



HealthInvest September 2014 Letters

Asia Fund
MicroCap Fund
Value Fund

Market Development

The sentiment in Asian healthcare equity markets was positive in September and MSCI Asia Health Care Index increased 3.5% in JPY and 1.5% in SEK. However, due to the strengthening US currency, the index declined 1.8% in USD.

Performance of the Fund

HealthInvest Asia Fund increased 1.5% in September. Substantial gainers included Chinese drug store chain Jintian Pharmaceutical (+20%), Japanese conglomerate Fujifilm (+7%), and Thai Optical, an optical lens manufacturer based in Thailand (+7%). Significant laggards included YSP South East Holdings (-8%) and Miraca Holdings (-6%).

Management, Valuation & Outlook

During the month, the Fund has divested all of its shares in Japanese lab test company Falco, Korean biotechnology instrument manufacturer Seoulin Bioscience and Health Management, a healthcare service provider based in Singapore.

HealthInvest Asia Fund is currently trading at 10.8x free cash flow and at a price/sales ratio of 1.07x (on historic rolling 12 month data).

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.

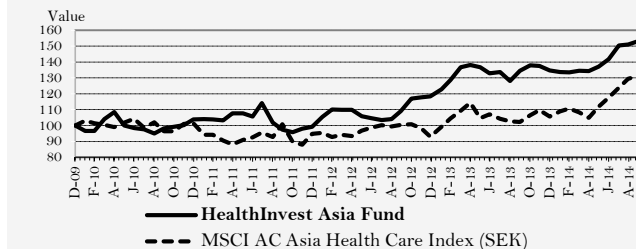
Given the healthy valuation of the portfolio and the good growth prospects, we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 83% 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 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	Sept*	2014*
HealthInvest Asia Fund (SEK)	145.3	1.5%	13.7%
MSCI Asia Health Care Index (SEK)	1334.1	1.5%	24.5%
MSCI Asia Health Care Index (USD)	184.9	-1.8%	10.8%

*Net of fees

Risk Measures

	24 months	Since start
Return	39.8%	52.4%
Sharpe ratio	1.61	0.69
Standard deviation	10.3%	12.6%
Beta vs MSCI Asia Health Care Index	0.30	0.08
Downside risk	4.1%	7.8%
Active risk (tracking error)	13.4%	18.0%

Geographical Distribution (Net exposure)

JAPAN	39%	39%
MALAYSIA	29%	29%
CHINA	26%	26%
THAILAND	7%	7%

Sector Distribution (Net exposure)

PHARMACEUTICALS	28%
INSURANCE	17%
HEALTH CARE DISTRIBUTORS	14%
HEALTH CARE SUPPLIES	11%
ELECTRONIC EQUIPMENT & INSTRUMENTS	11%
HEALTH CARE SERVICES	8%
HEALTH CARE TECHNOLOGY	5%
HOUSEHOLD PRODUCTS	5%

Market Development

The sentiment among healthcare small cap investors was negative in September as MSCI World Small Cap Health Index declined 4.0% in USD and 0.8% in SEK.

Fund Performance

HealthInvest MicroCap Fund's return was 0.2% in September. Positive drivers for performance included Japanese nursing home chain Charm Care (shares up 20%), Swedish blood analyser manufacturer Cellavision (+17%) and Australian drug wholesaler Australian Pharma (+15%). Laggards included British medical device company Lifeline Scientific (-29%) and British diagnostic equipment manufacturer Immunodiagnostic Systems (-28%).

Management, Valuation & Outlook

In September, the Italian healthcare IT company Noemalife was added to the Fund. Although the hospital may be the last bastion in the world to be fully transformed digitally, the revolution has nevertheless started and will provide a healthy tailwind for many years to come. Compared to its US peers which currently trade at enormous valuations, Noemalife shares appears attractively valued at around seven times free cash flow.

During the month, the Fund has divested all its shares in French hearing aid retailer Audika, Japanese medical instrument supplier Yamashita and Japanese medical gas provider Hoshi Iryo-Sanki.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 13.2x 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 39 per cent.

