

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.

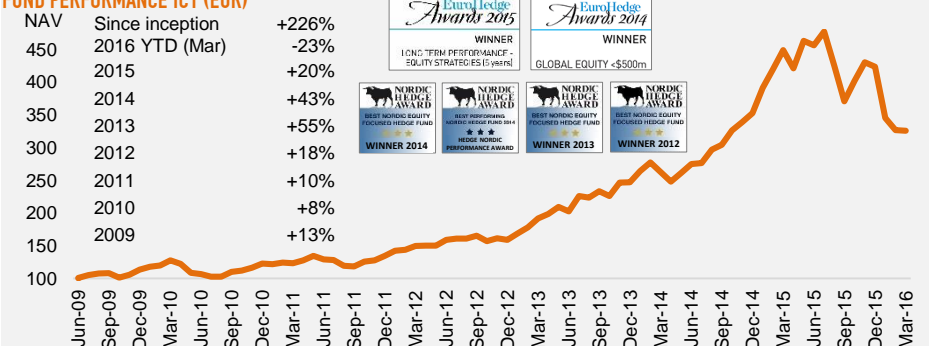
MONTHLY UPDATE

The stock market continued to recover in March, despite the distinctly weak dollar. The sharp currency movements between the euro and the dollar meant that the healthcare sector was down by about 2% in euros but up by about 2.5% in dollars. The performance of the stock market as a whole was better than that of the healthcare sector as a result of the continued appreciation of more cyclical equities. Macroeconomic statistics appear to have become slightly more positive in their entirety, while central banks continued with ultra-loose monetary policies. Once again the ECB increased its support by expanding the bond purchasing program and gave additional long-term loans to the banks. Meanwhile the Fed signalled through its President Yellen, a slower and more conditional increase in interest rates due to global economic factors, a reasoning that has been extremely unusual for the Fed in modern times. Furthermore, the continued focus on the fateful US elections and possible future restrictions on the free drug pricing has dampened healthcare investor sentiment, albeit temporarily, particularly as regards biotech. However, March was a significantly more stable month for the fund than the first two months of the year, and several factors point towards decent conditions for a recovery. For instance, acquisitions can now take place more easily (because everything has become cheaper) and new speculation broke out on the last day of March over a possible acquisition of the biotech company Medivation (see below).

During the month the fund as a whole performed better than both the global healthcare index and the biotech index. This was mainly related to individual stocks rather than the allocation between the subsectors. The fund's main share class, IC1 (EUR) fell by 0.22% and the dollar class, IC1 (USD), rose by 4.67%. Thus the fall of the dollar affected the fund's main share class by almost five percent. It may be appropriate to point out that the fund does not, other than in exceptional cases, hedge against currency fluctuations, particularly with regard to the dollar since, in certain types of global crises, having dollar exposure has been seen to be stabilizing.

The best contributors in the month of March were Medivation, Sinopharm and Abiomed. The worst contributions came from Endo, Allergan and Celldex. At first, the share price of oncology company Medivation was very weak after the pricing of their prostate cancer drug Xtandi was questioned, and the company was asked to appear before the American Congress to explain. Shortly afterwards, however, the share received a significant boost after it was reported that the company had sought advice to protect itself against potential takeover attempts. The Chinese drug distributor Sinopharm posted good results for 2015, which showed improved financial KPIs and good prospects for further margin expansion in 2016. The medtech company Abiomed, which makes small propeller-like pumps that are placed in the heart to support circulation during coronary artery procedures, for example, rose gradually in March. It seems increasingly likely that the company will be able to sell its Impella pump to a substantially larger group of patients, thanks to an expanded indication, which will probably be approved by summer. Abiomed has posted very strong quarterly figures so this possible increase in sales

FUND PERFORMANCE IC1 (EUR)

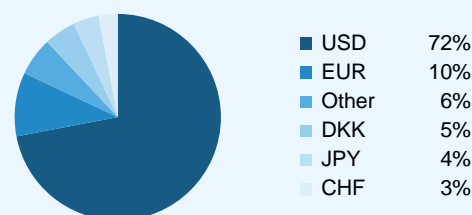


MARCH 2016

SHARE CLASS	MARCH 2016	YTD RETURN	SINCE INCEPTION ¹
IC1 (EUR)	-0.22%	-23.07%	225.66%
IC3 (EUR)	-0.23%	-23.07%	269.62%
IC2 (SEK)	-1.20%	-22.29%	119.09%
ID1 (SEK)	-1.24%	-27.32%	84.08%
IC1 (USD)	4.67%	-19.28%	-15.98%
IC2 (USD)	4.72%	-19.16%	12.12%
RC1 (EUR)	-0.27%	-23.17%	187.45%
RC1 (SEK)	-1.29%	-22.48%	171.43%
RC2 (SEK)	-1.25%	-22.39%	180.26%
3 month Euribor (EUR)	-0.01%	-0.03%	3.82%

RISK (IC1 EUR)	EXPOSURE	
Value at Risk ²	3.13%	Long 155%
Standard Deviation ³	20.26%	Short 28%
Sharpe Ratio ³	0.92	Gross 183%
		Net 127%

CURRENCY EXPOSURE ⁴



LARGEST LONG POSITIONS

1 Alexion Pharmaceuticals	Fund:
2 Gilead Sciences	EUR 403m
3 Biomarin Pharmaceuticals	USD 459m
4 Pfizer	Firm:
5 Eli Lilly	EUR 428m

PORTFOLIO CONSTRUCTION ⁶

PYRAMID LEVEL	POSITION SIZE	NO.
High conviction	3%-10%	6
Core holdings	1%-3%	53
Fractional positions	0.5%-1%	43
Candidate holdings	<0.5%	33

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).

