



HEALTHINVEST FUNDS

SEMI-ANNUAL REPORT 2018

HealthInvest Partners - Fund Facts

FOCUS

Investment funds registered in Sweden focusing on investments in the healthcare industry. Important sectors include biotechnology, pharmaceuticals, medical technology and health care services.

SUBSCRIPTION AND REDEMPTION OF UNITS

HealthInvest Small & MicroCap Fund and HealthInvest Value Fund are UCITS funds. Subscription and redemption of fund units normally take place each Swedish banking day. Requests to subscribe for fund units take place by deposit on the Fund's account. Requests for redemption shall be made in writing in accordance with the fund company's instructions.

FEES

In HealthInvest Small & MicroCap Fund, a fixed management fee is charged at a rate of 1.5% per year in unit class A and 1.8% per year in unit class B. A performance-based fee is charged at a rate of 20% of that part of the return exceeding the return threshold. The return threshold changes over time by the return on the MSCI World Health Care TRN Index. The Fund applies 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.

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

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 and aims to comply with these principles in managing the funds. MSCI ESG Research's analysts review the funds' 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:
KPMG with Dan Beitner, 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
Website: 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 the Annual and 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.

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

Fund Manager's View

During the first half of 2018, world stock markets experienced modest gains. The MSCI World TRN Index, which reflects the global stock market, was up 0.4% calculated in USD. The health care sector largely followed suit, and the MSCI World Health Care TRN Index rose by 0.6% measured in USD. However, translated to SEK, both indices rose by approximately 10% due to the substantial weakening of the Swedish krona during the period.

While the year got off to a strong start, the first two quarters as a whole were volatile. The stock markets were restrained by increasing interest rates as the US 10-year treasury note rose to 3%. The last time the long-term interest rate was stable at these levels was 2011, and investors were anxious about the impact of higher interest rates on the stock market. President Trump's recurring posturing regarding the imposition of trade tariffs also darkened the mood on the markets, particularly in Asia and Europe.

In the health care sector, it was primarily the medical technology sub-sector which enjoyed gains, but there were also advances in the life sciences and research tools and in the managed health care sub-sectors. Pharmaceuticals and biotechnology fell and health care distributors were worst off.

HEALTHINVEST SMALL & MICROCAP FUND

HealthInvest Small & MicroCap Fund (unit class A-SEK) rose 8.0% during the half year. Accordingly, since its launch in 2013, the Fund has grown 24.5% annually on average. The development is not a result of substantial risk-taking but, rather, the Fund's volatility has been low relative to the market as a whole.

The investment style is based on stock picking involving a global search for undervalued health care stocks. During the first half of 2018, the Fund's net equity exposure declined as several positions were sold, having achieved full value. Our efforts to find new positions which offer a good risk-reward is already underway. For example, in the spring, the Fund purchased 9.3% of the outstanding shares of Swedish instrument manufacturer Stille and thereby became a relatively significant owner of the company. Stille has succeeded in kick-starting growth following several years of sluggish development. The Fund also took a position of over 5% of the shares in the British biotechnology company, Vernalis, which,

following an unsuccessful product launch in the US, was trading at a level far below its net cash position. Even if Stille and Vernalis are relatively small positions in the Fund, they are examples of the type of positions we willingly take on in smaller companies. Our goal is to find companies before the valuations rise, which opens up the way for creating good returns with limited risk.

In June 2018, HealthInvest Small & MicroCap Fund became a UCITS fund. The significance of this change is minor for existing unit holders, but it allows the Fund to exist on multiple fund platforms and thereby reach new unit holders.

HEALTHINVEST VALUE FUND

HealthInvest Value Fund (unit class A-SEK) rose 7.9% during the first six months, which is somewhat below its index. The Fund is comprised mainly of large companies within the health care sector and US holdings have dominated the Fund during the first six months of the year. In our view, President Trump's tough condemnation of the pharmaceutical industry has scared investors, but they will return to this sector when it is clear that Trump's posturing is more about rhetoric than genuine change. This likely entails an upside in the health care sector and, perhaps, particularly for pharmaceuticals.

FUTURE PROSPECTS

As previously noted, the stock market has moved sideways during the half year. In broad terms, growth/technology stocks have made strong gains while value stocks have experienced headwinds. The fact is that value stocks have substantially lagged growth stocks over a long period of time. During the last five years, the return for a US growth stock index (e.g. SGX Index) has been nearly twice as high as the return for a US value stock index (e.g. SVX Index). Historically, the two investment philosophies – “growth” versus “value” – have both had periods of outperformance and value stocks may well take the lead in coming years.

