



HealthInvest April 2017 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 another positive month. MSCI World Small Health Care Index increased 2.6% in SEK and 3.5% in USD.

FUND PERFORMANCE

HealthInvest MicroCap Fund declined 3.2% in April, a bit worse than the benchmark index. Currency effects hurt performance by 0.7 percentage points, indicating that the portfolio decreased 2.5% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

The Fund has completely divested the positions in the US biotechnology company Achillion and the Swedish biotech firm Medivir. Disappointing study results were unfortunately presented at the International Liver Congress, EASL, on 19-23 April. Data from an ongoing phase II study, sponsored by Janssen Research & Development, demonstrated that the three-drug regimen containing simeprevir (Medivir origin), odalasvir (Achillion origin) and AL-335, did not have sufficient efficacy in patients with HCV genotype 3 to justify further development in this patient population. This is a major setback and sharply diminishes the value of this important R&D project in our view.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 14.0x free cash flow. This is substantially below the valuation of the healthcare sector (18.6x) as well as MSCI World Index (20.6x).

Valuation of the healthcare sector is at an historically attractive level (10% discount to MSCI World Index). This indicates upside potential as the sector usually trades with a substantial premium (10%-15%) due to its high structural growth and relatively low cyclical of sales and earnings.

Given the healthy valuation of the equity portfolio and the positive growth prospects in 2017, we are hopeful that the Fund will continue to appreciate in value.

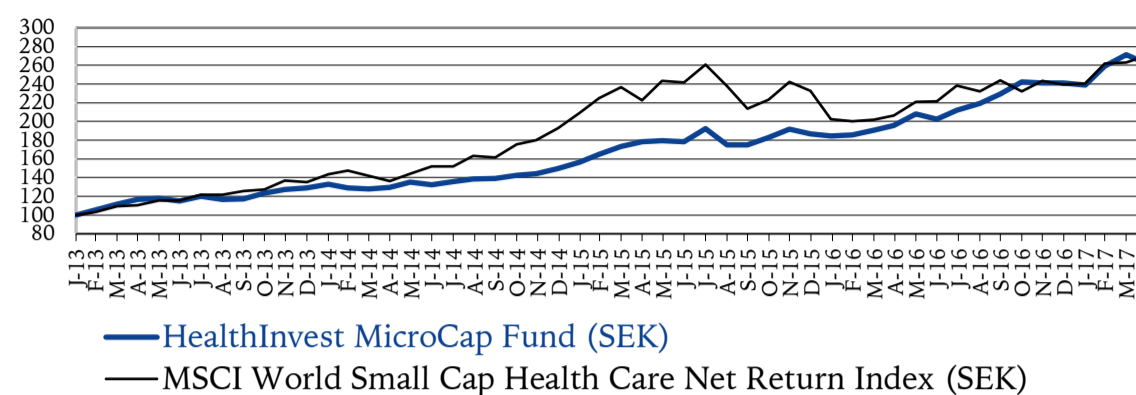
The Fund's net equity exposure was 84% at month end.

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

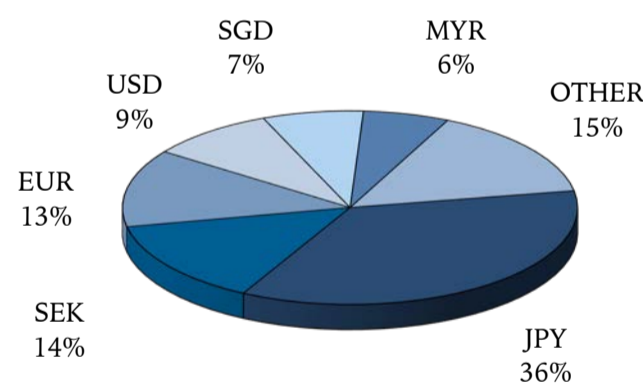
	NAV/Share	April*	2017*
HealthInvest MicroCap Fund (SEK)	244.9	-3.2%	8.8%
MSCI World Small Cap Health (SEK)	25627.3	2.6%	12.8%
MSCI World Small Cap Health (USD)	2894.5	3.5%	15.7%

*Net of fees

RISK MEASURES

	24 months	Since start
Return	46.9%	162.2%
Sharpe ratio	1.49	2.02
Standard deviation	14.0%	11.6%
Beta vs MSCI World Small Cap HC Index	0.37	0.33
Downside risk	7.2%	5.6%
Active risk (tracking error)	17.4%	15.5%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	21%
HEALTH CARE SUPPLIES	16%
HEALTH CARE SERVICES	16%
HEALTH CARE TECHNOLOGY	10%
HEALTH CARE DISTRIBUTORS	9%
ELECTRONIC EQUIPMENT & INSTRUMENTS	8%
LIFE SCIENCES TOOLS & SERVICES	7%
BIOTECHNOLOGY	7%
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.

