

## MARKET DEVELOPMENT

Healthcare stocks had a positive June as MSCI World Health Care Index increased 4.5% in SEK and 6.7% in USD.

## FUND PERFORMANCE

HealthInvest Small & MicroCap Fund increased 2.3% in June (share class A-SEK), a bit below benchmark index.

## MANAGEMENT, VALUATION & OUTLOOK

No new investments were made in June. The holding in Bristol-Myers Squibb ("BMS") was divested as we have become increasingly wary of the merger with Celgene. BMS recently agreed to divest one of Celgene's most lucrative drugs in order to close the merger. Under an agreement with the Federal Trade Commission, BMS will sell off the psoriasis pill Otezla to appease antitrust regulators' concerns. Otezla is a major product for Celgene, projected to bring in almost USD2bn this year, and was seen as an important driver of future growth as the two companies knit together their businesses. In addition, BMS also said that the deal will take longer to close than it had expected. Its new target is the end of 2019 or early 2020, pushed back from a previous goal of September 30, 2019.

The liquidity risks of mutual funds have risen to the surface the last couple of months. For example, the UK fund industry is facing calls for new regulation with Bank of England Governor Mark Carney telling lawmakers that some investment funds are "built on a lie". Carney's comments concerned the suspension of a flagship fund from Britain's best-known fund manager, Neil Woodford. The gating of the Woodford Equity Income Fund meant investors could not access their cash following the recent surge in redemptions.

Please be assured that at HealthInvest Partners, we carefully monitor and manage liquidity risk. Each week, an external firm calculates all relevant risks (including the fund's liquidity) and reports to all board members, the chief executive officer and the chief investment officer. At month end, HealthInvest Small & MicroCap Fund would be able to divest slightly more than 50% of total assets in only one day (assuming that our portion of trading do not exceed 15% of total volume).

HealthInvest Small & MicroCap Fund (as an aggregate) is currently trading at 12.1x free cash flow. This compares favorably to the global healthcare sector (20.8x) as well as to MSCI World Index (21.4x).

At month end, HealthInvest Small & MicroCap Fund had 28 equity holdings and 97% of the portfolio companies produce significant positive free cash flow. The Fund's net equity exposure was 87%.

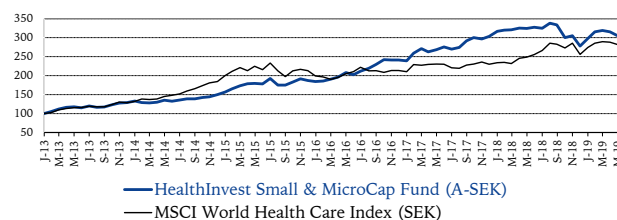
In summary, we are very comfortable with the Fund's equity positions. The median valuation of the holdings is 12.1x free cash flow, which is 42% lower than the healthcare sector average. Hence, the Fund's holdings could rise by 72%, yet still only trade in line with the sector.

## 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

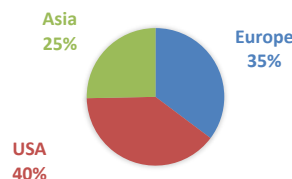
	NAV	June*	2019*	Since start*
HealthInvest Small & MicroCap (A-SEK)	287.6	2.3%	12.4%	211.8%
HealthInvest Small & MicroCap (B-SEK)	103.2	2.3%	12.3%	234.0%
HealthInvest Small & MicroCap (B-SEK)	100.8	0.8%	0.8%	0.8%
MSCI World Health Care Index (SEK)	3156.2	4.5%	14.9%	194.3%
MSCI World Health Care Index (USD)	339.4	6.7%	9.8%	101.1%

\*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. Share class C started on June 5, 2019.

## RISK MEASURES (SHARE CLASS A-SEK)

	24 months	Since start
Return	13.3%	211.8%
Sharpe ratio	0.55	1.51
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)	9.8%	11.3%

## GEOGRAPHICAL DISTRIBUTION (NET EXPOSURE)



## SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	34%
HEALTH CARE SERVICES	16%
HEALTH CARE DISTRIBUTORS	15%
BIOTECHNOLOGY	14%
HEALTH CARE SUPPLIES	5%
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](http://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](mailto:info@healthinvest.se).