

RHENMAN HEALTHCARE EQUITY L/S FUND

Outstanding performance in a complex market

- Annualised return of 29% (net) since inception
- Over 20 years managing successful healthcare funds.
- World renowned industry professionals each with over 30 years experience, actively involved through the Scientific Advisory Board.
- Unquestionable alpha generation, outperforming all relevant indices and top quartile in all relevant rankings.
- Long term investment horizon:
 - Diversified across subsectors, company size and geographies to lower volatility.
 - Active trading around holdings.
 - Predominantly cash flow positive companies.
 - Typically investing post approval, mitigating event risk.

Monthly Update

June was characterized not only by falling stock prices but also by a slightly weaker dollar. Global equity indexes fell by just under 4% and the global healthcare index was down by nearly 3%. The Fund fared slightly better and was down 1.5% in the Fund's base currency, the euro.

The Greek crisis entered a critical stage as the very basis of the negotiations could not be agreed upon and thus how to deal with the severe economic downturn in the country. The Greek government made a U-turn and announced a referendum, just before an important payment to the IMF was due on June 30, which also coincided with a payment to Greece in line with the previously decided aid programme. The counterparties, the EU and the IMF, were extremely surprised and disappointed, and considered that they had come very close to an agreement. However, the Syriza government wanted to have the support of the people to negotiate further, particularly to bring about a debt write off. The EU did not endorse a write off, preferring a restructuring which would be negotiated at a later stage and under certain preconditions. The EU did not see the restructuring as urgent as the interest payments on the public debt were minimal because of the payments from the EU aid programme.

The question of Greece has many dimensions and we shall not, in this newsletter, go into it in detail other than to say that the issue will remain for several years, and sooner or later will involve some debt write off or at least debt restructuring. Greece is also too small to affect the global economy to any great extent. The EU will have to review the playing field in order to better manage future crises of a similar nature. One could argue that it is lucky that the crisis of a small country like Greece is making the EU refine the laws on both the EU and the euro, and that it has happened during an economic upturn and not right in the eye of the storm.

Fund Performance IC1 (EUR)

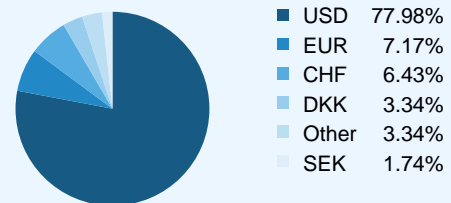


JUNE 2015

Share class	June 2015	YTD Return	Since inception ¹
IC1 (EUR)	-1.54%	29.45%	356.29%
IC3 (EUR)	-1.74%	33.03%	418.14%
IC2 (SEK)	-2.57%	26.98%	205.90%
ID1 (SEK)	-2.56%	21.18%	175.68%
IC1 (USD)	-0.31%	14.48%	14.48%
IC2 (USD)	-0.28%	21.00%	52.95%
RC1 (EUR)	-1.60%	28.34%	304.45%
RC1 (SEK)	-2.64%	26.08%	281.98%
RC2 (SEK)	-2.60%	26.35%	292.85%
3 month Euribor (EUR)	0.00%	0.02%	3.87%

	Risk (IC1 EUR)	Exposure	
Value at Risk ²	2.09%	Long	152%
Standard Deviation ^{3,4}	16.59%	Short	37%
Sharpe Ratio ^{3,4}	3.98	Gross	189%
		Net	115%

Currency Exposure⁶



Largest Long Positions

Rank	Company	Fund: AUM ⁵
1.	United Health Group Inc	EUR 555m
2.	Roche Holding AG	USD 633m
3.	Novartis AG	Firm: EUR 590m
4.	Alexon Pharmaceuticals Inc	
5.	Alkermes Plc	

Portfolio Construction⁷

Pyramid level	Position size	No.
High conviction	3%-10%	8
Core holdings	1%-3%	43
Fractional positions	0.5%-1%	53
Candidate holdings	<0.5%	37

Notes:

1. Please find launch date information on page 3 and 4.
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 AUM is adjusted for fund inflow at month end.
6. As a percentage of the market value of the long book.
7. Number of long and short equity positions (excluding any ETFs).





Another important event during the month was the ruling of SCOTUS (the Supreme Court of the United States) which stated that the tax subsidies of Obamacare were legal no matter how the states had gone about setting up their electronic health exchanges (despite the law being highly ambiguous). The ruling meant a strong rally for the US hospital sector, to which the Fund was only relatively modestly exposed on a risk basis. However, the court ruling was undoubtedly important for the healthcare sector as a whole which otherwise would surely have fallen by a couple of percent. We can now leave the Obamacare issues behind us and be pleased that many (tens of millions) people will now have the continued opportunity to buy health insurance that they otherwise would not have been able to afford and in some cases not even been able to take out.