The same trend is seen in the valuation of the health care sector versus the market as a whole. The health care sector is a defensive sector with many value stocks and, as per the end of the first six months, was trading at 19.6 times free cash flow which may be compared with the MSCI World Index which was trading at 23.1 times free cash flow. Shares within the health care sector were thus trading at a discount, while they have historically enjoyed a premium valuation. This bears evidence of the fact that the health care sector could rise and still not reach

Fund Manager's View

unreasonable valuations.

As investors in the health care sector, we also benefit from the reality that the health care sector will grow in upcoming decades as a consequence of demographic changes and economic growth. With this impetus, the conditions for creating solid returns subject to a reasonable risk over time are most certainly present.

In conclusion, we will continue to seek out undervalued companies. Our goal remains to create additional value for our customers through innovative and value-based management. We hope that our investors will stay the course with us.

Stockholm, 19 July 2018

Anders Hallberg
Portfolio Manager

Markus Wistrand
Analyst

HealthInvest Small & MicroCap Fund - Administration Report

HEALTHINVEST SMALL & MICROCAP FUND is an actively managed investment fund. The majority of the Fund's investments are made in smaller companies in the health care industry. The most important sectors are pharmaceuticals, medical technology, biotechnology and health care services. 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

During the first half year, HealthInvest Small & MicroCap Fund (unit class A-SEK) climbed 8.0% less fees. During the same period, the return of MSCI World Health Care Index was 11.1%, measured in SEK and including dividends.

The five investments which contributed most to the Fund's result during the first six months was the US specialty pharma company, Amag Pharmaceuticals, the US wound care company, Osiris Therapeutics, the British pharmaceutical company, Alliance Pharma, the Singaporean tiger balm manufacturer, Haw Par, and the British biotechnology company, Vernalis. During the period, the Fund was negatively impacted by the British biotechnology company, Summit Pharmaceuticals, the Swedish health care staffing company, Dedicare, the French veterinary medicine company, Vétoquinol, the South Korean medical aesthetics company, Hugel and the Thai manufacturer of eye glass lenses, Thai Optical.

At the beginning of 2018, the portfolio had 33 stocks. Of these, 19 holdings remained in the Fund at the end of the first six months, while 14 were sold off. The Fund has also made seven new investments. As per the end of the accounting period, there were thus 26 equity positions in the fund. As a whole, net equity exposure has declined during the half year.

During the first six months, the Fund initiated a significant position in the South Korean company, Rayence, which manufactures components for digital X-ray sensors. Amongst the new positions carrying less weight in the portfolio, note is made of the Swedish medical technology company, Stille, the British biotechnology company, Vernalis, and the Swedish biotechnology company Spago Nanomedical which specializes in cancer diagnostics. In addition, the Fund has increased its

positions in Japanese Paramount Bed Holdings which manufactures hospital beds, and Japanese contract researcher EPS Holdings. Amongst the holdings that were sold off, there is the US implant company, Anika Therapeutics, the Japanese hearing device manufacturer, Rion, the Swedish medical technology company, Sedana Medical, the Thai manufacturer of eye glass lenses, Thai Optical, the French veterinary medicine company, Vétoquinol, and the Swedish biotechnology company, Xspray. In all cases, the shares were sold off given that they were deemed to have reached their full valuation.

THE FUND AS OF 30 JUNE 2018

As of 30 June 2018, the Fund owned shares equal to 72.0% of the fund assets.

From a country perspective, Japan represented 27% of the fund assets, followed by Sweden (11%), South Korea (10%), Singapore (6%), United Kingdom (6%), Germany (5%), United States (4%), Malaysia (3%) and, finally, Taiwan (less than 1%).

IMPORTANT HOLDINGS IN THE FUND

EPS Holdings is a Japanese sub-contractor to the pharmaceutical industry. The principal business is contract research in which the company conducts clinical studies on behalf of pharmaceutical companies. EPS has built up its offering around this business but also provides data management services and contract sales. EPS is a winner in the global trend in which drug companies choose to outsource activities which are not part of their core operation, and the company's revenues enjoy annual growth of over 10% with good profitability. The valuation of approximately 19 times free cash flow, less net cash holdings, is not unreasonable for a growth company with low investment needs.

