



HealthInvest January 2014 Letters

Access Fund
Asia Fund
MicroCap Fund
Value Fund

Market Development

The sentiment among healthcare investors was positive in January as MSCI World Healthcare Index rose 2.5% in SEK and increased 0.6% in USD.

Fund Performance

HealthInvest Access Fund's return was 2.1% in January, in line with benchmark index. Last month's losers, Alliance Healthcare Services and Myriad Genetics, regained ground as the shares shot up 16% and 31% respectively. Significant laggards included Hill-Rom (down 12% on weak Q4 earnings) and Triple-S Management (-8%).

Management, Valuation & Outlook

At the State of the Union address on January 28, President Obama revealed that the roll out of the Patient Protection and Affordable Care Act ("ObamaCare") has got additional traction since year end. It is now estimated that around nine million US citizens have signed up for private health insurance or been determined eligible for Medicaid. This can be compared to six million citizens one month ago. We continue to believe that Obamacare will be a substantial tail wind for the healthcare services and medical device sectors in 2014. In our view, the positive effect for pharmaceutical companies will be less significant as the new entrants in the system will mainly be purchasing generic drugs.

The Fund is currently trading at 14x free cash flow and at a price/sales ratio of 1.2 (on historic rolling 12 month data). The sales growth is around 10 per cent and free cash flow growth is around 11 per cent.

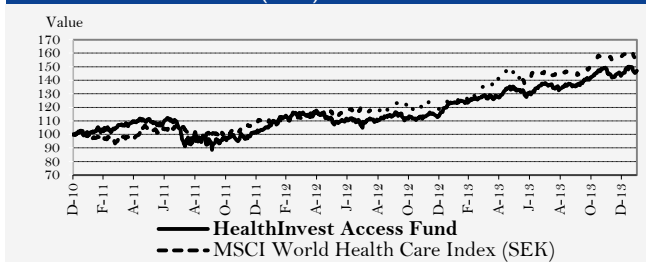
Given the healthy valuation of the portfolio and the good growth prospects in 2014-2015 due to the implementation of Obamacare, we are hopeful that the Fund could continue to appreciate in value in 2014.

The Fund's net equity exposure was 90% at month end.

Fund Characteristics

HealthInvest Access Fund invests in healthcare companies globally with an emphasis on the US market. The main focus is on small and mid cap companies. The investment style is value oriented. The fund started on December 30, 2010.

Performance since start (SEK)



Performance

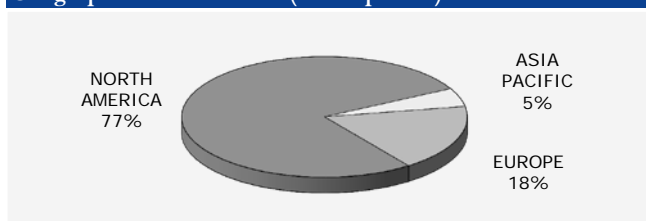
	NAV/Share	Jan*	2014*
HealthInvest Access Fund (SEK)	146.9	2.1%	2.1%
MSCI World Health Care Index (SEK)	1131.7	2.5%	2.5%
MSCI World Health Care Index (USD)	172.9	0.6%	0.6%

*Net of fees

Risk Measures

	24 months	Since start
Return	41.7%	43.9%
Sharpe ratio	1.23	0.97
Standard deviation	12.3%	12.3%
Jensen's Alpha	2.6%	4.3%
Beta vs MSCI World Health Care Index	0.69	0.53
Downside risk	6.1%	7.1%
Active risk (tracking error)	11.1%	12.0%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	36%
HEALTH CARE SERVICES	14%
PHARMACEUTICALS	13%
LIFE SCIENCES TOOLS & SERVICES	9%
MANAGED HEALTH CARE	9%
BIOTECHNOLOGY	7%
HEALTH CARE FACILITIES	6%
HEALTH CARE DISTRIBUTORS	5%

Market Development

The sentiment in Asian healthcare equity markets was positive in January as MSCI Asia Health Care Index rose 3.2% in SEK and increased 1.3% in USD.

Performance of the Fund

HealthInvest Asia Fund decreased 0.7% in January, below its benchmark index.

Management, Valuation & Outlook

Stock markets in emerging markets have performed rather poorly during the last 3-4 years (as we are sure you have noticed). As an example, MSCI China Index has dropped around 20% from its peak in 2010. During the same period, S&P 500 has risen around 45%, a staggering outperformance of 65 %-points.

However, after this sharp correction, we feel the valuations in Asian emerging markets have become attractive. We will therefore increase Asia Fund's exposure to these markets. We have already started this process in January with the inclusion of two new holdings with Chinese origin:

PICC Property & Casualty Insurance is listed and has headquarters in Hong Kong. PICC is only operational in China and the highest growth area is its health insurance products, although this segment still is relatively small compared to its auto insurance business. Sales growth the last three years has been 17.3% (CAGR) and the net profit has more than doubled. Valuation is attractive as shares are trading at around five times free cash flow, adjusted for changes in net working capital.

