



HEALTHINVEST VALUE FUND  
2013 ANNUAL REPORT

## Facts about HealthInvest Value Fund

### HEALTHINVEST PARTNERS AB

HealthInvest Partners AB conducts fund operations and is under the supervision of the Swedish Financial Supervisory Authority. The operations consist of managing the funds registered in Sweden, HealthInvest Asia Fund, HealthInvest MicroCap Fund and HealthInvest Value Fund. The Fund's operations were authorised on 6 September 2006.

### FOCUS

Swedish investment fund which invests in the healthcare industry. The fund consists of four unit classes, of which unit classes A, B and C are active. The fund has no geographic restrictions, but a significant portion of the portfolio includes North American companies.

### SUBSCRIPTION AND FEES

Subscription and redemption of fund units takes place daily by making a request to the fund company.

A fixed management fee is charged at a rate of 1% per year in unit class A, and 1.5% per year for unit classes B and C.

The performance-based fee is charged at a rate of 20% on the annual return exceeding the return threshold of 5% and is charged daily.

The fund uses what is commonly referred to as a high watermark. This means that the performance-based fee is payable only when the investor has been compensated for any negative return (less than 5% per year) during previous periods.

### SUPERVISION

Licensing authority: The Swedish Financial Supervisory Authority

Custodian institution: Skandinaviska Enskilda Banken AB (publ)

Auditors: Öhrlings PricewaterhouseCoopers AB with Sussanne Sundvall, authorised public accountant, as principal auditor.

### FUND COMPANY

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HealthInvest Value Fund is an investment fund in accordance with the Swedish Investment Funds Act and consists of three active unit classes: A, B and C. Information in this annual report is supplemented by the information available in the prospectus and the fund rules for HealthInvest Value Fund. These may be obtained from HealthInvest Partners AB.

It is the responsibility of each and every person interested in investing in HealthInvest Value 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. The fund company, 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 the HealthInvest Value 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. Funds invested in HealthInvest Value Fund may increase as well as decrease in value, and there is no certainty that persons who invest in HealthInvest Value Fund will receive in return the entire capital invested.

This document is not to be regarded as a recommendation to purchase units in HealthInvest Value Fund. Each person who is interested in acquiring units must make their own assessment of an investment in HealthInvest Value Fund and the risks associated therewith.

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## HealthInvest Value Fund - Administration report

**HEALTHINVEST VALUE FUND** is an actively managed investment fund focusing on the healthcare industry. The fund has three active unit classes of which A and B are denominated in SEK and unit class C is denominated in EUR. The fund invests globally, but the focus is on North American companies since this region has a strong, global market position. A significant share of the fund assets are invested in companies with relatively small market capitalisation. The objective is, while observing due care, to provide maximum returns on invested capital over time with a well-balanced risk.

### DEVELOPMENT OF THE FUND

Since 1 November 2013, HealthInvest Value Fund is an investment fund available in three unit classes of which unit classes A and B are denominated in Swedish kronor and unit class C is denominated in euro. Unit class A is, for all intents and purposes, a continuation of the previous Value Fund, and the full history of Value Fund A is thus presented in this annual report together with the fund's previous history.

HealthInvest Value Fund/Value A enjoyed an increase in 2013 of 35.5 per cent after a deduction of the management fees. The MSCI World Health Care Index (SEK), which is the fund's comparison index, rose during the year by 32.3 per cent (approx. 35.0 per cent including re-invested dividends). From 1 November 2013 to 31 December 2013, Value B increased 1.0 per cent, and Value C increased 0.8 per cent, while the MSCI World Health Care Index increased 2.8 per cent in SEK and 2.4 per cent calculated in EUR.

As early as the second half of 2012, the fund was positioned to benefit from a stronger American economy and, overall, the impending healthcare reform, "Obamacare". Accordingly, at the beginning of 2013, the fund owned, among others, Medtronic, Stryker, Zimmer, Express Scripts, McKesson and Quest Diagnostics, all of which are leading companies which benefit from volume increases in the healthcare system. This was a prevailing theme in 2013, and has generally turned out well.

