

June 2011 - Rhenman Healthcare Equity L/S

Monthly Update

Once again June was marked in large part by concerns over Greece, just like a year ago. Despite the financial turbulence the dollar actually weakened somewhat, reflecting market worries about negotiations between the parties in the United States over the raising of the budget ceiling. The raise will definitely take place but the question is whether the resolution will be so late and dramatic that the market might pull-back before it happens. Equity markets were generally weak in June, not least in Sweden where the market fell sharply (in euro), despite a strong finish to the month when the Greek government voted through the reforms which were a prerequisite for continued financial support from the EU and the IMF. The healthcare sector fared marginally better than the world market. The marked upturn at the end of the month had cyclic overtones probably because the sector was the worst hit earlier in the spring. Unfortunately the Greek drama is not yet over, but progress has at least reached a stage where the constructive forces now look set to win. The underlying issue is how to increase the productivity in the periphery and this has not been resolved. Its competitiveness is poor and the European crisis will therefore continue although European governments have gained some critical time to act further.

The month saw a broad decline in our holdings. Algeta, our Norwegian oncology company presented some very good news and shares rose by as much as 35% when the company announced that their clinical trial was so successful that the study was being stopped early. The study must be seen as a major breakthrough in the cancer field. The treatment of bone metastases has great potential and due to the fact that the drug both relieves pain and prolongs life, the treatment has a very favourable profile, moreover being possibly effective for other types of cancer than the one currently being studied (prostate cancer).

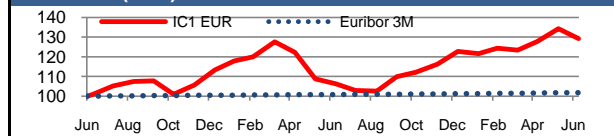
We find ourselves in a very interesting situation. The reports for our companies are expected to be good, not least from our American companies, which are now gradually beginning to benefit from the fall of the dollar. Meanwhile, the stock market has entered a standby mode as a result of the desire to get clear signs that the economy has not reached a standstill, but that the 'soft patch' that now exists will turn into stronger growth in the autumn. It is quite possible that the market will be cautious for some months to come. Strong reports in July may temporarily support the stock market to rise, but probably the market wants to see both better employment figures in the U.S. and, in addition, signals that indicate that China has been able to tame inflation. To a certain extent, our sector is excluded from this reasoning and the reports themselves are likely to play a crucial role. We therefore look forward to the reporting season of July and August which we believe will see many positive reactions. Expectations are set reasonably high.

Algeta ASA, Forest Laboratories and Biogen Idec Inc gave the greatest positive contribution to fund development in the month. Nektar Therapeutics, Exelixis Inc and Cyberonics were the largest negative contributors.

Return IC1 (EUR)

	Rhenman Healthcare Equity L/S IC1 (EUR)	3 Month Euribor (EUR)
June	-3.71%	0.10%
YTD	5.32%	0.56%
Since Inception (2009-06-22)	29.26%	1.83%

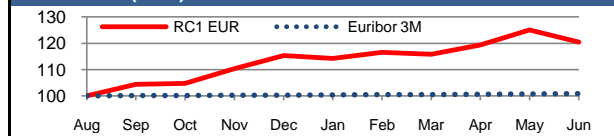
Return IC1 (EUR)



Return RC1 (EUR)

	Rhenman Healthcare Equity L/S RC1 (EUR)	3 Month Euribor (EUR)
June	-3.70%	0.10%
YTD	4.47%	0.56%
Since Inception (2010-08-31)	20.47%	0.85%

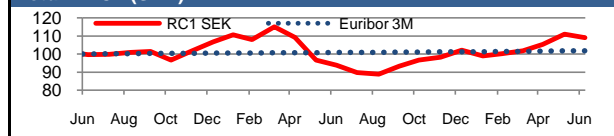
Return RC1 (EUR)



Return RC1 (SEK)

	Rhenman Healthcare Equity L/S RC1 (SEK)	3 Month Euribor (EUR)
June	-1.80%	0.10%
YTD	6.73%	0.56%
Since Inception (2009-06-22)	9.04%	1.83%

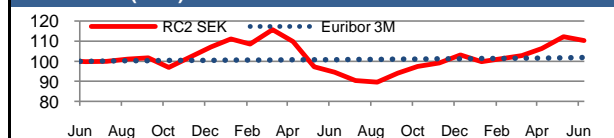
Return RC1 (SEK)



Return RC2 (SEK)

	Rhenman Healthcare Equity L/S RC2 (SEK)	3 Month Euribor (EUR)
June	-1.76%	0.10%
YTD	7.00%	0.56%
Since Inception (2009-06-22)	10.30%	1.83%

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	134.24	129.26						

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	5.05	-3.71							+5.32

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	125.10	120.47						

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	4.77	-3.70							+4.47

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	111.04	109.04						

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	5.47	-1.80							+6.73

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	112.28	110.30						

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	5.53	-1.76							+7.00

Risk (IC1)		Exposure		Largest Long Positions	
Value at Risk, % ¹	2.30	Long	140.7%	Algeta ASA	
Standard deviation, % ^{2,3}	18.83	Short	17.0%	Alexion Pharmaceuticals Inc	
Sharpe ratio ^{2,3}	0.67	Gross	157.6%	Novo Nordisk	
		Net	123.7%	Roche Holding AG	
		Net (adjusted) ⁴	102.5%	Shire Plc	

1) For holdings on June 30. 2) Since start until June 30.

3) Standard deviation and Sharpe ratio annualized. 4) Adjusted for net fund inflow for June.

Currency Exposure (% of equity > 5%)					
USD	62.6%	EUR	12.9%	NOK	7.3%

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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