Paramount Bed Holdings is a Japanese manufacturer of beds for hospitals and nursing homes. The company enjoys a dominant position on its home market, which is growing by approximately 2% per year. The largest driving force propelling growth is the number of elderly persons in Japan – the number of persons over 80 years of age increases 5% annually. The company's goal is to grow faster than the domestic market and simultaneously more than double revenues abroad until 2020. This is not reflected at all in the current valuation of approximately 12 times free cash flow, less net cash holdings, and we believe

HealthInvest Small & MicroCap Fund - Administration Report

that there is a good upside to the share.

Haw Par, with its registered office in Singapore, is the owner of the Tiger Balm trademark. The product is the core of Haw Par's health care segment, and has sales in over 100 countries. By adding products under the Tiger Balm trademark, Haw Par has succeeded in doubling sales within the health care segment during the period between 2013 and 2017 with strong profitability. At the same time, the company has a portfolio with investments in liquid shares and real estate which, in their own right, justify the company's market value. An investor in Haw Par hence gets the profitable and growing health care segment for free, something we find attractive.

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 captured a market share of over 35% in South Korea. In addition, Hugel has launched hyaluronic-based injection treatments which currently represent approximately 15% of the domestic market. The company actively strives to increase its geographic presence and has a number of approvals under consideration in Europe and the US. Adjusted for the fact that Hugel's growth ties up operating capital and less its large net cash assets, the market values the company at 18 times free cash flow – a multiple which will quickly decline if the rapid growth continues.

Drägerwerk, with roots back to 1889, is a German medical technology company with strong market positions in the areas of anesthesia, respirators and patient monitoring. Drägerwerk is at the leading edge in product development and spends approximately 9% of turnover on research and development. However, organic growth has subsided in recent years and investors have doubts about the management and its actions. We believe Drägerwerk has a strong position and excellent possibilities to turn the tide on its own. In such a scenario, the valuation of 12 times free cash flow is too low.

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 in approximately 13,000 Japanese pharmacies, corresponding to a fourth of

the market thus making EM Systems the market leader. The company has increased revenues by approximately 7% annually over the last four years with an increasing EBITA margin. The share is trading at approximately 16 times free cash flow, which is considerably lower than comparable companies in the US.

RISK TAKING BY THE FUND

HealthInvest Small & MicroCap Fund's risk measured as the Fund's standard deviation is 9.9%, which may be compared to 10.7% for the MSCI World Health Care Index. The Fund's beta value is 0.32 measured with the MSCI World Health Care Index as the market portfolio, and the Fund's Sharpe ratio is 2.57. The calculations are carried out on the basis of return data from the last 24 months.

FUND ASSETS

As of 30 June 2018, HealthInvest Small & MicroCap Fund's assets amounted to SEK 1,466 million. During the first half of 2018, units were issued for SEK 203 million, while units were redeemed for SEK 94 million. The half-year result was SEK 103 million.

FUND RULES

On 15 June 2018, new fund rules entered into force according to which the Fund transitioned from its previous form as an alternative investment fund to a UCITS fund. In addition, the fee structure of the Fund was changed. In unit class A, the hurdle rate for calculating the performance-based fee was changed to the MSCI World Health Care TRN Index, i.e. the same type of hurdle rate which was already used for unit class B. In unit class B, the fixed fee was reduced to 1.8% (from the previous 2.0%).

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 company supports the six principles addressed by the PRI initiative which are described at www.unpri.org.

HealthInvest Small & MicroCap Fund - Administration Report

For HealthInvest Partners, investing responsibly means not investing in companies which act inappropriately from an environmental, social or corporate governance perspective (ESG perspective). 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 each 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.

At mid-year 2018, all of the Fund's holdings were analysed by MSCI ESG Research. 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.

Balance Sheet Per 30 June 2018 (SEK '000)

