



HEALTHINVEST FUNDS

2017 ANNUAL REPORT

# HealthInvest Partners - Fund Facts

## FOCUS

Investment funds registered in Sweden focusing on investments in the healthcare industry. Pharmaceuticals, medical technology and service companies are the most important sectors.

## SUBSCRIPTION AND REDEMPTION OF UNITS

HealthInvest Value Fund is a UCITS fund and HealthInvest Small & MicroCap Fund is an alternative investment fund. Subscription and redemption of fund units normally take place each banking day.

## FEES

A fixed management fee is charged at a rate of 1% per year in HealthInvest Value Fund unit class A and 1.5% per year in unit classes B and C. In HealthInvest Small & MicroCap Fund unit class A, a fixed management fee is charged at a rate of 1.5% per year and 2.0% per year in unit class B.

A performance-based fee is charged at a rate of 20% on the annual return exceeding the return threshold of 5% in HealthInvest Value Fund unit classes A, B and C and the return threshold of 8% in HealthInvest Small & MicroCap Fund unit class A. In unit class B the return threshold changes over time by the return on the MSCI World Health Care Index.

The funds apply 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 from previous periods.

## RESPONSIBLE INVESTMENTS POLICY

HealthInvest Partners has 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 which are described at [www.unpri.org](http://www.unpri.org). The fund company works with

MSCI ESG Research, which specialises in ESG issues and provides management with a database of ESG research. MSCI ESG Research's analysts also review the fund's holdings on a half yearly basis in an independent audit and report to the fund company.

## SUPERVISION

Supervisory Authority:  
The Swedish Financial Supervisory Authority (Finansinspektionen)

## Custodian:

Skandinaviska Enskilda Banken (publ)

## Auditor:

PricewaterhouseCoopers AB with Susanne Sundvall, authorised public accountant, as principal auditor

## FUND COMPANY

HealthInvest Partners AB  
Biblioteksgatan 29  
SE-114 35 Stockholm  
Telephone: +46 (0) 8 440 38 30  
Fax: +46 (0)8 440 38 39  
E-mail: [info@healthinvest.se](mailto:info@healthinvest.se)  
Website: [www.healthinvest.se](http://www.healthinvest.se)

It is the responsibility of each and every person interested in investing in HealthInvest Partners' funds 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 Funds shall be resolved according to Swedish law and exclusively by Swedish courts of law. There is no guarantee that an investment in a Fund managed by HealthInvest Partners cannot result in a loss. This applies irrespective of otherwise positive performance on the financial markets. Past performance is no guarantee of future results. An investment in HealthInvest Partners' funds can both increase and decrease in value, and there is no guarantee that the investor recovers the full amount invested. Information in this semi-annual report is supplemented by the information available in the prospectus and the fund rules for each Fund, respectively. These may be obtained, free of charge, from HealthInvest Partners AB.

# Table of Contents

Fund Manager's View .....	4	
 <b>HealthInvest MicroCap Fund</b>		
Administration Report .....	5	
Audit report .....	15	
 <b>HealthInvest Value Fund</b>		
Administration Report .....	16	
Audit report .....	27	
 <b>HealthInvest Partners AB</b> .....		28

*This is a translation from the Swedish version of the Annual Report. In case of any inconsistency between the English and Swedish version, the Swedish version shall prevail.*

# Fund Manager's View

A robust global economy and low interest rates combined to create a favourable investment environment in 2017. The stock market was strong. Measured in SEK, the MSCI World Index - which reflects the global stock market - grew by 10.2% and trends were positive in the US, Europe and Asia.

The health care sector expanded during the year, and the MSCI World Health Care Index was up 7.8% measured in SEK. As is well known, much of the aggregate market value of the health care sector is situated in the US. American companies benefited from the political focus on reducing health care costs while the spotlight shone ever brighter on the tax reform President Trump finally pushed through Congress. The tax reform is a clear gain for American companies.

Even if shares in the health care sector grew as a whole, there were major differences within the sector itself. Insurance companies, medical technology and instrument companies enjoyed particularly strong growth. On the other hand, drug companies, biotechnology, service companies and distributors experienced a decline.

Our small cap fund, HealthInvest Small & MicroCap Fund, had a strong year once again. HealthInvest Value Fund's performance was unsatisfactory in 2017, but nonetheless had a relatively strong final six months and finished the year on the plus side.

## HEALTHINVEST SMALL & MICROCAP FUND

In 2017, HealthInvest Small & MicroCap Fund rose 25.7%, surpassing the sector as a whole by a wide margin. Since its launch just under five years ago, the Fund has generated an annual return of 25.3% at a standard deviation of 11.2%. The corresponding average annual return for MSCI World Health Care Index is 18.5%, which was achieved at a standard deviation of 13.4%.

The Small & MicroCap Fund invests globally, and we are always on the active lookout for new investment opportunities for the Fund. The investment method is based on stock picking in which we seek out the best possibilities for profits at a reasonable risk. There are over one thousand listed small-cap companies in the health care sector globally and, even if the valuations have increased, it is still possible to find exciting companies with attractive valuations. Commencing 1 November 2017, it is possible to buy and sell units in HealthInvest Small & MicroCap Fund on a daily basis, making the Fund more accessible to our unit holders than before.

## HEALTHINVEST VALUE FUND

HealthInvest Value Fund (unit class A-SEK) rose by 0.9% during the year, which is below the index. The relatively lacklustre development was wholly a result of the first half year. Frustrated with the initial development of the Fund during the year, we re-evaluated our investment model in May 2017, subsequently giving greater weight to persistent growth of the companies. The intention was to better avoid so-called *value-traps* in the investment process. This change of strategy has generated rewards and the Fund outpaced the comparison index during the latter half of 2017. However, it is too early to draw far-reaching conclusions, and the fund company is carefully following developments.

We wish to point out that HealthInvest Value Fund has returned an average of 16.9% per year since launch in 2009, which is a relatively good in relation to the comparison index which has yielded an average of 13.7% per year. The goal in 2018 is to once again generate a profit for the unit holders.

## OUTLOOK FOR 2018

The economic outlook at the beginning of 2018 is bright with globally synchronised growth, optimism and low interest rates. At the same time, the stock market was jolted in February with fears that an overly positive scenario is discounted in the valuations. Investors are particularly anxious that rising interest rates will make shares less attractive. It remains to be seen whether this is a change of direction.

However, from a historical perspective, the health care sector does not appear to be overvalued. At present, the sector as a whole is traded at a cash flow multiple of approximately 20, which is somewhat lower than the median value over the last 20 years. The basic driving force in the sector is still an aging population which, over time, creates increasing demand. This will be the engine for the sector for many years to come.

Our investment strategy is based on identifying low-valued shares that have carry a considerable upside, but a limited downside. In addition to a low valuation, there should be some type of catalyst which can open the way for a multiple expansion in the value of the share. We invest exclusively in companies which we understand and for which we can justify the valuation. Our goal is to continue in the same way in 2018, and thereby create surplus value for our customers. As an investor, we hope that you will continue with us on this journey.

# HealthInvest Small & MicroCap Fund - Administration Report

HealthInvest Small & MicroCap Fund is an actively managed alternative investment fund focusing on the healthcare industry. The Fund invests globally in micro and smallcap companies. By means of a careful management processes, the goal is to invest in undervalued stocks which have a potential to increase in value and thereby generate good, long-term returns subject to a reasonable risk.

## DEVELOPMENT OF THE FUND

Since 1 November 2017, HealthInvest Small & MicroCap Fund has been available in two unit classes, A and B. Unit class A is essentially a continuation of the previous fund, and the entire history of HealthInvest Small & MicroCap A is accordingly reported in this annual report together with the Fund's previous history.

In 2017, HealthInvest Small & MicroCap A experienced an upswing of 25.7 per cent following a deduction of management costs. The MSCI World Health Care Index, which is the Fund's comparison index, rose by 7.84 per cent measured in SEK during the same period, including re-invested dividends. From 1 November 2017 to 31 December 2017, Small & MicroCap B rose 0.74 per cent while the MSCI World Health Care Index declined 0.18 per cent measured in SEK and including re-invested dividends.

The principal reason behind the Fund's positive returns during the year was the Fund's sound stock choices. The Fund is managed with an emphasis on the earnings from holdings but without disqualifying sub-sectors or geographic markets. Exchange rate changes as a whole have negatively affected the Fund during the year as a consequence of the fact that the Swedish krona strengthened primarily relative to the Japanese yen and the American dollar.

