



HealthInvest March 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

Performances of healthcare small cap stocks were strong in March as MSCI World Small Cap Health Care Index increased 6.5% in USD (+0.8% in SEK).

FUND PERFORMANCE

HealthInvest MicroCap Fund rose 2.6% in March. Currency effects hurt performance by -2.1 percentage points, implying that the portfolio rose 4.7% in local currency.

Positive holdings for performance included Belgian brachytherapy instrument manufacturer Eckert-Ziegler (shares up 23%), US animal drug firm Immucell (+15%) and Swedish life science tool company Biotage (+15%). Portfolio laggards included Swedish biotech company Medivir (-7%) and Malaysian glove manufacturer Rubberex (-4%).

MANAGEMENT, VALUATION & OUTLOOK

In March, the Fund made three new significant investments:

Depomed is a US pharmaceutical company that is focused on pain and other central nervous system conditions. Depomed has a handful of products including Nucynta and Nucynta ER, Gralise, Cambia, Zipsor and Lazanda, which are sold via its sales force of 275 representatives. We are especially bullish on the Nucynta franchise (two thirds of total sales). The company tripled its sales force during 2015 and the Nucynta franchise is now growing in excess of 70% Y/Y. Given its turbo charged sales growth, we believe shares are attractively valued at 12x free cash flow (on our projected 2016 cash flow estimate).

Farmacol is one of the largest pharmaceutical wholesalers in Poland, delivering drugs and other products to pharmacies and hospitals. The company is enjoying healthy sales momentum and grew 10% in 2015. The shares look cheap to us, trading at around 8x free cash flow, adjusted for its net cash position and changes in new working capital.

Torii Pharmaceutical is a Japanese drug company with around 500 sales representatives working at 14 branch offices throughout Japan. Torii has an exciting pipeline of new products including a cedar pollen allergy immunotherapy tablet (application filed in December 2015) and an anti-HIV single tablet regimen (filed for approval in March 2016). The shares are cheap in our view, trading at around 10x free cash flow, adjusted for the net cash position and changes in net working capital.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 15.4x free cash flow and at a price/sales ratio of 1.0 (on historic rolling 12 month data). The sales growth is 6%.

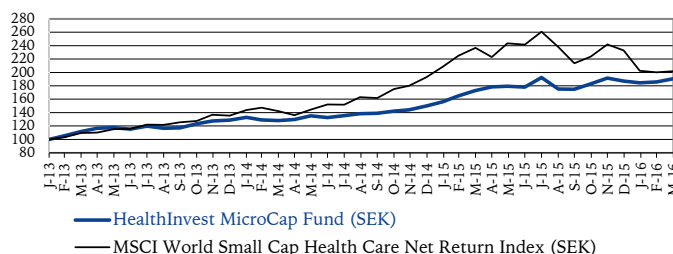
The Fund's net equity exposure was 99% at month end.

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

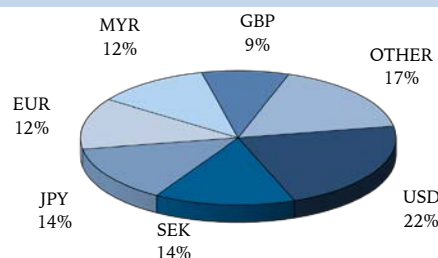
	NAV/Share	March	2016*
HealthInvest MicroCap Fund (SEK)	181.6	2.6%	2.0%
MSCI World Small Cap Health (SEK)	19 156.2	0.8%	-13.3%
MSCI World Small Cap Health (USD)	2 363.0	6.5%	-9.6%

*Net of fees

RISK MEASURES

	24 months	Since start
Return	48.5%	90.3%
Sharpe ratio	1.75	1.84
Standard deviation	11.8%	11.3%
Beta vs MSCI World Small Cap HC Index	0.31	0.34
Downside risk	6.7%	6.0%
Active risk (tracking error)	17.9%	15.5%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	26%
HEALTH CARE SUPPLIES	20%
HEALTH CARE SERVICES	13%
HEALTH CARE DISTRIBUTORS	12%
HEALTH CARE EQUIPMENT	8%
BIOTECHNOLOGY	7%
HEALTH CARE TECHNOLOGY	6%
LIFE SCIENCES TOOLS & SERVICES	5%
OTHER	3%

DISCLAIMER

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 positive in March and MSCI World Health Care Index increased 2.4% in USD. Performance in SEK was -3.0%, negatively affected by the US-dollar weakness.