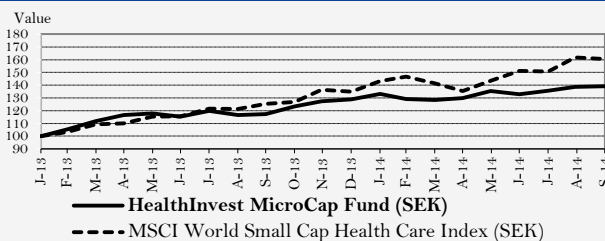
Given the rather low valuation of the portfolio and its high growth, we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 93% 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

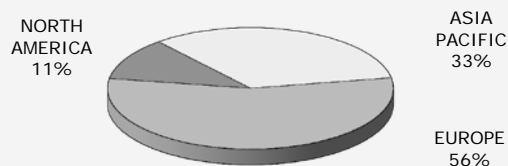
	NAV/Share	Sept*	2014*
HealthInvest MicroCap Fund (SEK)	135.98	0.2%	7.8%
MSCI World Small Cap Health (SEK)	14825.5	-0.8%	19.1%
MSCI World Small Cap Health (USD)	2054.2	-4.0%	6.0%

*Net of fees

Risk Measures (Since start)

Return	39.0%
Sharpe ratio	2.01
Standard deviation	9.8%
Beta vs MSCI World Small Cap Health Care Index	0.29
Downside risk	4.1%
Active risk (tracking error)	12.3%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	31%
HEALTH CARE DISTRIBUTORS	19%
HEALTH CARE SERVICES	14%
BIOTECHNOLOGY	12%
HEALTH CARE TECHNOLOGY	10%
HEALTH CARE SUPPLIES	7%
PHARMACEUTICALS	5%
LIFE SCIENCES TOOLS & SERVICES	3%

Market Development

The sentiment among healthcare investors was slightly positive in September as MSCI World Healthcare Index increased 0.3% in USD and rose 3.7% in SEK.

Fund Performance

HealthInvest Value Fund's return was 2.0% in September (share class B). Significant gainers included Russian pharmaceutical company Pharmstandard (shares up 8%), Swedish specialty pharma company Meda (+8%) and US heart pump manufacturer Thoratec (+7%). Portfolio laggards included US imaging services company Alliance Healthcare (-21%) and US nursing home chain Skilled Healthcare (-11%).

Management, Valuation & Outlook

In September, the Fund significantly increased its holding in British eye imaging company Optos. The company manufactures equipment being used in the screening for and diagnosis of various eye problems. Optos has a rather large base of approximately 6,800 devices installed globally as of June 30, 26% more than last year. Its flagship product, Daytona, continues to be successful and more than 2,000 units have been installed since its launch two years ago. We are also excited about next year's launch of a potentially game changing instrument that incorporates both the company's proprietary UWF (ultra widefield) technology and OCT (optical coherence tomography). The valuation of the shares is attractive in our view, at around ten times free cash flow.

HealthInvest Value Fund (as an aggregate) is currently trading at 12.1x free cash flow and at a price/sales ratio of 0.76 (on historic rolling 12 month data). The sales growth and free cash flow growth are both around 5 per cent.

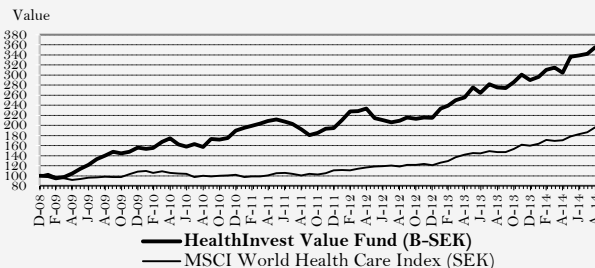
Given the healthy valuation of the equity portfolio and the good growth prospects in 2014-2015 due to the implementation of the Patient Protection and Affordable Care Act (Obamacare), we are hopeful that the Fund will continue to appreciate in value in 2014.

The Fund's net equity exposure was 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

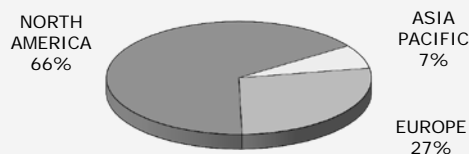
	NAV/Share	Sept*	2014*
HealthInvest Value Fund (A-SEK)	339.3	2.0%	24.5%
HealthInvest Value Fund (B-SEK)	125.4	2.0%	24.1%
HealthInvest Value Fund (C-EUR)	12.2	2.4%	21.2%
MSCI World Health Care Index (SEK)	1403.4	3.7%	27.1%
MSCI World Health Care Index (USD)	194.5	0.3%	13.2%

*Net of fees

Risk Measures (share class B-SEK)

	24 months	Since start
Return	67.2%	260.1%
Sharpe ratio	1.96	1.51
Standard deviation	13.3%	15.0%
Beta vs MSCI World Health Care Index	1.15	0.36
Downside risk	4.9%	7.2%
Active risk (tracking error)	9.1%	15.8%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	25%
MANAGED HEALTH CARE	23%
PHARMACEUTICALS	14%
HEALTH CARE SERVICES	13%
ELECTRONIC EQUIPMENT & INSTRUMENTS	7%
HEALTH CARE DISTRIBUTORS	6%
LIFE SCIENCES TOOLS & SERVICES	5%
BIOTECHNOLOGY	5%
HEALTH CARE SUPPLIES	3%