



HealthInvest December 2014 Letters

Asia Fund
MicroCap Fund
Value Fund

Market Development

The sentiment in Asian healthcare equity markets was negative in December. MSCI Asia Health Care Index decreased 1.5% in USD, although the weakening Swedish currency helped the index into positive territory when measured in SEK (+3.1%).

Performance of the Fund

HealthInvest Asia Fund increased 0.9% in December. Substantial gainers included Chinese insurance company Ping An (shares up 22%) and Japanese lab test provider Miraca (+15%). Significant laggards included Malaysian drug distributor CCM Duopharma Biotech (-16%), Chinese pharmacy chain Jintian Pharmaceutical (-14%) and Chinese medical equipment company Mindray (-9%).

Management, Valuation & Outlook

The Board of Directors of HealthInvest Partners has taken the decision to merge HealthInvest Asia Fund into HealthInvest Value Fund on February 18, 2015. HealthInvest Asia Fund unit holders will receive class B shares in HealthInvest Value Fund equivalent to the market value of their holdings as of February 17, 2015.

HealthInvest Asia Fund is currently trading at 10.5x free cash flow and at a price/sales ratio of 1.2x (on historic rolling 12 month data). The sales growth is around 10 per cent and free cash flow growth is approximately 19 per cent.

We remain bullish on the long-term potential in the Asian healthcare market. Strong economic growth, aging populations and a desire to create more equitable societies, all points to an increasing demand for healthcare in the region.

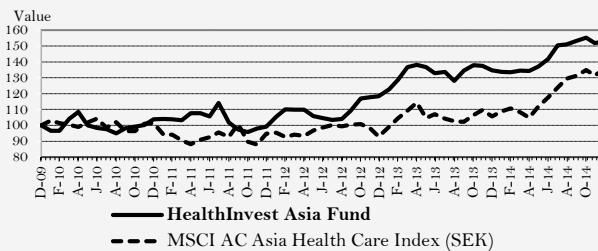
Given the healthy valuation of the portfolio and the good growth prospects, we are hopeful that the Fund will continue to appreciate in value.

The Fund's net equity exposure was 90% at year end.

Fund Characteristics

HealthInvest Asia Fund invests in healthcare companies with an emphasis on the Asian market. The Fund has direct exposure in Asia through listed holdings in Hong Kong, Japan, Malaysia and Thailand. In addition, the Fund may own shares in European and US companies, which have significant presence in the region. The investment style is value oriented. The fund was started on December 30, 2009.

Performance since start (SEK)



Performance

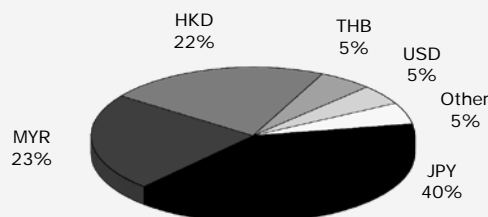
	NAV/Share	Dec*	2014*
HealthInvest Asia Fund (SEK)	145.2	0.9%	13.7%
MSCI Asia Health Care Index (SEK)	1376.2	3.1%	28.4%
MSCI Asia Health Care Index (USD)	176.4	-1.5%	5.8%

*Net of fees

Risk Measures

	24 months	Since start
Return	29.4%	52.4%
Sharpe ratio	1.32	0.67
Standard deviation	9.6%	12.3%
Beta vs MSCI Asia Health Care Index	0.38	0.09
Downside risk	4.4%	7.6%
Active risk (tracking error)	11.3%	17.6%

Currency Exposure



Sector Distribution (Net exposure)

PHARMACEUTICALS	32%
INSURANCE	15%
HEALTH CARE DISTRIBUTORS	13%
HEALTH CARE SUPPLIES	11%
HEALTH CARE SERVICES	10%
ELECTRONIC EQUIPMENT & INSTRUMENTS	7%
HEALTH CARE EQUIPMENT	4%
HOUSEHOLD PRODUCTS	4%
HEALTH CARE TECHNOLOGY	4%

Market Development

The sentiment among small cap investors in healthcare was positive in December as MSCI World Small Cap Health Index rose 2.4% in USD and 7.2% in SEK.