FUND PERFORMANCE

HealthInvest Value Fund's return was -5.9% in March (share class B-SEK). Currency effects hurt performance by -4.5 percentage points, implying that the portfolio declined 1.4% in local currency.

Substantial gainers included US epilepsy drug company Supernus Pharmaceuticals (shares up 22%), US health supplement retailer GNC (+12%) and US hospital chain Lifepoint Health (+11%). Portfolio laggards included US specialty pharma company AMAG (-11%) and Japanese generic drug manufacturer Nichi-Iko (-8%).

MANAGEMENT, VALUATION & OUTLOOK

In March, the Fund made three new significant investments:

INC Research (INCR) is a contract research organization that provides a broad range of clinical development services including patient recruitment and monitoring, biostatistics, regulatory support, post-approval studies and health economics research. We believe that outsourcing of clinical development is a strong trend which will support future volumes for INCR. Shares are relatively inexpensive in our view, trading at around 12x free cash flow.

Merck is one of the largest US pharma companies and has a broad and global product portfolio including prescription drugs, vaccines, biologic therapies, animal health and consumer care products. Merck has experienced three difficult years characterised by declining sales and profits, but this negative development has now come to a halt and the recent launches of the innovative drugs Keytruda (oncology) and Zepatier (hepatitis C) hold a lot of promise. Shares are trading at around 13x free cash flow, an attractive entry point in our view.

Valeant is a Canadian specialty pharma company that has been on a daring journey of expansion, pursuing a string of acquisitions which have dramatically increased Valeant's revenue base from \$600 million in 2008 to over \$10 billion in 2015. The business model has been under intense scrutiny since September 2015 however, causing the stock to plummet around 90%. Although the criticism of the business model has some merit, we believe the shares may offer substantial upside as Valeant's market cap now hovers around 3x 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 1.7 (on historic rolling 12 month data). The sales growth is 7%.

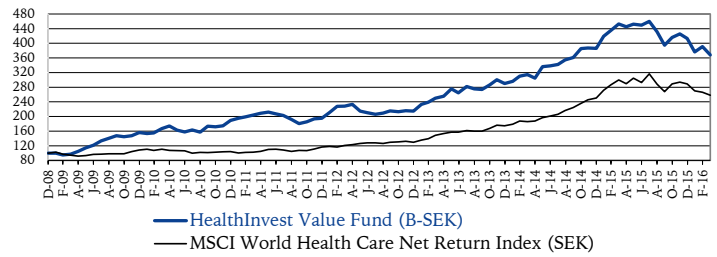
The Fund's net equity exposure was 91% at month end.

FUND CHARACTERISTICS

HealthInvest Value Fund invests in healthcare companies globally with an emphasis on the US market. The focus is on 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

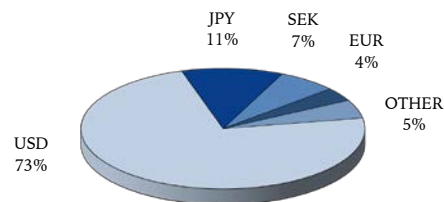
	NAV/Share	March	2016*	Since start*
HealthInvest Value Fund (A-SEK)	348.0	-5.8%	-10.8%	283.5%
HealthInvest Value Fund (B-SEK)	127.7	-5.9%	-11.0%	266.7%
HealthInvest Value Fund (C-EUR)	12.3	-4.9%	-11.5%	321.1%
HealthInvest Value Fund (D-SEK)	93.4	-5.8%	-10.9%	330.5%
MSCI World Health Care Index (SEK)	2041.1	-3.0%	-10.7%	166.4%
MSCI World Health Care Index (USD)	251.8	2.4%	-6.8%	144.4%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	16.6%	266.7%
Sharpe ratio	0.53	1.19
Standard deviation	17.2%	15.7%
Beta vs MSCI World Health Care Index	0.80	0.58
Downside risk	11.1%	8.6%
Active risk (tracking error)	10.0%	14.8%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	26%
BIOTECHNOLOGY	14%
HEALTH CARE SERVICES	12%
HEALTH CARE SUPPLIES	12%
LIFE SCIENCES TOOLS & SERVICES	10%
MANAGED HEALTH CARE	9%
ELECTRONIC EQUIPMENT & INSTRUMENTS	8%
SPECIALTY STORES	7%
OTHER	3%

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