



## HealthInvest June 2017 Letters

### MicroCap Fund Value Fund

#### DISCLAIMER

Funds managed by HealthInvest Partners AB ("the Funds") are funds pursuant to the Swedish Mutual Funds Act (2004:46). It is the responsibility of each and every person interested in investing in these Funds to ensure that the investment takes place in accordance with applicable laws and other regulations. Foreign law may entail that an investment cannot be made by an investor from outside Sweden. HealthInvest Partners has no responsibility whatsoever to verify whether an investment made from outside Sweden takes place in accordance with the laws of the relevant country.

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](http://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](mailto:info@healthinvest.se).

## MARKET DEVELOPMENT

Smallcap healthcare investor sentiment was upbeat in June. Political developments in Washington included a leaked draft of an executive order on drug prices that seems to propose that easing regulatory hurdles for the drug industry is the best way to get prices down - a 180 degree turn from previous statements from the US President and clearly positive for the healthcare industry. MSCI World Small Health Care Index increased 3.8% in SEK and rose 6.7% in USD.

## FUND PERFORMANCE

HealthInvest MicroCap Fund rose 2.6% in June (SEK). Currency effects hurt performance by 2.8 percentage points, indicating that the portfolio increased 5.4% in local currencies.

## MANAGEMENT, VALUATION & OUTLOOK

New significant holdings in June include Anika Therapeutics (a US orthopedic device firm), NIB Holdings (an Australian healthcare insurance company) and Paramount Holdings (a Japanese hospital bed manufacturer). The fund also participated in two Swedish IPOs as a cornerstone investor (sedation device company Sedana Medical and medical simulation training company Surgical Science).

HealthInvest MicroCap Fund (as an aggregate) is currently trading at 16.5x free cash flow. This is substantially below the valuation of the healthcare sector (19.1x) as well as MSCI World Index (21.8x).

Valuation of the healthcare sector is at an historically attractive level (12% 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.

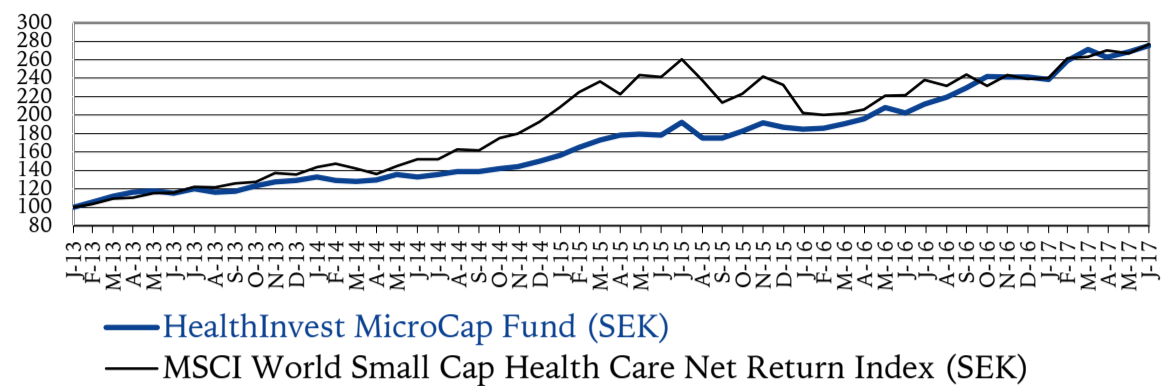
The Fund's net equity exposure was 104% at month end.

## 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

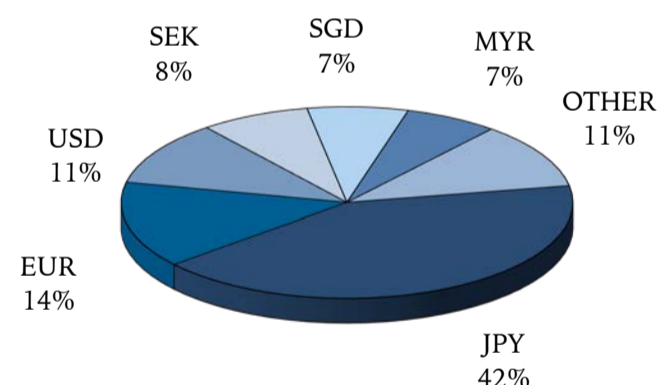
	NAV/Share	June*	2017*
HealthInvest MicroCap Fund (SEK)	255.2	2.6%	14.2%
MSCI World Small Cap Health (SEK)	26273.0	3.8%	15.6%
MSCI World Small Cap Health (USD)	3110.7	6.7%	24.4%

\*Net of fees

## RISK MEASURES

	24 months	Since start
Return	55.1%	175.1%
Sharpe ratio	1.70	2.08
Standard deviation	13.9%	11.4%
Beta vs MSCI World Small Cap HC Index	0.41	0.33
Downside risk	7.2%	5.5%
Active risk (tracking error)	16.0%	15.3%

## CURRENCY EXPOSURE



## SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	19%
HEALTH CARE SUPPLIES	18%
HEALTH CARE SERVICES	14%
HEALTH CARE EQUIPMENT	14%
ELECTRONIC EQUIPMENT & INSTRUMENTS	8%
HEALTH CARE TECHNOLOGY	7%
HEALTH CARE DISTRIBUTORS	7%
LIFE SCIENCES TOOLS & SERVICES	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](http://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 upbeat in June. Political developments in Washington included a leaked draft of an executive order on drug prices that seems to propose that easing regulatory hurdles for the drug industry is the best way to get prices down - a 180 degree turn from previous statements from the US President and clearly positive for the healthcare industry. MSCI World Health Care Index increased 2.7% in USD, but declined 0.2% in SEK due to the strengthening Swedish currency.