The five investments which contributed most to the Fund's result in 2017 were, in descending order, the Swedish biotechnology company, Xspray Pharma, the Japanese supplier of software to drug stores, EM Systems, the Japanese contact lens manufacturer, SEED, the Japanese contract research company, EPS Holdings, and the American wound care company, Osiris Thera-

peutics. The Fund was negatively impacted by exchange rate developments in the Australian drug company, Sirtex Medical, the Finnish care company, Pihlajalinna, the Australian drug company, Acrux, the American biotechnology company, Achillion, and the Japanese distributor, DVX. At the beginning of 2017, the portfolio held 25 shares. Of these, 12 holdings remained at the end of the year, while 13 were sold off. The Fund has also made 21 new investments while an additional 4 shares were purchased for the portfolio during the year but were sold prior to the end of the year. At the end of the year, the portfolio consisted of 33 holdings.

During the year, the Fund made a substantial investment in the Korean beauty and health company, Hugel, which comprised 5 per cent of the fund assets at the end of the year and was thus the Fund's largest holding. The British drug company, Alliance Pharma, the American implant company, Anika Therapeutics, the German medical technology company, Drägerwerk, the Singaporean tiger balm manufacturer, Haw Par, the Swedish company, Xspray Pharma, and the Japanese companies, Paramount Bed, which manufactures hospital beds and the contract research company, EPS Holdings, are all new positions which comprised a significant part of the Fund at the end of the year (each exceeding 4 per cent of the fund assets).

Amongst the holdings which were sold off during the year, mention may be made of the Swedish company, Medivir, which was the Fund's largest position at the beginning of 2017. Other large holdings which were sold off include the Belgian, Agfa-Gevaert, the Japanese company, SEED, American Supernus Pharmaceuticals, and the Israeli company, Syneron Medical.

## THE FUND AS PER THE END OF THE YEAR

As per 31 December 2017, the Fund owned shares equal to 98.0 per cent of the fund assets. The Fund consisted of a total of 33 holdings spread out over 12 countries in Asia, Europe and North America.

From a geographical perspective, Japan represented 30 per cent of the fund assets, followed by Sweden (17 per cent), Australia

# HealthInvest Small & MicroCap Fund - Administration Report

(7 per cent), South Korea (7 per cent), the US (6 per cent), Malaysia (6 per cent), United Kingdom (5 per cent), Germany (5 per cent), France (5 per cent), Singapore (4 per cent), Thailand (3 per cent) and Finland (3 per cent).

## Important Holdings in the Fund

Hugel is a fast-growing Korean company within the area of medical aesthetics. The company's primary product, "Botulax", is a Botox copy launched in 2010 and has a market share of 37 per cent in South Korea. In addition, Hugel has launched hyaluronic-based injection treatments which have claimed a domestic market share of approximately 15 per cent. The company actively strives to increase its geographic presence and has a number of approvals under consideration in Europe and the US. The valuation appears to be relatively high at 26 times free cash flow but, if the company's rapid growth continues, the valuation multiples will quickly become attractive at the current price.

Drägerwerk, with roots back to 1889, is a German medical technology company with strong market positions in the areas of anaesthesia, respirators and patient monitoring. Drägerwerk is at the leading edge in product development and spends approximately 9 per cent of turnover on research and development. However, organic growth has subsided in recent years and, in November 2017, management announced an intensified effort in research and development, IT and sales. The investors have doubts about the measures taken by the company and the share has developed poorly. Given the low expectations, we believe the company has excellent possibilities to surprise investors in years to come. The valuation is an attractive 10 times cash flow.

EPS Holdings is a Japanese sub-contractor to the drug industry. The principal business is contract research in which the company conducts clinical studies on behalf of drug companies. EPS has built up its offering around this business and also provides, among other things, data management and contract sales. EPS is a winner in a global trend in which drug companies chose to outsource activities which are not part of their core operation, and the company's revenues enjoy

annual growth of over 10 per cent with good profitability. Given the growth, the valuation of approximately 17 times free cash flow, less net cash holdings, is not unattractive.

EM Systems is a Japanese company in the area of medical IT. Their proprietary software is used by pharmacies for managing prescriptions and payment clearing for health insurance companies. The software is installed at approximately 13,000 Japanese pharmacies, corresponding to a fourth of the market and making EM Systems the market leader. The company has enjoyed growth in revenues of approximately seven per cent annually over the last four years with a growing EBITDA margin. The shares trade at approximately 16 times free cash flow, which we consider attractive.

Dedicare is a Swedish company and a leading player in health care staffing. The company provides county councils and private health care providers with nurses and doctors for short-term staffing needs or extended engagements. The market is characterised by structural growth propelled by the growing need for care, while urbanisation creates recruitment problems for health care units outside larger cities and stresses hard-pressed hospitals in the cities. This share is traded at approximately 12 times free cash flow, which we consider attractive for a quality company on a growing market.

Vétoquinol, which was founded in 1933, is a well-managed, family-controlled French veterinary medicine company. With its 2,000 employees and broad product portfolio, it is amongst the ten largest companies in the world in the area of animal health. Europe is Vétoquinol's largest market (55% of total sales), but the company also sells globally through its 24 subsidiaries and approximately 140 distributors. On average, animal drug life cycles are longer than that for human drugs, which reduces the business risks. Vétoquinol invests approximately seven per cent of sales in research and development, which bodes well for potential development of new, innovative animal drugs. The company is currently valued at approximately 22 times free cash flow, and we believe that the share deserves a higher valuation.

# HealthInvest Small & MicroCap Fund - Administration Report

## RISK TAKING BY THE FUND

HealthInvest Small & MicroCap Fund had a standard deviation<sup>1</sup> of 12.1 per cent measured in 2017 and of 10.9 during the most recent two years. During the corresponding period of time, the MSCI World Health Care Index had a standard deviation of 11.5% and 12.0%. The beta value, calculated using the MSCI World Health Care Index as the market portfolio, was 0.62 during the year and 0.38 during the last two years. Unit class B has only a two-month history. Accordingly, there is no basis for calculating the measure of risk.

All measures of risk are presented under the heading, "Other information".

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 and, specifically, in those countries in which the Fund has a large allocation. Since almost 80 per cent of the Fund's holdings are denominated in foreign currencies, the Fund also faces considerable currency risk. Finally, the Fund invests exclusively in companies with relatively small market value, as a consequence of which the liquidity risk in the Fund is higher than normal.

## FUND ASSETS

As of 31 December 2017, HealthInvest Small & MicroCap Fund's net asset value amounted to SEK 1,254.6 million. In 2017, units were issued for SEK 316.0 million, while units were redeemed for SEK 199.6 million. Profit for the year was SEK 251.0 million. The allocation of the fund assets in the two unit classes is set forth in the table, "Changes in fund assets".

## FUND COSTS

During the year, the Fund paid SEK 1.5 million in commissions and transaction-related fees, which is equal to 0.08 per cent of the transaction value. Costs for external research amounted to SEK 0.5 million, equal to 0.04 per cent of the average net fund assets during the year. Fixed management fees and performance-based fees paid to the fund company cost the Fund SEK 16.8 million and SEK 41.9 million respectively. Note 2 in the Income Statement provides the breakdown of fees in the various unit classes. In total, the management fee

as a share of the average fund assets is 5.24 per cent in unit class A and 0.59 per cent in unit class B.

The Fund did not charge fees for subscription or redemption of fund units during the year.

The Fund's turnover rate in 2017 was 0.95 times, and the ongoing charges<sup>2</sup> was 1.54 per cent for unit class A and amounted to 2.04 per cent for unit class B.

## FUND RULES

On 10 January 2017, the Swedish Financial Supervisory Authority approved an amendment to the fund rules which, among other things, entails that the Fund may now raise loans of up to 20 per cent of the fund assets relative to the previous level of 10 per cent. In addition, the Fund is no longer required to close when the fund assets exceed SEK 1 billion and, instead, the fund company is now entitled to close the Fund when it has achieved a capital limit for optimum management. This capital limit has been established by the board of the fund company at SEK 2 billion.

On 3 October 2017, the Swedish Financial Supervisory Authority approved changes to the fund rules according to which the Fund has two unit classes, A and B. Existing unit holders received new units in unit class A in exchange for their previous holdings. Furthermore, daily trading in both unit classes was implemented as well as collective withdrawals of performance-based management fees in lieu of individual withdrawals. The fund rules entered into force after closing on 31 October 2017.

All amendments to the fund rules have been communicated to the unit holders and published on the fund company's website.

