

RHENMAN HEALTHCARE EQUITY L/S FUND

Outstanding performance in a complex market

- Annualised return of 23% (net) since inception
- Over twenty years experience successfully managing healthcare funds
- Fundamental approach with world renowned Scientific Advisory Board
- Long-term investing with active trading around holdings
- Typically 60–80 core positions from a 500 company universe
- Diversified across company size, subsectors and geographies to lower volatility
- Predominantly cash flow positive companies

Monthly Update

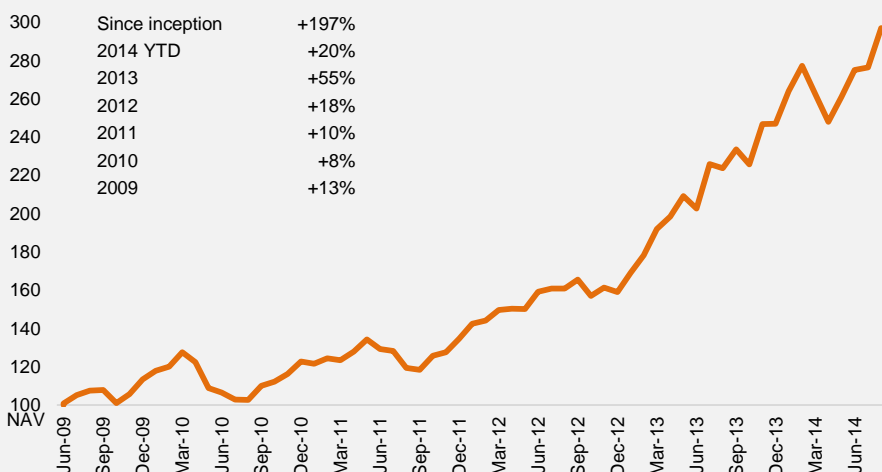
August was a very strong month for the stock market and the Fund. The Global Index rose by about 4 percent, the Healthcare Index rose by nearly 6 percent and the Fund's main share class (IC1 EUR) increased in value by more than 7 percent. The fund benefited from several factors including the very favourable combination of a rising dollar, a delayed positive reaction to a strong reporting season, high net exposure and good risk appetite. Risk appetite rose despite the extremely worrying developments in Ukraine and the advances of ISIS in northern Iraq. This is probably due to the fact that the ECB's president Mario Draghi indicated, in almost explicit terms, that the ECB will probably have to resort to further monetary policy measures because of low economic activity in Europe and near deflationary tendencies.

Roche's bid for the biotech company Intermune significantly affected our investment universe. The Fund's holding in Intermune was relatively small but the temperature in the biotech sector rose significantly, not least against the backdrop of Janet Yellen's comments last month where she called smaller biotech companies overvalued. The Biotech Index has now fully recovered from the fall in March and April.

Summer is coming to an end and the Fund's net exposure dropped significantly in August. Developments in Ukraine are extremely worrying. Putin has a long term view of Ukraine and wants, at any cost, to prevent the shift in power that is likely to...

Fund Performance IC1 (EUR)

300	Since inception	+197%
280	2014 YTD	+20%
260	2013	+55%
240	2012	+18%
220	2011	+10%
200	2010	+8%
180	2009	+13%



AUGUST 2014

Share class	August return	YTD 2014	Since inception
IC1 (EUR)	7.45%	20.27%	196.82%
IC2 (USD)	6.45%	13.71%	13.71% ¹
RC1 (EUR)	7.38%	18.76%	166.95% ¹
RC1 (SEK)	6.91%	23.31%	149.55%
RC2 (SEK)	6.94%	23.78%	155.47%
3 month Euribor (EUR)	0.02%	0.18%	3.81%

Risk (IC1 EUR)

Value at Risk ²	1.71%
Standard Deviation ^{3,4}	17.25%
Sharpe Ratio ^{3,4}	1.81

Exposure ⁵

Long	136%
Short	12%
Gross	148%
Net	124%

Currency Exposure

USD	72%
EUR	9%
CHF	7%

Largest Long Positions

1. Alkermes Plc
2. Bayer AG
3. Covidien Plc
4. Alexion Pharmaceuticals Inc
5. AbbVie

Notes:

1. RC1 (EUR) inception Sep 2010. IC2 (USD) inception May 2014. All other classes Jun 2009.
2. For holdings at month end (95% conf. int, 250 days history).
3. Last 12 months.
4. Standard deviation and Sharpe ratio are annualized.
5. The exposure is adjusted for fund inflow at month end.





take place if Ukraine joins NATO. Ukraine, however, makes no secret of the fact that it would like to join NATO and the conflict has intensified considerably. We therefore believe that we are heading towards a volatile autumn. Economic activity, especially in Europe, will most likely fall as a result of these concerns and the ECB will then be forced to introduce untraditional economic easing measures, despite German opposition. It is quite possible that these measures will provide support for the stock market. History suggests, however, that the ECB will not act particularly proactively, but that the global markets will coerce it to take action.

We have much to be pleased about at the company level in the Fund. Despite the all-time high for the Biotech Index, some shares have lagged behind (i.e. companies who recently launched drugs and have yet to become profitable) and we see a number of interesting opportunities. These will more than offset the dire geopolitical situation in Europe, as long as the conflict does not spread beyond Ukraine.

The largest positive contributors in August were **Salix** (again takeover speculation and renewed hope for extended approval of both Xifaxan and Relistor), **Gilead** (continued extremely strong sales for Sovaldi in hepatitis C and hope for wide acceptance outside the USA), and **Biomarin** (laggard, considered to be a potential takeover candidate). Holdings in **Meda** (weak results), **Thoratec** (weak results) and **Revance** (concern for increased documentation requirements for their Botox-like drugs) gave the largest negative contributions.

Despite the geopolitical environment that is both serious and difficult to assess, we nevertheless have a reasonably positive outlook for the Fund during the remainder of the year. However, our short term actions will be more cautious than the year so far. The healthcare sector is in very good shape and we reiterate our positive outlook for long term growth in the underlying markets. In addition, the pace of clinical progress is higher than in many decades. This results in numerous interesting investment opportunities for the long term investor.

Share class characteristics

	Minimum Investment	Mgt. fee	Perf. fee	ISIN number	Bloomberg ticker	Lipper Reuters	Telekurs
Institutional share classes							
IC1 (EUR)	250,000	1.50%	20%	LU0417598108	RHLEIC1 LX	65147588	10034579
IC2 (EUR)	5,000,000	1.00%	20%	LU0417598447	RHHIC2 LX	68121173	13336963
IC3 (EUR)	5,000,000	1.50%	10%	LU0434614789	RHHIC3 LX	68014068	10283697
IC4 (EUR)	20,000,000	0.75%	10%	LU0815250997	RHHIC4 LX	68173297	19867376
IC2 (SEK)	50,000,000	1.00%	20%	LU0417598793	RHHIC2S LX	68204997	20323930
ID1 (SEK)	2,500,000	1.50%	20%	LU0417599098	RHHIC1D1 LX	68153820	18491109
IC2 (USD)	6,000,000	1.00%	20%	LU0417598520	RHUIC2ULX	68265724	24456000
Retail share classes							
RC1 (EUR)	2,500	2.00%	20%	LU0417597555	RHLERC1 LX	65147589	10034567
RC1 (SEK)	500	2.00%	20%	LU0417597712	RHLSRC1 LX	68014067	10239523
RC2 (SEK)	2,500,000	1.50%	20%	LU0417598017	RHLSRC2 LX	68015239	10239528

