



HealthInvest November 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 driven by a relief rally in biotechnology stocks after US elections. MSCI World Small Health Care Index rose 5.0% in SEK and 2.7% in USD.

FUND PERFORMANCE

HealthInvest MicroCap Fund declined 0.3% in November. Currency effects hurt performance by 2.0 percentage points, indicating that the portfolio increased 1.7% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

In November, we added two device companies to the Fund:

SEED is a Japanese contact lens manufacturer based in Tokyo with operations dating back to 1951. The company offers a full range of contact lenses including products for daily and biweekly use, for nearsightedness and astigmatism as well as a range of cleaning solutions for soft contact lenses. SEED has healthy gross margins (currently around 40%) and stellar sales growth (+13% CAGR the last five years), generated by aggressive market share gains in Japan (going from 4% to 8.5% in the last five years). Considering the strong sales growth, shares are rather inexpensive at 10x free cash flow.

Israeli-based Syneron Medical is one of the largest equipment manufacturer in the medical aesthetics marketplace. The company has been struggling for a long time due to the lack of strong product launches. However, we believe this may change as several promising products have been launched in 2015-2016 including Ultrashape Power (for virtually painless body contouring/fat reduction with ultrasound technology), Profound SubQ (against cellulites using radio frequency energy), PicoWay (tattoo removal using laser) and the CO2RE System (gynecology indications). These introductions already seem to get traction as 2016 will be the second year in a row with decent growth (around 8%). Syneron's market cap is still depressed in our view, as the shares are trading at EV/Sales of around 70% and 15x free cash flow.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 15.1x free cash flow. This compares favorably to both the healthcare sector in general (16.9x) as well as to MSCI World Index (18.2x).

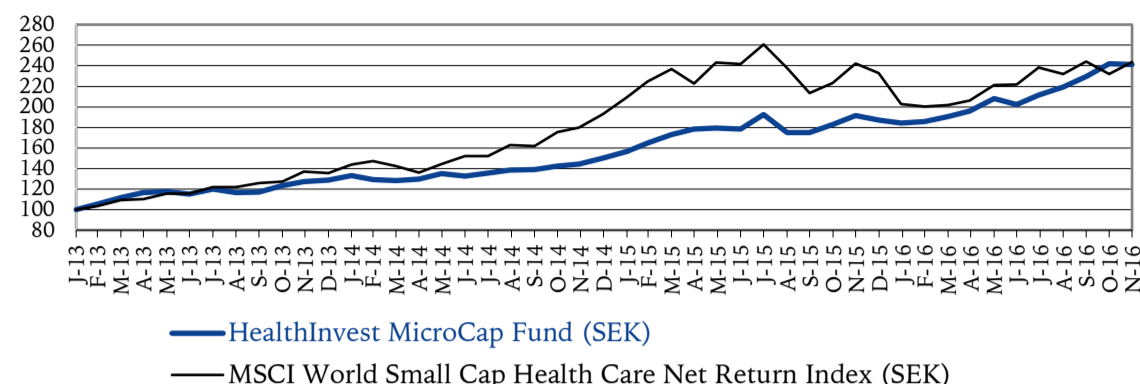
The Fund's net equity exposure was 96% at month end.

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

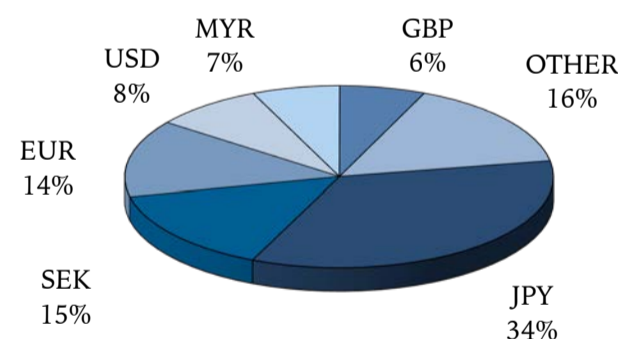
	NAV/Share	Nov*	2016*
HealthInvest MicroCap Fund (SEK)	226.3	-0.3%	29.1%
MSCI World Small Cap Health (SEK)	23109.7	5.0%	4.6%
MSCI World Small Cap Health (USD)	2505.0	2.7%	-4.1%

*Net of fees

RISK MEASURES

	24 months	Since start
Return	67.0%	140.9%
Sharpe ratio	2.10	2.10
Standard deviation	12.9%	11.2%
Beta vs MSCI World Small Cap HC Index	0.33	0.31
Downside risk	6.9%	5.6%
Active risk (tracking error)	18.2%	15.8%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

HEALTH CARE SERVICES	18%
PHARMACEUTICALS	16%
HEALTH CARE SUPPLIES	15%
HEALTH CARE DISTRIBUTORS	14%
HEALTH CARE EQUIPMENT	13%
BIOTECHNOLOGY	9%
HEALTH CARE TECHNOLOGY	7%
OTHER	7%

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

Healthcare investor sentiment was neutral in November, although healthcare stocks jumped on US elections result. MSCI World Health Care Index rose 0.1% in USD and 2.3% in SEK.