ASSETS	NOTE	2018-06-30	2017-12-31
Transferable Securities		1 198 005	1 229 518
TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE		1 198 005	1 229 518
TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE		1 198 005	1 229 518
Bank Deposits and Other Liquid Funds		276 750	27 549
Prepaid Costs and Accrued Income	1	1 328	784
TOTAL ASSETS		1 476 083	1 257 851
LIABILITIES			
Accrued Costs and Prepaid Income	2	-6 273	-1 721
Other Liabilities	3	-3 427	-1 527
TOTAL LIABILITIES		-9 700	-3 248
TOTAL NET ASSETS		1 466 383	1 254 603
NOTE 1 - PREPAID COSTS AND ACCRUED INCOME			
		2018-06-30	2017-12-31
Dividends for which payment is expected		1 327	784
Other		1	0
TOTAL PREPAID COSTS AND ACCRUED INCOME		1 328	784
NOTE 2 - ACCRUED COSTS AND PREPAID INCOME			
		2018-06-30	2017-12-31
Management Fee		-6 052	-1 563
Accrued Costs External Research		-221	-158
TOTAL ACCRUED COSTS AND PREPAID INCOME		-6 273	-1 721
NOTE 3 - OTHER LIABILITIES			
		2018-06-30	2017-12-31
Unsettled Transactions		-1 683	0
Redemption of units in progress		-1 392	-247
Subscription of units in progress		-352	-1 280
TOTAL OTHER LIABILITIES		-3 427	-1 527

Summary Of Holdings Per 30 June 2018

Financial Instruments with Positive Market Value (1)	Country (2)	Quantity	Price (3)	Market Value (SEK '000)	% of Fund Assets
SHARES WITH POSITIVE MARKET VALUE					
Health Care Equipment					23.46
Paramount Bed Holdings	JP	234 100	4 750.00	90 172	6.15
Drägerwerk	DE	120 000	61.50	77 165	5.26
Rayence	KR	403 957	19 750.00	63 825	4.35
Stille*	SE	466 895	77.40	36 138	2.46
Elos Medtech	SE	391 031	72.00	28 154	1.92
Surgical Science*	SE	414 827	61.10	25 346	1.73
Surgical Innovations	UK	39 578 576	2.98	13 913	0.95
Vieworks	KR	37 821	30 500.00	9 228	0.63
Pharmaceuticals					11.79
Haw Par	SP	975 700	13.42	85 982	5.86
YSP Southeast Asia	MY	6 582 500	2.55	37 264	2.54
Alliance Pharma	UK	2 900 000	97.80	33 513	2.29
Corline Biomedical*	SE	938 274	19.00	17 827	1.22
Summit Therapeutics	UK	2 294 870	36.50	9 898	0.68
Kotra Industries	MY	742 800	1.82	3 001	0.20
Biotechnology					11.68
Hugel	KR	20 976	482 100.00	80 900	5.52
Osiris Therapeutics*	US	631 977	9.65	54 771	3.74
Vernalis	UK	30 000 000	7.24	25 665	1.75
Spago Nanomedical*	SE	860 000	11.50	9 890	0.67
Excelsior Biopharma	TW	1 000	49.00	14	0.00
Health Care Services					8.92
Saint-Care Holdings	JP	973 900	729.00	57 573	3.93
Dedicare	SE	618 855	63.20	39 112	2.67
Care Twentyone	JP	114 500	2 950.00	27 391	1.87
NGS Group	SE	173 604	38.80	6 736	0.46
Life Sciences, Tools & Services					6.18
EPS Corporation	JP	470 100	2 376.00	90 576	6.18
Health Care Technology					4.74
EM Systems	JP	761 100	1 127.00	69 558	4.74
Health Care Distributors					4.27
DVX	JP	552 400	1 397.00	62 579	4.27
TOTAL SHARES WITH POSITIVE MARKET VALUE				1 056 191	72.03
FUND UNITS					
Ishares Short Treasury Bond ETF	US	71 500	110.44	70 917	4.84
SPDR Barclays Capital 1-3 Month T-Bill ETF	US	86 200	91.58	70 897	4.83
TOTAL FUND UNITS				141 814	9.67
TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE				1 198 005	81.70
TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE				1 198 005	81.70
Other Assets/Liabilities, Net				268 378	18.30
TOTAL FUND ASSETS				1 466 383	100.00
Traded securities which are admitted to trading on a regulated market or similar market outside the EEA					71.88
*Traded securities which are subject to regular trading on another market which is registered and open to the public					9.82
Other financial instruments					0.00
Total					81.70

(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: DE Germany, JP Japan, KR South Korea, MY Malaysia, SE Sweden, SP Singapore, TW Taiwan, UK United Kingdom, US USA.

(3) Refers to local currency.

Accounting Principles

The semi-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 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 as of 30 June 2018. 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. 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.

As of 30 June 2018, the Fund had no holdings for which a current market value was not available.

