

RHENMAN HEALTHCARE EQUITY L/S FUND

OUTSTANDING LONG-TERM PERFORMANCE IN A COMPLEX MARKET

- Annualised return of 19% (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.

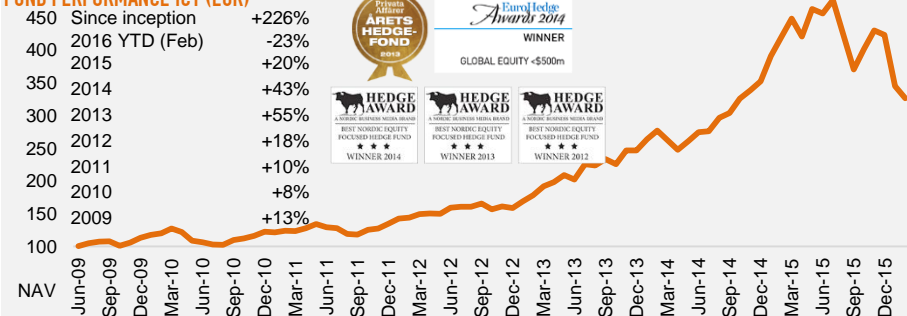
MONTHLY UPDATE

February was another volatile month for global stock markets. After falling by almost eight percent during the early part of the month, markets recovered and a global equity index closed down by about 1%. Healthcare was down about 1.5% and biotechnology was down 5%. The fund's main share class, IC1 (EUR), was down by 5%. The negative interpretations, which have characterized stock market spectators worldwide since last spring, continued. In addition to the already known sources of concern (such as China, commodity prices, Syria and economic growth worries), nervousness over the stability and strength of the banking system was a novel factor this time around. Bank shares across the globe, and especially in Europe, fell sharply due to growing uncertainty over banks' profitability in a prolonged period of ultra-low interest rates and also financing structures. Even if these concerns proves in all probability to be unfounded, the strong market reactions were yet another sign of investors' risk aversion and their fears of deflation. The ongoing US primary campaigns, where populist messages have dominated the debate, in addition to the uncertain outcome of the upcoming British EU referendum, also had a dampening effect on stock markets. After a slight recovery in oil prices, and as the reporting season began to come to an end, the market turned upwards in the middle of February; a time coinciding with when American companies were able to resume their share buybacks and also with increased insider buying. The recovery was almost as sharp as the preceding downturn.

Healthcare continued to be a bifurcated sector; larger, more stable companies fared better than growth companies, smaller and research stage ones. An important development, however, was that the negative trend was broken in the middle of the month when biotechnology and smaller companies began to recover. However, the presidential campaign in the United States continued to be a major concern; would a Clinton victory give such a tailwind for the Democrats that the entire Congress might go Democrat? Would a Trump win result in significant changes in the healthcare market such as parallel imports of pharmaceuticals and a significant reduction of Obamacare? Despite the initial recovery within healthcare, these types of questions challenged investors and the sector's recovery showed to be more tentative relative to other sectors. The prevailing consensus is that Congress will (have to) do something about healthcare, such as the high "out-of-pocket" costs that many Medicare patients are faced with, despite Obamacare specifically reducing it in part. Such reforms will have to be financed. The industry will have to pay some of it and the question is how much it will cost in terms of additional discounts and whether or not free pricing will be restricted in conjunction.

The reporting season for healthcare was mediocre or perhaps even somewhat disappointing. The strong dollar gave substantial headwinds for US companies and sales growth was modest. Emerging markets are slowing in terms of volume growth and companies also face weak currencies; meanwhile the opportunities for price increases in the US are perceived to be limited, at least for the rest of the year. Relatively few shares rose on company

FUND PERFORMANCE IC1 (EUR)

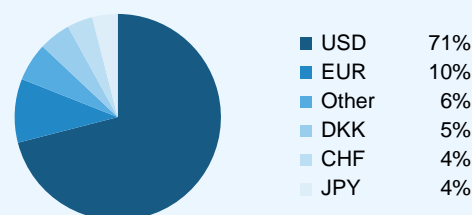


FEBRUARY 2016

Share class	February 2016	YTD Return	Since Inception ¹
IC1 (EUR)	-5.40%	-22.90%	226.39%
IC3 (EUR)	-5.40%	-22.90%	270.46%
IC2 (SEK)	-4.81%	-21.34%	121.76%
ID1 (SEK)	-10.90%	-26.41%	86.39%
IC1 (USD)	-5.02%	-22.88%	-19.73%
IC2 (USD)	-4.96%	-22.80%	7.07%
RC1 (EUR)	-5.44%	-22.96%	188.23%
RC1 (SEK)	-4.89%	-21.47%	174.97%
RC2 (SEK)	-4.84%	-21.41%	183.80%
3 month Euribor (EUR)	-0.01%	-0.02%	3.84%