FUND PERFORMANCE

HealthInvest Value Fund rose 3.8% in November (share class B-SEK), significantly better than the benchmark index. Currency effects helped performance by 0.4 percentage points, indicating that the portfolio increased 3.4% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

In November, we added two positions: Gilead Sciences and Shire.

Gilead Sciences is a US large-cap pharmaceutical company with dominant market shares in HIV and Hepatitis C. Gilead has over the last years successfully launched three blockbuster drugs in the Hepatitis C field which triggered a healthy stock performance. However, the strong sales momentum has faded in 2016 due to competitive drug launches by Merck and to a lesser extent by Bristol-Myers and Abbvie. To counter the attack, Gilead recently launched its third-generation Hep C drug Eplclusa. As a result, sales momentum has been regained and the number of scripts is once again increasing after having declined five quarters in a row. We believe this is a positive inflection point for the stock. Shares are attractively valued at around six times free cash flow.

Shire is a specialty pharmaceutical company with strong market positions in treatments for ADHD, gastroenterology and rare genetic diseases. Shire also has a deep development pipeline, comprising of 14 Phase III projects. The growth outlook is bright as sales are projected to increase by over 50% and free cash flow by over 70% during 2016-2020. Given this healthy outlook, shares are attractively priced at 16x free cash flow in our view.

HealthInvest Value Fund (as an aggregate) is currently trading at 12.6x free cash flow. This compares favourably to both the healthcare sector in general (16.9x) as well as to MSCI World Index (18.2x).

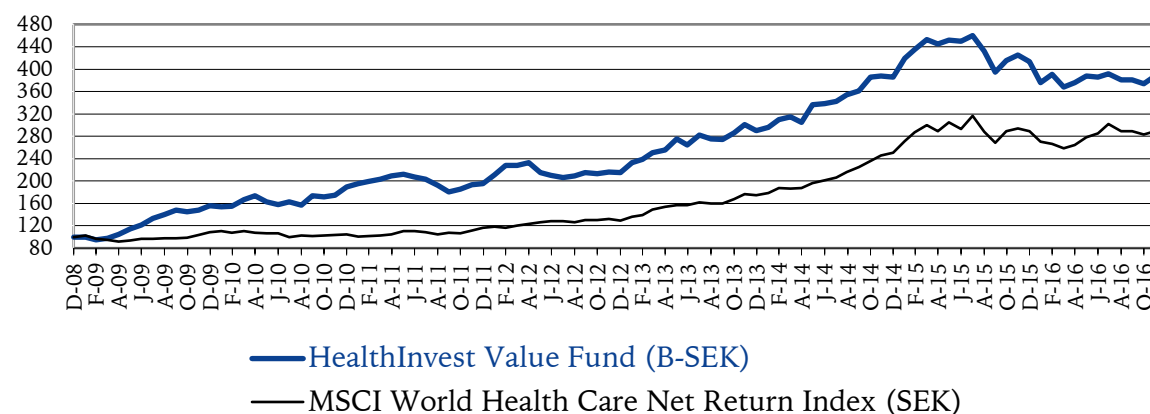
The Fund's net equity exposure was 88% at month end.

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

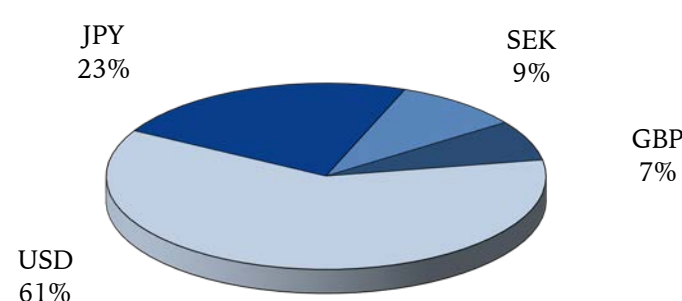
	NAV/Share	Nov*	2016*	Since start*
HealthInvest Value Fund (A-SEK)	367.9	3.8%	-5.7%	305.5%
HealthInvest Value Fund (B-SEK)	134.6	3.8%	-6.2%	286.4%
HealthInvest Value Fund (C-EUR)	12.3	4.8%	-12.0%	318.9%
MSCI World Health Care Index (SEK)	2287.0	2.3%	0.1%	189.5%
MSCI World Health Care Index (USD)	247.9	0.1%	-8.3%	146.5%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	0.1%	286.4%
Sharpe ratio	0.10	1.17
Standard deviation	15.2%	15.2%
Beta vs MSCI World Health Care Index	0.72	0.58
Downside risk	11.1%	8.3%
Active risk (tracking error)	9.0%	14.4%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	32%
HEALTH CARE DISTRIBUTORS	15%
BIOTECHNOLOGY	15%
HEALTH CARE SERVICES	12%
MANAGED HEALTH CARE	10%
HEALTH CARE SUPPLIES	5%
LIFE SCIENCES TOOLS & SERVICES	5%
HEALTH CARE EQUIPMENT	5%

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