## RESPONSIBLE INVESTMENTS POLICY

HealthInvest Partners' philosophy regarding responsible investments is that its funds will not make money on shares in companies which act irresponsibly. The company has acceded to the United Nations "Principles for Responsible Investments" (PRI). This means that the fund

<sup>1</sup> Measured over a two-year period, the goal is that the standard deviation shall not exceed 30%.

<sup>2</sup> The cost measure ongoing charges includes all costs incurred by the Fund in accordance with Income Statement apart from variable fees, interest costs and transaction-related costs. Ongoing charges for unit class B is calculated on the basis of the period, 1 November 2017 to 31 December 2017, and has been annualised. Costs for external research are included.

company supports the six principles addressed by the PRI initiative which are described at [www.unpri.org](http://www.unpri.org).

For HealthInvest Partners, investing responsibly means not investing in companies which act inappropriately from an environmental, social or corporate governance perspective (ESG perspective). During the investment process, investments in such companies are not made. In addition to the moral aspect, we believe that the Fund's long-term development benefits from avoiding investments in companies which act inappropriately from an ESG perspective. Companies which act appropriately are often headed by responsible management organisations which do not take questionable shortcuts. Conversely, there is uncertainty when investing in companies in which management does not follow basic principles. There is a risk that the corporate management is also not forthright with the shareholders, which could affect the Fund.

In practice, each new investment is analysed from an ESG perspective during the investment process. This is documented in conjunction with the investment. The fund company works with MSCI ESG Research, which specialises in ESG issues and provides management with a database of ESG research. MSCI ESG Research's analysts also review the Fund's holdings on a half yearly basis in an independent audit and report to the fund company. The report is conducted by means of a quantitative grading of the companies from an ESG perspective which is backed up with more qualitative research. A grade of 0 out of 10 possible raises a red flag and is immediately disqualified.

If the Fund has invested in a company which acts unacceptably, HealthInvest Partners will first initiate a dialogue with the company. If this does not lead to improvements, the holdings will be sold off within one year.

During 2017, all of the Fund's holdings were analysed by MSCI ESG Research at 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 triggered an action on the part of the fund company.

## AMENDED TAX RULES

Due to amendments to tax rules applicable to Swedish funds and the developments within the EU in the area of taxation, there is some uncertainty regarding the withholding tax to be imposed in various countries when Swedish funds receive dividends on foreign shares.

This means that:

- Certain countries will withhold more tax on dividends than previously.
- Other countries might withhold less tax on dividends than previously.
- As regards countries in which the tax is reduced directly when the dividend is paid, this will be reported in the fund when the right to a dividend rises.
- As regards countries in which the fund must apply for repayment of withholding tax (restitution) on dividends, this will be reported when any restitution is received.

The above applies commencing 2014, but it is possible that the tax situation will also be applied retroactively in respect of certain countries. The changes may lead to both increased revenues and increased costs regarding withholding tax for funds with foreign holdings.

## COMPENSATION TO EMPLOYEES

The Board of Directors of HealthInvest Partners establishes the fund company's remuneration policy. The Board of Directors also annually examines whether the remuneration paid to employees is compatible with the remuneration policy and has appointed the Chairman of the Board of Directors, Johan Stern, to assume specific responsibility for this review.

All employees receive a fixed salary and occupational pension allocations. In addition, certain employees have the possibility to receive variable compensation in order to reward strong performance and to be able to offer employees competitive overall compensation. Variable remuneration is, to the extent possible, dependent on measurable results in order to follow up on employee work performance.

The policy of the fund company historically has been to defer not less than 60% of the variable compensation which is to be allocated to personnel. The deferment period is three years, and the rule has applied in respect of all

# HealthInvest Small & MicroCap Fund - Administration Report

employees. Deferred variable compensation is invested in the fund company's own funds until such time as payment is to be made. In the event it is subsequently established that the employee has not fulfilled the established criteria, the fund company has not fulfilled its own result criteria, or the fund company is insolvent, the Board of Directors will resolve to revoke, in whole or in part, the deferred and unpaid variable compensation.

On 1 December 2016, the board of directors adopted changes to the compensation policy and determined which employees were to be regarded as specially regulated staff. Commencing 2017, only variable compensation allocated to specially regulated staff will be deferred. The fund company shall also ensure that an employee may not dispose of their units during an additional period of not less than one year after ownership has been transferred to the employee. Specially regulated staff include employees involved in fund management, control functions and corporate management.

In the following, all amounts relate to the fund company's total cost for remuneration including taxes payable on such remuneration according to law. Costs associated with occupational pensions are included, where applicable.

In 2017, compensation in the total amount of SEK 6,390,000 was paid to the employees. Of this amount, SEK 4,802,000 was paid to specially regulated staff (management and administration) and SEK 1,588,000 was paid to other employees. Compensation was broken down into fixed compensation in the amount of SEK 4,046,000 and variable compensation in the amount of SEK 2,344,000. The variable compensation accrued in 2013 (SEK 2,246,000) and 2016 (SEK 98,000). Severance pay and guaranteed variable compensation amounted to SEK 0. The total number of persons paid was eight. Compensation paid to the board of directors was SEK 407,000.

Further information regarding the remuneration policy and remuneration paid to employees can be found in the fund company's annual report and is also published on the website, [www.healthinvest.se](http://www.healthinvest.se) (only in Swedish). Upon request, the information may be provided in physical form.

## MISCELLANEOUS

On 23 January 2015, HealthInvest Partners was authorised by the Swedish Financial Supervisory Authority to conduct fund operations in accordance with the Alternative Investment Fund Managers Act (SFS 2013:561).

The fund company is a member of the Swedish Investment Fund Association and complies with the Swedish legal regime governing fund companies.

Normally, fund units may be subscribed and redeemed on all Swedish banking days. However, the fund company is entitled to postpone trading in the Fund in the event more than 50 per cent of the holdings are listed on a market which is closed. All financial instruments are valued at the last price of the year, which includes 31 December for financial markets which are open on that day.

In August 2017, the comparison index for the Fund was changed to the MSCI World Health Care Index. The previous comparison index was the MSCI World Small Cap Health Care Index. Dividends are included in the returns for the indices.

All financial instruments are valued at the last price for the year on each market.

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. Currency risks were not hedged during the year.

The fund rules permit investments in derivative instruments. During the year, no positions in derivative instruments were acquired.

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

# Income Statement (SEK '000)

<b>INCOME AND CHANGES IN VALUE</b>	<b>NOTE</b>	<b>2017</b>	<b>2016</b>
Changes in Value in Transferable Securities	1	297 534	156 390
Changes in Value in Fund Units	2	0	228
Interest Income		196	8
Dividends		18 169	6 929
Currency Gains and Losses, Net		-3 830	1 725
<b>TOTAL INCOME AND CHANGES IN VALUE</b>		<b>312 069</b>	<b>165 280</b>

<b>COSTS</b>	<b>NOTE</b>	<b>2017</b>	<b>2016</b>
Management Costs	3	-58 666	-31 766
Interest Costs		-417	-88
Other Costs	4	-1 985	-1 026
<b>TOTAL COSTS</b>		<b>-61 068</b>	<b>-32 879</b>

<b>PROFIT FOR THE YEAR</b>		<b>251 001</b>	<b>132 401</b>
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<b>NOTE 1 - CHANGES IN VALUE IN TRANSFERABLE SECURITIES</b>	<b>2017</b>	<b>2016</b>
Capital Gains on Transferable Securities	261 869	91 102
Capital Losses on Transferable Securities	-112 002	-19 429
Unrealised Gains/Losses on Transferable Securities	147 667	84 717
<b>TOTAL CHANGES IN VALUE IN TRANSFERABLE SECURITIES</b>	<b>297 534</b>	<b>156 390</b>

<b>NOTE 2 - CHANGES IN VALUE IN FUND UNITS</b>	<b>2017</b>	<b>2016</b>
Capital Gains on Fund Units	0	236
Capital Losses on Fund Units	0	-8
<b>TOTAL CHANGES IN VALUE IN FUND UNITS</b>	<b>0</b>	<b>228</b>

<b>NOTE 3 - MANAGEMENT COSTS</b>	<b>2017</b>	<b>2016</b>
<b>Fixed Management Fee</b>	-16 805	-7 862
of which MicroCap Fund (up to and including 31 October 2017)	-13 768	-7 862
of which Small & MicroCap A	-3 034	
of which Small & MicroCap B	-3	
<b>Performance-based Management Fee</b>	-41 861	-23 904
of which MicroCap Fund (up to and including 31 October 2017)	-40 174	-23 904
of which Small & MicroCap A	-1 684	
of which Small & MicroCap B	-3	
<b>TOTAL MANAGEMENT COSTS</b>	<b>-58 666</b>	<b>-31 766</b>