In addition, the portfolio has, as is customary, consisted of a number of companies which were chosen exclusively on the basis of their own qualities. One company in this category is Alliance Healthcare Services, which was also the fund's best investment in 2013. Alliance provides imaging services to hospitals on a contractual basis. The company has long grappled price pressures and a weak balance sheet and, following profit warnings in August 2011, the share was under tremendous pressure. A change of management and a new focus has stabilised the company which, notwithstanding a manifold increase in the share price, is not particularly expensive given the level revenues. Alliance Healthcare remains part of the portfolio even if we have reduced our position.

The fund's five best investments in 2013 include the medical technology companies Boston Scientific and Medtronic, the drug company, Salix Pharmaceuticals and the distributor, McKesson. Among small-cap companies, in addition to Alliance Healthcare Services, the fund has

also profitably invested in the laser equipment company, Cutera, and the American medical technology company, Cryolife. The fund's least successful investment was in the diagnostics company, Myriad Genetics. Myriad has a low valuation, but concerns relating to competition and price level caused the share to lose ground during the second half of 2013. Myriad remains in the portfolio, but expectations are low and relatively easy to exceed.

At the close of 2013, the fund had four positions each of which exceeded 6 per cent of the fund holdings. Express Scripts is a real cash flow machine which is following the trend in which an ever-increasing share of prescribed medicines in the US are generic. Medtronic is one of the world's largest medical technology companies. Notwithstanding strong development of the share price during the last two years, the share is at the same level as in 2001. We believe that the company has excellent possibilities to continue to provide good results in a world in which more and more people have a need for the products they sell. The Swedish company, Meda, is an inexpensive company which began to grow organically again in 2013, which we believe justifies a higher valuation. Finally, during the year we invested substantially in Charles River Laboratories, a so-called contract lab and sub-contractor to the drug industry and biotechnology sector. The company over-invested substantially in capacity during the years leading up to the financial crisis after which the value was forced to be written down. Subsequently, both the reputation and organisation improved and we believe that rewards will be reaped in the future, not very least since both drug companies and biotechnology companies (Charles River's customers) are more optimistic than they have been in many years.

With the exception of Cutera, all of the fund's eight largest holdings at the beginning of 2013 remained in the portfolio at year-end. Amongst the substantial positions which were sold off, mention may be made of Boston Scientific, Stryker, Zimmer, Life Technologies and Varian Medical as we believed the shares were fully valued.

The fund's shareholdings contributed positively to the fund's results for the year. Exchange-rate changes as a whole had a somewhat negative effect on the fund during the year. The majority of the fund's positions are listed in foreign currencies, and the fund's currency policy is to hedge a significant share of the currency risk with currency futures.

As per the balance sheet date, the fund owned shares equal to 85.2 per cent of the fund assets. In addition, holdings in HealthInvest MicroCap Fund comprised 3.4 per cent of the fund assets. The gross exposure was accordingly 88.6 per cent.

Geographically, the fund's stock investments are primarily in the US, which represented 58 per cent of the fund assets at the end of the year. Sweden represented 7 per cent, Germany 6 per cent, Ireland, Japan and Puerto Rico 4 per cent each, and Norway 2 per cent. An additional 3 per cent of the fund assets were invested in HealthInvest MicroCap Fund.

The fund's shareholdings at the end of the year were allocated to the following sectors: health care equipment (31 per cent of the fund assets), health care services (19 per cent), pharmaceuticals (11 per cent), life & health insurance (8 per cent), life science tools & services (7 per cent), biotechnology (5 per cent) and health care distributors (4 per cent).

### RISK TAKING BY THE FUND

The measure risk in HealthInvest Value Fund/Value A as its standard deviation was 15.1 per cent<sup>1</sup> measured both in 2013 and during the most recent two years. The beta value, calculated using the MSCI World Health Care Index as the market portfolio, was 1.22 during the year and 0.72 during the last two years.

Unit classes B and C have existed for only two months, as a consequence of which there is insufficient data to calculate the measure of risk.

The primary risk confronting the fund in the short to medium term is considered to be the market risk associated with general stock market developments. A large portion of the fund is invested in the US, as a consequence of which the fund is exposed to a relatively high degree to the American economy and stock exchange trends. In addition, part of the fund's holdings are in relatively small companies, which increases the liquidity risk in the fund.

