



HealthInvest February 2016 Letters

MicroCap Fund Value Fund

DISCLAIMER

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Disputes or claims concerning the fund shall be resolved according to Swedish law and exclusively by Swedish courts of law. There is no guarantee that an investment in a fund managed by HealthInvest Partners cannot result in a loss. This applies irrespective of otherwise positive performance on the financial markets. Past performance is no guarantee of future results.

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.

MARKET DEVELOPMENT

Stock performances of healthcare small cap stocks were rather stable in February as MSCI World Small Cap Health Care Index declined 1.1% in USD and decreased 1.2% in SEK.

FUND PERFORMANCE

HealthInvest MicroCap Fund increased 0.8% in February. Currency effects did not significantly impact monthly performance.

Positive holdings for performance included US diagnostic test manufacturer Orasure (shares up 23%), US renal transplant solution provider Lifeline Scientific (+15%) and Thailand based glasses lens manufacturer Thai Optical (+10%). Portfolio laggards included Japanese reagent manufacturer Kainos Labs (-16%) and Japanese elderly care company Saint-Care (-10%).

MANAGEMENT, VALUATION & OUTLOOK

In February, the Fund made one new significant investment:

Orasure Technologies develops, manufactures, and markets diagnostic test kits. The company's high growth currently is propelled by strong uptake of its breast cancer and hepatitis C tests. Orasure spends around 12% of sales to develop new products, which supports a sustainable high sales growth in our view. Despite its high growth and rather heavy R&D expenditures, shares are trading at a reasonable 17x free cash flow, adjusted for its net cash position and for changes in net working capital.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 15.8x free cash flow and at a price/sales ratio of 1.1 (on historic rolling 12 month data). The sales growth is 6%.

Given the healthy valuation of the portfolio and its attractive growth, we are hopeful that the Fund will appreciate in value in 2016.

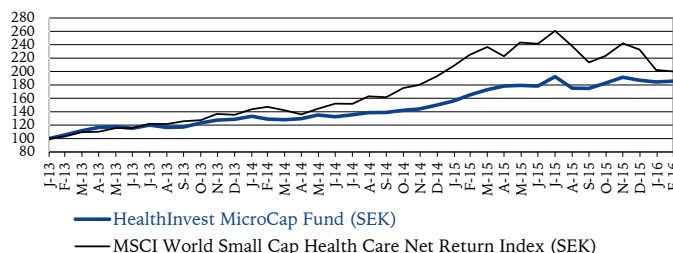
The Fund's net equity exposure was 102% at month end.

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. The fund started operations on January 31, 2013.

PERFORMANCE SINCE START (SEK)



PERFORMANCE

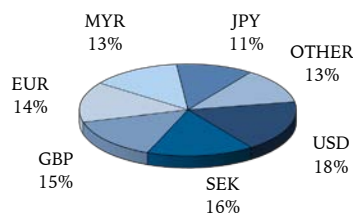
	NAV/Share	Feb	2016*
HealthInvest MicroCap Fund (SEK)	177.7	0.8%	-0.6%
MSCI World Small Cap Health (SEK)	19 002.9	-1.2%	-14.0%
MSCI World Small Cap Health (USD)	2 219.1	-1.1%	-15.1%

*Net of fees

RISK MEASURES

	24 months	Since start
Return	43.8%	85.5%
Sharpe ratio	1.59	1.79
Standard deviation	11.9%	11.5%
Beta vs MSCI World Small Cap HC Index	0.32	0.34
Downside risk	6.7%	6.1%
Active risk (tracking error)	17.9%	15.7%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

HEALTH CARE SUPPLIES	25%
PHARMACEUTICALS	16%
HEALTH CARE SERVICES	16%
HEALTH CARE EQUIPMENT	11%
BIOTECHNOLOGY	9%
HEALTH CARE DISTRIBUTORS	7%
HEALTH CARE TECHNOLOGY	7%
LIFE SCIENCES TOOLS & SERVICES	5%
OTHER	4%

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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.

MARKET DEVELOPMENT

The sentiment among healthcare investors was rather neutral in February. MSCI World Health Care Index declined 1.2% in USD and 1.3% in SEK.

