



HealthInvest June 2015 Letters

MicroCap Fund Value Fund

DISCLAIMER

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Information from the fund company shall not be considered a recommendation to invest in the Funds. Every person considering purchasing units in any of the Funds must make an independent assessment of such an investment and the risks associated therewith. Investments in the Funds should be seen as long-term investments.

Before you invest, you may want to review the Funds' prospectuses and simplified prospectuses, which contain more information about the Funds and their risks. You can find the Funds' prospectuses and other information about the Funds online at www.healthinvest.se. You can also receive this information at no cost by calling +46 8 440 38 30 or by sending an e-mail request to info@healthinvest.se.

HealthInvest MicroCap Fund

2015-06-30

MARKET DEVELOPMENT

Despite the turmoil in Greece, the sentiment among small cap investors in healthcare was positive in June as MSCI World Small Cap Health Care Index increased 2.2% in USD.

On June 25th, a significant threat to Obamacare was eliminated as US Supreme Court ruled that subsidies will continue to be available for individuals buying insurance on government exchanges. The ruling may also put pressure on several states to expand Medicaid significantly. This important decision will speed up growth in the US healthcare market, in our view.

FUND PERFORMANCE

HealthInvest MicroCap Fund's NAV was down 0.6% in June. Currency effects hurt performance by approximately 1.0 percentage points, implying that the equity portfolio was up around 0.4% in local currency.

Positive drivers for fund performance included Swedish radiotherapy equipment manufacturer Scandidos (shares up 20%), British medical device company Lifeline Scientific (+15%) and US veterinary drug firm ImmuCell (+8%). Significant laggards included Swedish biotech company Medivir (-14%) and Australian medical supply manufacturer ITL (-9%).

MANAGEMENT, VALUATION & OUTLOOK

In June, a significant investment was made in the Japanese nursing home chain Care Twentyone. Valuation is appetizing at eight times free cash flow (adjusted for changes in net working capital), yet the company has a strong growth track record, having increased both sales and free cash flow annually by over 20% the last three years.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 14.0x free cash flow and at a price/sales ratio of 0.7 (on historic rolling 12 month data). The sales growth as well as free cash flow growth is around 6%.

Given the low valuation of the portfolio and its healthy growth, we are hopeful that the Fund will continue to appreciate in value in 2015.

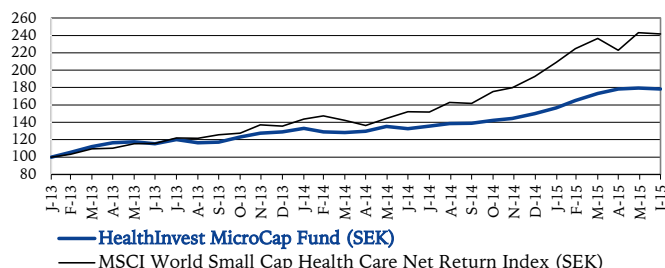
The Fund's net equity exposure was 106% at month end.

FUND CHARACTERISTICS

HealthInvest MicroCap Fund invests in healthcare companies globally. The main focus is on microcap companies.

The investment approach includes an emphasis on low valuations and potential catalysts to boost shareholder value. We focus on free cash flow rather than on earnings to stay clear of accounting gimmicks. The fund started operations on January 31, 2013.

PERFORMANCE SINCE START (SEK)



PERFORMANCE

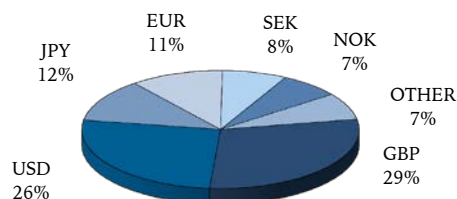
	NAV/Share	June*	2015*
HealthInvest MicroCap Fund (SEK)	173.3	-0.6%	18.3%
MSCI World Small Cap Health (SEK)	22 929.0	-0.7%	25.3%
MSCI World Small Cap Health (USD)	2 764.4	2.2%	17.8%

*Net of fees

RISK MEASURES (SINCE START)

Return	77.4%
Sharpe ratio	2.61
Standard deviation	9.1%
Beta vs MSCI World Small Cap Health Care Index	0.22
Downside risk	3.4%
Active risk (tracking error)	13.9%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

HEALTH CARE EQUIPMENT	28%
HEALTH CARE SERVICES	15%
BIOTECHNOLOGY	14%
HEALTH CARE SUPPLIES	14%
PHARMACEUTICALS	12%
HEALTH CARE DISTRIBUTORS	9%
HEALTH CARE TECHNOLOGY	4%
LIFE SCIENCES TOOLS & SERVICES	3%

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Past performance is no guarantee of future results. An investment can rise or fall in value and investors may fail to recover the invested capital. Information from the fund company shall not be considered a recommendation to invest in the Fund. Key investor information document (KIID) and prospectus can be obtained at www.healthinvest.se. You can also receive this information at no cost by calling +46 8 440 38 30.