<b>NOTE 4 - OTHER COSTS</b>	<b>2017</b>	<b>2016</b>
Transaction Costs	-1 505	-886
External Research	-480	-140
<b>TOTAL OTHER COSTS</b>	<b>-1 985</b>	<b>-1 026</b>

## Balance Sheet (SEK '000)

ASSETS	NOTE	31.12.2017	31.12.2016
Transferable Securities		1 229 518	842 853
<b>TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE</b>		<b>1 229 518</b>	<b>842 853</b>
<b>TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE</b>		<b>1 229 518</b>	<b>842 853</b>
Bank Deposits and Other Liquid Funds		27 549	45 811
Prepaid Costs and Accrued Income	1	784	709
<b>TOTAL ASSETS</b>		<b>1 257 851</b>	<b>889 373</b>
<b>LIABILITIES</b>			
Accrued Costs and Prepaid Income	2	-1 721	-1 164
Other Liabilities	3	-1 527	-1 021
<b>TOTAL LIABILITIES</b>		<b>-3 248</b>	<b>-2 185</b>
<b>FUND ASSETS</b>		<b>1 254 603</b>	<b>887 189</b>
<b>NOTE 1 - PREPAID COSTS AND ACCRUED INCOME</b>			
		<b>31.12.2017</b>	<b>31.12.2016</b>
Dividends		784	703
Other Assets		0	6
<b>TOTAL PREPAID COSTS AND ACCRUED INCOME</b>		<b>784</b>	<b>709</b>
<b>NOTE 2 - ACCRUED COSTS AND PREPAID INCOME</b>			
		<b>31.12.2017</b>	<b>31.12.2016</b>
Management Fee		-1 563	-1 084
Accrued Costs External Research		-158	-73
Interest Costs		0	-7
<b>TOTAL ACCRUED COSTS AND PREPAID INCOME</b>		<b>-1 721</b>	<b>-1 164</b>
<b>NOTE 3 - OTHER LIABILITIES</b>			
		<b>31.12.2017</b>	<b>31.12.2016</b>
Redemption of Units in Progress		-247	-1 021
Subscription of Units in Progress		-1 280	0
<b>TOTAL OTHER LIABILITIES</b>		<b>-1 527</b>	<b>-1 021</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, the Swedish Alternative Investment Fund Managers Act 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 market place have been valued in the accounts at the applicable market value. The applicable market value is comprised of the last price paid, local time. Holdings in foreign currencies are valued at the last price paid for the currency at year end. Where market prices are unavailable or, in the opinion of

the fund company, are misleading, the fund company may establish the value based on the objective criteria of another party. 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 date, 31 December 2017, the Fund had no holdings for which the current market value was not available.

# Summary of Holdings per 31 December 2017

Financial Instruments with Positive Market Value (1)	Country (2)	Quantity	Price (3)	Market Value (SEK ' 000)	% of Fund Assets
<b>SHARES WITH POSITIVE MARKET VALUE</b>					
<b><u>Pharmaceuticals</u></b>					
Vétoquinol	FR	96 156	60.53	57 058	4.55
Haw Par	SP	795 000	11.35	55 229	4.40
Alliance Pharma	UK	7 012 518	67.13	52 056	4.15
YSP Southeast Asia	MY	6 582 500	2.69	35 626	2.84
Apex Healthcare	MY	2 772 200	5.60	31 235	2.49
Corline Biomedical*	SE	910 000	12.25	11 148	0.89
Kotra Industries	MY	414 200	1.80	1 500	0.12
<b><u>Healthcare Equipment</u></b>					
Drägerwerk	DE	85 842	72.30	60 842	4.85
Rion	JP	330 300	2 240.00	53 761	4.29
Paramount Bed Holdings	JP	124 000	5 580.00	50 277	4.01
Surgical Science*	SE	409 428	75.00	30 707	2.45
Surgical Innovations	UK	39 578 576	3.63	15 867	1.26
Elos Medtech	SE	219 500	65.00	14 268	1.14
<b><u>Healthcare Services</u></b>					
Dedicare	SE	588 411	97.00	57 076	4.55
Saint-Care Holdings	JP	927 500	830.00	55 938	4.46
Pihlajalinna	FI	273 269	13.34	35 737	2.85
Care Twentyone	JP	112 800	3 220.00	26 392	2.10
NGS Group	SE	173 604	43.60	7 569	0.60
<b><u>Biotechnology</u></b>					
Hugel	KR	14 602	559 600.00	62 919	5.02
Xspray Pharma*	SE	810 556	62.25	50 457	4.02
Osiris Therapeutics*	US	631 977	6.00	31 000	2.47
<b><u>Healthcare Supplies</u></b>					
Anika Therapeutics	US	114 600	53.91	50 509	4.03
Sedana Medical*	SE	1 024 817	38.00	38 943	3.10
Thai Optical Group	TH	18 435 600	7.95	36 802	2.93
SDI	AU	2 897 260	0.61	11 202	0.89
<b><u>Healthcare Distributors</u></b>					
DVX	JP	542 400	1 342.00	52 891	4.22
LifeHealthcare Group	AU	1 986 583	2.65	33 645	2.68
Medius Holdings	JP	99 500	2 481.00	17 938	1.43
<b><u>Life Sciences Tools &amp; Services</u></b>					
EPS Corporation	JP	310 000	2 546.00	57 350	4.57
<b><u>Electronical Equipment &amp; Instruments</u></b>					
EM Systems	JP	306 300	2 569.00	57 178	4.56
<b><u>Life &amp; Health Insurance</u></b>					
NIB Holdings	AU	1 088 549	6.76	47 029	3.75
<b><u>Personal Products</u></b>					
Neopharm	KR	58 237	47 150.00	21 143	1.69
<b><u>Household Products</u></b>					
Rubberex Corporation	MY	6 057 200	0.68	8 226	0.66
<b>TOTAL SHARES WITH POSITIVE MARKET VALUE</b>				<b>1 229 518</b>	<b>98.00</b>
<b>TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE</b>				<b>1 229 518</b>	<b>98.00</b>
<b>TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE</b>				<b>1 229 518</b>	<b>98.00</b>
Other Assets/Liabilities, Net				25 085	2.00
<b>TOTAL FUND ASSETS</b>				<b>1 254 603</b>	<b>100.00</b>
Transferable securities which are admitted to trading on a regulated market or similar market outside the EEA					85.07
* Transferable securities which are subject to regular trading on another market which is registered and open to the public					12.93
Other financial instruments					0.00
<b>TOTAL</b>					<b>98.00</b>

(1) The shares are classified in sub-sectors based on the MSCI Global Industry Classification Standard (GICS).

(2) 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: AU Australia, DE Germany, FI Finland, FR France, JP Japan, KR South Korea, MY Malaysia, SE Sweden, SP Singapore, TH Thailand, UK United Kingdom, US USA.

(3) Refers to local currency.

## Other Information

The first occasion on which to subscribe in HealthInvest Small & MicroCap Fund was 31 January 2013. On 1 November 2017, the fund was open for subscription through two unit classes (A and B) and, in conjunction therewith, the fund's existing shareholders received units in unit class A.

### FUND FACTS HEALTHINVEST SMALL & MICROCAP FUND

Unit Class (1)	A	B
Unit Value	279.23 SEK	100.74 SEK
Number of Units	4 489 385	10 064
Fund Assets (SEK '000)	1 253 589	1 014

### RETURN (2)

Return Since the Fund's Inception (%)	202.80	0.74
MSCI World HC Index Returns Since the Fund's Inception (%)	130.07	-0.18
Average Annual Return, Since Start (%)	25.27	-
Average Annual Return for MSCI World HC Index, Since Start (%)	18.47	-
Average Annual Return, 2 years (%)	27.39	-
Average Annual Return for MSCI World HC Index, 2 years (%)	3.92	-

### RISK MEASURES (3)

Beta Value	0.38	-
Standard Deviation (%)	10.87	-
Standard Deviation MSCI World HC Index (%)	12.03	-
Downside risk (%)	3.58	-
Downside risk MSCI World HC Index (%)	7.08	-
Active Risk (%)	12.13	-
Active Share (%)	100.00	100.00
Sharpe Ratio	2.36	-
Sharpe Ratio MSCI World HC Index	0.43	-

### FEES

Fixed Management fee (%)	1.50	2.00
Performance-based Fee (%)	20	20
Annual Return Threshold (%)	8	Index
High Watermark	Yes	Yes
Ongoing Charges (%) (4)	1.54	2.04
Charged Management Costs 2017 as a % of Average Fund Assets	5.24	0.59
Management Cost 2017 for a One-off Deposit of SEK 10 000	SEK 583	-

(1) Some of the key ratios are lacking for unit class B since it has only a 2-month history.

