



HealthInvest May 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 investor sentiment was rather neutral in May. MSCI World Small Health Care Index increased 0.7% in USD and declined 1.2% in SEK.

FUND PERFORMANCE

HealthInvest MicroCap Fund rose 2.3% in May, a bit better than the benchmark index. Currency effects hurt performance by 0.3 percentage points, indicating that the portfolio increased 2.6% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

All but one of the Fund's holdings have now reported first quarter earnings and results have generally been favourable (median sales growth of 6% and median EPS growth of 9%). Swedish healthcare staffing firm Dedicare came out on top, posting sales growth of 49% and EPS growth of 170%. On the weak side, Bangkok-based lens manufacturer Thai Optical posted a sales and EPS decline of 13% and 37% respectively. We are however not too worried about the quarterly performance of Thai Optical as its business is rather lumpy evidenced by fourth quarter sales and EPS growth of 8% and 63%, respectively.

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 16.0x free cash flow. This is substantially below the valuation of the healthcare sector (18.7x) as well as MSCI World Index (22.0x).

Valuation of the healthcare sector is at an historically attractive level (15% 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.

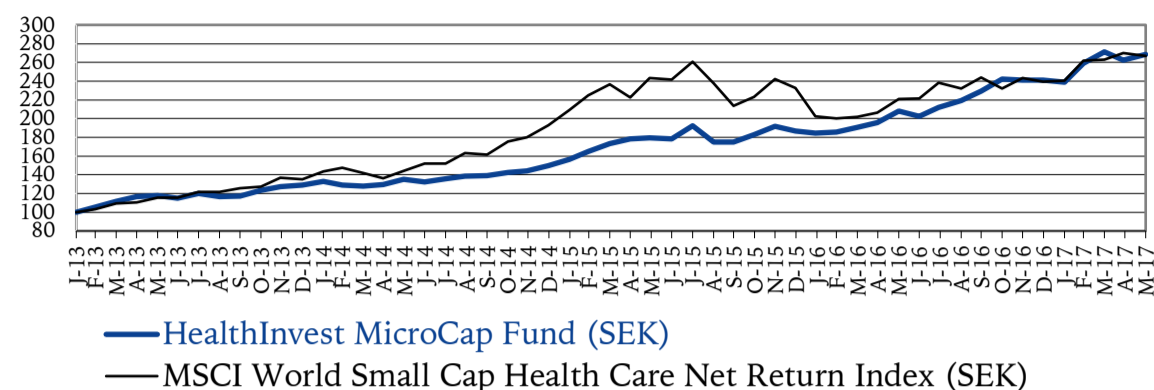
The Fund's net equity exposure was 82% at month end.

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

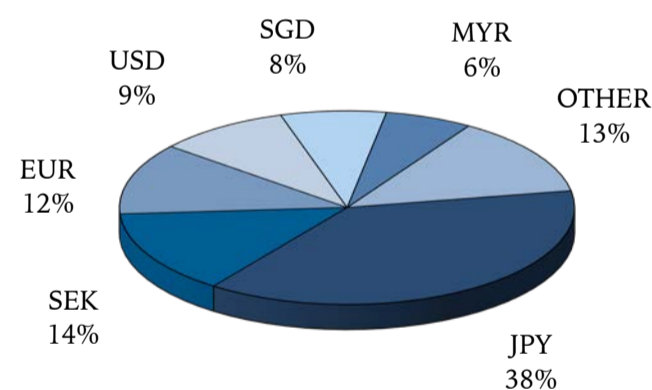
	NAV/Share	May*	2017*
HealthInvest MicroCap Fund (SEK)	249.7	2.3%	11.3%
MSCI World Small Cap Health (SEK)	25321.3	-1.2%	11.4%
MSCI World Small Cap Health (USD)	2914.2	0.7%	16.5%

*Net of fees

RISK MEASURES

	24 months	Since start
Return	50.2%	168.1%
Sharpe ratio	1.57	2.05
Standard deviation	14.0%	11.5%
Beta vs MSCI World Small Cap HC Index	0.41	0.33
Downside risk	7.2%	5.5%
Active risk (tracking error)	15.9%	15.4%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	22%
HEALTH CARE SUPPLIES	18%
HEALTH CARE SERVICES	16%
ELECTRONIC EQUIPMENT & INSTRUMENTS	9%
HEALTH CARE DISTRIBUTORS	9%
HEALTH CARE TECHNOLOGY	9%
LIFE SCIENCES TOOLS & SERVICES	8%
HEALTH CARE EQUIPMENT	6%
OTHER	3%

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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 positive in May. MSCI World Health Care Index rose 2.2% in USD and increased 0.3% in SEK.

