



HealthInvest May 2014 Letters

Asia Fund
MicroCap Fund
Value Fund

Market Development

The sentiment in Asian healthcare equity markets turned positive in May as MSCI Asia Health Care Index increased 6.7% in SEK and 3.7% in USD.

Performance of the Fund

HealthInvest Asia Fund gained 2.1% in May. Substantial gainers included Health Management, a Singapore-based healthcare provider (+15%), PICC Property and Casualty, a Chinese insurance company (+12%) and Thai Nakarin, a Bangkok based hospital (+11%). Significant laggards were Sapporo Clinical (-20%), Anxin-China (-13%) and CKD Bio (-13%).

Management, Valuation & Outlook

Our efforts to tilt the Fund towards emerging markets continued in May. We have carefully scaled down positions mainly in Japan and the region accounted for around 30% of the equity portfolio at month end (down from 46% at the end of April). Equity positions in Malaysia, China and Thailand have increased to 27% (19% in April), 15% (10%) and 11% (6%) respectively.

In May, three new substantial holdings were added to the Fund:

Ping An is headquartered and listed in Hong Kong. The company is operational in China and its highest growth area is within health insurance, although this segment still is relatively small compared to its life insurance business. Sales growth the last three years has been 33.6% (CAGR) and net profits have more than doubled. Valuation is attractive as shares are trading at around 13 times free cash flow.

Rubberex is a leading global player in natural rubber, synthetic rubber and vinyl gloves. Sales execution has been choppy the last year, but given the attractive valuation at five times free cash flow, we think this is a clear buying opportunity.

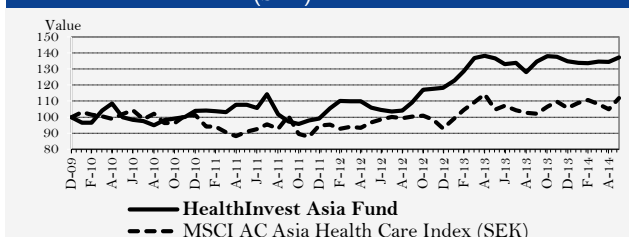
Thai Optical is one of the world's largest manufacturers of optical lenses. Sales are growing at a healthy 14% clip and operations are producing strong cash flows. Valuation is attractive as shares are trading at 16 times free cash flow.

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	May*	2014*
HealthInvest Asia Fund (SEK)	130.1	2.1%	1.9%
MSCI Asia Health Care Index (SEK)	1135.7	6.7%	6.0%
MSCI Asia Health Care Index (USD)	169.8	3.7%	1.8%

*Net of fees

Risk Measures

	24 months	Since start
Return	28.9%	36.5%
Sharpe ratio	1.21	0.54
Standard deviation	10.2%	12.7%
Beta vs MSCI AC Asia Health Care	0.26	0.05
Downside risk	4.3%	8.0%
Active risk (tracking error)	13.6%	18.6%

Sector Distribution (Net exposure)

PHARMACEUTICALS	28%
HEALTH CARE SERVICES	21%
INSURANCE	12%
HEALTH CARE EQUIPMENT	12%
HEALTH CARE SUPPLIES	10%
HEALTH CARE DISTRIBUTORS	10%
HOUSEHOLD PRODUCTS	4%
ELECTRONIC EQUIPMENT & INSTRUMENTS	2%

Geographical Distribution (Net exposure)

JAPAN	30%
MALAYSIA	27%
CHINA	15%
THAILAND	11%
KOREA	8%
SINGAPORE	6%
GERMANY	4%

Market Development

The sentiment among healthcare investors turned positive in May as MSCI World Healthcare Index increased 4.7% in SEK and 1.8% in USD. Smallcaps also had a strong development as MSCI World Small Cap Health Index gained 5.9% in SEK and 3.0% in USD.

Fund Performance

HealthInvest MicroCap Fund's return was +4.3% in May. Substantial gainers included US nursing home chain Skilled Healthcare (+28%), Japanese distributor Kawanishi (+16%) and Singapore-based healthcare services company Health Management (+15%). Significant laggards included Bioquell (-13%), Falco Holdings (-10%) and Scandidos (-8%).

Management, Valuation & Outlook

In May, the Fund significantly increased its position in the German software company Mevis Medical Solutions. The company is an independent manufacturer of software products for image-based medicine, especially for digital radiology. The software supports radiologists in the early detection and diagnosis of breast cancer, neurology and lung diseases. The shares are rather attractively valued at 4.3 times free cash flow, adjusted for its substantial net cash position.

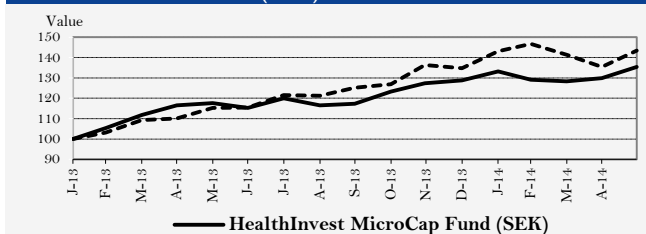
HealthInvest MicroCap Fund (as an aggregate) is currently trading at 11.0x free cash flow and at a price/sales ratio of 1.3 (on historic rolling 12 month data).

