



HealthInvest November 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 turned positive in November. MSCI World Health Care Index increased 5.4% in USD and 4.7% in SEK.

FUND PERFORMANCE

HealthInvest Small & MicroCap Fund increased 1.7% in November (A-SEK).

MANAGEMENT, VALUATION & OUTLOOK

The Fund's holdings have now reported third quarter earnings and results have generally been favorable (average sales growth of 6% and earnings per share growth of 14%). The Swedish specialty pharma company Orexo came out on top, posting sales growth of 30% and earnings per share growth of 119%. Due to favorable script data in October and November, we believe Orexo's strong growth will continue in the fourth quarter.

During the month, the Fund built up a significant position in MiMedx. The US company, founded in 1985 and headquartered in Marietta, Georgia, develops and markets products in the area of wound care, orthopedics and sports medicine. MiMedx is prioritizing innovation and spends around 6% of sales on R&D and over 40 clinical studies have been published supporting the products' efficacy. Gross margins are impressive at over 85% and sales growth has averaged over 60% annually the last five years. MiMedx' share price has however plummeted over 85% 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 have been filed with the SEC.

HealthInvest Small & MicroCap Fund (as an aggregate) is currently trading at 14.8x free cash flow. This compares favorably to the global healthcare sector (20.9x) as well as to MSCI World Index (19.8x).

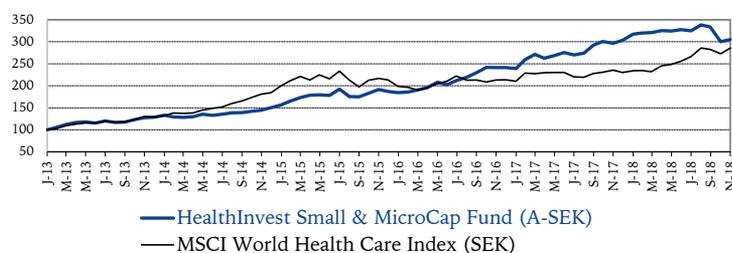
The Fund's net equity exposure was 92% at month end.

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)



PERFORMANCE

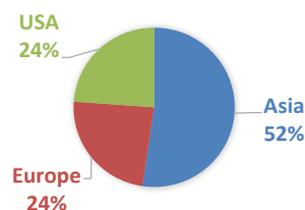
	NAV	Nov*	2018*	Since start*
HealthInvest Small & MicroCap (A-SEK)	281.0	1.7%	0.6%	204.7%
HealthInvest Small & MicroCap (B-SEK)	101.0	1.7%	0.2%	226.9%
MSCI World Health Care Index (SEK)	3063.3	4.7%	24.2%	185.6%
MSCI World Health Care Index (USD)	336.4	5.4%	11.5%	99.3%

*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	26.5%	204.7%
Sharpe ratio	1.05	1.71
Standard deviation	12.6%	11.7%
Beta vs MSCI World Health Care Index	0.62	0.49
Downside risk	7.7%	6.4%
Active risk (tracking error)	11.0%	11.7%

GEOGRAPHICAL DISTRIBUTION (NET EXPOSURE)



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	23%
HEALTH CARE EQUIPMENT	22%
BIOTECHNOLOGY	16%
HEALTH CARE DISTRIBUTORS	11%
HEALTH CARE SUPPLIES	10%
HEALTH CARE SERVICES	8%
OTHER	10%

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 turned positive in November. MSCI World Health Care Index increased 5.4% in USD and 4.7% in SEK.

FUND PERFORMANCE

HealthInvest Value Fund increased 2.8% in November (share class B-SEK).

MANAGEMENT, VALUATION & OUTLOOK

The Fund's holdings have now reported third quarter earnings and results have generally been favorable (average sales growth of 7% and earnings per share growth of 15%). The US large cap pharma company Bristol-Myers Squibb got the gold medal, posting earnings per share growth of 127%.

In November, the Fund built up a position in the US large cap pharma distributor McKesson. The company is an industry giant, with annual sales of USD210bn and a US market share of around 30%. The company has an impressive earnings track record as annual EPS growth has averaged 13% the last five years (CAGR). The valuation of McKesson's shares is attractive in our view, trading at around 12x free cash flow.

HealthInvest Value Fund (as an aggregate) is currently trading at 17.7x free cash flow. This compares favorably to the global healthcare sector (20.9x) as well as to MSCI World Index (19.8x).

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

Please note that the Fund will merge into HealthInvest Small & MicroCap Fund on December 12, 2018. Information about the merger has been sent to the unit holders and has been published on www.healthinvest.se.

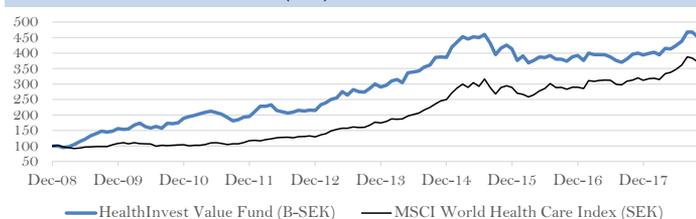
If you wish to obtain additional information on the merger or other information on your fund ownership, you are welcome to contact us.

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

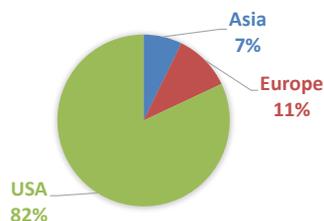
	NAV	Nov*	2018*	Since start*
HealthInvest Value Fund (A-SEK)	443.4	2.8%	18.2%	388.7%
HealthInvest Value Fund (B-SEK)	160.6	2.8%	17.6%	361.1%
HealthInvest Value Fund (C-EUR)	13.9	3.6%	12.1%	374.7%
MSCI World Health Care Index (SEK)	3063.3	4.7%	24.2%	287.8%
MSCI World Health Care Index (USD)	336.4	5.4%	11.5%	234.5%

*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	19.3%	361.1%
Sharpe ratio	0.97	1.13
Standard deviation	10.4%	14.3%
Beta vs MSCI World Health Care Index	0.81	0.62
Downside risk	5.0%	7.7%
Active risk (tracking error)	4.4%	13.0%

GEOGRAPHICAL DISTRIBUTION (NET EXPOSURE)



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	51%
HEALTH CARE DISTRIBUTORS	14%
MANAGED HEALTH CARE	9%
BIOTECHNOLOGY	8%
ELECTRONIC EQUIPMENT & INSTRUMENTS	8%
LIFE SCIENCES TOOLS & SERVICES	5%
HEALTH CARE SERVICES	5%

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