## FUND PERFORMANCE

HealthInvest Value Fund declined 1.8% in June (share class B-SEK). Currency effects hurt performance by 2.7 percentage points, indicating that the portfolio increased 0.9% in local currencies.

## MANAGEMENT, VALUATION & OUTLOOK

In order to reflect a more benign US political environment and to better capture the profitable growth of larger biotech firms, the Fund has increased its US weighting in June. New holdings include Biogen (large cap US biotech firm), LabCorp (large cap US lab test services company), Ligand Pharmaceuticals (mid cap US biotech firm), Pfizer (large cap US pharma) and Roche (large cap Swiss pharma).

HealthInvest Value Fund (as an aggregate) is currently trading at 14.8x free cash flow. This compares favourably to both the healthcare sector (19.1x) as well as to MSCI World Index (21.8x).

Valuation of the healthcare sector is at an historically attractive level (12% 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 appreciate in value.

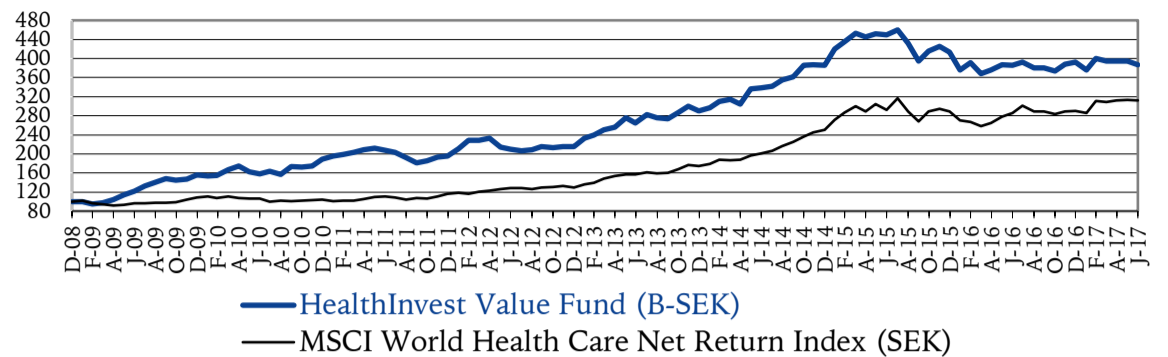
The Fund's net equity exposure was 82% at month end.

## 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

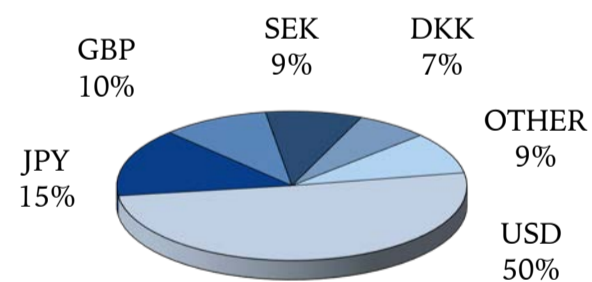
	NAV	June*	2017*	Since start*
HealthInvest Value Fund (A-SEK)	368.3	-1.8%	-1.0%	305.9%
HealthInvest Value Fund (B-SEK)	134.3	-1.8%	-1.2%	285.8%
HealthInvest Value Fund (C-EUR)	12.4	-0.4%	-1.8%	324.2%
MSCI World Health Care Index (SEK)	2466.0	-0.2%	7.8%	212.2%
MSCI World Health Care Index (USD)	292.0	2.7%	16.0%	190.3%

\*Net of fees

## RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	-13.9%	285.8%
Sharpe ratio	-0.41	1.11
Standard deviation	14.2%	15.0%
Beta vs MSCI World Health Care Index	0.73	0.60
Downside risk	11.5%	8.1%
Active risk (tracking error)	8.1%	14.0%

## CURRENCY EXPOSURE



## SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	28%
BIOTECHNOLOGY	21%
HEALTH CARE DISTRIBUTORS	16%
HEALTH CARE SERVICES	12%
MANAGED HEALTH CARE	8%
LIFE SCIENCES TOOLS & SERVICES	6%
HEALTH CARE EQUIPMENT	6%
OTHER	2%

## 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](http://www.healthinvest.se). You can also receive this information at no cost by calling +46 8 440 38 30.