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 continue to appreciate in value in 2014.

The Fund's net equity exposure was 105% 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.

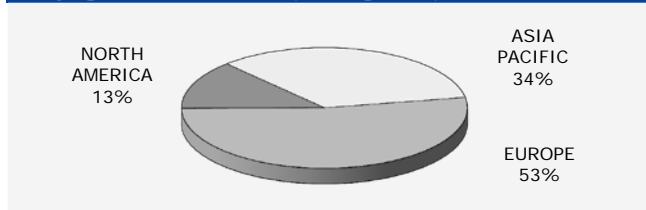
Performance since start (SEK)

Performance

	NAV/Share	May*	2014*
HealthInvest MicroCap Fund (SEK)	132.5	4.3%	5.0%
MSCI World Small Cap Health (SEK)	13248.7	5.9%	6.4%
MSCI World Small Cap Health (USD)	1981.1	3.0%	2.2%

*Net of fees

Risk Measures (Since start)

Return	35.3%
Sharpe ratio	2.17
Standard deviation	10.4%
Beta vs MSCI World Small Cap Health Care Index	0.39
Downside risk	4.3%
Active risk (tracking error)	11.5%

Geographical Distribution (Net exposure)

Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	33%
HEALTH CARE SERVICES	22%
HEALTH CARE DISTRIBUTORS	16%
BIOTECHNOLOGY	9%
HEALTH CARE TECHNOLOGY	6%
HEALTH CARE SUPPLIES	5%
PHARMACEUTICALS	5%
ELECTRONIC EQUIPMENT & INSTRUMENTS	2%
LIFE SCIENCES TOOLS & SERVICES	1%

Market Development

The sentiment among healthcare investors turned positive in May as MSCI World Healthcare Index increased 4.7% in SEK and 1.8% in USD.

Fund Performance

HealthInvest Value Fund's return was +10.3% in May (share class B). The positive performance deviation compared to the benchmark index may be derived from a generally healthy development of the equity portfolio but also a couple of significant gainers including US nursing home chain Skilled Healthcare (+28%), Russian pharmaceutical company Pharmstandard (+23%) and Puerto Rican health insurance provider Triple-S Management (+18%).

Management, Valuation & Outlook

FujiFilm Holdings, a diversified Japanese company, was included in the portfolio in May. 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 7.3 times free cash flow.

HealthInvest Value Fund (as an aggregate) is currently trading at 12.6x 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.

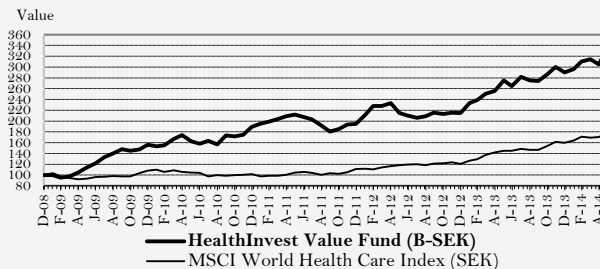
Given the healthy valuation of the equity portfolio and the good growth prospects in 2014-2015 due to the implementation of the Patient Protection and Affordable Care Act (Obamacare), we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 98% 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

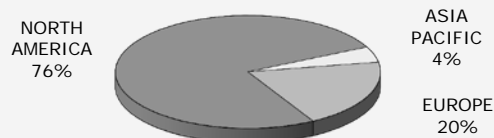
	NAV/Share	May*	2014*
HealthInvest Value Fund (A-SEK)	316.4	10.4%	16.1%
HealthInvest Value Fund (B-SEK)	117.1	10.3%	15.9%
HealthInvest Value Fund (C-EUR)	11.4	10.2%	13.3%
MSCI World Health Care Index (SEK)	1232.5	4.7%	11.6%
MSCI World Health Care Index (USD)	184.3	1.8%	7.2%

*Net of fees

Risk Measures (share class B-SEK)

	24 months	Since start
Return	56.7%	236.3%
Sharpe ratio	1.64	1.48
Standard deviation	13.8%	15.4%
Beta vs MSCI World Health Care Index	1.17	0.37
Downside risk	5.3%	7.4%
Active risk (tracking error)	9.5%	16.1%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	34%
HEALTH CARE SERVICES	20%
MANAGED HEALTH CARE	18%
PHARMACEUTICALS	12%
LIFE SCIENCES TOOLS & SERVICES	6%
BIOTECHNOLOGY	4%
HEALTH CARE DISTRIBUTORS	4%
ELECTRONIC EQUIPMENT & INSTRUMENTS	2%