

RHENMAN HEALTHCARE EQUITY L/S FUND

OUTSTANDING PERFORMANCE IN A COMPLEX MARKET

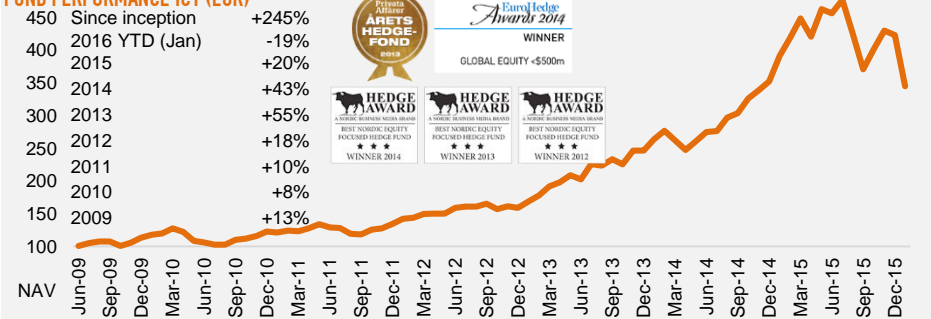
- Annualised return of 21% (net) since inception
- Over 20 years managing successful healthcare funds.
- World renowned industry professionals each with over 30 years experience, actively involved through the Scientific Advisory Board.
- Unquestionable alpha generation, outperforming all relevant indices 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

The healthcare sector began 2016 very weakly, with sharp falls in January. The biotech sector fell by 21%, close to the record for a single month. The broad, global healthcare index was down by almost 8%. The fund recorded a decline of 18.5% in euro, caused partly by its exposure to the biotech sector of around 40%, and partly by relatively high leverage. Our positive view on the potential for good returns at the beginning of the year due to attractive valuations proved incorrect. The high net exposure was a means to seek higher returns at a time of year which is traditionally strong both for the sector and the market as a whole. The fund bought shares during the month at successively lower prices. Our positive view remains, despite the noticeably weak start to the year. The generally difficult market situation was based on continued concerns about China's economy and its financial health. Concern for the global economy as a whole was exacerbated by the extremely low oil price. Additionally, both hedge funds and sovereign wealth funds were net sellers of equities which undoubtedly contributed to the fall. Small cap had a particularly tough start to the year, which can probably be explained by the above mentioned outflows. Biotech, was the most extreme sector in the decline, followed by the financial sector. It is possible that the bad performance in small caps has finally rubbed off on the high performing biotech sector.

There is a palpable concern ahead of the upcoming presidential elections in the United States, particularly surrounding the possibility of negotiations on drug pricing of individual products between the pharma companies and CMS (the administrator of Medicare and Medicaid, together representing ~40% of the US pharmaceutical market). Donald Trump, Hillary Clinton and Bernie Sanders have spoken out on the issue and all three seem in favour of bringing about change. Of course, this would be negative for the sector as the price for developed products would no longer be predictable and profitability is very likely to decrease. Equally, the ability to attract capital, which the biotech sector is particularly dependent on, would become much more difficult because of the increased business risk. The questions are not new and have been debated during most of the presidential elections in the last two decades, and very little has happened - apart from a rise in the total drug bill. The question has been brought up repeatedly in Washington, and as late as in the winter of 2014, President Obama attempted to bring about a fundamental change. It was proposed that Medicare and Medicaid could use restrictive lists at the local level, which would have meant that drugs could have been excluded (e.g. for a too high a price). The protests from a number of interest groups were substantial - drugs are often not fully equivalent - and the proposal was withdrawn. The risk is of a rapid change of the entire system over the next few years is low to very low. It is more likely that we will see a further reduction of the maximum cost for patients. In return for increased demand, Medicare and Medicaid could then request even higher discounts, perhaps also linked to a restriction on future price rises. However, this will not get to the root of high prices; the only way to put real pressure on the industry would be to introduce the ability to say no to a drug. This is something which is likely to be extremely controversial in the US that protects free enterprise and free markets, particularly as the US has modest exports in relation to its GDP

