



HealthInvest June 2014 Letters

Asia Fund
MicroCap Fund
Value Fund

Market Development

The sentiment in Asian healthcare equity markets was positive in June as MSCI Asia Health Care Index increased 5.1%.

Performance of the Fund

HealthInvest Asia Fund gained 3.4% in June. Substantial gainers included Thai Nakarin, a Bangkok based hospital (shares up 21%) and Falco, a Japanese blood lab chain (+20%). Significant laggards included Thai Optical (-7%) and Seoulin Bioscience (-5%).

Management, Valuation & Outlook

Our efforts to tilt the Fund towards emerging markets decelerated in June, although some minor changes were made including the divestment of Biosensors (Singapore), Sapporo Clinical (Japan) and Vital KSK (Japan).

Also mitigating the repositioning of the portfolio towards emerging markets was the inclusion of FujiFilm Holdings, a diversified Japanese company. Due to its heritage in photography, many investors are linking the company to that industry. However, FujiFilm has many different business areas. We believe that its Medical Systems division is a future shareholder value driver that is not appreciated by investors currently. The division grows at a 15% clip and should have potential to grow its operating margins going forward. FujiFilm also has some promising biosimilar drugs that may drive sales substantially in the medium term. The valuation of the shares is quite appetising in our view, trading at 8.3 times free cash flow.

HealthInvest Asia Fund is currently trading at 11.4x free cash flow and at a price/sales ratio of 0.9x (on historic rolling 12 month data).

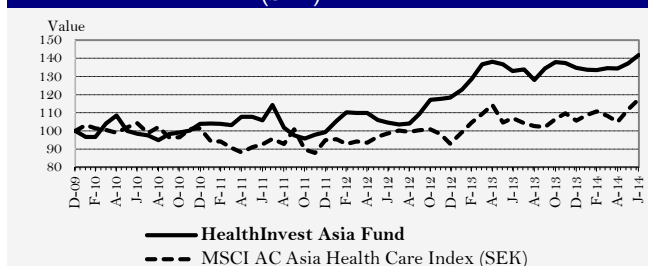
Given the healthy valuation of the portfolio and the good growth prospects, we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 92% 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	Jun*	2014*
HealthInvest Asia Fund (SEK)	134.7	3.4%	5.3%
MSCI Asia Health Care Index (SEK)	1193.5	5.1%	11.4%
MSCI Asia Health Care Index (USD)	178.4	5.1%	7.0%

*Net of fees

Risk Measures

	24 months	Since start
Return	34.9%	41.1%
Sharpe ratio	1.44	0.59
Standard deviation	10.1%	12.7%
Beta vs MSCI Asia Health Care Index	0.28	0.06
Downside risk	4.2%	8.0%
Active risk (tracking error)	13.4%	18.4%

Geographical Distribution (Net exposure)

JAPAN	32%
MALAYSIA	26%
CHINA	16%
THAILAND	12%
KOREA	8%
GERMANY	4%
SINGAPORE	1%

Sector Distribution (Net exposure)

PHARMACEUTICALS	28%
HEALTH CARE SERVICES	22%
INSURANCE	14%
HEALTH CARE SUPPLIES	10%
HEALTH CARE DISTRIBUTORS	7%
ELECTRONIC EQUIPMENT & INSTRUMENTS	7%
HEALTH CARE EQUIPMENT	7%
HOUSEHOLD PRODUCTS	4%

Market Development

The sentiment among healthcare investors was positive in June as MSCI World Healthcare Index increased 2.3%. Smallcaps had an even stronger development with MSCI World Small Cap Health Index gaining 5.3%.

Fund Performance

HealthInvest MicroCap Fund's return was -1.9% in June. The main reason for the subdued performance was weak performances from some specific holdings including Atcor Medical (-18%), Scandidos (-14%) and Mevis Medical Solutions (-13%). There were however some bright spots in the portfolio, including Japanese blood lab chain Falco Holdings (shares up 20%), Japanese medical equipment company A&D (+14%) and French hearing aid retailer Audika (+9%).

Management, Valuation & Outlook

In June, the Fund initiated a significant position in Australian Pharmaceutical Industries. The company is mainly a pharmaceutical wholesaler with a 27% market share in Australia but also has distribution activities in the Pacific Rim and Asia. Main catalysts in the company includes its cost savings programme "Revitalise" and a profitable expansion of its Priceline stores. The shares are rather attractively valued at 13 times free cash flow and provides a healthy entry point in our view.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 12.4x free cash flow and at a price/sales ratio of 1.2 (on historic rolling 12 month data). The sales growth is around six per cent and free cash flow growth is around 35 per cent.

