

MARKET DEVELOPMENT

Healthcare investors upbeat sentiment continued in February. MSCI World Health Care Index rose 4.0% in SEK and 2.0% in USD.

FUND PERFORMANCE

HealthInvest Small & MicroCap Fund increased 5.8% in February (share class A), significantly above benchmark index.

MANAGEMENT, VALUATION & OUTLOOK

In February, Convatec was added to the equity portfolio. Convatec is a global medical device company with a diversified chronic care business. Headquartered in Reading, UK, the company operates nine manufacturing facilities in seven countries with more than 9,400 employees. Convatec holds strong positions in all its markets including Advanced Wound Care and Ostomy (#2 in US and #3 in EU) and has a well-balanced geographical sales profile (52% in Americas, 41% in Europe and 7% in Asia). The company derives more than 75% of its revenue from chronic care indications, providing a predictable, recurring revenue stream as chronic care patients may use Convatec's products for the rest of their lives. Convatec's IPO was launched in late 2016 and in retrospect, initial growth expectations were set too high. As a result, the company has since issued several profit warnings and fired its CEO. Although unfortunate, we believe enough is enough as its shares are down around 50% since the IPO and have plummeted 65% since its peak in February 2017. Valuation is clearly compelling at 12x free cash flow, representing a 40% discount to the healthcare sector. We do not rule out a bid from larger medical device players such as Medtronic or Johnson & Johnson.

HealthInvest Small & MicroCap Fund (as an aggregate) is currently trading at 15.4x free cash flow. This compares favorably to the global healthcare sector (19.4x) as well as to MSCI World Index (19.3x).

At month end, HealthInvest Small & MicroCap Fund had 33 equity holdings and 96% of the portfolio companies produce significant positive free cash flow. The Fund's net equity exposure was 95%.

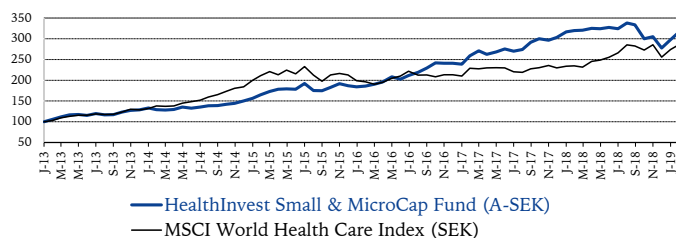
In summary, we are very comfortable with the Fund's equity positions. The median valuation of the holdings is 15.4x free cash flow, which is 20% lower than the healthcare sector median. Hence, the Fund's holdings can rise by 25%, yet still only trade in line with the sector.

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

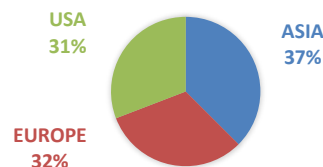
| | NAV | Feb* | 2019* | Since start* |
|---------------------------------------|--------|------|-------|--------------|
| HealthInvest Small & MicroCap (A-SEK) | 290.2 | 5.8% | 13.4% | 214.7% |
| HealthInvest Small & MicroCap (B-SEK) | 104.2 | 5.8% | 13.4% | 237.4% |
| MSCI World Health Care Index (SEK) | 3059.7 | 4.0% | 11.4% | 185.3% |
| MSCI World Health Care Index (USD) | 331.6 | 2.0% | 7.2% | 96.4% |

*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 | 21.6% | 214.7% |
| Sharpe ratio | 0.79 | 1.58 |
| Standard deviation | 14.5% | 12.6% |
| Beta vs MSCI World Health Care Index | 0.70 | 0.56 |
| Downside risk | 9.9% | 7.3% |
| Active risk (tracking error) | 11.2% | 11.5% |

GEOGRAPHICAL DISTRIBUTION (NET EXPOSURE)



SECTOR DISTRIBUTION (NET EXPOSURE)

| | |
|--------------------------|-----|
| PHARMACEUTICALS | 34% |
| HEALTH CARE SERVICES | 19% |
| BIOTECHNOLOGY | 13% |
| HEALTH CARE EQUIPMENT | 10% |
| HEALTH CARE DISTRIBUTORS | 9% |
| OTHER | 16% |

DISCLAIMER

HealthInvest Small & MicroCap Fund ("the Fund") is managed by HealthInvest Partners AB. The Fund is pursuant to the Swedish Mutual Funds Act (2004:46). It is the responsibility of each and every person interested in investing in the Fund 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 AB 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 HealthInvest Small & MicroCap Fund 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 HealthInvest Partners AB shall not be considered a recommendation to invest in the Fund. Every person considering purchasing units in the Fund must make an independent assessment of such an investment and the risks associated therewith. An investment in the Fund should be seen as a long-term investment.

Before you invest, you may want to review the Fund's prospectus and simplified prospectus, which contain more information about the Fund and its risks. You can find the Fund's prospectus and other information about the Fund 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.