(2) The return figures for unit class B pertain to the period, 1 November 2017 to 31 December 2017.

(3) Data for unit class A is based on monthly return data from the most recent 24 months for a customer who invested in MicroCap Fund from the beginning and who received units in unit class A on 1 November 2017.

(4) The ongoing charges for unit class B is calculated on the basis of the period, 1 November 2017 to 31 December 2017, and has been annualised.

## Other Information

### CHANGE IN FUND ASSETS

(SEK '000)	Opening Fund Assets	Issuance of Units	Redemptions	Profit for the Year	Closing Fund Assets	
31.01.2013	0	80 536	0	0	80 536	
01.02.2013 - 31.12.2013	80 536	28 585	-122	28 283	137 282	
2014	137 282	16 025	-27 136	20 692	146 863	
2015	146 863	114 269	-17 331	41 130	284 931	
2016	284 931	581 536	-111 680	132 401	887 189	
2017						
	MicroCap Fund/ Small & MicroCap A	887 189	314 986	-199 579	250 993	1 253 589
	Small & MicroCap B	-	1 006	0	8	1 014
	TOTAL	887 189	315 992	-199 579	251 001	1 254 603

### RETURN AND CHANGE IN UNIT VALUE

MicroCap Fund/ Small & MicroCap A	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on MicroCap Fund/ Small & MicroCap A (%) (1)	Return on MSCI World Health Care Index (%) (2)
31.01.2013	100.00	805 359	80 536	-	-
01.02.2013 - 31.12.2013	127.28	1 078 601	137 282	28.88	34.63
2014	146.55	1 002 167	146 863	16.40	43.35
2015	178.81	1 593 522	284 931	24.40	15.56
2016	226.42	3 918 416	887 189	29.12	0.14
2017	279.23	4 489 385	1 253 589	25.68	7.84

Small & MicroCap B	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on Small & MicroCap B (%) (1)	Return on MSCI World Health Care Index (%) (2)
31.10.2017	100.00	10 003	1 000	-	-
01.11.2017 - 31.12.2017	100.74	10 064	1 014	0.74	-0.18

(1) Pertains to unit holders who invested in MicroCap Fund at the beginning.

(2) The return for comparison index is in SEK and including reinvested dividends.

# Auditor's report

To the investors in HealthInvest Small & MicroCap Fund, corporate identity number 515602-5982

## REPORT ON THE ANNUAL STATEMENT

### *Opinion*

As auditors of HealthInvest Partners AB, corporate identity number 556680-4810, we have executed an audit of the annual statement for HealthInvest Small & MicroCap Fund for 2017.

In our opinion the annual statement has been prepared according to the Swedish Alternative Investment Fund Managers Act and Finansinspektionen's ordinances on alternative investment funds and provides in all material respects a true and fair view of the HealthInvest Small & MicroCap Fund's financial position as per 31 December 2017 and of its financial performance for that year according to the Swedish Alternative Investment Fund managers Act and Finansinspektionen's ordinances on alternative investment funds.

### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the fund company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### *Responsibilities of the Fund Company*

The fund company is responsible for the preparation of the annual statement and that it gives a fair presentation in accordance with the Swedish Alternative Investment Fund Managers Act and Finansinspektionen's ordinances on alternative investment funds. The fund company is also responsible for such internal control as they determine is necessary to enable the preparation of an annual statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual statement in its entirety is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the fund company's internal control relevant to our audit 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 company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of the fund company's accounting estimates and related disclosures.
- evaluate the overall presentation, structure and content of the annual statement, including the disclosures, and whether the annual statement represents the underlying transactions and events in a manner that achieves fair presentation.

We must inform the fund company of, among other matters, the planned scope and timing of the audit. We must also inform of, if any, significant audit findings during our audit, including any significant deficiencies in internal control that we identified

Stockholm, 8 March 2018

PricewaterhouseCoopers

Susanne Sundvall

Authorised Public Accountant

# 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 has a global focus and invests in stocks with small as well as large market capitalisation. The objective is, while observing due care, to provide maximum returns on invested capital over time with a wellbalanced risk.

## DEVELOPMENT OF THE FUND

In 2017, HealthInvest Value Fund's unit classes A and B increased by 0.9 and 0.4 per cent respectively. Unit class C, which is denominated in EUR, decreased 2.0 per cent. During the same period, MSCI World Health Care Index, which is the Fund's comparison index, rose 7.8 per cent in SEK and 5.1 per cent measured in EUR (including reinvested dividends).

The Fund's shareholdings contributed positively to the Fund's results for 2017. Exchange rate changes as a whole had a negative effect on the Fund primarily due to the fact that the Swedish krona strengthened against the American dollar by approximately 10 per cent.

HealthInvest Value Fund had a weak start to the year relative to its comparison index, and we were forced to acknowledge later on in the year that our strategy during this time had not generated satisfactory results. The Fund is managed based on stock picking centering on a value-based share model in which the valuation in relation to earnings weighs heavily. During the second quarter, without altering our fundamental principles, we gradually started to focus the portfolio on a larger number of growth companies with somewhat higher valuations but brighter prospects.

As a result, the portfolio changed during the year. At the beginning of 2017, there were 18 holdings in the Fund of which 11 have been sold off while 7 remained at the end of the year. In addition, 14 new holdings were added to the portfolio, and an additional 9 holdings were purchased and sold during the year. At the end of the year, the Fund consisted of 21 holdings.

During the year, the Fund has increased its exposure to American companies benefiting from the tax reform pushed through by the Republicans. The Fund has also taken positions in a number of medium-sized and large global companies which we regard as having good prospects. Amongst the new holdings, mention may be made of the drug companies, Astellas, Biogen, Bristol-Myers Squibb, Eli Lilly, Novo Nordisk, Novartis, Pfizer and Roche, the health insurance company, Cigna, the medical technology company, Medtronic, and LabCorp and Quest which together dominate the American market for testing medicines.

Amongst the holdings which were sold off, particular mention may be made of the Swedish biotechnology company, Medivir, the Japanese diagnostics company, BML, and the Japanese pharmaceuticals company, Kaken Pharmaceuticals.

The five shareholdings contributing most to the Fund's result during the year were the American health insurance companies, Anthem and Aetna, the American contract research company, Charles River Laboratories, the Danish drug company, Novo Nordisk, and the American distributor, Cardinal Health. Holdings which contributed negatively were primarily the Japanese diagnostics companies, BML, the health insurance company, Triple-S Management, the American drug company, Shire, the Japanese diagnostics company, Miraca, and the American health food chain, GNC. Of these, Miraca and Shire remained in the portfolio, while the others were sold off.

## THE FUND AS PER THE END OF THE YEAR

As per 31 December 2017, the Fund owned shares equal to 93.8 per cent of the fund assets.

Geographically, the Fund's investments were principally located in the US, which represented 71 per cent of the fund assets at year end. Switzerland represented 9 per cent, Japan 9 per cent, and Denmark 4 per cent.

## Important Holdings in the Fund

As per the end of the year, the Fund had 21 holdings representing between 4 and 5 per cent of the Fund.

# HealthInvest Value Fund - Administration Report

Set forth below is a short description of the five largest holdings of the Fund.

Charles River Laboratories is a global sub-contractor to the drug and biotech industry with two main businesses. The company provides animal models for clinical testing, which is a profitable and scalable niche in which Charles River is the world leader. Furthermore, the company conducts CRO operations for drug development on behalf of the industry. In principle, all large drug companies are customers of Charles River which benefits from the increasing degree of outsourcing in the area of drug development. At a valuation of 19 times cash flow, we continue to regard the share as attractive.

Roche is a Swiss drug company which also conducts extensive and successful diagnostics operations. The company has origins dating back to 1896 and is especially strong within the area of protein drugs to treat cancer. Important drugs from a sales perspective include Avastin (colorectal cancer), Herceptin (HER2-positive breast cancer) and Mabthera (non-Hodgkin's lymphoma). In addition, major drivers of growth include the newly approved MS drug, Ocrevus, and ACE910, a new revolutionary treatment for haemophilia (haemophilia A). The valuation is reasonably attractive since the share is traded at 20 times free cash flow.

