



HealthInvest July 2014 Letters

Asia Fund
MicroCap Fund
Value Fund

Market Development

The sentiment in Asian healthcare equity markets was positive in July and MSCI Asia Health Care Index increased 5.3% in SEK and 2.2% in USD.

Performance of the Fund

HealthInvest Asia Fund gained 6.1% in July. Substantial gainers included Health Management International, a hospital operator based in Singapore (shares up 32%); Hovid Berhad, a pharmaceutical manufacturer in Malaysia (+26%); and CKD Bio, a Korean pharmaceutical company (+13%). Significant laggards included Draegerwerk (-15%) and Jintian Pharmaceutical (-11%).

Management, Valuation & Outlook

Two new significant investments were made in July:

Jintian Pharmaceutical Group is a leading drug store chain in Northeast China. Jintian has around 5 000 employees and owns approximately 800 drug stores. The growth rates are impressive as sales and EBITDA increased 55% and 49% in 2010-2013 respectively (CAGR). Shares are attractively valued in our view, trading at around six times free cash flow, adjusted for the company's net cash position.

Rohto Pharmaceutical is a multinational consumer goods and OTC pharmaceutical company headquartered in Japan, with a presence in North America, Europe and Asia. Skin care and eye care products represent around 60% and 20% of revenues respectively. Rohto grows sales at an 8% clip and operating margins should have potential to grow going forward. The valuation of the shares is healthy in our view, trading at 14 times free cash flow, adjusted for the net cash position.

HealthInvest Asia Fund is currently trading at 11.0x free cash flow and at a price/sales ratio of 1.06x (on historic rolling 12 month data).

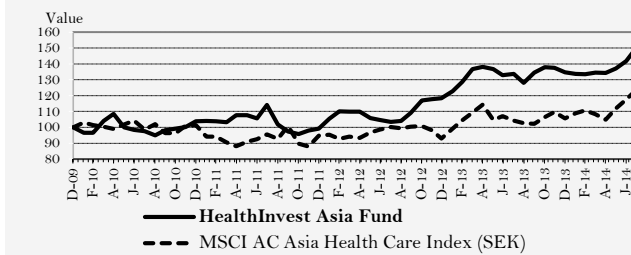
Given the healthy valuation of the portfolio and the good growth prospects, we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 96% at month 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, Singapore, South Korea 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 | July* | 2014* |
|-----------------------------------|-----------|-------|-------|
| HealthInvest Asia Fund (SEK) | 142.7 | 6.1% | 11.7% |
| MSCI Asia Health Care Index (SEK) | 1257.1 | 5.3% | 17.3% |
| MSCI Asia Health Care Index (USD) | 182.3 | 2.2% | 9.3% |

*Net of fees

Risk Measures

| | 24 months | Since start |
|-------------------------------------|-----------|-------------|
| Return | 44.8% | 49.7% |
| Sharpe ratio | 1.74 | 0.67 |
| Standard deviation | 10.5% | 12.8% |
| Beta vs MSCI Asia Health Care Index | 0.32 | 0.09 |
| Downside risk | 4.1% | 7.9% |
| Active risk (tracking error) | 13.2% | 18.2% |

Geographical Distribution (Net exposure)

| | |
|-----------|-----|
| JAPAN | 36% |
| MALAYSIA | 27% |
| CHINA | 21% |
| KOREA | 6% |
| THAILAND | 5% |
| GERMANY | 3% |
| SINGAPORE | 2% |

Sector Distribution (Net exposure)

| | |
|------------------------------------|-----|
| PHARMACEUTICALS | 31% |
| INSURANCE | 15% |
| HEALTH CARE SERVICES | 14% |
| HEALTH CARE DISTRIBUTORS | 11% |
| ELECTRONIC EQUIPMENT & INSTRUMENTS | 9% |
| HEALTH CARE SUPPLIES | 9% |
| HEALTH CARE EQUIPMENT | 6% |
| HOUSEHOLD PRODUCTS | 4% |
| HEALTH CARE TECHNOLOGY | 1% |

Market Development

The sentiment among healthcare investors was rather neutral in July as MSCI World Healthcare Index decreased 0.8% in USD and increased 2.3% in SEK. Smallcaps had a weaker development with MSCI World Small Cap Health Index dropping 3.2% in USD and 0.2% in SEK.

Fund Performance

HealthInvest MicroCap Fund's return was 2.2% in July. The main reasons for the relatively strong performance were the sharp share price appreciations of Singapore based Health Management International (shares up 32%) and Swedish blood analyser manufacturer Cellviation (+15%). Laggards included Lifeline Scientific (-20%) and Bioanalytical Systems (-11%).

Management, Valuation & Outlook

In July, no new significant holdings were introduced to the portfolio.

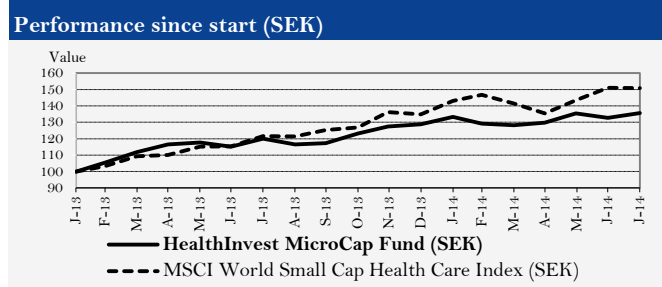
HealthInvest MicroCap Fund (as an aggregate) is currently trading at 13.6x free cash flow and at a price/sales ratio of 0.90 (on historic rolling 12 month data). The sales growth is around six per cent and free cash flow growth is around 35 per cent.

Given the rather low valuation of the portfolio and its high growth, we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 108% at month 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.