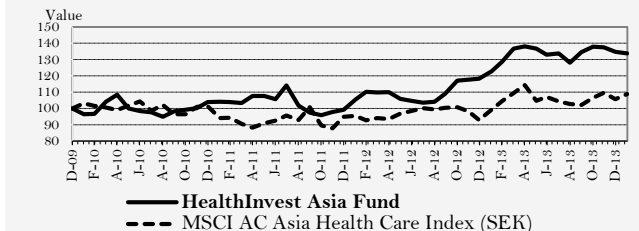
Anxin-China is also listed and has headquarters in Hong Kong. The company sells intelligent security/health warning systems in China, mainly to the mining industry. Sales growth the last three years has been 51% and net profits have risen around 35% (CAGR). Given this high growth, valuation is appetizing as shares are trading at around nine times free cash flow, adjusted for changes in net working capital.

The Fund's net equity exposure was 93% at year end.

Fund Characteristics

HealthInvest Asia Fund invests in healthcare companies with an emphasis on the Asian market. The Fund has direct exposure in the Asia-Pacific through listed holdings in Australia, Hong Kong, Japan, Malaysia, Singapore, South Korea and Thailand. In addition, the Fund may own shares in European and US companies, which have significant presence in the region. The investment style is value oriented. The fund was started on December 30, 2009.

Performance since start (SEK)



Performance

	NAV/Share	Jan*	2014*
HealthInvest Asia Fund (SEK)	126,87	-0.7%	-0.7%
MSCI Asia Health Care Index (SEK)	1105.5	3.2%	3.2%
MSCI Asia Health Care Index (USD)	168.9	1.3%	1.3%

*Net of fees

Risk Measures

	24 months	Since start
Return	26.3%	33.1%
Sharpe ratio	1.02	0.52
Standard deviation	13.2%	11.0%
Jensen's Alpha	10.4%	6.9%
Beta vs MSCI AC Asia Health Care	0.19	0.04
Downside risk	5.1%	8.4%
Active risk (tracking error)	14.7%	19.2%

Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	25%
PHARMACEUTICALS	22%
HEALTH CARE SERVICES	18%
HEALTH CARE DISTRIBUTORS	12%
LIFE & HEALTH INSURANCE	5%
HEALTH CARE SUPPLIES	5%
PROPERTY & CASUALTY INSURANCE	5%
HEALTH CARE FACILITIES	4%
ELECTRONIC EQUIPMENT & INSTRUMENTS	4%

Geographical Distribution (Net exposure)

JAPAN	53%
KOREA	12%
MALAYSIA	9%
THAILAND	9%
CHINA	9%
AUSTRALIA	5%
SINGAPORE	4%

Market Development

The sentiment among healthcare investors was positive in January. MSCI World Healthcare Index rose 2.5% in SEK and increased 0.6% in USD. MSCI World Small Cap Health Index showed an even stronger development, rising 6.2% in SEK and increasing 4.2% in USD.

Fund Performance

HealthInvest MicroCap Fund's return was 3.4% in January, slightly below its benchmark index. Strongest contributors were Cellavision, a Swedish lab equipment company (shares up 25%) and Vetoquinol, a French veterinary drug supplier (+17%). Significant laggards included Animalcare Group (shares down 10%) and Vernalis (-9%).

Management, Valuation & Outlook

We added Atcor Medical as a significant holding to the portfolio in January. The Australian company has developed and launched the SphygmoCor system family of products which provides tools for non-invasive measurement of the blood pressure for the heart, brain and kidneys. In its latest fiscal year, the company grew sales over 40%, had a gross margin above 85% and had a free cash flow margin above 18%. Although small companies always have their peaks and troughs operationally, we believe the shares are attractively valued at 14x free cash flow.

From a valuation perspective of the total equity portfolio, we remain confident. The Fund is currently trading at 11.3x free cash flow and at a price/sales ratio of 1.3 (on historic rolling 12 month data).

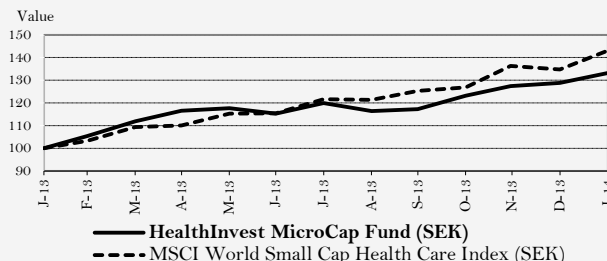
The sales growth is around six per cent and free cash flow growth is around 19 per cent. Given the low valuation of the portfolio and the healthy growth, we are hopeful that the Fund could continue to appreciate in value in 2014.

The Fund's net equity exposure was 101% at year end.

Fund Characteristics

HealthInvest MicroCap Fund invests in healthcare companies globally. The main focus is on microcap companies and the investment style is value oriented. The fund started on January 31, 2013.