Shire is a global drug company with the ability to aggressively build strong and sustainable positions within niche indications such as ADHD and certain relatively rare blood diseases. Shire invests approximately 12 per cent of turnover in research and development and currently has 17 drugs in phase 3, which indicates that growth will also continue after 2020. The share has developed laterally over a period of three years, but we believe that coming years may be significantly better for the company's shareholders. The share has a low valuation of 11 times free cash flow.

LabCorp is an American diagnostics company with a significant market share for clinical lab tests in the US. LabCorp performs analyses of clinical tests on behalf of hospitals and other care givers, and the company's volumes are growing in pace with the increasing number of tests. It is a business

with low risk which generates stable and growing cash flows. The share is relatively attractively valued at 16 times free cash flow.

Miraca is a Japanese company in which two-thirds of turnover are generated from clinical labs, which is a stable cash-generating enterprise. The company also has significant sales of diagnostic instruments and a small sterilisation operation. Historically, Miraca has been profitable but, in recent years, has encountered problems with growth. There is a programme of measures which has been implemented in order to focus Miraca and increase sales. We believe that the company has excellent opportunities for success, and the valuation of 14 times free cash flow is attractive under these circumstances.

## RISK TAKING BY THE FUND

HealthInvest Value Fund (unit class A) had a standard deviation<sup>1</sup> of 10.5 per cent measured in 2017 and 12.0 during the most recent two years. The beta value, calculated using the MSCI World Healthcare Index as the market portfolio, was 0.73 during the year and 0.78 during the last two years. All measures of risk are presented under the heading, "Other information".

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 and, specifically, shares within the healthcare sector. 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. Furthermore, the majority of the Fund's holdings are foreign, as a result of which the development of the Fund is dependent on the general development of the Swedish krona and particularly in relation to the American dollar

Unit class C is denominated in EUR, while the asset Fund is denominated in SEK. Returns on class C units relative to classes A and B units therefore depend on changes in the SEK/EUR exchange rate.

<sup>1</sup> Measured over a two-year period, the goal is that the standard deviation shall not exceed 25%.

## FUND ASSETS

As of 31 December 2017, HealthInvest Value Fund's fund assets amounted to SEK 508 million. In 2017, units were issued for SEK 94.9 million, while units were redeemed for SEK 1,344 million. In addition, the result for the year was SEK 8.6 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 2.8 million in commissions and transaction-related fees, which is equal to 0.06 per cent of the transaction value. The Fund has not been charged with research costs. Fixed management fees paid to the fund company cost the Fund SEK 15.0 million, while no performance-based fees have been charged to the Fund. Note 2 in the Income Statement provides the breakdown of fees in the various unit classes. The Fund did not charge fees for subscription or redemption of fund units during the year.

The Fund's turnover rate was 1.38, and ongoing charges<sup>1</sup> was 1.00 per cent for Value A and 1.50 per cent for Value B and Value C.

## FUND RULES

No amendments has been made to the fund rules during 2017.

## RESPONSIBLE INVESTMENTS POLICY

HealthInvest Partners' philosophy regarding responsible investments is that its funds will not make money on shares in companies which act irresponsibly. The company has 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 which are described at [www.unpri.org](http://www.unpri.org).

For HealthInvest Partners, investing responsibly means not investing in companies which act inappropriately from an environmental, social or corporate governance perspective (ESG perspective). During the investment process, investments in such companies are not made. In addition to the moral aspect, we believe that the Fund's long-term development benefits from avoiding investments in companies which act

inappropriately from an ESG perspective. Companies which act appropriately are often headed by responsible management organisations which do not take questionable shortcuts. Conversely, there is uncertainty when investing in companies in which management does not follow basic principles. There is a risk that the corporate management is also not forthright with the shareholders, which could affect the Fund.

In practice, each new investment is analysed from an ESG perspective during the investment process. This is documented in conjunction with the investment. The fund company works with MSCI ESG Research, which specialises in ESG issues and provides management with a database of ESG research. MSCI ESG Research's analysts also review the Fund's holdings on a half yearly basis in an independent audit and report to the fund company. The report is conducted by means of a quantitative grading of the companies from an ESG perspective which is backed up with more qualitative research. A grade of 0 out of 10 possible raises a red flag and is immediately disqualified.

If the Fund has invested in a company which acts unacceptably, HealthInvest Partners will first initiate a dialogue with the company. If this does not lead to improvements, the holdings will be sold off within one year.

During 2017, all of the Fund's holdings were analysed by MSCI ESG Research at 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 triggered an action on the part of the fund company.

## AMENDED TAX RULES

Due to amendments to tax rules applicable to Swedish funds and the developments within the EU in the area of taxation, there is some uncertainty regarding the withholding tax to be imposed in various countries when Swedish funds receive dividends on foreign shares.

This means that:

- Certain countries will withhold more tax on dividends than previously.

<sup>1</sup>The cost measure ongoing charges includes all costs incurred by the Fund in accordance with Income Statement apart from variable fees, interest costs and transaction-related costs. Costs for external research are included.

- Other countries might withhold less tax on dividends than previously.
- As regards countries in which the tax is reduced directly when the dividend is paid, this will be reported in the fund when the right to a dividend rises.
- As regards countries in which the fund must apply for repayment of withholding tax (restitution) on dividends, this will be reported when any restitution is received.

The above applies commencing 2014, but it is possible that the tax situation will also be applied retroactively in respect of certain countries. The changes may lead to both increased revenues and increased costs regarding withholding tax for funds with foreign holdings.

## COMPENSATION TO EMPLOYEES

The Board of Directors of HealthInvest Partners establishes the fund company's remuneration policy. The Board of Directors also annually examines whether the remuneration paid to employees is compatible with the remuneration policy and has appointed the Chairman of the Board of Directors, Johan Stern, to assume specific responsibility for this review.

All employees receive a fixed salary and occupational pension allocations. In addition, certain employees have the possibility to receive variable compensation in order to reward strong performance and to be able to offer employees competitive overall compensation. Variable remuneration is, to the extent possible, dependent on measurable results in order to follow up on employee work performance.

The policy of the fund company historically has been to defer not less than 60% of the variable compensation which is to be allocated to personnel. The deferment period is three years, and the rule has applied in respect of all employees. Deferred variable compensation is invested in the fund company's own funds until such time as payment is to be made. In the event it is subsequently established that the employee has not fulfilled the established criteria, the fund company has not fulfilled its own result criteria, or the fund company is insolvent, the Board of Directors will resolve to revoke, in whole or in part, the deferred and unpaid variable compensation.

On 1 December 2016, the board of directors adopted changes to the compensation policy and determined which employees were to be regarded as specially regulated staff. Commencing 2017, only variable compensation allocated to specially regulated staff will be deferred. The fund company shall also ensure that an employee may not dispose of their units during an additional period of not less than one year after ownership has been transferred to the employee. Specially regulated staff include employees involved in fund management, control functions and corporate management.

In the following, all amounts relate to the fund company's total cost for remuneration including taxes payable on such remuneration according to law. Costs associated with occupational pensions are included, where applicable.

In 2017, compensation in the total amount of SEK 6,390,000 was paid to the employees. Of this amount, SEK 4,802,000 was paid to specially regulated staff (management and administration) and SEK 1,588,000 was paid to other employees. Compensation was broken down into fixed compensation in the amount of SEK 4,046,000 and variable compensation in the amount of SEK 2,344,000. The variable compensation accrued in 2013 (SEK 2,246,000) and 2016 (SEK 98,000). Severance pay and guaranteed variable compensation amounted to SEK 0. The total number of persons paid was eight. Compensation paid to the board of directors was SEK 407,000.

Further information regarding the remuneration policy and remuneration paid to employees can be found in the fund company's annual report and is also published on the website, [www.healthinvest.se](http://www.healthinvest.se) (only in Swedish). Upon request, the information may be provided in physical form.

## MISCELLANEOUS

The fund company is a member of the Swedish Investment Fund Association and complies with the Swedish legal regime governing fund companies.

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

# HealthInvest Value Fund - Administration Report

unit class, and redemption takes place by written notice to the fund company.

All financial instruments are valued at the last price for the year on each market.

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 rules permit investments in derivative instruments. During the year, no positions in derivative instruments were acquired.

