



HealthInvest September 2016 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.

MARKET DEVELOPMENT

Smallcap healthcare companies had a strong month as MSCI World Small Health Care Index jumped 5.2% in SEK and 5.0% in USD.

FUND PERFORMANCE

HealthInvest MicroCap Fund rose 4.7% in September. Currency effects helped performance by 0.5 percentage points, indicating that the portfolio increased 4.2% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

In September, we continued to build the Fund's position in Agfa-Gevaert. As mentioned previously, the Belgium based imaging company is currently in the midst of a turnaround as demand is switching from analogue to digital applications. Although certainly not a given, we believe the shares could double or even triple in value if Agfa-Gevaert returns to a sustainable growth path. In our view, the company pulls the right levers to reach this goal, including aggressive investments in Research & Development and a strong focus on software applications.

The M&A climate is red hot and Noemalife (healthcare IT), one of the Fund's core holdings, was the second portfolio company to be acquired in 2016. M&A processes are ongoing in two additional core holdings of the Fund, Lifeline Scientific (US) and Farmacol (PL). In addition, the Swedish biotechnology company Medivir, also a large holding, is about to spin out its commercial unit to its shareholders, a process that we believe will bring additional value to the Fund and its investors.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 13.9x free cash flow. This compares favorably to both the healthcare sector in general (19.5x) as well as to MSCI World Index (17.6x).

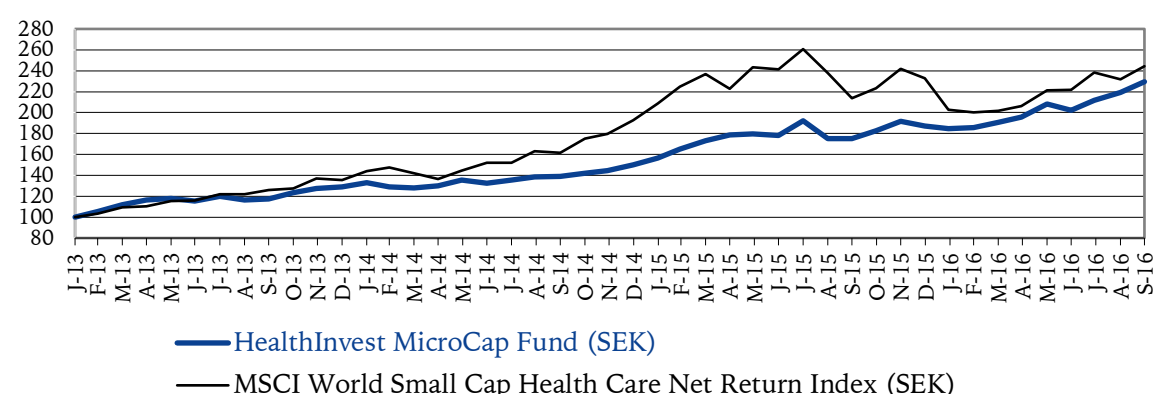
The Fund's net equity exposure was 101% at quarter end.

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

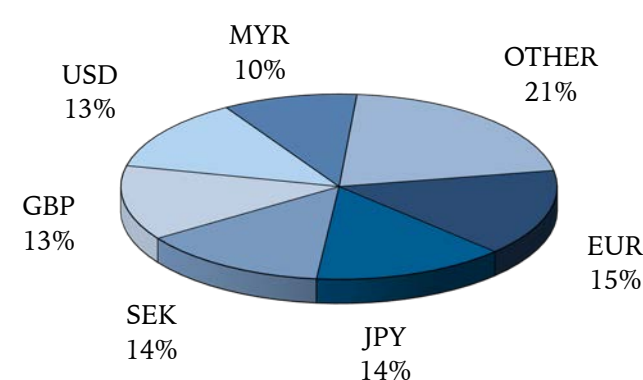
	NAV/Share	Sept*	2016*
HealthInvest MicroCap Fund (SEK)	215.4	4.7%	22.8%
MSCI World Small Cap Health (SEK)	23174.1	5.2%	4.9%
MSCI World Small Cap Health (USD)	2700.8	5.0%	3.3%

*Net of fees

RISK MEASURES

	24 months	Since start
Return	64.9%	129.2%
Sharpe ratio	2.10	2.06
Standard deviation	12.6%	11.3%
Beta vs MSCI World Small Cap HC Index	0.36	0.35
Downside risk	6.9%	5.8%
Active risk (tracking error)	16.9%	15.0%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	23%
HEALTH CARE SERVICES	18%
HEALTH CARE SUPPLIES	17%
HEALTH CARE DISTRIBUTORS	13%
BIOTECHNOLOGY	13%
HEALTH CARE TECHNOLOGY	7%
ELECTRONIC EQUIPMENT & INSTRUMENTS	4%
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

Healthcare investor sentiment was rather neutral in September as MSCI World Health Care Index decreased 0.1% in USD and increased 0.1% in SEK.