The fund's currency policy is to hedge a significant share of the fund's currency exposures. Since the asset fund is denominated in SEK, the return in unit class C which is denominated in EUR is directly exposed to changes in the SEK/EUR exchange rate.

### FUND ASSETS

As of 31 December 2013, HealthInvest Value Fund's fund assets amounted to SEK 542 million. In 2013, units were issued for SEK 126.2 million, while units were redeemed for SEK 167.4 million. In addition, profit for the year was SEK 140.2 million. The allocation of the fund assets in the three unit classes is set forth in the table, "Changes in fund assets".

### FUND COSTS

During the year, the fund paid SEK 0.5 million in commissions and transaction-related fees, which is equal to 0.04 per cent of the value of the securities sold. Fixed management fees paid to the fund company cost the fund SEK 4.3 million. In addition, performance-based fees amounted to SEK 20.4 million charged to the fund, of which SEK 0.5 million was returned to the unit holders. Note 1 in the Income Statement provides the breakdown of fees in the various unit classes. In total, management fees as a share of the average fund assets was 5.02 per cent in Value/Value A and 0.48 per cent each in unit classes B

and C. The fund does not charge fees for subscription or redemption of shares.

The fund's turnover rate was 1.23, and the annual fee cost measure<sup>2</sup> amounted to 1.00 per cent for Value/Value A and 1.50 per cent for Value B and Value C.

### FUND RULES

On 25 September 2013, the Swedish Financial Supervisory Authority authorised amendments to HealthInvest Value Fund's fund rules according to which the fund, commencing 1 November 2013, became an investment fund in lieu of a specialty fund. The fund was opened for subscription in three unit classes, A, B and C, of which the first two are denominated in SEK, while C is denominated in EUR. The fund's existing unit holders received units in unit class A which, practically speaking, is a continuation of the existing fund and subject to the same terms and conditions and has the same focus. In addition, the fund transitioned to daily trading in all unit classes, to be compared with the former monthly trading.

The amendments to the fund rules have no effect on the fund's management focus.

In October 2013, the Swedish Financial Supervisory Authority approved the merger of HealthInvest Value Fund with HealthInvest Access Fund by absorption. The merger will take place based upon the valuation of the two funds on 14 February 2014, and the first trading day in the merged fund will be 17 February 2014. On the day of the merger, the unit holders in Access Fund will be allotted units in Value Fund unit class B at a value equal to their holdings in Access Fund.

The purpose of the merger is to render the management of the two funds, the investment strategy of which is similar, more efficient. The greatest difference is that the Value Fund has a somewhat greater focus on small and mid-cap companies than does Access Fund. The merger will entail no change for Value Fund's existing unit holders other than the fact that the assets will increase.

### RESPONSIBLE INVESTMENTS POLICY

HealthInvest Partners acceded to the United Nations "Principles for Responsible Investments" (PRI). This means that the fund company supports the six principles addressed by the PRI initiative and strives to comply with them in managing the fund. MSCI ESG Research examines the fund on a regular basis from an ESG perspective (ESG stands for Environmental, Social and Corporate Governance) and reports to the fund company. In this way, all of the fund's holdings are analysed at the beginning of the year, mid-year and at the end of the year. MSCI ESG Research has not found anything indicating a "red flag" in its audits and which would have otherwise have triggered an action on the part of the fund company.

<sup>1</sup> The standard deviation for the fund's measure of risk. The goal is that the standard deviation measured over a two-year period shall not exceed 25 per cent.

<sup>2</sup> The annual fee cost measure, includes all costs incurred by the fund in accordance with Income Statement apart from for variable fees, interest costs and transaction-related costs. The figures for Value B and C are based on the period, 1 November 2013 – 31 December 2013, and have been annualised.

### MISCELLANEOUS

Units in HealthInvest Value Fund's unit classes are subscribed and redeemed each banking day in Sweden with the exception of days on which exchanges in the US are closed. Subscription takes place via deposit on the account of the respective unit class, and redemption takes place by notice to the fund company on a redemption form.

All financial instruments are valued at the rates applicable on the last day of the year, which includes 31 December for those markets which are open on that date.