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

# Income Statement (SEK '000)

<b>INCOME AND CHANGES IN VALUE</b>	<b>NOTE</b>	<b>2017</b>	<b>2016</b>
Changes in Value in Transferable Securities		21 420	-173 563
Changes in Value in Fund Units		12 178	19 622
Interest Income		386	55
Dividends		12 945	17 504
Currency Gains and Losses, Net		-20 964	10 162
Other Income	1	766	858
<b>TOTAL INCOME AND CHANGES IN VALUE</b>		<b>26 731</b>	<b>-125 362</b>

<b>COSTS</b>	<b>NOTE</b>	<b>2017</b>	<b>2016</b>
Management Costs	2	-15 036	-25 975
Interest Costs		-292	-40
Other Costs	3	-2 817	-3 475
<b>TOTAL COSTS</b>		<b>-18 145</b>	<b>-29 490</b>
<b>PROFIT FOR THE YEAR</b>		<b>8 586</b>	<b>-154 852</b>

<b>NOTE 1 - OTHER INCOME</b>	<b>2017</b>	<b>2016</b>
Reimbursed Fund Fee	766	858
<b>TOTAL OTHER INCOME</b>	<b>766</b>	<b>858</b>

<b>NOTE 2 - MANAGEMENT COSTS</b>	<b>2017</b>	<b>2016</b>
<b>Fixed Management Fee</b>	<b>-15 036</b>	<b>-25 975</b>
of which Value A	-9 463	-16 432
of which Value B	-5 517	-9 459
of which Value C	-56	-83
<b>Performance-based Management Fee</b>	<b>0</b>	<b>0</b>
of which Value A	0	0
of which Value B	0	0
of which Value C	0	0
<b>TOTAL MANAGEMENT COSTS</b>	<b>-15 036</b>	<b>-25 975</b>

<b>NOTE 3 - OTHER COSTS</b>	<b>2017</b>	<b>2016</b>
Transaction Costs	-2 817	-3 475
<b>TOTAL OTHER COSTS</b>	<b>-2 817</b>	<b>-3 475</b>

## Balance Sheet (SEK '000)

<b>ASSETS</b>	<b>NOTE</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Transferable Securities		476 103	1 463 993
<b>TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE</b>		<b>476 103</b>	<b>1 463 993</b>
<b>TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE</b>		<b>476 103</b>	<b>1 463 993</b>
Bank Deposits and Other Liquid Funds		32 763	286 394
Prepaid Costs and Accrued Income	1	330	1 044
<b>TOTAL ASSETS</b>		<b>509 196</b>	<b>1 751 432</b>
<b>LIABILITIES</b>			
Accrued Costs and Prepaid Income	2	-943	-2 740
Other Liabilities	3	-689	-138
<b>TOTAL LIABILITIES</b>		<b>-1 632</b>	<b>-2 878</b>
<b>FUND ASSETS</b>		<b>507 564</b>	<b>1 748 554</b>

<b>NOTE 1 - PREPAID COSTS AND ACCRUED INCOME</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Dividends	330	1 034
Other Assets	0	10
<b>TOTAL PREPAID COSTS AND ACCRUED INCOME</b>	<b>330</b>	<b>1 044</b>

<b>NOTE 2 - ACCRUED COSTS AND PREPAID INCOME</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Management Fee	-600	-1 712
Accrued Costs External Research	-343	-1 029
<b>TOTAL ACCRUED COSTS AND PREPAID INCOME</b>	<b>-943</b>	<b>-2 740</b>

<b>NOTE 3 - OTHER LIABILITIES</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Redemption of Units in Progress	-689	-138
<b>TOTAL OTHER LIABILITIES</b>	<b>-689</b>	<b>-138</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, the Swedish Investment Funds Act 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 market place have been valued in the accounts at the applicable market value. The applicable market value is comprised of the last price paid, local time. Holdings in foreign currencies are valued at the last price paid for the currency at year end. Where market prices are unavailable or, in the opinion of

the fund company, are misleading, the fund company may establish the value based on the objective criteria of another party. 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 date, 31 December 2017, the Fund had no holdings for which the current market value was not available.

# Summary of Holdings per 31 December 2017

<b>Financial Instruments with Positive Market Value (1)</b>	<b>Country (2)</b>	<b>Quantity</b>	<b>Price (3)</b>	<b>Market Value (SEK ' 000)</b>	<b>% of Fund Assets</b>
<b>SHARES WITH POSITIVE MARKET VALUE</b>					
<b><u>Pharmaceuticals</u></b>					<b><u>31.22</u></b>
Roche	CH	11 500	246.50	23 815	4.69
Astellas Pharma	JP	220 000	1 437.00	22 972	4.53
Novartis	CH	33 000	82.40	22 844	4.50
Novo Nordisk	DK	51 600	334.50	22 764	4.49
Pfizer	US	75 100	36.22	22 238	4.38
Eli Lilly & Company	US	32 000	84.46	22 096	4.35
Bristol-Myers Squibb	US	43 400	61.28	21 743	4.28
<b><u>Biotechnology</u></b>					<b><u>17.59</u></b>
Shire	US (UK)	54 850	3 900.00	23 657	4.66
Ligand Pharmaceuticals	US	20 200	136.93	22 613	4.46
Biogen Idec	US	8 400	318.57	21 878	4.31
Gilead Sciences	US	36 100	71.64	21 143	4.17
<b><u>Healthcare Services</u></b>					<b><u>13.66</u></b>
Laboratory Corp of America	US	17 800	159.51	23 213	4.57
Miraca Holdings	JP	66 100	4 825.00	23 175	4.57
Quest Diagnostics	US	28 500	98.49	22 948	4.52
<b><u>Life Sciences, Tools and Services</u></b>					<b><u>9.07</u></b>
Charles River Laboratories	US	26 712	109.45	23 902	4.71
Waters	US	14 000	193.19	22 112	4.36
<b><u>Healthcare Distributors</u></b>					<b><u>8.97</u></b>
Cardinal Health	US	45 600	61.27	22 842	4.50
McKesson	US	17 800	155.95	22 694	4.47
<b><u>Managed Health Care</u></b>					<b><u>8.84</u></b>
Anthem	US	12 300	225.01	22 627	4.46
Cigna	US	13 400	203.09	22 249	4.38
<b><u>Healthcare Equipment</u></b>					<b><u>4.45</u></b>
Medtronic	US	34 200	80.75	22 578	4.45
<b>TOTAL SHARES WITH POSITIVE MARKET VALUE</b>				<b>476 103</b>	<b>93.80</b>
<b>TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET</b>				<b>476 103</b>	<b>93.80</b>
<b>TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE</b>				<b>476 103</b>	<b>93.80</b>
Other Assets/Liabilities, Net				31 461	6.20
<b>TOTAL FUND ASSETS</b>				<b>507 564</b>	<b>100.00</b>
Transferable securities which are admitted to trading on a regulated market or similar market outside the EEA					93.80
Transferable securities which are subject to regular trading on another market which is registered and open to the public					0.00
Other financial instruments					0.00
<b>TOTAL</b>					<b>93.80</b>

(1) The shares are classified in sub-sectors based on the MSCI Global Industry Classification Standard (GICS).

(2) 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 CH Switzerland, DK Denmark, JP Japan, UK United Kingdom, US USA.

3) Refers to local currency.

## 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 (A, B and C) and, in conjunction therewith, the fund's existing shareholders received units in unit class A.

### FUND FACTS HEALTHINVEST VALUE FUND

Unit Class	A	B	C
Unit Value	375.26 SEK	136.51 SEK	12.41 EUR
Number of Units	666 193	1 860 464	29 517
Fund Assets (SEK '000/EUR '000)	249 999	253 975	3 590
<b>RETURN (1)</b>			
Return Since the Fund's Inception (%)	313.57	36.51	24.08
MSCI World HC Index Returns Since the Fund's Inception (%)	216.32	84.33	65.34
Average Annual Return for the Fund, Since Start (%)	17.09	7.76	5.31
Average Annual Return for MSCI World HC Index, Since Start (%)	13.65	15.81	12.83
Average Annual Return for the Fund, 5 years (%)	13.28	-	-
Average Annual Return for MSCI World HC Index, 5 years (%)	19.22	-	-
Average Annual Return for the Fund, 2 years (%)	-1.95	-2.44	-5.65
Average Annual Return for MSCI World HC Index, 2 years (%)	3.92	3.92	0.45
<b>RISK MEASURES (2)</b>			
Beta Value	0.78	0.78	0.81
Standard Deviation (%)	11.98	11.98	11.93
Standard Deviation MSCI World HC Index (%)	12.03	12.03	11.16
Downside Risk (%)	8.84	8.91	9.53
Active Risk (%)	7.25	7.25	7.60
Active Share (%)	70.20	70.20	70.20
Downside Risk MSCI World HC Index (%)	7.08	7.08	7.67
Sharpe Ratio	-0.05	-0.09	-0.40
Sharpe Ratio MSCI World HC Index	0.43	0.43	0.12
<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	Yes	Yes	Yes
Ongoing Charges (%)	1.00	1.50	1.50
Charged Management Costs 2017 as a % of Average Fund Assets	1.00	1.50	1.50
Management Cost 2017 for a One-off Deposit of SEK 10 000	SEK 100	SEK 149	SEK 151
2017 Management Fee for Monthly Savings of SEK 100 (3)	-	SEK 10	-

(1) The unit classes B and C were introduced 1 November 2013. The return figures for the benchmark index is reported in SEK (EUR for Value C) and with dividends reinvested.