Performance since start (SEK)



Performance

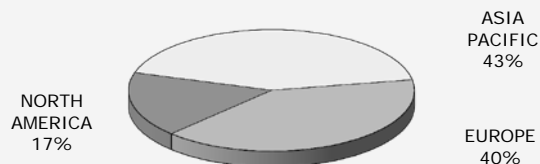
	NAV/Share	Jan*	2014*
HealthInvest MicroCap Fund (SEK)	131.4	3.3%	3.3%
MSCI World Small Cap Health (SEK)	13218.7	6.2%	6.2%
MSCI World Small Cap Health (USD)	2019.5	4.2%	4.2%

*Net of fees

Risk Measures (Since start)

Return	33.1%
Sharpe ratio	2.83
Standard deviation	10.1%
Jensen's Alpha	11.9%
Beta vs MSCI World Small Cap Health Care Index	0.48
Downside risk	3.7%
Active risk (tracking error)	9.9%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	35%
HEALTH CARE DISTRIBUTORS	16%
HEALTH CARE SERVICES	11%
HEALTH CARE SUPPLIES	10%
PHARMACEUTICALS	8%
BIOTECHNOLOGY	8%
HEALTH CARE FACILITIES	8%
ELECTRONIC EQUIPMENT & INSTRUMENTS	4%

Market Development

The sentiment among healthcare investors was positive in January as MSCI World Healthcare Index rose 2.5% in SEK and increased 0.6% in USD.

Fund Performance

HealthInvest Value Fund's return was 2.1% in January, in line with benchmark index. Last month's losers, Alliance Healthcare Services and Myriad Genetics, regained ground as shares shot up 16% and 31 respectively. Significant laggards included Hill-Rom (down 12% on weak Q4 earnings) and Triple-S Management (-8%).

Management, Valuation & Outlook

At the State of the Union address on January 28, President Obama revealed that the roll out of the Patient Protection and Affordable Care Act ("ObamaCare") has got additional traction since year end. It is now estimated that around nine million US citizens have signed up for private health insurance or been determined eligible for Medicaid. This can be compared to six million citizens one month ago. We continue to believe that Obamacare will be a substantial tail wind for the healthcare services and medical device sectors in 2014. In our view, the positive effect for pharmaceutical companies will be less significant as the new entrants into the system will mainly be purchasing generic drugs.

The Fund is currently trading at 14x free cash flow and at a price/sales ratio of 1.2 (on historic rolling 12 month data). The sales growth is around 10 per cent and free cash flow growth is around 11 per cent.

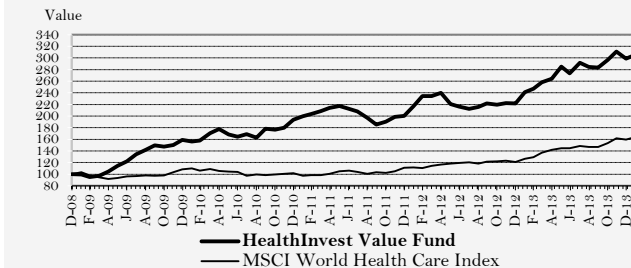
Given the healthy valuation of the portfolio and the good growth prospects in 2014-2015 due to the implementation of Obamacare, we are hopeful that the Fund could continue to appreciate in value in 2014.

The Fund's net equity exposure was 93% at month end.

Fund Characteristics

HealthInvest Value Fund invests in healthcare companies globally with an emphasis on the US market. The focus is on micro, small and mid cap companies. The investment style is value oriented. The fund was started on December 30, 2008.

Performance since start (SEK)



Performance

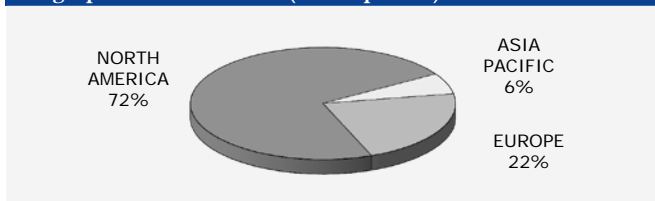
	NAV/Share	Jan*	2014*
HealthInvest Value Fund (A-SEK)	278.5	2.1%	2.1%
MSCI World Health Care Index (SEK)	1131.7	2.5%	2.5%
MSCI World Health Care Index (USD)	172.9	0.6%	0.6%

*Net of fees

Risk Measures

	24 months	Since start
Return	41.6%	206.9%
Sharpe ratio	1.21	1.49
Standard deviation	14.3%	15.0%
Jensen's Alpha	3.9%	21.5%
Beta vs MSCI World Health Care Index	0.74	0.30
Downside risk	7.4%	7.2%
Active risk (tracking error)	13.1%	16.2%

Geographical Distribution (Net exposure)



Sector Distribution (Net exposure)

HEALTH CARE EQUIPMENT	37%
HEALTH CARE SERVICES	13%
PHARMACEUTICALS	12%
MANAGED HEALTH CARE	8%
LIFE SCIENCES TOOLS & SERVICES	8%
BIOTECHNOLOGY	7%
HEALTH CARE FACILITIES	7%
HEALTH CARE DISTRIBUTORS	5%
HEALTH CARE SUPPLIES	2%