Fund Characteristics

- Investible currencies**
Euro (EUR) / Swedish Krona (SEK) / US Dollar (USD)
- Target fund size**
EUR 500m (soft close)
EUR 1bn (hard close)
- Return target**
Annualised net returns in excess of 12% with volatility below the market
- Legal structure**
FCP (Fonds Commun de Placement) under Part II of the Luxembourg Law on Investment Funds
- Investment Manager**
Rhenman & Partners
Asset Management AB
- Fund Management Company**
SEB Fund Services S.A.
- Prime Broker**
Skandinaviska Enskilda Banken AB (publ)
- Custodian Bank and Paying Agent**
Skandinaviska Enskilda Banken S.A.
- External Auditor**
PricewaterhouseCoopers (PwC)
- Subscription /redemption**
Monthly
- Notice period**
3 working days
- Hurdle rate**
Euribor 90D (IC4 (EUR) 5%)
- Minimum top up**
No minimum

Chief Investment Officer
Henrik Rhenman

Managing Director
Göran Nordström

Head of Sales & Marketing
Carl Grevelius
Tel +46 8 459 88 83
Mob +46 768 438 803
carl@rhepa.com

Strandvägen 5A
114 51 Stockholm
Sweden



The Investment Manager is under the supervision of The Swedish Financial Supervisory Authority (Finansinspektionen) as of February 2009

Historical Returns and NAVs

IC1 (EUR) NAV per share

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	128.19	119.36	118.28	125.67	127.48	134.59
2012	142.42	143.99	149.51	150.29	150.07	159.07	160.74	160.74	165.47	156.93	161.34	158.92
2013	168.92	178.11	191.91	198.41	209.10	202.53	225.87	223.66	233.45	225.66	246.67	246.79
2014	263.91	277.13	262.34	247.80	260.99	274.87	276.25	296.82				

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	-0.83	-6.89	-0.90	6.25	1.44	5.58	+9.66
2012	5.82	1.10	3.83	0.52	-0.15	6.00	1.05	0.00	2.94	-5.16	2.81	-1.50	+18.08
2013	6.29	5.44	7.75	3.39	5.39	-3.14	11.52	-0.98	4.38	-3.34	9.31	0.05	+55.29
2014	6.94	5.01	-5.34	-5.54	5.32	5.32	0.50	7.45					+20.27

IC2 (USD) NAV per share

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014					102.92	108.60	106.82	113.71				

IC2 (USD) Performance %, net of fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014					2.92	5.52	-1.64	6.45					+13.71%

RC1 (SEK) NAV per share

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	107.03	100.09	100.29	104.24	106.42	111.05
2012	118.78	118.87	123.79	125.05	125.79	130.61	126.17	125.85	131.65	127.25	131.60	128.55
2013	136.76	141.24	150.89	158.78	168.47	165.25	182.72	181.89	188.61	184.41	203.02	202.38
2014	215.63	226.61	216.26	206.33	218.55	230.73	233.43	249.55				

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	-1.84	-6.48	0.20	3.94	2.09	4.35	+8.70
2012	6.96	0.08	4.14	1.02	0.59	3.83	-3.40	-0.25	4.61	-3.34	3.42	-2.32	+15.76
2013	6.39	3.28	6.83	5.23	6.10	-1.91	10.57	-0.45	3.69	-2.23	10.09	-0.32	+57.43
2014	6.55	5.09	-4.57	-4.59	5.92	5.57	1.17	6.91					+23.31

RC2 (SEK) NAV per share

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	108.32	101.33	101.58	105.64	107.89	112.63
2012	120.30	120.44	125.51	126.83	127.66	132.58	128.13	127.86	133.77	129.36	133.84	130.80
2013	139.17	143.74	153.48	161.57	171.53	167.92	185.74	185.04	192.06	187.86	206.87	206.39
2014	219.98	231.28	221.05	210.98	223.54	236.05	238.90	255.47				

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	-1.80	-6.45	0.25	4.00	2.13	4.39	+9.26
2012	6.81	0.12	4.21	1.05	0.65	3.85	-3.36	-0.21	4.62	-3.30	3.46	-2.27	+16.13
2013	6.40	3.28	6.78	5.27	6.16	-2.10	10.61	-0.38	3.79	-2.19	10.12	-0.23	+57.79
2014	6.58	5.14	-4.42	-4.56	5.95	5.60	1.21	6.94					+23.78

Legal disclaimer

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