RHENMAN PARTNERS

THE HEALTHCARE FUND

volume gave the share additional tailwind. The specialty pharma company Endo ended February with a fourth quarter report which was received with disappointment due to worse-than-anticipated guidance. The company also chose to close down a division in which it sees rising legal risks. During March the setbacks continued, with an approval for a competitor to Endo's largest single product, Voltaren Gel. The share is not in favour at the moment, but with a P/E under 5 the valuation provides an opportunity for the long-term investor. Allergan, which is in the process of selling its generic division to Teva and with intentions to merge with Pfizer, performed weakly in March, since each of the aforementioned transactions may be affected by delays in the FTC (Federal Trade Commission). Shares in the biotech company Celldex fell sharply when one of their projects, within brain cancer, was ended after the drug's efficacy proved to be too weak.

Seasonally, April is usually a relatively good month for the market, but of course not nearly as significant as the overall winter period from November to April. For April to be able to break the short-term negative trend for the fund, the dollar needs to stabilize and strengthen in combination with the posting of better global macro data in the coming weeks. These two factors are, in actual fact, strongly linked with one another. Continued speculation about mergers and acquisitions in the biotech sector can also lead to an appreciation and such a scenario is not at all unlikely given the low valuations. The healthcare sector can also be regarded as interesting from a technical perspective (development of share prices and trading volumes over time and in relation to other parameters), since the Nasdaq Biotechnology Index is close to breaking out above the level corresponding to the 50-day moving average. This is not interesting from a fundamental point of view, but it is possible that other major players in the market may come to trade on this information.

The US elections are becoming increasingly clear and we believe the indications are that the next president will be Hillary Clinton. Bernie Sanders is sprinting well but too late, we think. Donald Trump is too controversial to win against Clinton in our opinion, while Ted Cruz is probably too unpopular in many parts of the country. If neither Trump nor Cruz are nominated as candidate for the Republicans, it would most probably be too difficult for a new candidate voted for by the Convention to quickly become a credible and effective candidate against Clinton. If a new, independent candidate were to challenge Trump or Cruz after a wrecked convention, that too would also increase the likelihood of a Clinton victory, because the Republican candidates would mainly be competing for the same votes, rather than trying to win over Clinton supporters. This would also apply if Trump is the one who stands as an independent candidate. The Republicans will find it tough in all possible scenarios. All of this is important because it may have consequences on the pricing of drugs after the election. Presumably, at some point during the next term, the issue is likely to arise. We interpret Hillary Clinton's comments on the pricing issue partly as election propaganda. Clinton is generally known to be sympathetically inclined towards the industry and she has explicitly stated that biotech companies' prices are not the main issue. First and foremost, she must protect The Affordable Care Act (Obamacare) from any new attempts by the new Congress to sabotage its financing. We believe that Hillary Clinton is the best outcome for the pharmaceutical and biotech industry and many of our contacts in the industry agree. One scenario, however, that we have not discussed here is what happens if the Democrats win everything; the White House, the Senate and the House of Representatives. Few believe that it is possible but it should nevertheless be listed as a wildcard in any speculation. However, we think it would be possible to live with this too, from a sectoral standpoint (compare 1993-1995, when the Democrats had all three), although it may be more volatile. It is very important to repeat; drug costs are not the main problem for the US healthcare system. They are almost constant in relation to the total, modestly increasing over the past few years, and they only account for about 11-12% of total healthcare costs. The problem is the total overall cost of healthcare. An important measure, which Hillary Clinton in fact advocates, is to reduce patients' out of pocket costs for drugs through additional high cost ceiling protection. The pharmaceutical industry is obviously ready to negotiate on the financing of such a reform. Finally, the P/E ratio for the sector is now about 16, which is on a par with the global equity index. We see this valuation as being very attractive 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
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

Administrative fees are charged in addition to the fees above. Further information is available in the KIID as well as the prospectus (part B, A14-19).

FUND CHARACTERISTICS

KIID AND PROSPECTUS (WEBPAGE)

<http://fundinfo.sebfundservices.lu/RhenmanPartnersFund/>

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% over time

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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**RHENMAN
PARTNERS**

THE HEALTHCARE FUND

WWW.RHEPA.COM

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	422.31	375.75	328.13	355.37	380.41	374.15	
2016	304.81	288.23	287.45										
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	4.42	-11.03	-12.67	8.30	7.05	-1.65	18.73
2016	-18.53	-5.44	-0.27										-23.17
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	406.89	365.09	313.86	340.74	358.11	350.16	
2016	289.10	274.97	271.43										
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	6.52	-10.27	-14.03	8.56	5.10	-2.22	15.58
2016	-17.44	-4.89	-1.29										-22.48
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	418.61	375.87	323.26	351.09	369.14	361.10	
2016	298.25	283.80	280.26										
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	6.56	-10.21	-14.00	8.61	5.14	-2.18	16.14
2016	-17.41	-4.84	-1.25										-22.39
LEGAL DISCLAIMER													
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