FUND PERFORMANCE

HealthInvest Value Fund was flat in September (share class B-SEK). Currency effects helped performance by 0.7 percentage points, indicating that the portfolio decreased 0.7% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

In September, the Fund added two significant holdings to the equity portfolio, both with Japanese origin:

Kaken Pharmaceuticals, with roots dating back to 1917, is a midcap specialty drug company with its main business in Japan. Kaken spends around 10% of its turnover on Research & Development and has a couple of interesting projects in the drug pipeline including KAG-308 for the treatment of ulcerative colitis (phase II) and KCB-1D for periodontitis (filed for marketing approval). In the near term, however, the largest growth driver in our view is the topical drug Clenafin/Jublia against onychomycosis (toe nail fungus). Clenafin was launched in Japan and North America in late 2014 and have reached annual sales of around USD500m and the drug already adds significantly to the company's net profit. Kaken's shares are quite cheap in our view, trading at 11x free cash flow.

Miraca is a midcap company that mainly offers clinical laboratory services but also produces reagents for external lab customers. Business is progressing well and sales have increased around 5% (CAGR) in the last five years. Valuation is attractive in our view, as the shares are trading at 13 times free cash flow.

HealthInvest Value Fund (as an aggregate) is currently trading at 13.5x free cash flow. This compares favourably to both the healthcare sector in general (19.5x) as well as to MSCI World Index (17.6x).

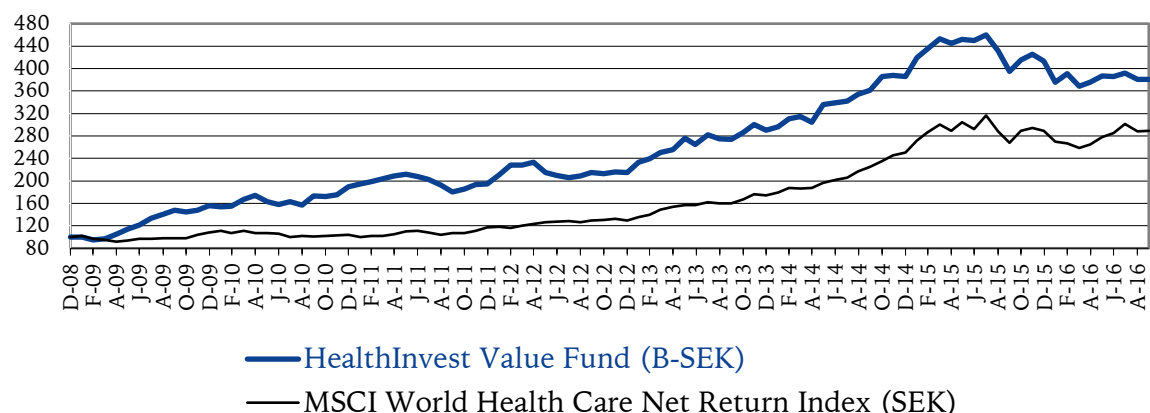
The Fund's net equity exposure was 90% at quarter end.

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

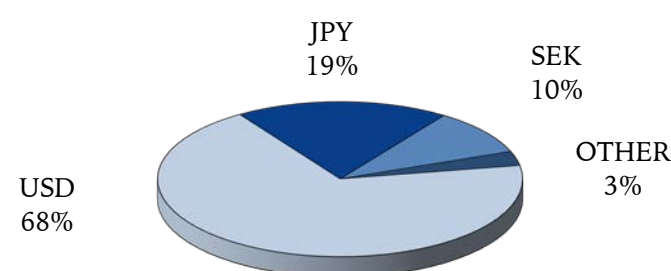
	NAV/Share	Sept*	2016*	Since start*
HealthInvest Value Fund (A-SEK)	360.6	0.0%	-7.6%	297.4%
HealthInvest Value Fund (B-SEK)	132.0	0.0%	-8.0%	279.0%
HealthInvest Value Fund (C-EUR)	12.2	-1.0%	-12.4%	316.9%
HealthInvest Value Fund (D-SEK)	96.7	0.0%	-7.8%	345.7%
MSCI World Health Care Index (SEK)	2282.8	0.1%	-0.1%	189.0%
MSCI World Health Care Index (USD)	266.0	-0.1%	-1.5%	164.5%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	5.3%	279.0%
Sharpe ratio	0.26	1.17
Standard deviation	15.6%	15.3%
Beta vs MSCI World Health Care Index	0.72	0.57
Downside risk	11.0%	8.3%
Active risk (tracking error)	9.2%	14.5%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	21%
HEALTH CARE DISTRIBUTORS	18%
MANAGED HEALTH CARE	13%
LIFE SCIENCES TOOLS & SERVICES	10%
HEALTH CARE SERVICES	10%
BIOTECHNOLOGY	10%
HEALTH CARE SUPPLIES	6%
SPECIALTY STORES	5%
HEALTH CARE EQUIPMENT	5%
OTHER	1%

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