



HealthInvest March 2017 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

Smallcap healthcare companies had another positive month. MSCI World Small Health Care Index increased 1.6% in USD and 0.6% in SEK.

FUND PERFORMANCE

HealthInvest MicroCap Fund jumped 4.7% in March, a bit better than the benchmark index. Currency effects hurt performance by 0.5 percentage points, indicating that the portfolio rose 5.2% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

Two new significant investments were made in March, both with US origin:

Achillion is a biotechnology company mainly focused on the treatment of Hepatitis C (HCV), but also has a program in complement inhibition. Achillion's HCV portfolio is partnered with J&J and Achillion stands to gain almost USD1Bn in milestones as well as healthy royalties if a HCV therapy that includes an Achillion molecule is approved. Should this occur, we believe the shares may rise multifold in value.

Osiris Therapeutics is a fast growing stem cell company that develops and markets products in the area of wound care, orthopedics and sports medicine. Osiris' current product line includes Grafix for acute and chronic wounds, Cartiform, a mesh for cartilage repair, and OvationOS, a matrix used for bone repair. Osiris' share price has plummeted around 80% due to accounting problems and the departure of senior management. Although unfortunate, we believe the business is rather healthy and that shares might recover substantially once the restatements of company accounts for 2015 and 2016 have been filed with the SEC.

The Fund made three divestments in March including the US medical device manufacturer Alphatec (worse than expected Q4 results), the Polish drug distributor Farmacol (accepted tender offer) and the US specialty pharma company Supernus (patent issues).

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 15.7x free cash flow. This is substantially below the valuation of the healthcare sector (19.1x) as well as MSCI World Index (20.9x).

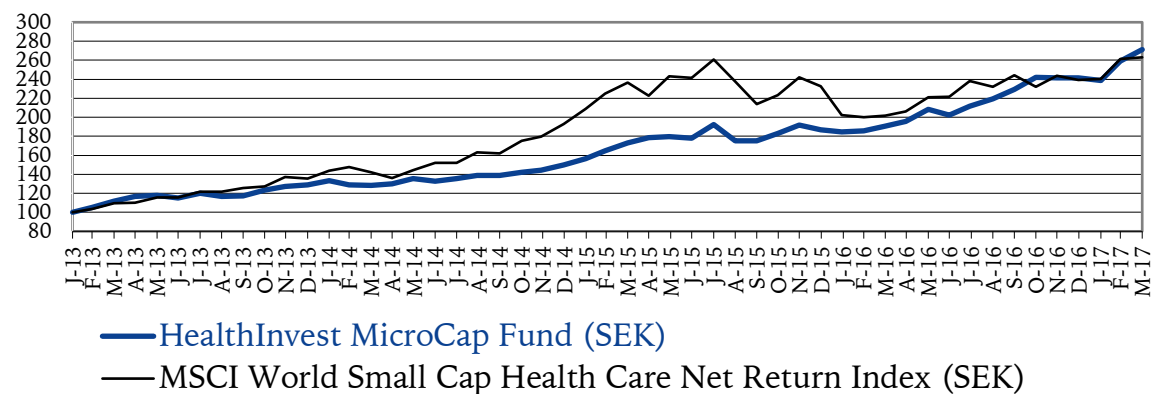
The Fund's net equity exposure was 83% at quarter end.

FUND CHARACTERISTICS

HealthInvest MicroCap Fund invests in small healthcare companies globally.

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

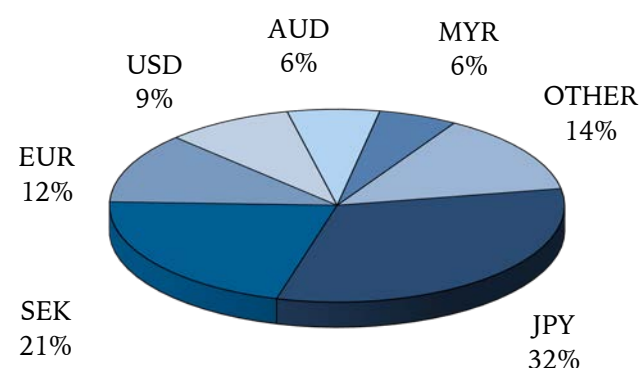
	NAV/Share	March*	2017*
HealthInvest MicroCap Fund (SEK)	253.0	4.7%	12.4%
MSCI World Small Cap Health (SEK)	24973.0	0.6%	9.9%
MSCI World Small Cap Health (USD)	2795.7	1.6%	11.8%

*Net of fees

RISK MEASURES

	24 months	Since start
Return	56.6%	170.9%
Sharpe ratio	1.77	2.16
Standard deviation	13.6%	11.5%
Beta vs MSCI World Small Cap HC Index	0.35	0.33
Downside risk	6.9%	5.4%
Active risk (tracking error)	17.7%	15.4%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	20%
HEALTH CARE SERVICES	16%
BIOTECHNOLOGY	16%
HEALTH CARE SUPPLIES	12%
HEALTH CARE TECHNOLOGY	9%
HEALTH CARE DISTRIBUTORS	8%
ELECTRONIC EQUIPMENT & INSTRUMENTS	7%
OTHER	13%

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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 March. MSCI World Health Care Index rose 0.3% in USD, but declined 0.7% in SEK.

