

RHENMAN HEALTHCARE EQUITY L/S FUND

OUTSTANDING LONG-TERM PERFORMANCE IN A COMPLEX MARKET

- Annualised return of 20% (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

August was a relatively quiet month on the major stock markets and the world index ended virtually unchanged. After the strong month of July, when concerns over the British referendum subsided while company reports overall for the second quarter were as expected or better, the news flow was limited in August.

In the absence of major corporate reports or other company-specific news investors were able to focus more closely on the macro data. The macro figures presented were not particularly striking with the exception of strong labour figures in the United States. These, together with a speech by Janet Yellen, Chair of the Federal Reserve, in Jackson Hole in late August, once again sparked speculation about when a rate hike might come.

The presidential election is now gradually moving into a more critical stage. The pharmaceutical sector came under fire following political reactions to the aggressive price increases from specialty pharmaceutical company Mylan for EpiPen, an auto-injector that is purchased in large quantities by both patients and public institutions. The presidential campaign itself affected the equity market only marginally. The same was true of the political purges in Turkey, the country's deteriorating relationship with the EU and the increased tensions between Ukraine and Russia.

The fund's main class (IC1 EUR) fell by 2.6 percent in the fund's base currency, the euro. The fund's share class RC1 SEK also fell by 2.6 percent.

The month's best contributors were Valeant, Endo and Exelixis. The worst contributions came from Bristol-Myers Squibb, Novo Nordisk and Keryx. Specialty pharmaceutical company Valeant, with their new CEO Joe Papa, presented a report for the second quarter in which they confirmed the full-year forecast, to the relief of the market, and also discussed the company's opportunities partly to renegotiate loan terms and partly to pay off its loans. The

FUND PERFORMANCE IC1 (EUR)



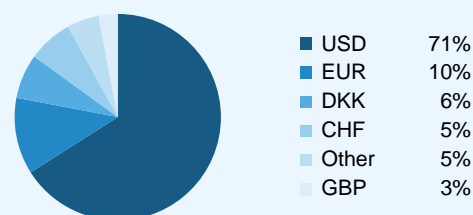
The portfolio manager is under the supervision of The Swedish Financial Supervisory Authority (Finansinspektionen) as of February 2009

AUGUST 2016

SHARE CLASS	NAV	MONTHLY RETURN	YTD RETURN	SINCE INCEPTION ¹
IC1 (EUR)	378.89	-2.61%	-10.50%	278.89%
IC3 (EUR)	430.05	-2.61%	-10.49%	330.05%
IC2 (SEK)	263.91	-2.54%	-6.39%	163.91%
ID1 (SEK)	221.28	-2.58%	-12.63%	121.28%
IC1 (USD)	95.48	-3.07%	-8.27%	-4.52%
IC2 (USD)	127.71	-3.02%	-7.92%	27.71%
RC1 (EUR)	333.71	-2.66%	-10.81%	233.71%
RC1 (SEK)	325.60	-2.63%	-7.01%	225.60%
RC2 (SEK)	336.89	-2.59%	-6.70%	236.89%
3 month Euribor (EUR)	103.71	-0.02%	-0.14%	3.71%

	RISK (IC1 EUR)	EXPOSURE	
Value at Risk ²	2.09%	Long	166%
Standard Deviation ³	20.16%	Short	26%
Sharpe Ratio ³	0.99	Gross	192%
		Net	140%

CURRENCY EXPOSURE⁴



LARGEST LONG POSITIONS

	AUM ⁵
1 Bristol Myers Squibb Co	Fund:
2 Shire Plc	EUR 444m
3 Novartis AG Reg	USD 494m
4 Gilead Sciences Inc	Firm:
5 CVS Health Corp	EUR 469m

PORTFOLIO CONSTRUCTION⁶

PYRAMID LEVEL	POSITION SIZE	NO.
High conviction	3%-10%	14
Core holdings	1%-3%	50
Fractional positions	0.5%-1%	31
Candidate holdings	<0.5%	40

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

company is under restructuring. The fund has taken the opportunity to invest in Valeant several times when the stock was particularly cheap, which together has made a positive contribution in 2016 despite the fact that the share has had a negative development YTD. During the past month the fund's holdings in Valeant were again liquidated. Endo, also a specialty pharmaceutical company, reported better than expected figures for the second quarter. After having missed its estimates for the first quarter and having also revised down its full-year forecast, its summer report was received with some relief and the share bounced back in August. The biotech company Exelixis came up with a superb report after their newly approved drug against renal cancer, Cabometyx, sold significantly better than expected. Bristol-Myers Squibb's share fell sharply after an important study with their drug Opdivo into previously untreated lung cancer failed. The fund has now increased its exposure towards Bristol with the fall in the share price since Opdivo has shown very good data for other indications and is already authorized in renal cancer, melanoma and advanced lung cancer and furthermore has a large number of possible indications. Diabetes giant Novo Nordisk posted a weaker report for the second quarter. The company lowered its sales forecasts slightly, referring particularly to the tougher price competition in the United States. Given Novo's impressive historic ability to most often beat market expectations, the report was received with disappointment. Competition has certainly intensified, but the company's ability to develop first-class products, particularly in diabetes, very much remains and Novo is actually becoming progressively less dependent on insulin. The small biotech company Keryx, which is still in the launch phase of its drug for patients with chronic kidney failure, suffered an unexpected interruption in the production of the drug. While waiting for further information on when normal production can be resumed, the company has withdrawn its full-year forecast. This is obviously frustrating, but the problem should be of a temporary nature.

After the very sharp falls at the beginning of 2016, the world's stock markets have recovered in the past six months and several major markets are now on a year high. This despite weak growth in profits compared to last year, the Brexit and the general political uncertainties in the US, Latin America and Europe, plus the additional geopolitical tensions in Eastern Europe, the Middle East and the South China Sea.

It is probably better prospects for corporate profits which increases investors' risk appetite, particularly in light of the low yield opportunities in other asset classes. The reports for the third quarter, to be presented in October and November, should in our opinion show a stabilisation or even a slight increase compared to the same period last year. Thus, the negative earnings trend that began in early 2015 could change. This, combined with continued low interest rates, may well be a support for the stock markets in the autumn. The prerequisites for the healthcare sector as with other sectors are good. However, a political element of uncertainty means that an upturn may take a different course.

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

CARL GREVELIUS

Tel +46 8 459 88 83

Mob +46 768 438 803

carl@rhepa.com

Strandvägen 5A

114 51 Stockholm

Sweden