FUND PERFORMANCE IC1 (EUR)

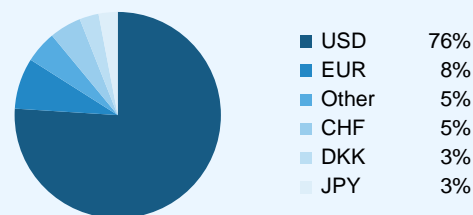


JANUARY 2016

Share class	JANUARY 2016	YTD Return	Since inception ¹
IC1 (EUR)	-18.50%	-18.50%	245.01%
IC3 (EUR)	-18.50%	-18.50%	291.59%
IC2 (SEK)	-17.37%	-17.37%	132.96%
ID1 (SEK)	-17.40%	-17.40%	109.19%
IC1 (USD)	-18.81%	-18.81%	-15.49%
IC2 (USD)	-18.77%	-18.77%	12.66%
RC1 (EUR)	-18.53%	-18.53%	204.81%
RC1 (SEK)	-17.44%	-17.44%	189.10%
RC2 (SEK)	-17.41%	-17.41%	198.25%
3 month Euribor (EUR)	-0.01%	-0.01%	3.85%

RISK (IC1 EUR)	EXPOSURE		
Value at Risk ²	4.19%	Long	185%
Standard Deviation ³	20.32%	Short	36%
Sharpe Ratio ³	0.99	Gross	221%
		Net	149%

CURRENCY EXPOSURE ⁴



LARGEST LONG POSITIONS

1 CVS health Corp	Fund:
2 Alkermes Plc	EUR 429m
3 Medtronic Plc	USD 464m
4 Bristol-Myers Squibb Co	Firm:
5 Celgene Corp	EUR 454m

PORTFOLIO CONSTRUCTION ⁶

PYRAMID LEVEL	POSITION SIZE	NO.
High conviction	3%-10%	14
Core holdings	1%-3%	49
Fractional positions	0.5%-1%	38
Candidate holdings	<0.5%	43

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. Standard deviation and Sharpe ratio are annualized.
4. As a percentage of the market value of the long book.
5. The AUM is not adjusted for fund inflow at month end.
6. Number of long and short equity positions (excluding any ETFs).



whilst enjoying a highly successful, international pharmaceutical industry. It will be exceedingly difficult to get such proposals through Congress, even in the unlikely event that the House of Representatives is controlled by the Democrats. Any change to the current system will, in our view, be evolutionary and not radical. This will give the new president little opportunity to push through their own line. The best contributors in January were HCA, Stryker and Ambu. The worst contributors were Alkermes, Incyte and Alexion. HCA, the world's largest hospital company, reported good results for the fourth quarter, with strong forecasts for the full year which were received relatively well despite the grim state of the market. The medtech company Stryker, whose products include knee and hip implants, also delivered well for the fourth quarter and on its 2016 guidance. In addition, the company will benefit from the two year postponement of the medtech tax in the US. Stryker's products enjoy very stable demand and the share is seen as being relatively safe in a turbulent market environment. The Danish medtech company Ambu presented a strong financial report which showed that their new products deliver economies of scale, meaning that the margin and profit surprised sharply against expectations.

