



HealthInvest March 2014 Letters

Asia Fund
MicroCap Fund
Value Fund

Market Development

The sentiment in Asian healthcare equity markets was negative in March as MSCI Asia Health Care Index declined 2.3% in SEK and dropped 3.3% in USD.

Performance of the Fund

HealthInvest Asia Fund increased 0.8% in March, above its benchmark index. Substantial gainers included Vital KSK, a Japanese drug distributor (shares up 13%), and BML, a Japanese diagnostic test lab chain (+11%). Significant laggards were Sapporo Clinical Laboratory (-12%) and Nikkiso (-11%).

Management, Valuation & Outlook

During March, the process of identifying undervalued equities in emerging markets in Asia continued and one new substantial holding in Malaysia was included in the Fund:

Pharmaniaga Berhad's principal activities include manufacturing of generic pharmaceuticals, supply of medical products and hospital equipping. Sales growth the last three years has been 9% (CAGR) and free cash flows have more than doubled. Valuation is attractive as shares are trading at around 15 times free cash flow, adjusted for changes in net working capital.

HealthInvest Asia Fund is currently trading at 11x free cash flow and at a price/sales ratio of 1.0x (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 appreciate in value in 2014.

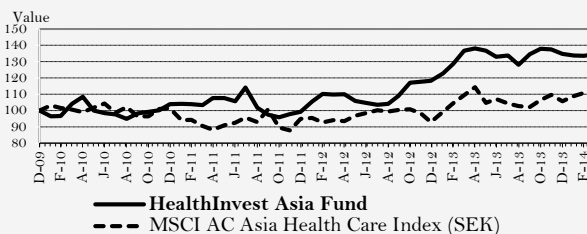
We remain bullish on the long-term potential in the Asian healthcare market. Strong economic growth, aging populations and a desire to create more equitable societies, all points to an increasing demand for healthcare in the region.

The Fund's net equity exposure was 85% 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 the Asia-Pacific through listed holdings in Australia, 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	Mar*	2014*
HealthInvest Asia Fund (SEK)	127.6	0.8%	-0.1%
MSCI Asia Health Care Index (SEK)	1098.9	-2.3%	2.5%
MSCI Asia Health Care Index (USD)	169.7	-3.3%	1.7%

*Net of fees

Risk Measures

	24 months	Since start
Return	21.9%	33.9%
Sharpe ratio	0.89	0.51
Standard deviation	10.7%	12.9%
Beta vs MSCI AC Asia Health Care	0.23	0.04
Downside risk	5.1%	8.2%
Active risk (tracking error)	14.0%	18.9%

Sector Distribution (Net exposure)

PHARMACEUTICALS	26%
HEALTH CARE SERVICES	22%
HEALTH CARE EQUIPMENT	22%
HEALTH CARE DISTRIBUTORS	18%
HEALTH CARE SUPPLIES	5%
PROPERTY & CASUALTY INSURANCE	5%
ELECTRONIC EQUIPMENT & INSTRUMENTS	3%

Geographical Distribution (Net exposure)

JAPAN	49%
MALAYSIA	17%
KOREA	11%
CHINA	8%
THAILAND	5%
SINGAPORE	5%
GERMANY	5%

Market Development

The sentiment among healthcare investors was negative in March as MSCI World Healthcare Index declined 1.0% in SEK and dropped 2.0% in USD. Especially biotech shares had a difficult month evidenced by the plummeting Nasdaq Biotechnology Index (-9.8%). Smallcaps also had a lacklustre development as MSCI World Small Cap Health Index lost 3.7% in SEK and 4.7% in USD.

Fund Performance

HealthInvest MicroCap Fund's return was -0.7% in March. Substantial gainers included Alliance Healthcare Services (shares up 11%) and Audika (+10%). Significant laggards were Immunodiagnostic Systems (shares down 14%) and ITL Limited (-13%).

Management, Valuation & Outlook

In March, we have continued to selectively increase the portfolio weightings of some specific holdings. We tend to find good value especially in microcap companies outside the US currently, both in Asia as well as in Europe. We are rather pleased by the geographical positioning of the Fund as it has a broad diversification among many different countries.

From a valuation perspective of the total equity portfolio, we remain confident. The Fund is currently trading at 10x free cash flow and at a price/sales ratio of 1.1 (on historic rolling 12 month data).

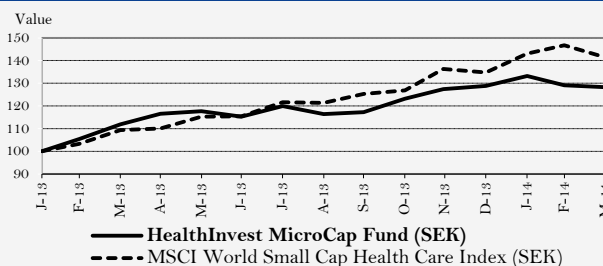
The sales growth is around six per cent and free cash flow growth is around 20 per cent. Given the low valuation of the portfolio and the healthy growth, we are hopeful that the Fund will appreciate in value in 2014.

