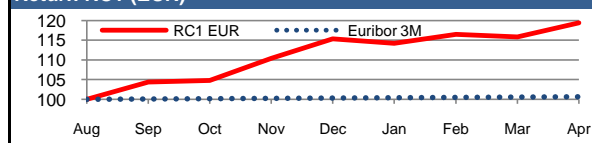
Return IC1 (EUR)



Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
April	3.12%	0.10%
YTD	3.54%	0.35%
Since Inception (2010-08-31)	19.40%	0.64%

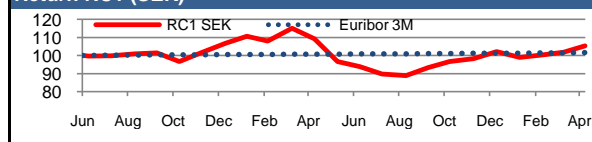
Return RC1 (EUR)



Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
April	3.42%	0.10%
YTD	3.05%	0.35%
Since Inception (2009-06-22)	5.28%	1.61%

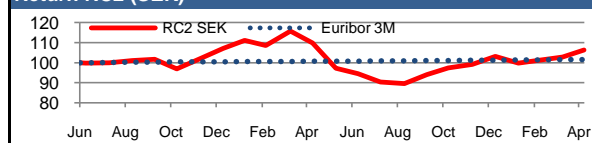
Return RC1 (SEK)



Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
April	3.46%	0.10%
YTD	3.22%	0.35%
Since Inception (2009-06-22)	6.40%	1.61%

Return RC2 (SEK)



IC1 (EUR) NAV												
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	119.94	127.53	122.31	108.73	106.40	102.84	102.63	109.95	112.16	116.17	122.73
2011	121.53	124.28	123.35	127.79								

IC1 (EUR) 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	1.72	6.33	-4.09	-11.10	-2.14	-3.35	-0.20	7.13	2.01	3.58	5.65	+8.34
2011	-0.98	2.26	-0.75	3.60									+4.12

RC1 (EUR) NAV												
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009												
2010								100.00	104.35	104.75	110.36	115.32
2011	114.18	116.50	115.79	119.40								

RC1 (EUR) Performance %, net of fees													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2009													
2010									4.35	0.38	5.36	4.49	+15.32
2011	-0.99	2.03	-0.61	3.12									+3.54

RC1 (SEK) NAV												
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	108.05	115.09	109.18	96.69	93.87	89.69	88.93	93.37	96.59	98.29	102.16
2011	98.91	100.22	101.80	105.28								

RC1 (SEK) 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	-2.39	6.52	-5.14	-11.44	-2.92	-4.45	-0.85	4.99	3.45	1.76	3.94	-4.30
2011	-3.18	1.32	1.58	3.42									+3.05

RC2 (SEK) NAV												
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	108.57	115.69	109.78	97.28	94.47	90.31	89.58	94.10	97.38	99.14	103.08
2011	99.84	101.20	102.84	106.40								

RC2 (SEK) 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	-2.25	6.56	-5.11	-11.39	-2.89	-4.40	-0.81	5.05	3.49	1.81	3.97	-3.73
2011	-3.14	1.36	1.62	3.46									+3.22

Risk (IC1)		Exposure		Largest Long Positions	
Value at Risk, % ¹	2.30	Long	146.7%	Fresenius SE	
Standard deviation, % ^{2,3}	19.18	Short	19.3%	Amgen Inc	
Sharpe ratio ^{2,3}	0.69	Gross	166.0%	Teva	
		Net	127.5%	Gilead	
				Forest Laboratories	

1) For holdings on April 29. 2) Since start until April 28.
3) Standard deviation and Sharpe ratio annualized.

Currency Exposure (% of equity > 5%)			
USD	62.1%	EUR	18.1%
		CHF	7.1%

Fund characteristics

- Target annual net returns in excess of 12% 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 60–80 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:	IC1 = EUR 250 000 RC1 = EUR 2 500, SEK 25 000 RC2 = SEK 2 500 000
• Minimum top-up investment:	No minimum
• Management fee:	IC1 = 1.5 %, RC1 = 2%, RC2 = 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:	Yes (since November 5, 2009)
• ISIN:	IC1 (EUR) = LU0417598108, RC1 (EUR) = LU0417597555 RC1 (SEK) = LU0417597712, RC2 (SEK) = LU0417598017
• Bloomberg ticker:	IC1 (EUR) = RHLIC1 LX, RC1 (EUR) = RHLERC1 LX RC1 (SEK) = RHLSRC1 LX, RC2 (SEK) = RHLSRC2 LX
• Lipper Reuters ticker:	IC1 (EUR) = 65147588, RC1 (EUR) = 65147589 RC1 (SEK) = 68014067, RC2 (SEK) = 68015239
• Telekurs ticker:	IC1 (EUR) = 10034579, RC1 (EUR) = 10034567 RC1 (SEK) = 10239523, RC2 (SEK) = 10239528

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