FUND PERFORMANCE

HealthInvest Value Fund's return was 4.0% in February (share class B-SEK). Currency effects did not significantly impact monthly performance.

Substantial gainers included US medical device firm Anika Therapeutics (shares up 20%), Puerto Rico based health insurance provider Triple-S Management (+18%) and Japanese blood laboratory company BML (+15%). Portfolio laggards included US hospital chain Lifepoint Health (-11%) and Swedish biotech company Medivir (-9%).

MANAGEMENT, VALUATION & OUTLOOK

In February, we added significantly to the Fund's position in Anika Therapeutics (described below).

Anika Therapeutics has a range of injection products based on hyaluronic acid. Its most important brands, Orthovisc and Monovisc, are used to treat pain caused by osteoarthritis in the knee. These products are growing strongly as they continue to gain share in the US market but also due to a broadening of the geographic coverage. Another growth driver is the new product Cingal that will be launched in Europe and Canada in 2016. Anika is dedicated to invention, evidenced by reinvesting almost 10% of sales into R&D. The shares look attractive to us, trading at around 15x free cash flow, adjusted for its large net cash position.

HealthInvest Value Fund (as an aggregate) is currently trading at 13.3x free cash flow and at a price/sales ratio of 1.7 (on historic rolling 12 month data). The sales growth is 6%.

Fourth quarter earnings season has been rather beneficial for HealthInvest Value Fund in our view. Approximately two thirds of the companies have released results and median net earnings has been approximately 5% stronger than analyst estimates and earnings growth has been around 11% Y/Y.

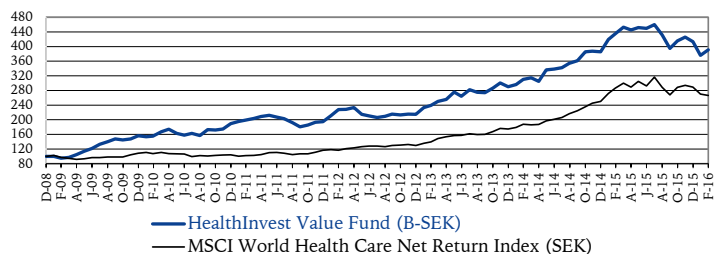
The Fund's net equity exposure was 85% at month end.

FUND CHARACTERISTICS

HealthInvest Value Fund invests in healthcare companies globally with an emphasis on the US market. The focus is on profitable companies with easily understood business models.

The investment approach includes a strong emphasis on low valuations and potential catalysts to boost shareholder value. The fund was started on December 30, 2008.

PERFORMANCE SINCE START (SEK)



PERFORMANCE

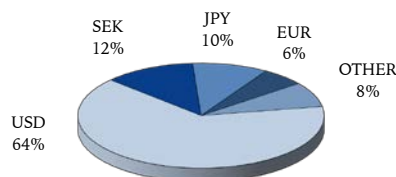
	NAV/Share	Feb	2016*	Since start*
HealthInvest Value Fund (A-SEK)	369.5	4.0%	-5.3%	307.2%
HealthInvest Value Fund (B-SEK)	135.7	4.0%	-5.4%	289.6%
HealthInvest Value Fund (C-EUR)	13.0	4.1%	-6.9%	342.8%
HealthInvest Value Fund (D-SEK)	99.2	4.0%	-5.4%	357.3%
MSCI World Health Care Index (SEK)	2104.9	-1.3%	-7.9%	166.4%
MSCI World Health Care Index (USD)	245.8	-1.2%	-9.0%	144.4%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	25.6%	289.6%
Sharpe ratio	0.78	1.26
Standard deviation	16.5%	15.5%
Beta vs MSCI World Health Care Index	0.76	0.56
Downside risk	10.3%	8.3%
Active risk (tracking error)	10.1%	14.9%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	26%
HEALTH CARE SUPPLIES	13%
HEALTH CARE SERVICES	13%
MANAGED HEALTH CARE	10%
BIOTECHNOLOGY	8%
ELECTRONIC EQUIPMENT & INSTRUMENTS	8%
SPECIALTY STORES	7%
HEALTH CARE EQUIPMENT	6%
LIFE SCIENCES TOOLS & SERVICES	5%
HEALTH CARE DISTRIBUTORS	5%

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