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

Share class (1)	A	B
Unit Value (SEK)	301.61	108.54
Number of Units	4 846 084	43 650
Fund Assets (SEK '000)	1 461 646	4 738
RETURN (2)		
Return since the Fund's Inception (%)	227.07	8.54
MSCI World HC Index Return since the Fund's Inception (%)	155.64	10.91
Average Annual Return, Since Start (%)	24.45	-
Average Annual Return MSCI World HC Index, Since Start (%)	18.92	-
Average Annual Return, 2 years (%)	27.23	-
Average Annual Return MSCI World HC Index, 2 years (%)	10.28	-
RISK MEASURES (3)		
Beta Value	0.32	-
Standard Deviation (%)	9.90	-
Standard Deviation MSCI World HC Index (%)	10.69	-
Downside Risk (%)	2.84	-
Downside Risk MSCI World HC Index (%)	4.88	-
Active Risk (%)	11.63	-
Active Share (%)	100.00	100.00
Sharpe Ratio	2.57	-
Sharpe Ratio MSCI World HC Index	1.03	-
FEES		
Fixed Management Fee (%)	1.50	1.80
Performance-based Fee (%)	20	20
Annual Return Threshold (%)	Index	Index
High Watermark	Yes	Yes
Ongoing Charges (%) (4)	1.54	1.84

(1) Some of the key ratios are lacking for unit class B since it has only an 8-month history.

(2) The return figures for unit class B pertain to the period, 1 November 2017 to 30 June 2018.

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

(4) Ongoing charges for unit class B is an estimate following the reduction of the fee in June 2018.

Other Information

CHANGES IN FUND ASSETS

(SEK '000)	Opening Fund Assets	Issuance of Units	Redemptions	Profit/Loss	Closing Fund Assets
2013-01-31	0	80 536	0	0	80 536
2013-02-01 - 2013-12-31	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/			
	887 189	314 986	-199 579	250 993	1 253 589
	0	1 006	0	8	1 014
		TOTAL			
	887 189	315 992	-199 579	251 001	1 254 603
2018-06-30					
	1 253 589	199 822	-94 114	102 348	1 461 646
	1 014	3 549	0	175	4 738
		TOTAL			
	1 254 603	203 371	-94 114	102 523	1 466 383

RETURN AND CHANGE IN UNIT VALUE

Small & MicroCap A	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on HealthInvest Small & MicroCap A (%) (1)	Return on MSCI World Health Care Index (SEK, %) (2)
2013-01-31	100.00	805 359	80 536	-	-
2013-02-01 - 2013-12-31	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
2018-06-30	301.61	4 846 084	1 461 646	8.01	11.11

Small & MicroCap B	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on HealthInvest Small & MicroCap B (%)	Return on MSCI World Health Care Index (SEK, %) (2)
2017-10-31	100.00	10 003	1 000	-	-
2017-11-01 - 2017-12-31	100.74	10 064	1 014	0.74	-0.18
2018-06-30	108.54	43 650	4 738	7.74	11.11

(1) Pertains to a unit holder who invested in HealthInvest Small & MicroCap Fund at the beginning, 31 January 2013, and who received units in unit class A on 1 November 2017.

(2) The return for MSCI World Health Care Index is in SEK and including reinvested dividends.

HealthInvest Value Fund - Administration Report

HealthInvest Value Fund is an actively managed investment fund focusing on the health care industry. The Fund has three unit classes of which A and B are denominated in SEK and unit class C is denominated in EUR. The objective is, while observing due care, to provide maximum returns on invested capital over time with a well-balanced risk.

DEVELOPMENT OF THE FUND

During the first six months of the year, HealthInvest Value Fund's unit classes A and B rose by 7.9% and 7.7% respectively. Unit class C, which is denominated in EUR, rose 0.9%. During the same period, the MSCI World Health Care Index, which is the Fund's benchmark index, returned 11.1% in SEK and 4.5% in EUR, including reinvested dividends.

The Japanese drug company, Astellas, is the holding which has contributed most to the Fund's returns during the last six months, followed by the British pharmaceutical company, Shire, the two US diagnostics companies, LabCorp and Quest, and the US pharmaceutical company, Bristol-Myers Squibb. Negative contributions were primarily made by investments in the US distributors, Patterson and Cardinal Health, and to a lesser degree from the Japanese diagnostics company, Miraca Holdings, the US managed care company, Cigna, and the Danish pharmaceutical company, Novo Nordisk.