The American drug delivery company Alkermes was the month's largest performance burden, with its share falling to almost a third of its value from Jan 1st after two studies in major depression disorder came out negative. This despite the fact that the company already has other drugs on the market for opioid dependence and schizophrenia, as well as a pipeline of several interesting candidates under development. The biotech company Incyte also suffered a very negative reception when one of their early studies within colorectal cancer was terminated prematurely due to lack of efficacy, despite having a successful drug for myelofibrosis and PV on the market and is now conducting studies in different types of cancer with the same drug to determine if it can be used more widely. At present, the market gives no value at all to this drug's ability to function in other cancer forms (e.g. pancreatic) and values the entire company's extensive and promising pipeline at only a few dollars per share. The orphan drug giant Alexion also experienced ongoing negative sentiment. The market felt that the approaching launch of two new drugs would be more gradual in nature than previously expected. In a weak market environment, a cautious analysis from a major investment bank is enough to set a share on a negative path even though nothing fundamental has occurred. We are now in a position where valuations for the sector as a whole are extremely interesting and attractive. There are quite a number of companies trading with P/E ratios below 10. A number of biotech companies are trading as if their pipeline is not worth anything at all. The entire healthcare sector's P/E ratio is now at 16, which should be regarded as low both historically and in light of the expected market growth of around 7-8% with continued low interest rates. Meanwhile, the stock market's confidence is damaged and the tolerance level for negative news is especially low.

To summarise, our assessment is that the drug pricing question has had far too much impact on the biotech sector's equity performance. Fundamentals will probably not be affected significantly in the coming years. Unfortunately, the risk may be perceived as being there, at least until the election, as a result of statements and newspaper headlines. It is therefore important to have a highly diversified portfolio with the emphasis on companies with good profitability and financial strength combined with secure growth, and which do not have too high an element of binary events ahead of them, especially during the next six months. Traditional, large companies with low growth - but which are perceived as stable and secure - are now being rewarded with successively higher valuations. The fund has liquidated some holdings in smaller companies with higher risk, and has also avoided buying more of some of these companies, despite marked declines. The major part of the fund now consists of large companies as part of our risk adjustment. During February, we will continue to reallocate as risk aversion may persist for a longer time. We look upon the future with confidence, with good growth in the sector. Many shares are trading at very low valuations and in many cases with the potential for significant price appreciation when confidence returns.

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	RHHCID1 LX	68153820	18491109
IC1 (USD)	300 000	1.50%	20%	LU0417598280	RHUIC1A LX	68305812	26812813
IC2 (USD)	6,000,000	1.00%	20%	LU0417598520	RHUIC2U 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

PORTFOLIO MANAGER

Rhenman & Partners
Asset Management AB

MANAGEMENT COMPANY / AIFM

SEB Fund Services S.A.

PRIME BROKER

Skandinaviska Enskilda Banken AB (publ)

DEPOSITARY 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

Chief Investment Officer

HENRIK RHENMAN

Managing Director

GÖRAN NORDSTRÖM

Head of Investor Relations

CARL GREVELIUS

Tel +46 8 459 88 83

Mob +46 768 438 803

carl@rhepa.com

Strandvägen 5A

114 51 Stockholm

Sweden



RC1 (EUR) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OKT	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	422.31	375.75	328.13	355.37	380.41	374.15	
2016	304.81												
RC1 (EUR) PERFORMANCE % NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OKT	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	4.42	-11.03	-12.67	8.30	7.05	-1.65	18.73
2016	-18.53												-18.53
RC1 (SEK) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OKT	NOV	DEC	TOTAL
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	406.89	365.09	313.86	340.74	358.11	350.16	
2016	289.10												
RC1 (SEK) PERFORMANCE % NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OKT	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	6.52	-10.27	-14.03	8.56	5.10	-2.22	15.58
2016	-17.44												-17.44
RC2 (SEK) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OKT	NOV	DEC	TOTAL
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	418.61	375.87	323.26	351.09	369.14	361.10	
2016	298.25												
RC2 (SEK) PERFORMANCE % NET OF FEES													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OKT	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	6.56	-10.21	-14.00	8.61	5.14	-2.18	16.14
2016	-17.41												-17.41

LEGAL DISCLAIMER

Rhenman Healthcare Equity L/S Fund. "the Fund" is not an investment fund as defined in the European Union directives relating to undertakings for collective investment in transferable securities (UCITS). Legal information regarding Fund is contained in the Prospectus and the KIID, available at Rhenman & Partners Asset Management AB (Rhenman & Partners) webpage: <http://rhepa.com/the-fund/prospectus/>.