We are also happy to report that 2014 has been another year of outperformance for healthcare small cap stocks, beating the MSCI World Small Cap Index by around 16 percentage points.

Fund Performance

HealthInvest MicroCap Fund's return was 4.0% in December. Positive share price drivers for performance included US nursing home chain Skilled Healthcare (shares up 26%), US medical device manufacturer Synergetics (+23%) and German healthcare software developer Mevis Medical Solutions (+13%). Significant laggards included Japanese elderly care firm Charm Care (-17%), US clinical research organisation Bioanalytical Systems (-8%) and Belgian brachytherapy equipment manufacturer Eckert-Ziegler (-4%).

Management, Valuation & Outlook

An important part of HealthInvest's investing approach involves the search for new lowly valued healthcare companies that can create returns for our investors. In 2014, this work has continued and around 47% of the equity ideas in the portfolio were implemented less than 12 months ago. We are hopeful that many of these new ideas will make meaningful contributions to the Fund in 2015.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 13.0x free cash flow and at a price/sales ratio of 1.0 (on historic rolling 12 month data). The sales growth is around six per cent and free cash flow growth is around 23 per cent.

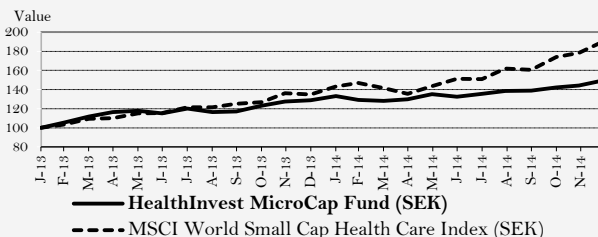
Given the rather low valuation of the portfolio and its high growth, we are hopeful that the Fund will continue to appreciate in value.

The Fund's net equity exposure was 91% at year end.

Fund Characteristics

HealthInvest MicroCap Fund invests in healthcare companies globally. The main focus is on microcap companies and the investment style is value oriented. The fund started on January 31, 2013.

Performance since start (SEK)



Performance

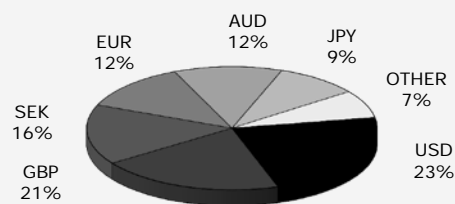
	NAV/Share	Dec*	2014*
HealthInvest MicroCap Fund (SEK)	146.55	4.0%	16.4%
MSCI World Small Cap Health (SEK)	17654.3	7.2%	41.8%
MSCI World Small Cap Health (USD)	2263.4	2.4%	16.8%

*Net of fees

Risk Measures (Since start)

Return	50.0%
Sharpe ratio	2.28
Standard deviation	9.2%
Beta vs MSCI World Small Cap Health Care Index	0.29
Downside risk	3.8%
Active risk (tracking error)	12.2%

Currency Exposure



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	34%
HEALTH CARE DISTRIBUTORS	15%
HEALTH CARE SUPPLIES	12%
HEALTH CARE TECHNOLOGY	11%
HEALTH CARE SERVICES	11%
BIOTECHNOLOGY	7%
PHARMACEUTICALS	5%
LIFE SCIENCES TOOLS & SERVICES	4%

Market Development

The sentiment among healthcare investors was slightly negative in December. MSCI World Healthcare Index decreased 2.6% in USD, although the weakening Swedish currency helped the index into positive territory when measured in SEK (+1.9%).

Although the year ended on a sour note, we are happy to report that 2014 has been another year of outperformance for healthcare stocks, beating the MSCI World Index by over 13 percentage points.