During the period, the Fund initiated equity positions in the US distributor, Patterson, and the US company, Garmin, which manufactures electronic equipment for exercise and recreation. In addition, the Fund has increased its exposure to the pharmaceutical company, Biogen, the drug distributor, Cardinal Health, the managed care company, Cigna, and the pharmaceutical company, Novo Nordisk. The positions in Ligand Pharmaceuticals, Waters and Medtronic were sold off.

THE FUND AS OF 30 JUNE 2018

Per 30 June 2018, the Fund owned shares equal to 89% of the fund assets.

Geographically, the Fund's investments were primarily allocated to the US, comprising 58% of the assets. Switzerland represented 13%, Japan 7%, Denmark 6%, and United Kingdom 4%.

IMPORTANT HOLDINGS IN THE FUND

The Fund's five largest holdings each constitute more than 6% of the fund assets. Below is a short description of each of these companies.

Astellas Pharma is a Japanese drug company with a well-diversified business both from product and geographic perspectives. The company's big seller, Xtandi, for the treatment of prostate cancer, is responsible for sales exceeding 2.7 billion USD and is expected to continue to grow. Astellas is also a major player within the area of over-active bladders with Vesicare and Myrbetriq as important drugs. Approximately 16% of revenues are reinvested in R&D, creating the possibility for development of new drugs and thereby future growth. The share has a low valuation of around 12 times free cash flow.

Biogen is a US pharmaceutical company with its base in a portfolio of drugs to treat multiple sclerosis which represents approximately 75% of the revenues. Currently, the MS portfolio is not growing but creates strong cash flow. The primary growth engine is instead Spinraza which is used to treat spinal muscular atrophy. Spinraza has been launched in the US and Biogen is now bringing the drug to a growing number of markets. In addition, the company invests close to 18% of the revenues in R&D (primarily neurological diseases) and has an expanding involvement within the area of biological generic drugs, so-called biosimilars. Biogen is valued at approximately 16 times free cash flow and we believe that there is room for a higher valuation.

Novo Nordisk, from Denmark, has long been a growth machine with focus on diabetes but has faced increased competition in recent years associated with diminished acceptance for price increases. As a consequence, growth has stalled and investors have lowered their expectations for the future. However, Novo has historically demonstrated its ability to develop its position step-by-step in the area of diabetes and obesity which together represent 83% of sales. We believe that this ability persists and that the share will return to the 2015 level, entailing a 33% increase. The share is traded at 23 times free cash flow, which we regard as attractive for this high-quality company.

Cigna is one of the largest health insurance companies in the US. Over the last eight years, the

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company has increased sales and profit per share by 11% and 13% CAGR. Since the market for private insurance in the US is dominated by a relatively small number of players, it is difficult to see any direct threat to continued positive development. Cigna is valued at 14 times free cash flow, and we regard this as an attractive multiple.

Cardinal Health is a US distributor of drugs and certain medical equipment. Cardinal has an enviable position since the volumes on the US drug market are expected to grow for decades to come thanks to an aging population. However, its stock has performed poorly as the company has been surprised by tougher price competition at the same time as investors are concerned that Amazon will join the market for drug distribution. We believe these concerns are exaggerated, and that Cardinal will have the possibility to turn the tide. If this bears out, the valuation of 6 times free cash flow is too low.

RISK TAKING BY THE FUND

HealthInvest Value Fund's (unit class A) standard deviation is 9.3% based on data from the last 24 months. The beta value, calculated using the MSCI World Health Care Index as the market portfolio, was 0.73% during this period and the Fund's Sharpe ratio was 0.68%.

Data for all unit classes may be found in the table, "HealthInvest Value Fund Facts".

FUND ASSETS

As of 30 June 2018, HealthInvest Value Fund's fund assets amounted to SEK 292 million. During the first six months of 2018, units were issued for SEK 14 million, while units were redeemed for SEK 260 million. The result for the first six months was SEK 29 million. The distribution of the fund assets in the unit classes is set forth in the table, "Changes in fund assets".

FUND RULES

No changes have been made to the fund rules for HealthInvest Value Fund during the first six months of 2018.

Following the expiry of the period, on 11 July 2018, new fund rules entered into force according to which the performance-based fee was abandoned for all unit classes. The changes in the fund rules have been approved by the Swedish Financial Supervisory Authority and have been communicated to the unit holders and published

on the fund company's website.

RESPONSIBLE INVESTMENTS

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.