FUND PERFORMANCE

HealthInvest Value Fund declined -0.1% in May (share class B-SEK). Currency effects hurt performance by 0.9 percentage points, indicating that the portfolio increased 0.8% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

All the Fund's holdings have now reported first quarter earnings and results have generally been favourable (median sales growth of 2% and median EPS growth of 15%). US research tool services company Charles River Laboratories came out on top, posting sales growth of 27%. On the weak side, US biopharma company Gilead Sciences' sales declined 17%. Gilead is facing tough competition which is pressuring drug prices and to some extent also volumes. However, the shares are trading at a 68% discount to the healthcare sector which is too steep in our view and justifies our position.

HealthInvest Value Fund (as an aggregate) is currently trading at 14.9x free cash flow. This compares favourably to both the healthcare sector (18.7x) as well as to MSCI World Index (22.0x).

Valuation of the healthcare sector is at an historically attractive level (15% 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 cyclicity 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.

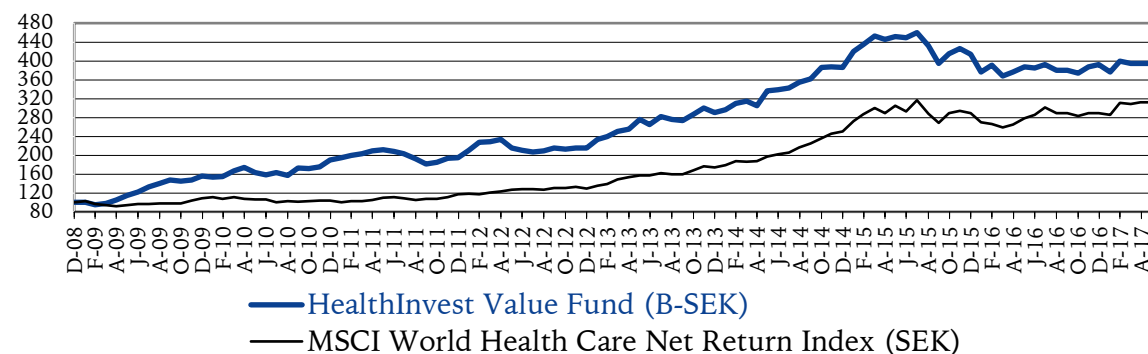
The Fund's net equity exposure was 87% at month end.

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

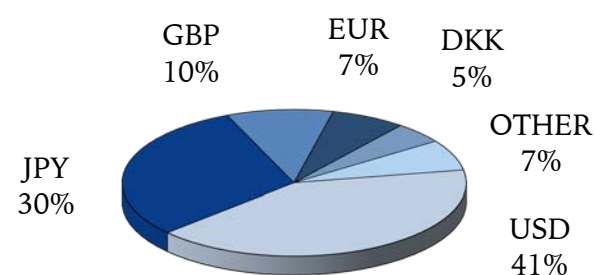
	NAV	May*	2017*	Since start*
HealthInvest Value Fund (A-SEK)	375.0	-0.1%	0.8%	313.3%
HealthInvest Value Fund (B-SEK)	136.8	-0.1%	0.6%	292.9%
HealthInvest Value Fund (C-EUR)	12.5	-1.5%	-1.4%	335.9%
MSCI World Health Care Index (SEK)	2470.0	0.3%	8.0%	211.8%
MSCI World Health Care Index (USD)	284.3	2.2%	12.9%	176.6%

*Net of fees

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	-12.8%	292.9%
Sharpe ratio	-0.37	1.13
Standard deviation	14.2%	15.0%
Beta vs MSCI World Health Care Index	0.70	0.59
Downside risk	11.4%	8.2%
Active risk (tracking error)	8.7%	14.0%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

HEALTH CARE EQUIPMENT	19%
HEALTH CARE DISTRIBUTORS	17%
PHARMACEUTICALS	16%
HEALTH CARE SERVICES	16%
BIOTECHNOLOGY	10%
HEALTH CARE SUPPLIES	6%
LIFE SCIENCES TOOLS & SERVICES	6%
MANAGED HEALTH CARE	5%
OTHER	6%

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