The fund's liquid assets are principally invested in interest-bearing securities or deposited on accounts at credit institutions. The fund is valued in Swedish kronor, while most of the fund's investments are in companies outside Sweden. The fund company's exchange-rate policy is to hedge a significant share of the exchange-rate risk by regularly employing currency futures. The fund rules permit investments in derivative instruments. During the year, no positions in derivative instruments have been acquired other than the positions in currency futures which are intended to reduce the currency risk in the fund.

The commitment approach is used as the method for risk determination in order to assess the total exposures in the fund.

## Income statement (SEK'000)

Income and changes in value	Note	2013	2012
Changes in value in traded securities		157 872	29 765
Changes in value in fund units		8 797	2 373
Interest income		50	10
Dividends		3 992	5 684
Currency gains and losses, net		-4 794	7 299
<b>Total Income and changes in value</b>		<b>165 919</b>	<b>45 131</b>
<b>Costs</b>			
Management costs	1	-24 683	-8 873
Interest costs		-460	-772
Other costs	2	-538	-2 295
<b>Total Costs</b>		<b>-25 681</b>	<b>-11 940</b>
<b>Profit for the year</b>		<b>140 238</b>	<b>33 190</b>

Note 1 - Management costs	2013	2012
<b>Fixed management fee</b>	<b>-4 258</b>	<b>-3 587</b>
of which Value Fund (up to and including 31 October 2013)	-3 422	-3 587
of which Value A	-834	-
of which Value B	-1	-
of which Value C	-1	-
<b>Performance-based management fee</b>	<b>-20 425</b>	<b>-5 286</b>
of which Value Fund (up to and including 31 October 2013)	-14 485	-5 286
of which Value A*	-5 938	-
of which Value B	-1	-
of which Value C	-1	-
<b>Total Management costs</b>	<b>-24 683</b>	<b>-8 873</b>

\* Of the reported performance-based fee in Value A in 2013, SEK 503,000 was returned to unit holders through purchases of units.

Note 2 - Other costs	2013	2012
Transaction costs	-538	-2 221
Transaction fees paid to custodian institution	0	-74
<b>Total Other costs</b>	<b>-538</b>	<b>-2 295</b>

## Balance sheet (SEK'000)

Assets	Note	2013-12-31	2012-12-31
Transferrable securities		462 000	386 865
OTC derivative instruments with positive market value		4 784	7 787
Fund units		18 346	49 246
<b>Total financial instruments with positive market value</b>		<b>485 129</b>	<b>443 899</b>
<b>Total investments with positive market value</b>		<b>485 129</b>	<b>443 899</b>
Bank deposits and other liquid funds		58 472	1 625
Prepaid costs and accrued income	1	207	187
<b>Total assets</b>		<b>543 808</b>	<b>445 711</b>
<b>Liabilities</b>			
OTC derivative instruments with negative market value		0	-209
<b>Total financial instruments with negative market value</b>		<b>0</b>	<b>-209</b>
Accrued costs and prepaid income	2	-460	-384
Other liabilities	3	-1 079	-1 836
<b>Total liabilities</b>		<b>-1 538</b>	<b>-2 430</b>
<b>Fund assets</b>		<b>542 270</b>	<b>443 281</b>
<b>Memorandum items</b>			
Pledged assets for OTC derivative instruments		17 952	0
<b>Note 1 - Prepaid costs and accrued income</b>			
		<b>2013-12-31</b>	<b>2012-12-31</b>
Dividends for which payment is expected		177	145
Other		30	43
<b>Total Prepaid costs and accrued income</b>		<b>207</b>	<b>187</b>
<b>Note 2 - Accrued costs and prepaid income</b>			
		<b>2013-12-31</b>	<b>2012-12-31</b>
Management fee		-460	-368
Accrued interest cost		0	-14
Accrued transaction fee of custodian institution		0	-3
<b>Total Accrued costs and prepaid income</b>		<b>-460</b>	<b>-384</b>
<b>Note 3 - Other liabilities</b>			
		<b>2013-12-31</b>	<b>2012-12-31</b>
Redemption of units in progress		-1 079	-1 836
<b>Total Other liabilities</b>		<b>-1 079</b>	<b>-1 836</b>

## Accounting principles

The annual report has been prepared in accordance with the regulations of the Swedish Financial Supervisory Authority regarding reporting by investment funds and the Swedish Investment Funds Association's recommendation regarding reporting key ratios in investment funds and ESMA (European Securities and Market Authorities) guidelines regarding held derivatives.