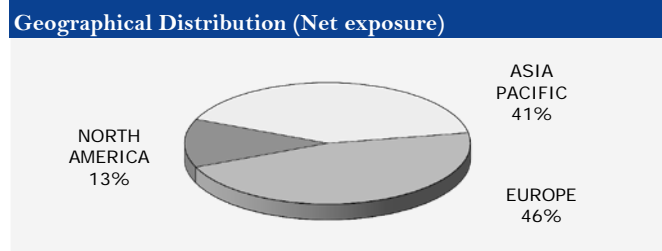
Performance

| | NAV/Share | July* | 2014* |
|-----------------------------------|-----------|-------|-------|
| HealthInvest MicroCap Fund (SEK) | 132.9 | 2.2% | 5.3% |
| MSCI World Small Cap Health (SEK) | 13929.5 | -0.2% | 11.9% |
| MSCI World Small Cap Health (USD) | 2019.6 | -3.2% | 4.2% |

*Net of fees

Risk Measures (Since start)

| | |
|--|-------|
| Return | 35.6% |
| Sharpe ratio | 1.97 |
| Standard deviation | 10.2% |
| Beta vs MSCI World Small Cap Health Care Index | 0.31 |
| Downside risk | 4.3% |
| Active risk (tracking error) | 12.4% |



Sector Distribution (Net exposure)

| | |
|--------------------------------|-----|
| HEALTH CARE EQUIPMENT | 32% |
| HEALTH CARE SERVICES | 22% |
| HEALTH CARE DISTRIBUTORS | 19% |
| BIOTECHNOLOGY | 8% |
| HEALTH CARE TECHNOLOGY | 6% |
| PHARMACEUTICALS | 6% |
| HEALTH CARE SUPPLIES | 5% |
| LIFE SCIENCES TOOLS & SERVICES | 2% |

Market Development

The sentiment among healthcare investors was rather neutral in July as MSCI World Healthcare Index decreased 0.8% in USD and increased 2.3% in SEK.

Fund Performance

HealthInvest Value Fund's return was 1.0% in July (share class B). Significant gainers included the US hospital chain Lifepoint (shares up 15%), drug manufacturer Gilead Sciences (+10%) and medical device maker Cryolife (+9%). Portfolio laggards included Draegerwerk (-15%) and Thoratec (-9%).

Management, Valuation & Outlook

In July, no new significant holding was added to the portfolio.

We are now almost half way through the second quarter earnings season and nine portfolio companies (out of a total of 27) have reported results for the period. Earnings have generally been healthy (around 8% better than expected). Lifepoint Hospitals, Cryolife and Gilead Sciences have had particularly strong results, exceeding Wall Street earnings estimates by 53%, 51% and 31% respectively. On the negative side, US health insurance company Magellan posted around 30% weaker earnings than expected.

HealthInvest Value Fund (as an aggregate) is currently trading at 11.7x free cash flow and at a price/sales ratio of 0.83 (on historic rolling 12 month data). The sales growth and free cash flow growth are both around 5 per cent.

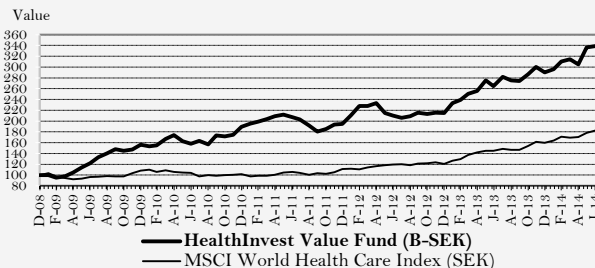
Given the healthy valuation of the equity portfolio and the good growth prospects in 2014-2015 due to the implementation of the Patient Protection and Affordable Care Act (Obamacare), we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 96% at month 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

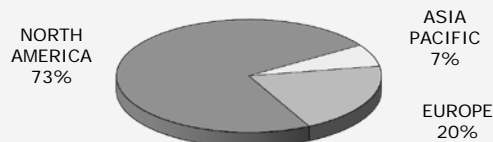
| | NAV/Share | July* | 2014* |
|------------------------------------|-----------|-------|-------|
| HealthInvest Value Fund (A-SEK) | 321.0 | 1.1% | 17.7% |
| HealthInvest Value Fund (B-SEK) | 118.7 | 1.0% | 17.5% |
| HealthInvest Value Fund (C-EUR) | 11.5 | 0.6% | 13.6% |
| MSCI World Health Care Index (SEK) | 1290.0 | 2.3% | 16.8% |
| MSCI World Health Care Index (USD) | 187.0 | -0.8% | 8.8% |

*Net of fees

Risk Measures (share class B-SEK)

| | 24 months | Since start |
|--------------------------------------|-----------|-------------|
| Return | 65.3% | 240.8% |
| Sharpe ratio | 1.91 | 1.47 |
| Standard deviation | 13.2% | 15.2% |
| Beta vs MSCI World Health Care Index | 1.11 | 0.37 |
| Downside risk | 4.9% | 7.3% |
| Active risk (tracking error) | 9.2% | 16.0% |

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

| | |
|------------------------------------|-----|
| HEALTH CARE EQUIPMENT | 30% |
| MANAGED HEALTH CARE | 21% |
| HEALTH CARE SERVICES | 14% |
| PHARMACEUTICALS | 11% |
| LIFE SCIENCES TOOLS & SERVICES | 7% |
| ELECTRONIC EQUIPMENT & INSTRUMENTS | 6% |
| BIOTECHNOLOGY | 5% |
| HEALTH CARE DISTRIBUTORS | 4% |
| HEALTH CARE SUPPLIES | 3% |