The Fund's net equity exposure was 100% 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

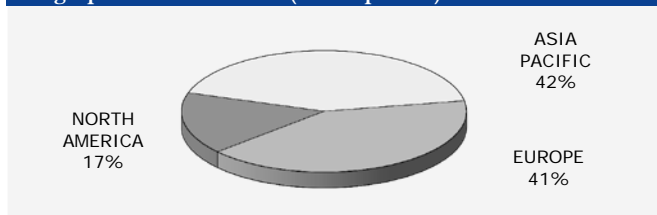
	NAV/Share	Mar*	2014*
HealthInvest MicroCap Fund (SEK)	126.5	-0.7%	-0.6%
MSCI World Small Cap Health (SEK)	13060.4	-3.7%	4.9%
MSCI World Small Cap Health (USD)	2016.4	-4.7%	4.1%

*Net of fees

Risk Measures (Since start)

Return	28.1%
Sharpe ratio	1.94
Standard deviation	10.9%
Beta vs MSCI World Small Cap Health Care Index	0.47
Downside risk	4.5%
Active risk (tracking error)	10.8%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	36%
HEALTH CARE SERVICES	23%
HEALTH CARE DISTRIBUTORS	16%
BIOTECHNOLOGY	9%
HEALTH CARE SUPPLIES	7%
PHARMACEUTICALS	5%
HEALTH CARE TECHNOLOGY	2%
ELECTRONIC EQUIPMENT & INSTRUMENTS	2%

Market Development

The sentiment among healthcare investors was negative in March as MSCI World Healthcare Index declined 1.0% in SEK and dropped 2.0% in USD. Especially biotech shares had a difficult month evidenced by the plummeting Nasdaq Biotechnology Index (-9.8%).

Fund Performance

We are happy to report that HealthInvest Value Fund's return was +1.4% in March, which was a difficult month for investors. The Russian drug company Pharmstandard, which was included in the portfolio in February, had a good run as shares increased 42%. Significant laggards included Nikkiso (down 11%) and Draegerwerk (-8%).

Management, Valuation & Outlook

The affordable care act (Obamacare) is moving full speed ahead. In our estimation, over 16 million US citizens had signed up for private health insurance or had been determined eligible to Medicaid at month end. We believe Obamacare to be a significant tail wind for the healthcare services and medical device sector in 2014. However, the positive effect for pharmaceutical companies will probably be less significant as the new patients entering the system will mainly be purchasing generic drugs, hence the Fund's underweight in this sub-sector.

HealthInvest Value Fund (as an aggregate) is currently trading at 12x free cash flow and at a price/sales ratio of 1.2 (on historic rolling 12 month data). The sales growth is around 4 per cent and free cash flow growth is around 11 per cent.

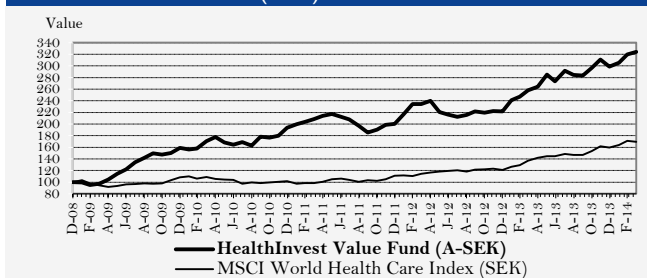
Given the healthy valuation of the equity portfolio and the good growth prospects in 2014-2015 due to the implementation of Obamacare, we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 93% 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

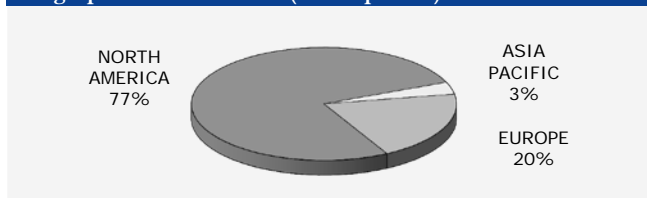
	NAV/Share	Mar*	2014*
HealthInvest Value Fund (A-SEK)	295.7	1.4%	8.5%
HealthInvest Value Fund (B-SEK)	109.5	1.4%	8.4%
HealthInvest Value Fund (C-EUR)	10.8	0.3%	7.0%
MSCI World Health Care Index (SEK)	1170.4	-1.0%	6.0%
MSCI World Health Care Index (USD)	180.7	-2.0%	5.1%

*Net of fees

Risk Measures (share class A-SEK)

	24 months	Since start
Return	38.9%	225.9%
Sharpe ratio	1.20	1.54
Standard deviation	13.7%	14.8%
Beta vs MSCI World Health Care Index	0.99	0.31
Downside risk	7.4%	7.1%
Active risk (tracking error)	10.9%	15.9%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	38%
MANAGED HEALTH CARE	19%
HEALTHCARE SERVICES	18%
PHARMACEUTICALS	12%
LIFE SCIENCES TOOLS & SERVICES	7%
HEALTH CARE DISTRIBUTORS	5%
HEALTH CARE SUPPLIES	2%