All financial instruments traded on a marketplace have been valued in the annual accounts at the last transaction price, local time, during the year or, in the absence of such a price, at the last bid price. Holdings in foreign currencies are valued at the last price paid for the currency during the year. In the absence of information regarding relevant market values, the valuation is made at the value which the fund company establishes based on objective grounds. The valuation of non-standardised instruments is based

on accepted models such as Black-Scholes and Black 76 (European options) or numerical methods such as binomial trees. In the event accepted methods are not available, the valuation of OTC derivatives is derived from market quotes for similar, standardised instruments. Accordingly, the fund's holdings of currency futures are valued on the basis of quotations from future currency exchanges for standardised time periods. As per the balance sheet day of 31 December 2013, the fund had no holdings for which the relevant market value was lacking.

During the year, the fund invested in HealthInvest Asia Fund, and is invested in HealthInvest MicroCap Fund. The fixed fee charged to these investments has been restored to the investors. The fund's cost for management has been reported net.

## Summary of holdings per 31 december 2013

Financial instruments with positive market value	Country (1)	Quantity	Price (2)	Market Value (SEK'000)	% of fund assets
<b>Shares with positive market value</b>					
<b>Health care equipment</b>					
					<b>30.72</b>
Medtronic	US	96 300	57.39	35 581	6.56
Draegerwerk PFD	DE	29 435	94.92	24 722	4.56
Hologic	US	160 900	22.35	23 152	4.27
Hill-Rom	US	86 600	41.34	23 048	4.25
Nikkiso	JP	283 000	1 324.00	22 908	4.22
Cryolife	US	177 364	11.09	12 663	2.34
Medi-Stim	NO	504 196	23.00	12 296	2.27
Thoratec	US	51 947	36.60	12 240	2.26
<b>Health care services</b>					<b>19.24</b>
Express Scripts	US	82 500	70.24	37 307	6.88
Lifepoint Hospitals	US	71 700	52.84	24 391	4.50
Alliance Healthcare Services	US	148 849	24.74	23 708	4.37
Skilled Healthcare	US	354 558	4.81	10 980	2.02
Paul Hartmann	DE	3 415	263.50	7 962	1.47
<b>Pharmaceuticals</b>					<b>11.42</b>
Meda A	SE	464 783	81.60	37 926	6.99
Shire ADR	IR (US)	26 400	141.29	24 014	4.43
<b>Life &amp; health insurance</b>					<b>7.90</b>
Wellpoint	US	40 000	92.39	23 792	4.39
Triple-S Management	PR	152 060	19.44	19 031	3.51
<b>Life science tools &amp; services</b>					<b>6.74</b>
Charles River Laboratories	US	107 000	53.04	36 537	6.74
<b>Biotechnology</b>					<b>4.84</b>
Myriad Genetics	US	194 400	20.98	26 257	4.84
<b>Health care distributors</b>					<b>4.33</b>
McKesson	US	22 600	161.40	23 484	4.33
<b>TOTAL Shares with positive market value</b>				<b>462 000</b>	<b>85.20</b>
<b>OTC derivative instruments with positive market value</b>					
Currency futures USD/SEK 14 February 2014* (3)	SE	-25 500 000		4 784	0.88
<b>TOTAL OTC derivative instruments with positive market value</b>				<b>4 784</b>	<b>0.88</b>
<b>Fund units</b>					
HealthInvest MicroCap Fund*	SE	144 140	127.28	18 346	3.38
<b>TOTAL Fund units</b>				<b>18 346</b>	<b>3.38</b>
<b>TOTAL Financial instruments with positive market value</b>				<b>485 129</b>	<b>89.46</b>