June's best contributors to performance were Alexion, Anthera and Biomarin. The largest negative contributions came from Esperion, Avalanche and Galapagos. In the beginning of May, the orphan drug company Alexion acquired Synageva for a hefty premium of no less than 140%, which prompted a weak share price for Alexion. In conjunction with the completion of the transaction in June the market started to value Synageva's additions to an increasingly broad pipeline and its long-term profit contribution, and Alexion's shares reached a new high for the year. Anthera, a small biotech company with drug development within lupus, surprised the market earlier this year with a positive interim analysis, which meant they were advised to continue and expand their study in this 'difficult to treat' and 'difficult to study' disease. In early June, they presented at a larger healthcare conference and it seems that investors have put the company back on their radar screens again. BioMarin, another orphan drug company, reported very good data within achondroplasia, the most common cause of dwarfism, which was received positively. Esperion, which is developing a cholesterol-lowering pill, received a blow from the market when a competing drug group, the so-called PCSK9-class, was recommended a more restrictive label (patient group) by the FDA's expert committee than expected, pending so-called outcome studies that show how many fewer people die or fall ill with cardio vascular disease. Thus it is likely that Esperion, too, must conduct more extensive studies than previously thought. Avalanche is developing a gene therapy for a severe eye disease, which in an early study presented in June did not show an impressive enough effect, even though the trend was positive. Galapagos, which performed very well during the spring, cooled off somewhat in June.

The summer is here and we are now entering a new phase concerning Greece which will certainly continue to be dramatic, particularly from a political point of view. We believe that the impact on the financial system and markets in the short term will be manageable. Much more important for the Fund will be second quarter reporting season starting in mid-July which we believe will be stronger than that of the first quarter. The prospects for the sector remain very good with strong fundamentals and valuations below the historical average.

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
IC3 (EUR)	5,000,000	1.50%	10%	LU0434614789	RHHIC3 LX	68014068	10283697
IC2 (SEK)	50,000,000	1.00%	20%	LU0417598793	RHHIC2S LX	68204997	20323930
ID1 (SEK)	100,000	1.50%	20%	LU0417599098	RHHIC1D1 LX	68153820	18491109
IC1 (USD)	300 000	1.50%	20%	LU0417598280	RHUI1A LX	68305812	26812813
IC2 (USD)	6,000,000	1.00%	20%	LU0417598520	RHUI2U LX	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

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

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
- Minimum top up**
No minimum

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RC1 (EUR) NAV

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010									104.35	104.75	110.36	115.32
2011	114.18	116.50	115.79	119.40	125.10	120.47	119.15	110.91	109.86	116.68	118.31	124.92
2012	132.14	133.59	138.66	139.34	139.09	147.39	148.89	148.83	153.16	145.20	149.21	146.92
2013	156.14	164.59	177.28	183.22	192.89	185.65	206.96	204.86	212.69	205.49	224.58	224.79
2014	240.30	251.66	236.42	223.21	235.00	247.45	248.60	266.95	273.34	293.13	304.24	315.14
2015	349.47	373.47	398.19	373.48	411.03	404.45						

RC1 (EUR) Performance % net of fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2010									4.35	0.38	5.36	4.49	15.32
2011	-0.99	2.03	-0.61	3.12	4.77	-3.70	-1.10	-6.92	-0.95	6.21	1.40	5.59	8.32
2012	5.78	1.10	3.80	0.49	-0.18	5.97	1.02	-0.04	2.91	-5.20	2.76	-1.53	17.61
2013	6.28	5.41	7.71	3.35	5.28	-3.75	11.48	-1.01	3.82	-3.39	9.29	0.09	53.00
2014	6.90	4.73	-6.06	-5.59	5.28	5.30	0.46	7.38	2.39	7.24	3.80	3.58	40.19
2015	10.89	6.87	6.62	-6.21	10.05	-1.60							28.34

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	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	253.98	276.09	286.74	302.97
2015	332.20	356.11	376.45	357.02	392.32	381.98						

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	1.78	8.71	3.86	5.66	49.70
2015	9.65	7.20	5.71	-5.16	9.89	-2.64							26.08

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	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	260.24	283.00	293.97	310.92
2015	341.02	365.80	386.77	366.96	403.34	392.85						

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	1.87	8.75	3.88	5.77	50.65
2015	9.68	7.27	5.73	-5.12	9.91	-2.60							26.35

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