

MARKET DEVELOPMENT

Healthcare stocks had a neutral August as MSCI World Health Care Index was unchanged (measured in USD). However, due to the Swedish central bank's loose monetary policy, benchmark index actually rose 2.3% measured in SEK.

FUND PERFORMANCE

HealthInvest Small & MicroCap Fund decreased 3.6% in August (share class A-SEK). The monthly performance was negatively impacted by Swedish opioid addiction treatment company Orexo (-22% due to financial derivative expiration), US specialty pharmaceutical company ANI Pharma (-20% due to weaker than expected second quarter results) and British medical device firm Surgical Innovations (-20% due to weak first half results). Although unfortunate, we view these misses as random events which naturally occurs from time to time.

All the Fund's holdings have now reported second quarter earnings and results have generally been healthy (except the examples mentioned above). Korean Neopharm came out on top, posting organic sales growth of 33%. Its main product line, Atopalm, is a series of moisturising creams for babies suffering from atopic dermatitis (sensitive skin). The brand is currently number two in terms of market share in Korea and shows healthy growth. To boost sales growth even further, Neopharm uses a two-pronged strategy including: 1) The launch of Atopalm for babies into China and; 2) Developing an adult moisturizing product line (Real Barrier). Neopharm enjoys gross margins over 70% and given the strong sales growth outlook, the current valuation of 15x free cash flow is clearly appetising in our view.

MANAGEMENT, VALUATION & OUTLOOK

No new investments were made in August.

HealthInvest Small & MicroCap Fund (as an aggregate) is currently trading at 11.9x free cash flow. This compares favourably to the global healthcare sector (19.8x) as well as to MSCI World Index (22.0x).

At month end, HealthInvest Small & MicroCap Fund had 27 equity holdings and 97% of the portfolio companies produce significant positive free cash flow. The Fund's net equity exposure was 82%.

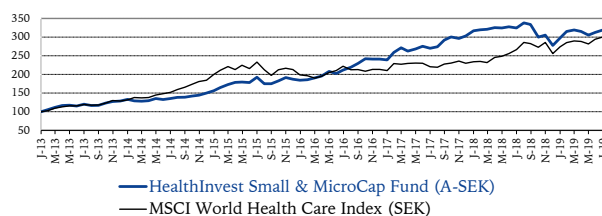
In summary, we are very comfortable with the Fund's equity positions. The median valuation of the holdings is less than 12x free cash flow, which is 40% lower than the healthcare sector average. Hence, the Fund's holdings could rise by 66%, yet still only trade in line with the sector.

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

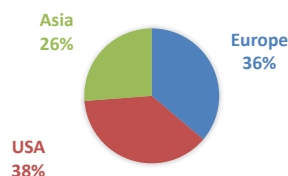
	NAV	Aug*	2019*	Since start*
HealthInvest Small & MicroCap (A-SEK)	283.4	-3.6%	10.8%	207.4%
HealthInvest Small & MicroCap (B-SEK)	101.7	-3.6%	10.6%	229.1%
HealthInvest Small & MicroCap (B-SEK)	98.9	-3.7%	-1.1%	-1.1%
MSCI World Health Care Index (SEK)	3294.8	2.3%	20.0%	207.2%
MSCI World Health Care Index (USD)	335.6	0.0%	8.5%	98.8%

*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	12.3%	207.4%
Sharpe ratio	0.51	1.46
Standard deviation	14.5%	12.5%
Beta vs MSCI World Health Care Index	0.77	0.56
Downside risk	10.2%	7.2%
Active risk (tracking error)	10.1%	11.4%

GEOGRAPHICAL DISTRIBUTION (NET EXPOSURE)



SECTOR DISTRIBUTION (NET EXPOSURE)

PHARMACEUTICALS	34%
HEALTH CARE SERVICES	18%
HEALTH CARE DISTRIBUTORS	16%
BIOTECHNOLOGY	10%
OTHER	22%

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.