HealthInvest Value Fund

2017-04-28

MARKET DEVELOPMENT

Healthcare investor sentiment was positive in April. MSCI World Health Care Index increased 1.0% in SEK and rose 1.9% in USD.

FUND PERFORMANCE

HealthInvest Value Fund was unchanged in April (share class B-SEK). Currency effects hurt performance by 0.6 percentage points, indicating that the portfolio increased 0.6% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

The Fund made a major divestment in April. GNC, a US based specialty retailer of nutritional products with a worldwide network of more than 8,900 retail stores, has been one of the core holdings since December 2015. Unfortunately, GNC has been rather hard hit by the channel switch from brick and mortar stores to online shopping. Although the current valuation of the shares is rather low, the decision was made to sell as we see no easy operational solution to the problem and fear that GNC's free cash flow may disappear within 2-3 years.

HealthInvest Value Fund (as an aggregate) is currently trading at 13.5x free cash flow. This compares favourably to both the healthcare sector (18.6x) as well as to MSCI World Index (20.6x).

Valuation of the healthcare sector is at an historically attractive level (10% discount to MSCI World Index). This indicates upside potential as the sector usually trades with a substantial premium (10%-15%) due to its high structural growth and relatively low cyclical of sales and earnings.

Given the healthy valuation of the equity portfolio and the positive growth prospects in 2017, we are hopeful that the Fund will continue to appreciate in value.

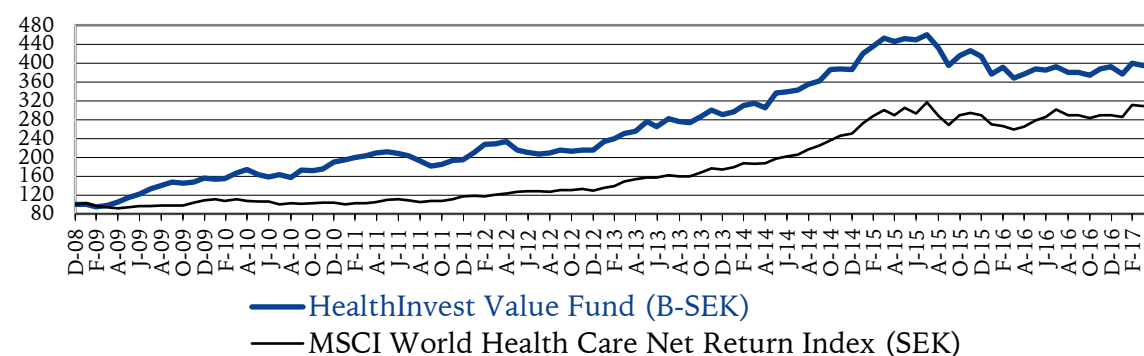
The Fund's net equity exposure was 83% at month end.

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

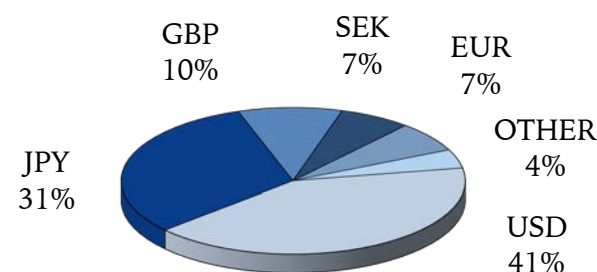
	NAV	April*	2017*	Since start*
HealthInvest Value Fund (A-SEK)	375.2	0.1%	0.9%	313.5%
HealthInvest Value Fund (B-SEK)	136.9	0.0%	0.7%	293.3%
HealthInvest Value Fund (C-EUR)	12.7	-1.0%	0.1%	332.5%
MSCI World Health Care Index (SEK)	2463.2	1.0%	7.7%	211.8%
MSCI World Health Care Index (USD)	278.2	1.9%	10.5%	176.6%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	-11.4%	293.3%
Sharpe ratio	-0.31	1.14
Standard deviation	14.2%	15.1%
Beta vs MSCI World Health Care Index	0.69	0.59
Downside risk	11.4%	8.2%
Active risk (tracking error)	8.9%	14.1%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	23%
HEALTH CARE EQUIPMENT	20%
HEALTH CARE SERVICES	18%
HEALTH CARE DISTRIBUTORS	14%
MANAGED HEALTH CARE	9%
HEALTH CARE SUPPLIES	7%
LIFE SCIENCES TOOLS & SERVICES	6%
OTHER	4%

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HEALTHINVEST PARTNERS AB