

**MARKET DEVELOPMENT**

Healthcare stocks continued to gain ground in August and MSCI World Health Care Index increased 2.1% in USD and 0.4% in SEK.

The coronavirus is still spreading rather uncontrollably in many countries which has put a damper on the economic recovery. However, on a positive note, several vaccines may be approved for distribution within six months, which can constitute a catalyst for renewed optimism among consumers and businesses. As fiscal as well as monetary policies now are extremely lax, we are hopeful the policy measures will bridge the economic gap before mass vaccinations begin.

**FUND PERFORMANCE**

In August, HealthInvest Small & MicroCap Fund rose 1.7% in USD and increased 0.2% in SEK (share class D), in line with its benchmark index.

As predicted, the companies included in HealthInvest Small & MicroCap Fund performed relatively well in the second quarter despite the ongoing COVID-19 pandemic. The median HealthInvest holding reported sales growth of 1.1% and earnings per share growth of -1.2%. As a comparison, the companies included in S&P 500 Index reported a sales decrease of around 10% and an earnings decline of a whopping 30% on average (source: FactSet). Quite a difference and shows the resilience of our portfolio companies to the exogenous shock caused by the lockdowns.

**MANAGEMENT, VALUATION & OUTLOOK**

In August, HealthInvest Small & MicroCap Fund built up a significant equity position in the US hospital company Universal Health Services (UHS). The company has 90,000 employees and through its subsidiaries operates 26 acute care hospitals, 328 behavioral health facilities and 42 outpatient facilities. In contrast to most other hospital chains, UHS has a strong balance sheet, healthy operating margins and low minority interests. In the event of a Biden victory in the upcoming US elections, we believe the company will fare relatively well as Democrats will probably try to increase healthcare access for the poor. In our view, the UHS share is attractively valued at 12x free cash flow.

HealthInvest Small & MicroCap Fund (as an aggregate) is currently trading at 10.3x free cash flow. This compares favorably to the global healthcare sector (18.7x) as well as to MSCI World Index (19.8x).

At month end, the Fund had 24 equity holdings and 95% of the portfolio companies produce significant positive free cash flow. The net equity exposure was 97%.

**Monthly returns (share class D)\***

	2020	2019	2018	2017	2016	2015	2014	2013
January	-1.0%	7.2%	4.3%	-1.0%	-1.4%	4.4%	3.3%	n.m.
February	-5.8%	5.9%	0.9%	8.2%	0.8%	5.4%	-3.1%	5.3%
March	-0.6%	1.2%	0.3%	4.6%	2.6%	4.8%	-0.7%	6.1%
April	9.1%	-1.2%	1.2%	-3.2%	2.7%	3.1%	1.3%	4.1%
May	2.5%	-3.2%	-0.4%	2.3%	5.6%	0.1%	4.3%	1.0%
June	-3.5%	2.3%	0.8%	2.5%	-2.8%	-0.6%	-1.9%	-2.1%
July	3.0%	2.2%	-0.9%	-2.0%	4.5%	7.7%	2.2%	4.0%
August	0.2%	-3.6%	4.2%	1.6%	3.5%	-9.0%	1.9%	-2.9%
September	3.1%	-1.3%	6.1%	4.6%	-0.1%	0.2%	0.7%	
October	5.3%	-10.1%	2.9%	5.4%	4.5%	2.1%	5.0%	
November	2.2%	1.7%	-1.3%	-0.3%	4.8%	1.4%	3.4%	
December	-2.0%	-8.9%	2.3%	0.0%	-2.1%	3.8%	1.0%	
<b>Net return per year</b>	<b>3.2%</b>	<b>20.6%</b>	<b>-8.9%</b>	<b>24.7%</b>	<b>27.9%</b>	<b>24.2%</b>	<b>15.6%</b>	<b>28.3%</b>
<b>Net return since start</b>	<b>232.6%</b>	<b>222.3%</b>	<b>167.3%</b>	<b>193.4%</b>	<b>135.4%</b>	<b>84.1%</b>	<b>48.3%</b>	<b>28.3%</b>

\*Net of fees. Share class D started on September 11, 2019. The historical return preceding that date is the return of HealthInvest Small & MicroCap Fund adjusted for the applicable fee structure of share class D.

**Risk measures (share class D)\***

	24 months	Since start
Return	2.3%	232.6%
Sharpe ratio	0.17	1.36
Standard deviation	16.1%	12.4%
Beta vs MSCI World Health Care Index	0.89	0.59
Downside risk	11.3%	7.2%
Active risk (tracking error)	9.0%	10.9%

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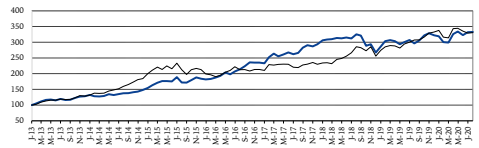
**Top Five Positions**

Company	Country	Sector	Portfolio weight
Almirall Laboratorios	ES	Pharmaceuticals	7.2%
Supernus Pharmaceuticals	US	Pharmaceuticals	7.2%
Pharming Group	NL	Biotechnology	7.1%
Coherus Biosciences	US	Biotechnology	7.1%
Halozyne Therapeutics	US	Biotechnology	4.5%

**Sector Distribution**

Sector	Portfolio weight
Biotechnology	38%
Pharmaceuticals	33%
Health Care Distributors	12%
Health Care Services	10%
Health Care Equipment	3%
Cash	3%

**Performance since start (share class D)\***



— HealthInvest Small & MicroCap Fund (D-SEK)  
— MSCI World Health Care Index (SEK)

\*Net of fees. Share class D started on September 11, 2019. The historical return preceding that date is the return of HealthInvest Small & MicroCap Fund adjusted for the applicable fee structure of share class D.

**Performance\***

	NAV	Aug*	2020*
HealthInvest Small & MicroCap (C-SEK)	111.7	0.2%	3.3%
HealthInvest Small & MicroCap (D-SEK)	109.5	0.2%	3.2%
MSCI World Health Care Index (SEK)	3544.4	0.4%	-0.5%
MSCI World Health Care Index (USD)	410.6	2.1%	7.7%
MSCI World Index (SEK)	62828.2	5.0%	-2.8%
MSCI World Index (USD)	7278.4	6.7%	5.3%

\*Net of fees.

**Geographical Distribution**

Region	Portfolio weight
USA	68%
Europe	24%
Asia	4%
Cash	3%

**Liquidity Risk\***

% part	No of days to liquidate portfolio				
	0-1	1-2	2-3	3-5	5-30
5	39	10	3	5	30
10	48	6	5	8	21
15	51	8	6	12	12
20	54	10	8	12	7

\* % of portfolio that can be transformed into cash with different constraints on daily turnover.

**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).