



HealthInvest June 2016 Letters

MicroCap Fund Value Fund

DISCLAIMER

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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

2016-06-30

MARKET DEVELOPMENT

Despite a tumultuous environment due to the UK's EU referendum, healthcare small cap stock performance was rather flat in June. MSCI World Small Cap Health Care Index increased 0.3% in SEK and declined 1.5% in USD.

FUND PERFORMANCE

HealthInvest MicroCap Fund decreased 2.8% in June. Currency effects boosted performance 2.7 percentage points, implying that the portfolio declined 5.5% in local currencies.

Positive holdings for performance included Swedish biotechnology company Medivir (shares up 12%) and the Swedish staffing agency Dedicare (+4%). Portfolio laggards included US diagnostic test manufacturer Orasure (-23%) and Canadian HIV drug company Theratechnologies (-13%).

MANAGEMENT, VALUATION & OUTLOOK

In June, one new significant holding (Servelec Group) was added to HealthInvest MicroCap Fund.

Servelec is a UK-based software company (founded in 1977) with two divisions; Servelec Health & Social Care (52% of sales) and Servelec Automation (48% of sales). We have been impressed by Servelec's fast growth in recent years (sales +17% CAGR 2012-2015), but the stock has been too pricey in our view. However, on 15 June, the company issued a profit warning, sending the shares sharply lower (-30%). As the underlying fundamentals of the business remain sound, we took the opportunity to start building a position. The valuation of the company is now appetizing in our view, trading at around 12x free cash flow.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 12.9x free cash flow. This compares favorably to both the healthcare sector in general (19.8x) as well as to MSCI World Index (17.0x).

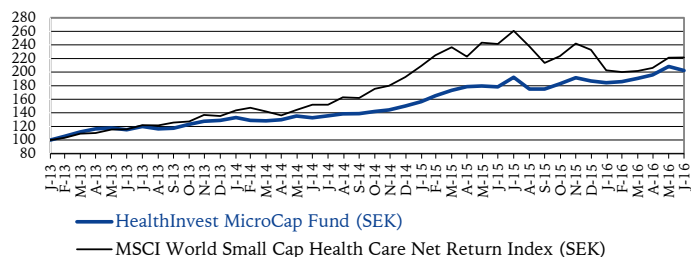
The Fund's net equity exposure was 100% at month end.

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

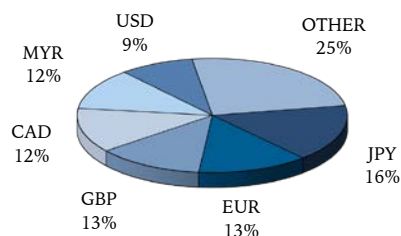
	NAV/Share	June*	2016*
HealthInvest MicroCap Fund (SEK)	190.7	-2.8%	8.3%
MSCI World Small Cap Health (SEK)	21 038.3	0.3%	-4.8%
MSCI World Small Cap Health (USD)	2 481.0	-1.5%	-5.1%

*Net of fees

RISK MEASURES

	24 months	Since start
Return	52.2%	102.1%
Sharpe ratio	1.80	1.85
Standard deviation	12.3%	11.5%
Beta vs MSCI World Small Cap HC Index	0.36	0.36
Downside risk	6.9%	6.0%
Active risk (tracking error)	16.7%	15.0%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	26%
HEALTH CARE SUPPLIES	22%
HEALTH CARE SERVICES	14%
HEALTH CARE DISTRIBUTORS	12%
BIOTECHNOLOGY	12%
HEALTH CARE TECHNOLOGY	6%
OTHER	7%

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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.

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MARKET DEVELOPMENT

Despite a tumultuous stock market environment due to the UK's EU referendum, healthcare performance was rather flat in June. MSCI World Health Care Index increased 0.8% in USD and 2.6% in SEK.

FUND PERFORMANCE

HealthInvest Value Fund's return was -0.5% in June (share class B-SEK). Currency effects boosted performance by 2.8 percentage points, implying that the portfolio decreased 3.3% in local currencies.

Substantial gainers in the month of June included Japanese hospital bed manufacturer Paramount Bed Holdings (shares up 17%), US medical device company Anika Therapeutics (+13%) and Swedish biotechnology firm Medivir (+12%). Portfolio laggards included Canadian specialty pharma company Concordia Healthcare (-30%) and US cancer pain medication manufacturer Insys Therapeutics (-17%).

MANAGEMENT, VALUATION & OUTLOOK

Two new positions were added to HealthInvest Value Fund in June, both belonging to the US healthcare distribution sector. AmerisourceBergen and Cardinal Health are two acquisitive companies with impressive growth track records. In addition to nice company characteristics, we like the US drug wholesale market due to its oligopoly structure (dominated by three players), which supports pricing stability. Also, drug distributors benefit from the increased penetration of generic drugs, in contrast to largecap pharma companies. Valuations are quite reasonable as the healthcare distributors' shares trade at 13x-15x free cash flow.

HealthInvest Value Fund (as an aggregate) is currently trading at 14.3x free cash flow. This compares favorably to both the healthcare sector in general (19.8x) as well as to MSCI World Index (17.0x).

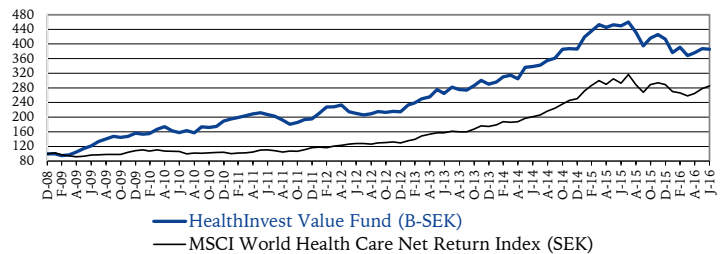
The Fund's net equity exposure was 99% at month end.

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.

PERFORMANCE SINCE START (SEK)



PERFORMANCE

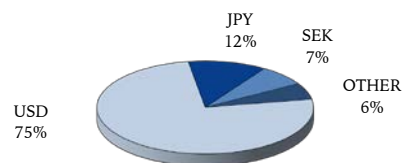
	NAV/Share	June*	2016*	Since start*
HealthInvest Value Fund (A-SEK)	364.7	-0.5%	-6.6%	302.0%
HealthInvest Value Fund (B-SEK)	133.7	-0.5%	-6.8%	283.9%
HealthInvest Value Fund (C-EUR)	12.7	-1.6%	-9.0%	333.0%
HealthInvest Value Fund (D-SEK)	97.8	-0.5%	-6.6%	351.0%
MSCI World Health Care Index (SEK)	2254.4	2.6%	-1.3%	185.4%
MSCI World Health Care Index (USD)	265.9	0.8%	-1.6%	164.3%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	13.8%	283.9%
Sharpe ratio	0.50	1.21
Standard deviation	15.6%	15.4%
Beta vs MSCI World Health Care Index	0.75	0.57
Downside risk	10.8%	8.4%
Active risk (tracking error)	8.9%	14.7%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	38%
HEALTH CARE SUPPLIES	12%
MANAGED HEALTH CARE	9%
HEALTH CARE DISTRIBUTORS	9%
HEALTH CARE SERVICES	9%
LIFE SCIENCES TOOLS & SERVICES	8%
BIOTECHNOLOGY	7%
OTHER	8%

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