(2) The risk measures are based upon monthly data from the last 24 months.

(3) In unit class A and C it is not possible to save SEK 100 monthly.

## Other Information

### CHANGES IN FUND ASSETS (SEK '000)

(TSEK)		Opening Fund Assets	Issuance of Units	Redemptions	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
2013	Value Fund/Value	443 281	123 215	-167 251		539 514
	Value B	-	1 220	-167		1 040
	Value C	-	1 734	-		1 716
	TOTAL	443 281	126 170	-167 418	140 238	542 270
2014	Value A	539 514	380 484	-230 180		899 440
	Value B	1 040	931 234	-246 979		854 147
	Value C	1 716	6 651	-2 361		7 194
	TOTAL	542 270	1 318 369	-479 521	379 663	1 760 782
2015	Value A	899 440	1 216 549	-183 517		1 935 466
	Value B	854 147	440 363	-493 189		867 920
	Value C	7 194	4 379	-3 996		7 985
	Value D	-	10	-		10
	TOTAL	1 760 782	1 661 301	-680 702	70 001	2 811 381
2016	Value A	1 935 466	130 640	-709 849		1 253 057
	Value B	867 920	48 578	-374 113		491 249
	Value C	7 985	175	-3 397		4 249
	Value D	10	-	-10		0
	TOTAL	2 811 381	179 392	-1 087 368	-154 852	1 748 554
2017	Value A	1 253 057	70 754	-1 086 178		249 999
	Value B	491 249	23 677	-257 154		253 975
	Value C	4 249	476	-1 152		3 590
	TOTAL	1 748 554	94 907	-1 344 483	8 586	507 564

## Other Information

### RETURN AND CHANGE IN UNIT VALUE

<b>Value Fund/Value A</b>	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	9.69
2010	190.81	1 553 945	296 508	21.75	-3.77
2011	194.87	1 655 871	322 674	3.43	12.01
2012	209.17	2 119 240	443 281	10.66	11.09
2013	272.64	1 978 853	539 514	35.50	34.63
2014	362.71	2 479 765	899 440	33.04	43.35
2015	390.32	4 958 712	1 935 466	7.61	15.56
2016	371.96	3 368 832	1 253 057	-4.70	0.14
2017	375.26	666 193	249 999	0.89	7.84

<b>Value B</b>	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on HealthInvest Value Fund B (%) (1)	Return on MSCI World HC Index (SEK, %) (2)
01.11.2013	100,00	-	-	-	-
01.11.2013 - 31.12.2013	101.02	10 296	1 040	1.02	2.83
2014	133.90	6 378 843	854 147	32.55	43.35
2015	143.42	6 051 801	867 920	7.10	15.56
2016	135.98	3 612 604	491 249	-5.18	0.14
2017	136.51	1 860 464	253 975	0.39	7.84

<b>Value C</b>	Unit Value (EUR)	Number of Units	Fund Assets (EUR '000)	Return on HealthInvest Value Fund C (%) (1)	Return on MSCI World HC Index (EUR, %) (2)
01.11.2013	10,00	-	-	-	-
01.11.2013 - 31.12.2013	10.08	19 241	1 716/194	0.80	2.36
2014	12.67	60 136	7 194/762	25.67	34.58
2015	13.94	62 483	7 985/871	10.03	18.71
2016	12.66	35 067	4 249/444	-9.19	-3.99
2017	12.41	29 517	3 590/366	-1.97	5.10

(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 values. The return figures are reported with dividends reinvested.

# Auditor's report

To the investors in the HealthInvest Value Fund, corporate identity number 515602-3045

## REPORT ON THE ANNUAL STATEMENT

### *Opinion*

As auditors of HealthInvest Partners AB, corporate identity number 556680-4810, we have executed an audit of the annual statement for the HealthInvest Value Fund for 2017.

In our opinion the annual statement has been prepared according to the Securities Funds Act and Finansinspektionen's ordinances on securities funds and provides in all material respects a true and fair view of the HealthInvest Value Fund's financial position as per 31 December 2017 and of its financial performance for that year according to the Securities Funds Act and Finansinspektionen's ordinances on securities funds.

### *Basis for Opinions*

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the fund company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### *Responsibilities of the Fund Company*

The fund company is responsible for the preparation of the annual statement and that it gives a fair presentation in accordance with the Securities Funds Act and Finansinspektionen's ordinances on securities funds. The fund company is also responsible for such internal control as they determine is necessary to enable the preparation of an annual statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual statement in its entirety is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of

users taken on the basis of the annual statement

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the fund company's internal control relevant to our audit 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 company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of the fund company's accounting estimates and related disclosures.
- evaluate the overall presentation, structure and content of the annual statement, including the disclosures, and whether the annual statement represents the underlying transactions and events in a manner that achieves fair presentation.

We must inform the fund company of, among other matters, the planned scope and timing of the audit. We must also inform of, if any, significant audit findings during our audit, including any significant deficiencies in internal control that we identifies.

Stockholm, 8 March 2018

PricewaterhouseCoopers

Susanne Sundvall

Authorised Public Accountant

HealthInvest Partners is an independent Swedish fund management company which was founded in 2006 by Carl Bennet and Anders Hallberg. HealthInvest offers actively managed mutual funds in the healthcare sector to institutions and private investors. The investment philosophy is strongly focused on value which involves disciplined investments in undervalued companies. HealthInvest Partners has been under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen) since 6 September 2006.

## BOARD OF DIRECTORS

The board of directors of the fund company has extensive experience in corporate management, fund management, stock analysis and financial instruments trading and has scientific expertise within the healthcare area. All the members of the board of directors have invested in the fund company's funds.

Johan Stern, Chairman of the Board of Directors, born 1951, is also active as a member on other boards of directors. Stern was employed and a partner of the American fund company, FMG Fundmanagers Ltd, from 1999 to 2002. Prior to that, Stern worked at Skandinaviska Enskilda Banken ("SEB"), including being responsible for SEB's operations in the US from 1996 to 1998. Stern holds a degree in economics from the University of Stockholm (1975)

Ingemar Kihlström, Member of the Board of Directors, born 1952, works as a consultant in the healthcare sector at Ingemar Kihlström AB and sits on several boards. Previously, Kihlström was employed as healthcare analyst at ABG Sundal Collier from 2000 to 2003, and as senior healthcare analyst at Aros Securities from 1997 to 2000. Kihlström was awarded his Ph.D. in Physiology at Uppsala University in 1982 and became associate professor in physiology at Uppsala University in 1986.

Anders Hallberg, Member of the Board of Directors, born 1973, is the deputy CEO of the fund company and is the Chief Investment Officer of HealthInvest Partners' Funds. Hallberg is presented below under Management Organisation.

## MANAGEMENT ORGANISATION

Anders Hallberg, born 1973, is the deputy CEO and Chief Investment Officer of HealthInvest's Funds. He previously worked as a healthcare analyst at Carnegie Investment Bank (1998-2000) and was ranked by the publication, *Finanstidningen*, as the number one healthcare analyst in Sweden. Anders continued as a fund manager at Carnegie and was in charge of Carnegie Global Healthcare Fund (2003-Jan 2006). During this time, Carnegie Global Healthcare Fund was the best performing healthcare fund in the world, according to Bloomberg's database (about 265 healthcare funds). In 2006, Anders was named Star Portfolio Manager (DI/Morningstar). He holds a M.Sc. in Economics and a B.Sc. in Business Administration.

Markus Wistrand, born 1976, is the CEO of the fund company and financial analyst. He was previously employed in the Swedish medical technology company Q-Med. Wistrand holds a M.Sc. in biotechnology from the University of Uppsala and an M.Sc. in business administration from Stockholm University. Wistrand also holds a Ph.D. in computational biology from Karolinska Institute.





HealthInvest Partners AB  
Biblioteksgatan 29, 8 tr  
114 35 Stockholm