

MARKET DEVELOPMENT

Healthcare stocks had a negative May as MSCI World Health Care Index declined 2.3% in SEK and 2.4% in USD. Although unfortunate, healthcare stocks actually did fare relatively well as MSCI World Index plummeted around 6%. Swedish stocks (measured as OMX Stockholm Total Return Index) also had a dull month, posting a decline of 7%.

In our view, the healthcare sector is relatively insulated from the US President's trade wars with China and Mexico. The increased trade tariffs do not reduce healthcare consumption in any meaningful way and the risk of recession should not be a major concern for healthcare investors due to the sector's defensive characteristics.

FUND PERFORMANCE

HealthInvest Small & MicroCap Fund decreased 3.2% in May, slightly below benchmark index.

MANAGEMENT, VALUATION & OUTLOOK

The Fund's holdings have reported first quarter earnings and results have generally been favourable (median sales growth of 7%). The Swedish smallcap specialty pharma company Orexo got the gold medal, posting organic sales growth of 25% (albeit helped by currencies).

No new investments were made in May. Three holdings were divested. The Japanese hospital bed manufacturer Paramount Bed Holdings was sold due to diminishing cash flows, the Malaysian pharmaceutical distributor YSP Southeast Asia Holding was excluded due to excessive valuation and the British specialty drug company Alliance Pharma had reached our price target.

HealthInvest Small & MicroCap Fund (as an aggregate) is currently trading at 11.6x free cash flow. This compares favourably to the global healthcare sector (19.6x) as well as to MSCI World Index (20.3x).

At month end, HealthInvest Small & MicroCap Fund had 29 equity holdings and 97% of the portfolio companies produce significant positive free cash flow. The Fund's net equity exposure was 89%.

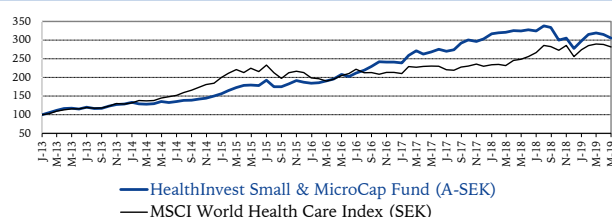
In summary, we are very comfortable with the Fund's equity positions. The median valuation of the holdings is 11.6x free cash flow, which is 41% lower than the healthcare sector average. Hence, the Fund's holdings could rise by 69%, yet still only trade in line with the sector.

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

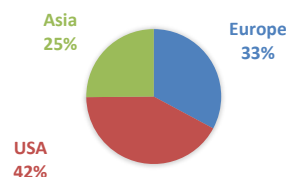
	NAV	May*	2019*	Since start*
HealthInvest Small & MicroCap (A-SEK)	281.0	-3.2%	9.8%	204.7%
HealthInvest Small & MicroCap (B-SEK)	100.8	-3.2%	9.7%	226.5%
MSCI World Health Care Index (SEK)	3020.6	-2.3%	10.0%	181.7%
MSCI World Health Care Index (USD)	318.0	-2.4%	2.8%	88.4%

*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	13.6%	204.7%
Sharpe ratio	0.56	1.49
Standard deviation	14.2%	12.5%
Beta vs MSCI World Health Care Index	0.74	0.57
Downside risk	10.0%	7.2%
Active risk (tracking error)	9.9%	11.3%

GEOGRAPHICAL DISTRIBUTION (NET EXPOSURE)



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	33%
BIOTECHNOLOGY	18%
HEALTH CARE SERVICES	15%
HEALTH CARE DISTRIBUTORS	14%
HEALTH CARE SUPPLIES	5%
OTHER	15%

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.