HEALTHINVEST PARTNERS AB

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MARKET DEVELOPMENT

Burdened by the turmoil in Greece, the sentiment among healthcare investors was negative in June and MSCI World Health Care Index decreased 1.2% in USD and 4.0% in SEK.

On June 25th, a significant threat to Obamacare was eliminated as US Supreme Court ruled that subsidies will continue to be available for individuals buying insurance on government exchanges. The ruling may also put pressure on several states to expand Medicaid significantly. This important decision will speed up growth in the US healthcare market, in our view.

FUND PERFORMANCE

HealthInvest Value Fund's return was -0.5% in June (share class B-SEK). Currency effects hurt performance by approximately 2.5 percentage points, implying that the equity portfolio in local currency was up around 2.0%.

Significant gainers included Malaysian drug distributor YSP Southeast Asia (shares up 25%), US hospital chain Lifepoint (+16%) and Japanese drug firm Rohto Pharmaceutical (+15%). Portfolio laggards included Swedish biotechnology company Medivir (-14%) and Polish drug wholesaler Farmacol (-10%).

MANAGEMENT, VALUATION & OUTLOOK

In June, the Fund acquired a stake in the Japanese drug firm Nichi-Iko Pharmaceutical. The company is one of Japan's largest players in the generic market and stand to benefit from branded drugs going off patent. Interestingly, the generic drug penetration is only around 30% in Japan which may be compared to over 80% in the US. The Japanese government is in favour of increased use of generic drugs, having set a target at 60%, which bodes well for future market growth. Nichi-Iko is on a solid track in our view, with 16% sales growth and 66% free cash flow growth the last two years. Relative to its high growth, valuation is attractive at around 18x free cash flow.

HealthInvest Value Fund (as an aggregate) is currently trading at 13.0x free cash flow and at a price/sales ratio of 0.8 (on historic rolling 12 month data). The sales growth is around 9% and free cash flow growth is approximately 18%.

Given the healthy valuation of the equity portfolio and the positive growth prospects in 2015, we are hopeful that the Fund will continue to appreciate in value.

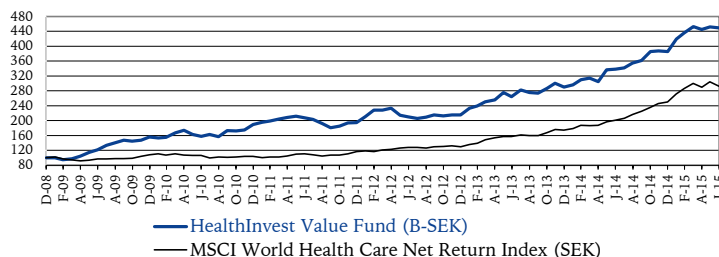
The Fund's net equity exposure was 91% at month end.

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 approach includes a strong emphasis on low valuations and potential catalysts to boost shareholder value. We focus on free cash flow rather than earnings to stay clear of accounting gimmicks. The fund was started on December 30, 2008.

PERFORMANCE SINCE START (SEK)



PERFORMANCE

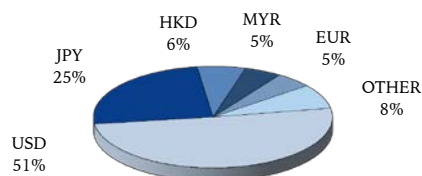
	NAV/Share	Jun*	2015*	Since start*
HealthInvest Value Fund (A-SEK)	423.5	-0.5%	16.8%	366.8%
HealthInvest Value Fund (B-SEK)	156.0	-0.5%	16.5%	348.0%
HealthInvest Value Fund (C-EUR)	15.1	0.6%	18.8%	413.9%
MSCI World Health Care Index (SEK)	2311.4	-4.0%	16.9%	192.6%
MSCI World Health Care Index (USD)	278.7	-1.2%	9.9%	177.1%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	69.5%	348.0%
Sharpe ratio	2.15	1.60
Standard deviation	12.6%	14.6%
Beta vs MSCI World Health Care Index	0.84	0.42
Downside risk	4.0%	6.8%
Active risk (tracking error)	8.4%	15.2%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

MANAGED HEALTH CARE	26%
PHARMACEUTICALS	23%
HEALTH CARE SERVICES	14%
BIOTECHNOLOGY	10%
ELECTRONIC EQUIPMENT & INSTRUMENTS	8%
HEALTH CARE DISTRIBUTORS	8%
LIFE SCIENCES TOOLS & SERVICES	5%
HEALTH CARE SUPPLIES	4%
OTHER	2%

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