## Summary of holdings per 31 december 2013

Financial instruments with positive market value	Country (1)	Quantity	Price (2)	Market Value (SEK'000)	% of fund asset
<b>TOTAL Investments with positive market value</b>				<b>485 129</b>	<b>89.46</b>
Other assets/liabilities, net				57 141	10.54
<b>TOTAL FUND ASSETS</b>				<b>542 270</b>	<b>100.00</b>
Traded securities which are admitted to trading on a regulated market or similar market outside the EEA					85.20
Traded securities which are subject to regular trading on another market which is registered and open to the public					0.00
* Other financial instruments					4.27
<b>Total</b>					<b>89.46</b>

1) Refers to the country of residence of the company. If the company is listed in another country, this is stated within parentheses. The following abbreviations have been used: DE Germany, IR Ireland, JP Japan, NO Norway, PR Puerto Rico, SE Sweden and US USA.

2) Refers to local currency.

3) The total underlying exposure arising by virtue of the futures contracts entered into by the fund was SEK164,169,000. All contracts are with Skandinaviska Enskilda Banken as the counterparty, and the fund has not received any security.

## Other information

The first occasion on which to subscribe in HealthInvest Value Fund was 30 December 2008. On 1 November 2013, the fund was open for subscription through three unit classes and, in conjunction therewith, the fund's existing shareholders received units in unit class A. Key ratios pertaining to risk and return are not reported for unit classes B and C since they have existed for only two months.

### HealthInvest Value Fund facts

Unit class (1)	A	B	C
Unit value	SEK 272.64	SEK 101.02	EUR 10.08
Number of units	1 978 853	10 296	19 241
Fund assets (SEK'000)	539 514	1 040	1 716
<b>Return (2)</b>			
Returns since start (%)	200.47	1.02	0.80
Average annual return for the fund, 5 years (%)	24.61	-	-
Average annual return for MSCI World HC Index, 5 years (%)	9.83	-	-
Average annual return for the fund, 2 years (%)	22.45	-	-
Average annual return for MSCI World HC Index, 2 years (%)	20.01	-	-
<b>Measure of risk (3)</b>			
Beta value	0.72	-	-
Standard deviation (%)	15.09	-	-
Downside risk (%)	7.40	-	-
Sharpe quota	1.35	-	-
<b>Fees</b>			
Fixed management fee (%)	1.00	1.50	1.50
Performance-based fee (%)	20	20	20
Annual return threshold (%)	5	5	5
High watermark	Ja	Ja	Ja
Annual fee (%) (4)	1.00	1.50	1.50
Charged management costs 2013 as a % of average fund assets (%)	5.02	0.48	0.48
Management cost 2013 for a one-off deposit of SEK 10,000	SEK 702	-	-

(1) Some of the key ratios are lacking for unit classes B and C since they have only a 2-month history.

(2) The return figures for unit classes B and C pertain to the period, 1 November 2013 to 31 December 2013.

(3) Data for unit class A is based on monthly return data from the most recent 24 months for a customer who invested in Value Fund from the beginning and who received units in unit class A on 1 November 2013.

(4) The annual fee for unit classes B and C is calculated on the basis of the period, 1 November 2013 to 31 December 2013, and has been annualised.

## Other information

### Changes in fund assets

(SEK'000)		Opening fund assets	Issuance of units	Redemption	Profit for the year	Closing fund assets
2008		-	59 050	-	-	59 050
2009		59 050	102 430	-8 487	61 060	214 053
2010		214 053	107 305	-74 561	49 711	296 508
2011		296 508	34 950	-17 376	8 591	322 674
2012		322 674	108 177	-20 760	33 190	443 281
	Value Fund/Value A	443 281	123 215	-167 251		539 514
2013	Value B	-	1 220	-167		1 040
	Value C	-	1 734	-		1 716
	TOTAL	443 281	126 170	-167 418	140 238	542 270

### Return and change in unit value

Value Fund/Value A	Unit value (SEK)	Number of units	Fund assets (SEK'000)	Return on HealthInvest Value Fund A (%) (1)	Return on MSCI World HC Index (SEK, %) (2)
2008	100.00	590 500	59 050	-	-
2009	158.98	1 346 450	214 053	59.13	8.10
2010	190.81	1 553 945	296 508	21.75	-5.89
2011	194.87	1 655 871	322 674	3.43	9.08
2012	209.17	2 119 240	443 281	10.66	8.88
2013	272.64	1 978 853	539 514	35.50	32.27