Fund Performance

HealthInvest Value Fund's return was -0.4% in December (share class B). Significant gainers included US nursing home operator Skilled Healthcare (shares up 26%), Japanese lab test manufacturer Miraca (+15%) and US medical device company Cryolife (+13%). Portfolio laggards included Russian pharmaceutical company Pharmstandard (-47%), Chinese medical equipment manufacturer Mindray (-10%) and Japanese conglomerate Fujifilm (-6%).

Management, Valuation & Outlook

An important part of HealthInvest's investing approach involves the search for new lowly valued healthcare companies that can create returns for our investors. In 2014, this work has continued and around 60% of the equity ideas in the portfolio were implemented less than 12 months ago. We are hopeful that many of these new ideas will make meaningful contributions to the Fund in 2015.

HealthInvest Value Fund (as an aggregate) is currently trading at 13.1x free cash flow and at a price/sales ratio of 1.1 (on historic rolling 12 month data). The sales growth is around seven per cent and free cash flow growth is approximately four per cent.

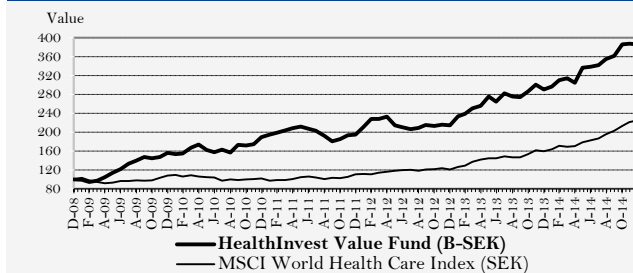
Given the healthy valuation of the equity portfolio and the good growth prospects in 2015 due to the implementation of the Patient Protection and Affordable Care Act (Obamacare), we are hopeful that the Fund will continue to appreciate in value.

The Fund's net equity exposure was 97% at year end.

Fund Characteristics

HealthInvest Value Fund invests in healthcare companies globally with an emphasis on the US market. The focus is on micro, small and mid cap companies. The investment style is value oriented. The fund was started on December 30, 2008.

Performance since start (SEK)



Performance

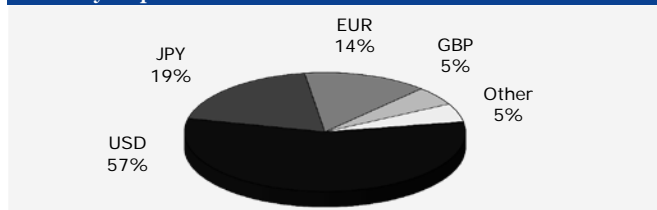
	NAV/Share	Dec*	2014*
HealthInvest Value Fund (A-SEK)	362.7	-0.3%	33.0%
HealthInvest Value Fund (B-SEK)	133.9	-0.4%	32.5%
HealthInvest Value Fund (C-EUR)	12.7	-0.4%	25.7%
MSCI World Health Care Index (SEK)	1559.1	1.9%	41.2%
MSCI World Health Care Index (USD)	199.9	-2.6%	16.3%

*Net of fees

Risk Measures (share class B-SEK)

	24 months	Since start
Return	79.0%	284.5%
Sharpe ratio	2.20	1.54
Standard deviation	13.5%	14.9%
Beta vs MSCI World Health Care Index	1.22	0.37
Downside risk	4.8%	7.0%
Active risk (tracking error)	9.6%	15.6%

Currency Exposure



Sector Distribution (Net exposure)

PHARMACEUTICALS	27%
HEALTH CARE SERVICES	19%
HEALTH CARE EQUIPMENT	17%
MANAGED HEALTH CARE	17%
ELECTRONIC EQUIPMENT & INSTRUMENTS	6%
LIFE SCIENCES TOOLS & SERVICES	5%
BIOTECHNOLOGY	4%
HEALTH CARE SUPPLIES	3%
HEALTH CARE DISTRIBUTORS	1%