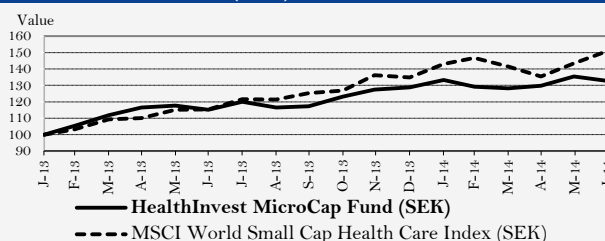
Given the low valuation of the portfolio and its high growth, we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 106% 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 since start (SEK)



Performance

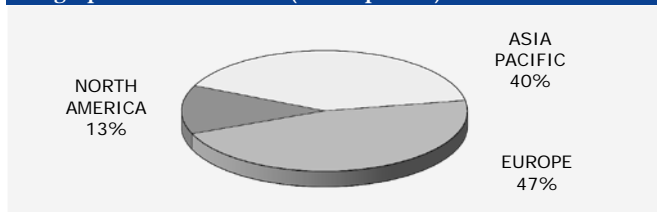
	NAV/Share	June*	2014*
HealthInvest MicroCap Fund (SEK)	130.0	-1.9%	3.0%
MSCI World Small Cap Health (SEK)	13954.7	5.3%	12.1%
MSCI World Small Cap Health (USD)	2086.2	5.3%	7.7%

*Net of fees

Risk Measures (Since start)

Return	32.7%
Sharpe ratio	1.88
Standard deviation	10.5%
Beta vs MSCI World Small Cap Health Care Index	0.32
Downside risk	4.4%
Active risk (tracking error)	12.5%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	32%
HEALTH CARE SERVICES	26%
HEALTH CARE DISTRIBUTORS	20%
BIOTECHNOLOGY	9%
PHARMACEUTICALS	6%
HEALTH CARE TECHNOLOGY	6%
LIFE SCIENCES TOOLS & SERVICES	2%

Market Development

The sentiment among healthcare investors was positive in June as MSCI World Healthcare Index increased 2.3%.

Fund Performance

After the record strong May, HealthInvest Value Fund's return was a more moderate +0.4% in June (share class B). Significant gainers included the recently added Fujifilm (shares up 7%) and Thoratec (+6%). Portfolio laggards included Alliance Healthcare Services (-10%) and Skilled Healthcare (-7%).

Management, Valuation & Outlook

In June, no significant holding was added to the portfolio. However, we have begun making inroads into the healthcare industries in Russia and Poland and have made a few smaller investments. Although the Fund's equity positions in these countries will always be small compared to holdings in more mature countries in Europe and the US, we are still hopeful that the holdings will provide healthy returns to the Fund and our investors.

HealthInvest Value Fund (as an aggregate) is currently trading at 12.7x free cash flow and at a price/sales ratio of 0.8 (on historic rolling 12 month data). The sales growth and free cash flow growth are both around 5 per cent.

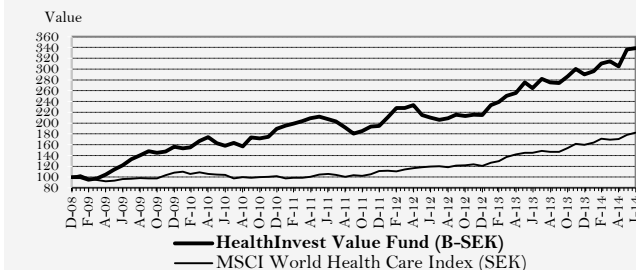
We are optimistic on the upcoming second quarter earnings season for the healthcare industry. The main reason is the US healthcare reform that should provide another boost to growth in the second quarter as more people seek medical care. The somewhat delayed effect is due to the late inclusion of enrollees in private exchanges (approximately 6 million more covered lives in April-June compared to January-March). Based on this tailwind and the equity portfolio's low valuation, we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 99% 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

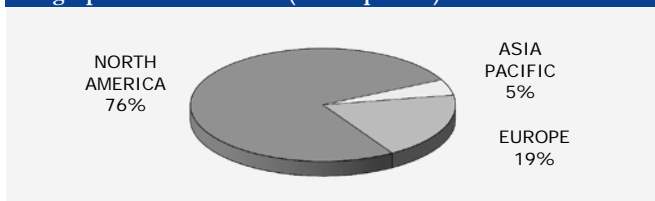
	NAV/Share	Jun*	2014*
HealthInvest Value Fund (A-SEK)	317.7	0.4%	16.5%
HealthInvest Value Fund (B-SEK)	117.5	0.4%	16.3%
HealthInvest Value Fund (C-EUR)	11.4	-0.4%	12.9%
MSCI World Health Care Index (SEK)	1261.0	2.3%	14.2%
MSCI World Health Care Index (USD)	188.5	2.3%	9.7%

*Net of fees

Risk Measures (share class B-SEK)

	24 months	Since start
Return	60.5%	237.4%
Sharpe ratio	1.76	1.47
Standard deviation	13.5%	15.3%
Beta vs MSCI World Health Care Index	1.14	0.37
Downside risk	5.1%	7.3%
Active risk (tracking error)	9.3%	16.0%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	30%
MANAGED HEALTH CARE	21%
HEALTH CARE SERVICES	16%
PHARMACEUTICALS	11%
LIFE SCIENCES TOOLS & SERVICES	6%
ELECTRONIC EQUIPMENT & INSTRUMENTS	5%
HEALTH CARE DISTRIBUTORS	4%
BIOTECHNOLOGY	4%
HEALTH CARE SUPPLIES	2%