RISK (IC1 EUR)		EXPOSURE	
Value at Risk ²	3.29%	Long	148%
Standard Deviation ³	22.33%	Short	30%
Sharpe Ratio ³	0.84	Gross	178%
		Net	117%

CURRENCY EXPOSURE⁴



LARGEST LONG POSITIONS

1 Gilead Sciences Inc	Fund:
2 Alkermes Plc	EUR 409m
3 Pfizer Inc	USD 444m
4 Shire Plc	Firm:
5 Merck KGaA	EUR 434m

PORTFOLIO CONSTRUCTION⁶

PYRAMID LEVEL	POSITION SIZE	NO.
High conviction	3%-10%	4
Core holdings	1%-3%	59
Fractional positions	0.5%-1%	36
Candidate holdings	<0.5%	38

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).



results. In fact, there were many cases where shares fell on results, even when their reported profits were in line with expectations or better, and despite the fact that they already had been weak in the period prior. In short, it was one of the most difficult reporting seasons for some time.

February's best contributors were Meda, Biomarin and Gilead. The worst contributions came from Endo, Perrigo and Regeneron. The Swedish specialty pharma company Meda received another takeover bid from Mylan, which this time was accepted by the Board and the share rose sharply toward the bid price with a premium of over 90%. The biotech company Biomarin had fallen substantially over the past six months, partly together with the rest of the biotech market, but also because of a clinical failure in one of their many research programmes within orphan drugs. In February, however, the share received a boost when the market started to anticipate some of the many expected corporate events during the spring, including data from ongoing studies, as well as an R&D-day in April. The biotech giant Gilead, with a market cap much greater than that of Astra Zeneca, traded down to an unbelievably low valuation: a P/E below 7. It is true that it will be difficult for them to achieve anything but a moderate earnings growth rate over the next few years since, in 2014, they carried out the world's most successful drug launch with their hepatitis C drugs Sovaldi/Harvoni, which sold for over 12 billion dollars in their first year. However, the company generates extremely large cash flows, as much as 70% of its own market value over the next 5 years, which gives them plenty of ammunition for possible acquisitions, but also for dividends and share buybacks. The specialty pharma company Endo fell sharply on the last trading day in February after giving lower guidance than expected in their quarterly report, and also announcing that they see an increased risk of lawsuits relating to a med tech product used in prolapse surgery. They therefore made further provisions and chose to close down the affected division. Perrigo, another specialty pharma company, which previously had been the subject of Mylan's takeover interests, reported worse than expected figures, and lowered its guidance for the whole year. Several analysts are now calling the share a "show me story" and the market right now is too myopic to accept that the company expects an improvement in growth no sooner than in the autumn. The biotech company Regeneron, which among other things sells the most successful treatment for age-related macular degeneration, the leading cause of severe vision loss in the western world, reported somewhat lower numbers for the fourth quarter and also gave weaker guidance. 2016 will be an investment year for Regeneron who is in the process of developing new potential blockbusters, which require considerable research and development efforts in the near future.

We believe that the recovery has begun for the sector. It could, however, be jagged and it cannot be ruled out that the market may want to re-test the lows seen in February. We are convinced that the positives clearly outweigh the negatives. The market has been through a severe test and come through, of course at a considerable cost. Valuations are now at their most attractive for many years, excesses in the markets are gone (illustrated by the fact that there are basically no IPOs), fears over policies in the US after the election are well illuminated and according to our judgment discounted, while a slowdown in emerging markets has already taken place and been priced in. The growth of the global pharmaceutical market has come down a few percentage points (due to the slowdown in emerging markets) and is now back at about the long term trend. However, as a result of the high volatility and uncertainty prior to the US election, the Fund has reduced its net exposure. We continue to give priority to companies that are less affected by the upcoming election results in the United States, albeit that a significant such exposure is inherent in a healthcare sector fund with a large number of US companies. The P/E ratio for the sector is now about 16, which is in line with a global index. The fund's P/E ratio is about the same if research companies and companies with extremely high P/E ratios are excluded (slightly over 20% of the fund). We are convinced that this valuation is very attractive for the long-term investor, considering it is unlikely that the commercial structure of American healthcare and pharmaceutical industry will change fundamentally. The US will continue to be a large, growing and profitable market for the sector.

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

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Sweden



THE HEALTHCARE FUND

WWW.RHEPA.COM

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	288.23											
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	-5.44											-22.96
RC1 (SEK) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OKT	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	406.89	365.09	313.86	340.74	358.11	350.16	
2016	289.10	274.97											
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	-4.89											-21.47
RC2 (SEK) NAV													
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OKT	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	418.61	375.87	323.26	351.09	369.14	361.10	
2016	298.25	283.80											
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	-4.84											-21.41

LEGAL DISCLAIMER

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