

MARKET DEVELOPMENT

Healthcare stocks had a negative April as MSCI World Health Care Index declined 0.4% in SEK and 2.6% in USD. Especially US health insurers and healthcare provider stocks came under pressure in fear of policy proposals from presidential candidate hopefuls that threaten their profits, and in some cases their very existence.

We believe any radical change to the US healthcare system is unlikely. However, even if a draconian change would happen, the damage to HealthInvest Small & MicroCap Fund would be limited as its exposure to US health insurers and healthcare provider stocks was around 4% at month end.

FUND PERFORMANCE

HealthInvest Small & MicroCap Fund decreased 1.2% in April, in line with its benchmark index.

MANAGEMENT, VALUATION & OUTLOOK

HealthInvest Small & MicroCap Fund added two US companies to the portfolio in April:

Bristol-Myers Squibb ("BMY") is a pharma company with leading products in the cardiovascular and oncology field. The company's top two products are Opdivo (intravenous drug indicated for non-small cell lung cancer) and Eliquis (tablet indicated to prevent blood clots). These two drugs represented 62% of total product sales in Q1 2019 and grew collectively a strong 24%. Shares have been under pressure ever since BMY announced it is buying US oncology company Celgene for USD74bn on January 3, 2019. Admittedly, the deal clouds BMY's earnings outlook, but it also gives BMY a large R&D pipeline of promising drugs as well as a highly profitable operation. We believe that once the dust has settled, shares should recover nicely as the current valuation of the BMY/CELG combination indicates less than 10x free cash flow (based on 2020 numbers).

McKesson is a drug distributor with a dominant market position in the US. The payment model used by the distributor varies even if it is basically linked to the volume of products McKesson move on behalf of the drug companies. The shares have taken a beating during recent years because McKesson has been subjected to price pressure in important contracts and declining growth in drug prices. However, because drug distribution in the US is an oligopoly, we believe that there are good opportunities for McKesson to adapt and continue to grow in pace with underlying drug consumption. The shares are currently trading at approximately nine times free cash flow, which is a vast discount relative to the healthcare sector.

HealthInvest Small & MicroCap Fund (as an aggregate) is currently trading at 14.2x free cash flow. This compares favorably to the global healthcare sector (19.7x) as well as to MSCI World Index (19.5x).

At month end, HealthInvest Small & MicroCap Fund had 32 equity holdings and 98% of the portfolio companies produce significant positive free cash flow. The Fund's net equity exposure was 95%.

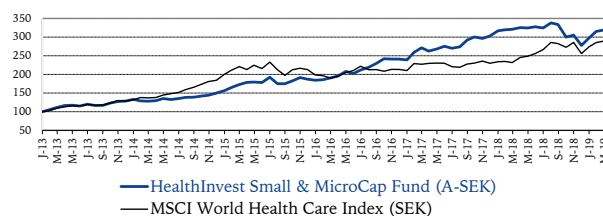
In summary, we are very comfortable with the Fund's equity positions. The median valuation of the holdings is 14.2x free cash flow, which is 28% lower than the healthcare sector median. Hence, the Fund's holdings can rise by 38%, yet still only trade in line with the sector.

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

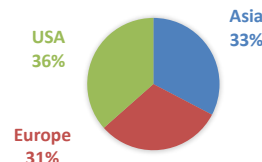
	NAV	April*	2019*	Since start*
HealthInvest Small & MicroCap (A-SEK)	290.2	-1.2%	13.5%	214.7%
HealthInvest Small & MicroCap (B-SEK)	104.2	-1.2%	13.3%	237.3%
MSCI World Health Care Index (SEK)	3091.6	-0.4%	12.6%	188.3%
MSCI World Health Care Index (USD)	325.8	-2.6%	5.3%	93.0%

*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	20.0%	214.7%
Sharpe ratio	0.77	1.56
Standard deviation	14.0%	12.5%
Beta vs MSCI World Health Care Index	0.73	0.56
Downside risk	9.7%	7.2%
Active risk (tracking error)	10.1%	11.4%

GEOGRAPHICAL DISTRIBUTION (NET EXPOSURE)



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	35%
HEALTH CARE SERVICES	16%
HEALTH CARE DISTRIBUTORS	13%
BIOTECHNOLOGY	12%
HEALTH CARE EQUIPMENT	9%
HEALTH CARE SUPPLIES	5%
OTHER	11%

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.