



HealthInvest April 2018 Letters

Small & 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. 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

Healthcare investor sentiment was positive in April. MSCI World Health Care Index increased 1.0% in USD and a whopping 5.9% in SEK, due to Swedish currency weakness (thanks to the very loose monetary policy of the Swedish central bank).

FUND PERFORMANCE

HealthInvest Small & MicroCap Fund increased 1.4% in April (A-SEK). Currency effects helped performance by 2.5 percentage points, indicating that the portfolio decreased 1.1% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

In April, the Fund initiated two smaller equity positions:

Pharming is a profitable Dutch biotech company. Its lead drug Ruconest received EMA approval in 2010 and FDA approval in 2014. The drug treats hereditary angioedema (HAE), a rare and potentially life-threatening genetic condition that causes severe swelling under the skin. Sales are ramping fast and Pharming reported growth of 357% in the last quarter. We believe sales will continue to impress and according to our estimates, shares will trade below 10x free cash flow in 2020.

Vernalis is a UK biotech company that trades substantially below its net cash position. The company has nine drug development projects of which six are partnered already (two in phase 2, four in preclinical phase).

HealthInvest Small & MicroCap Fund (as an aggregate) is currently trading at 20.9x free cash flow. This is in line with the global healthcare sector (19.7x) as well as MSCI World Index (23.2x).

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

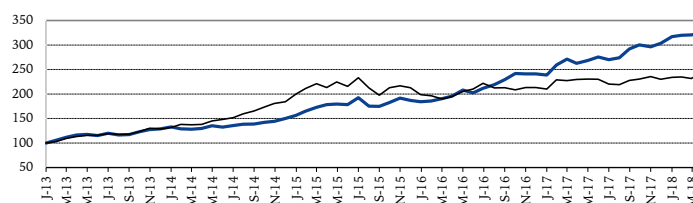
The Fund's net equity exposure was 75% at month end.

FUND CHARACTERISTICS

HealthInvest Small & MicroCap Fund mainly 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)



— HealthInvest Small & MicroCap Fund (A-SEK)
— MSCI World Health Care Index (SEK)

PERFORMANCE

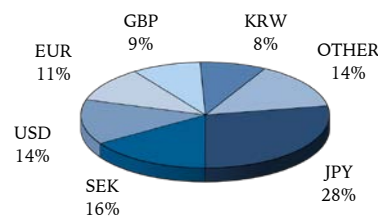
	NAV	April*	2018*	Since start*
HealthInvest Small & MicroCap (A-SEK)	299.6	1.4%	7.3%	224.9%
HealthInvest Small & MicroCap (B-SEK)	107.5	1.3%	6.7%	248.1%
MSCI World Health Care Index (SEK)	2632.6	5.9%	6.7%	145.5%
MSCI World Health Care Index (USD)	300.8	1.0%	-0.3%	78.2%

*Net of fees. Share class B started on November 1, 2017. The historical return preceding that date is the return of HealthInvest Small & MicroCap Fund adjusted for the fee structure of share class B.

RISK MEASURES (SHARE CLASS A-SEK)

	24 months	Since start
Return	66.2%	224.9%
Sharpe ratio	2.49	2.13
Standard deviation	10.8%	11.0%
Beta vs MSCI World Health Care Index	0.35	0.46
Downside risk	3.5%	5.1%
Active risk (tracking error)	12.2%	11.6%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

HEALTH CARE EQUIPMENT	27%
BIOTECHNOLOGY	22%
PHARMACEUTICALS	20%
HEALTH CARE SERVICES	12%
HEALTH CARE TECHNOLOGY	6%
HEALTH CARE DISTRIBUTORS	5%
LIFE SCIENCES TOOLS & SERVICES	5%
HEALTH CARE SUPPLIES	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. You can also receive this information at no cost by calling +46 8 440 38 30.

MARKET DEVELOPMENT

Healthcare investor sentiment was positive in April. MSCI World Health Care Index increased 1.0% in USD and a whopping 5.9% in SEK, due to Swedish currency weakness (thanks to the very loose monetary policy of the Swedish central bank).

FUND PERFORMANCE

HealthInvest Value Fund jumped 5.3% in April (share class B-SEK). Currency effects helped performance by 3.6 percentage points, indicating that the equity portfolio increased 1.7% in local currencies.

MANAGEMENT, VALUATION & OUTLOOK

No major portfolio changes were made in April.

HealthInvest Value Fund (as an aggregate) is currently trading at 15.2x free cash flow. This compares favourably to the global healthcare sector (19.7x) as well as to MSCI World Index (23.2x).

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

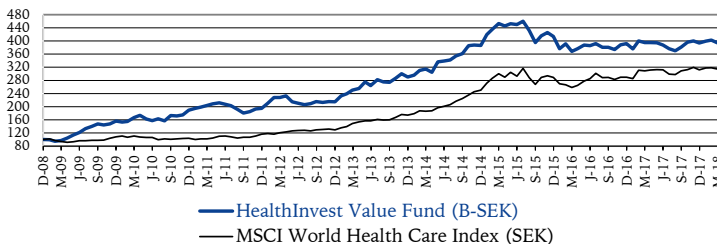
The Fund's net equity exposure was 87% at month end.

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 started operations on December 30, 2008.

PERFORMANCE SINCE START (SEK)



PERFORMANCE

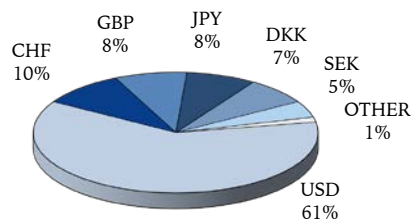
	NAV	April*	2018*	Since start*
HealthInvest Value Fund (A-SEK)	396.6	5.3%	5.7%	337.1%
HealthInvest Value Fund (B-SEK)	144.1	5.3%	5.5%	313.7%
HealthInvest Value Fund (C-EUR)	12.2	2.5%	-2.1%	314.8%
MSCI World Health Care Index (SEK)	2632.6	5.9%	6.7%	233.2%
MSCI World Health Care Index (USD)	300.8	1.0%	-0.3%	199.1%

*Net of fees. Share class B and C started on November 1, 2013. The returns preceding that date are the returns of HealthInvest Value Fund adjusted for the fee structure of share class B and C.

RISK MEASURES (SHARE CLASS B-SEK)

	24 months	Since start
Return	7.2%	293.0%
Sharpe ratio	0.51	1.07
Standard deviation	8.8%	14.5%
Beta vs MSCI World Health Care Index	0.68	0.61
Downside risk	4.9%	7.9%
Active risk (tracking error)	5.6%	13.4%

CURRENCY EXPOSURE



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	37%
BIOTECHNOLOGY	20%
HEALTH CARE DISTRIBUTORS	18%
HEALTH CARE SERVICES	10%
MANAGED HEALTH CARE	5%
LIFE SCIENCES TOOLS & SERVICES	5%
OTHER	5%

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