This material has been prepared by Rhenman & Partners for professional and non-professional investors. Rhenman & Partners when preparing this information has not taken into account any one customer's particular investment objectives, financial resources or other relevant circumstances and the opinions and recommendations herein are not intended to represent recommendations of particular investments to particular customers. This material is for informational purposes only and should not be construed as an offer or solicitation to sell or buy units the Fund.

All securities' transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk. There can be no assurance that an investment in the Fund will achieve profits or avoid incurring substantial losses. There is a high degree of risk inherent in investments and they may not be suitable for all eligible investors. It is possible that an investor may lose some or all of its investment. The past is not necessarily a guide to the future performance of an investment. The value of investments may fall as well as rise and investors may not get back the amount invested. Changes in rates of foreign exchange may cause the value of investments to go up or down.

Before making an investment decision, an investor and/or its adviser should (i) consider the suitability of investments in the Fund with respect to its investment objectives and personal situation and (ii) consider factors such as its personal net worth, income, age, risk tolerance, and liquidity needs. Short-term investors and investors who cannot bear the loss of some or all of their investment or the risks associated with the limited liquidity of an investment should not invest.

Due care and attention has been used in the preparation of this information. However, actual results may vary from their forecasts, and any variation may be materially positive or negative. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Rhenman & Partners. Rhenman & Partners cannot guarantee that the information contained herein is without fault or entirely accurate. There may be delays, omissions or inaccuracies in the information. Any dated information is published as of its date only and no obligation or responsibility is undertaken to update or amend any such information.

The information in this material is based on sources that Rhenman & Partners believes to be reliable. Rhenman & Partners can however not guarantee that all information is correct. Furthermore, information and opinions may change without notice. Rhenman & Partners is under no obligation to make amendments or changes to this

publication if errors are found or opinions or information change. Rhenman & Partners accepts no responsibility for the accuracy of its sources.

Rhenman & Partners is the owner of all works of authorship including, but not limited to, all design, text, images and trademarks in this material unless otherwise explicitly stated. The use of Rhenman & Partners' material, works or trademarks is forbidden without written consent except where otherwise expressly stated. Furthermore, it is prohibited to publish material made or gathered by Rhenman & Partners without written consent.

By accessing and using the <http://rhepa.com/> website and any pages thereof, you acknowledge that you have reviewed the following important legal information and understand and agree to the terms and conditions set therein. If you do not agree to the terms and conditions in this disclaimer, do not access or use <http://rhepa.com/> website in any way.

Products and services described herein are not available to all persons in all geographical locations. Rhenman & Partner will not provide any such products or services to any person if the provision of such services could be in violation of law or regulation in such person's home country jurisdiction or any other related jurisdiction. The units of the Fund may not be offered or sold to or within the United States or in any other country where such offer or sale would conflict with applicable laws or regulations.

In no event, including (but not limited to) negligence, will Rhenman & Partner be liable to you or anyone else for any consequential, incidental, special or indirect damages (including but not limited to lost profits, trading losses and damages).

The sole legally binding basis for the purchase of shares of the Fund described in this information is the latest valid sales prospectus with its terms of contract. Subscriptions cannot be received on the basis of financial reports.

The information in this document was prepared by Rhenman & Partners Asset Management AB (Rhenman & Partners) and should not be considered a recommendation to purchase, sell or hold any particular security. This document contains general information only and does not take account of your individual objectives, financial situation or needs. You should get professional advice as to whether investment in the Fund is appropriate having regard to your particular investment needs, objectives and financial circumstances before investing. An investment in the Fund does not represent deposits or other liabilities of any member of the Rhenman & Partners Group. Neither Rhenman & Partners nor any member of the Rhenman & Partners Group and its affiliates guarantees in any way the performance of the Fund, repayment of capital from the Fund, any particular return from or any increase in the value of the Fund.