FUND PERFORMANCE

HealthInvest Value Fund declined 1.3% in March (share class B-SEK). Currency effects hurt performance by 0.8 percentage points, indicating that the portfolio decreased 0.5% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

Three new significant holdings were acquired in March:

Astellas Pharma is a Japanese pharma company with a diversified portfolio from a product as well as from a geographical perspective. The company has an impressive growth track record, having increased sales and net earnings by 12% and 17% respectively the last three years (CAGR). Valuation is compelling at 12x free cash flow.

German healthcare equipment manufacturer Draegerwerk is a high quality asset in our view, with strong market positions in anaesthetics, ventilation and patient monitoring. In comparison to its US peers, the Draegerwerk share has an attractive valuation at 15x free cash flow.

Smith & Nephew is a UK-based maker of medical devices with market leading positions in arthroscopy, advanced wound management and orthopaedic reconstruction. In addition to its strong product portfolio and the increased use of robotics in hospitals, we believe the company stand to benefit from the weakening British currency. Valuation is relatively reasonable (although not cheap) at 20x free cash flow.

HealthInvest Value Fund (as an aggregate) is currently trading at 13.3x free cash flow. This compares favourably to both the healthcare sector (19.1x) as well as to MSCI World Index (20.9x).

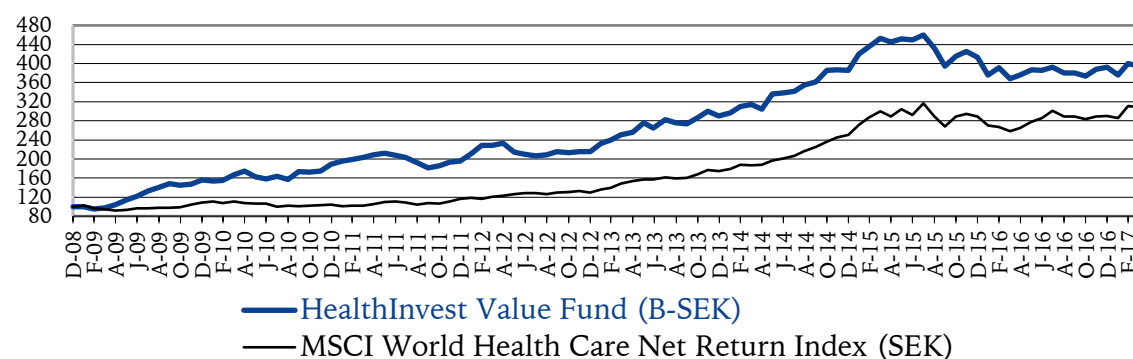
The Fund's net equity exposure was 83% at quarter end.

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

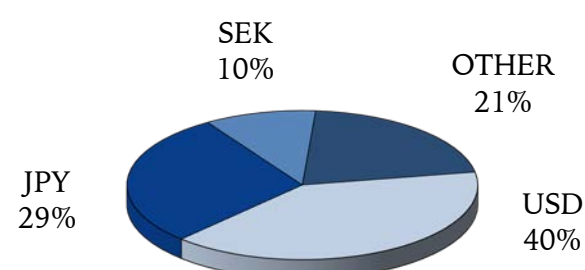
	NAV	March*	2017*	Since start*
HealthInvest Value Fund (A-SEK)	375.0	-1.2%	0.8%	313.3%
HealthInvest Value Fund (B-SEK)	136.9	-1.3%	0.7%	293.2%
HealthInvest Value Fund (C-EUR)	12.8	-0.9%	1.0%	336.6%
MSCI World Health Care Index (SEK)	2439.1	-0.7%	6.6%	208.7%
MSCI World Health Care Index (USD)	273.1	0.3%	8.4%	171.5%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	-12.9%	293.2%
Sharpe ratio	-0.37	1.15
Standard deviation	14.3%	15.1%
Beta vs MSCI World Health Care Index	0.68	0.59
Downside risk	11.5%	8.2%
Active risk (tracking error)	9.1%	14.2%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

HEALTH CARE EQUIPMENT	18%
HEALTH CARE SERVICES	16%
BIOTECHNOLOGY	15%
HEALTH CARE DISTRIBUTORS	15%
PHARMACEUTICALS	13%
MANAGED HEALTH CARE	8%
HEALTH CARE SUPPLIES	7%
LIFE SCIENCES TOOLS & SERVICES	6%
OTHER	2%

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