Value B	Unit value (SEK)	Number of units	Fund assets (SEK'000)	Return on HealthInvest Value Fund B (%) (3)	Return on MSCI World HC Index (SEK, %) (2) (3)
1 November 2013	100.00	-	-	-	-
2013	101.02	10 296	1 040	1.02	2.83

Value C	Unit value (EUR)	Number of units	Fund assets (SEK'000/ EUR'000)	Return on HealthInvest Value Fund C (%) (3)	Return on MSCI World HC Index (EUR, %) (2) (3)
1 November 2013	10.00	-	-	-	-
2013	10.08	19 241	1 716/194	0.80	2.36

(1) Pertains to unit holders who invested in Value Fund at the beginning, 30 December 2008. The unit holders received units in Value Fund A on 1 November 2013.

(2) MSCI World Health Care Index is a global index consisting of the companies in healthcare which have the largest market value.

(3) Returns during the period, 1 November 2013 – 31 December 2013.

## Other information

### Unit holders' costs

	Amount in SEK	% of invested amount
<b>Market value per 31 December 2012</b>	<b>10 000</b>	
Change in value prior to costs, 2013	4 299	43.0
Costs		
– Fixed management fee	-126	-1.3
– Performance-based management fee	-576	-5.8
– Commissions and other costs	-48	-0.5
Value changes after costs, 2013	3 550	35.5
<b>Market value per 31 December 2013</b>	<b>13 550</b>	

The example above illustrates the cost burden during the year in HealthInvest Value Fund. The calculation pertains to a unit holder who subscribed for units in the fund when the fund was opened and whose units in HealthInvest Value Fund were worth SEK 10,000 at the end of 2012. The unit holder received the units in HealthInvest Value Fund A on 31 October 2013. The fixed management fee is charged monthly in arrears and is calculated as one-twelfth of 1

per cent of the market value of the investor's fund unit holdings. The performance-based fee is 20 per cent of the return exceeding the return threshold of 5 per cent per year. The unit holder does not pay performance-based fees until the return for the previous period which is below the return threshold has been compensated (high watermark). Other costs are comprised principally of withholding taxes and dividends.

Stockholm, 18 March 2014

HealthInvest Partners AB

Johan Stern  
Chairman of the Board of Directors

Anders Hallberg  
Member of the Board of Directors/CEO

Ingemar Kihlström  
Member of the Board of Directors

# Audit report

To the unit holders in HealthInvest Value Fund, Corporate Identity Number 515602-3045

## Report on the annual report

We have, in our capacity as auditors in HealthInvest Partners AB, Corporate Identity Number 556680-4810, audited the annual report for HealthInvest Value Fund for the financial year 2013

### *Responsibilities of the Fund Management Company for the annual report*

The Fund Management Company is responsible for the preparation of an annual report in accordance with the Investment Funds Act and the Swedish Financial Supervisory Authority's regulations for investment funds, and for such internal control as the Fund Management Company determines is necessary to enable the preparation of an annual report that is free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund Management Company's preparation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund Management Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund Management Company, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Opinion*

In our opinion, the annual report has been prepared in accordance with the Investment Funds Act and the Swedish Financial Supervisory Authority's regulations for investment funds.

## Report on other legal and regulatory requirements

In addition to our audit of the annual report, we have also examined the Fund Management Company's administration of HealthInvest Value Fund for the financial year 2013.

### *Responsibilities of the Fund Management Company*

The Fund Management Company is responsible for administration under the Investment Funds Act.

### *Auditors' responsibility*

Our responsibility is to express an opinion with reasonable assurance on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion concerning the administration, in addition to our audit of the annual report, we examined significant decisions, actions taken and circumstances of the fund in order to determine whether the Fund Management Company has acted in contravention of the Investment Funds Act.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Opinion*

We do not believe that the Fund Management Company has acted in contravention of the Investment Funds Act or the statutes of the fund.

Stockholm, 18 March 2014

PricewaterhouseCoopers AB

Susanne Sundvall  
Authorized Public Accountant

HealthInvest  
PARTNERS

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