For HealthInvest Partners, investing responsibly means not investing in companies which act inappropriately from an environmental, social or corporate governance perspective (ESG perspective). 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. 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.

At mid-year, the Fund's holdings were examined by MSCI ESG Research. At this audit, one of the portfolio companies, Novartis, was given a "red flag" due to allegations of bribery. HealthInvest Partners will contact Novartis in order to influence the company in the right direction. In the event the response is not satisfactory, the holding will be sold off within one year.

Balance Sheet Per 30 June 2018 (SEK '000)

ASSETS	NOTE	2018-06-30	2017-12-31
Transferable Securities		260 977	476 103
TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE		260 977	476 103
TOTAL INSTRUMENTS WITH POSITIVE MARKET VALUE		260 977	476 103
Bank Deposits and Other Liquid Funds		28 755	32 763
Prepaid Costs and Accrued Income	1	286	330
Other Assets	2	3 385	0
TOTAL ASSETS		293 403	509 196
LIABILITIES			
Accrued Costs and Prepaid Income	3	-525	-943
Other Liabilities	4	-1 045	-689
TOTAL LIABILITIES		-1 570	-1 632
TOTAL NET ASSETS		291 833	507 564
NOTE 1 - PREPAID COSTS AND ACCRUED INCOME			
		2018-06-30	2017-12-31
Dividends for which payment is expected		286	330
TOTAL PREPAID COSTS AND ACCRUED INCOME		286	330
NOTE 2 - OTHER ASSETS			
		2018-06-30	2017-12-31
Unsettled Transactions		3 385	0
TOTAL OTHER ASSETS		3 385	0
NOTE 3 - ACCRUED COSTS AND PREPAID INCOME			
		2018-06-30	2017-12-31
Management Fee		-316	-600
Accrued Costs External Research		-208	-343
TOTAL ACCRUED COSTS AND PREPAID INCOME		-525	-943
NOTE 4 - OTHER LIABILITIES			
		2018-06-30	2017-12-31
Redemption of units in progress		-1 045	-689
TOTAL OTHER LIABILITIES		-1 045	-689

Summary Of Holdings Per 30 June 2018

Financial Instruments with Positive Market Value (1)	Country (2)	Quantity	Price (3)	Market Value (SEK '000)	% of Fund Assets
SHARES WITH POSITIVE MARKET VALUE					
<u>Pharmaceuticals</u>					<u>35.45</u>
Astellas Pharma	JP	144 000	1 689.00	19 723	6.76
Novo Nordisk	DK	44 600	296.00	18 560	6.36
Roche	CH	6 600	220.55	13 146	4.50
Bristol-Myers Squibb	US	26 300	55.34	13 071	4.48
Novartis	CH	19 200	75.28	13 053	4.47
Pfizer	US	39 800	36.28	12 968	4.44
Eli Lilly	US	16 900	85.33	12 951	4.44
<u>Biotechnology</u>					<u>15.67</u>
Biogen	US	7 500	290.24	19 550	6.70
Shire	US (UK)	26 300	4 265.00	13 254	4.54
Gilead Sciences	US	20 300	70.84	12 915	4.43
<u>Health Care Distributors</u>					<u>14.36</u>
Cardinal Health	US	40 500	48.83	17 761	6.09
Patterson	US	60 300	22.67	12 277	4.21
McKesson	US	9 900	133.40	11 861	4.06
<u>Health Care Services</u>					<u>8.76</u>
Quest Diagnostics	US	13 000	109.94	12 836	4.40
Laboratory Corp of America	US	7 900	179.53	12 737	4.36
<u>Managed Health Care</u>					<u>6.33</u>
Cigna	US	12 100	169.95	18 468	6.33
<u>Electronic Equipment & Instruments</u>					<u>4.43</u>
Garmin	CH	23 600	61.00	12 929	4.43
<u>Life Sciences Tools & Services</u>					<u>4.43</u>
Charles River Laboratories	US	12 812	112.26	12 917	4.43
TOTAL SHARES WITH POSITIVE MARKET VALUE				260 977	89.43
TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE				260 977	89.43
TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE				260 977	89.43
Other Assets/Liabilities, Net				30 856	10.57
TOTAL FUND ASSETS				291 833	100.00
Transferable securities which are admitted to trading on a regulated market or similar market outside the EEA					89.43
*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
Total					89.43

(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 and US USA.

(3) Refers to local currency.

Accounting Principles

The semi-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 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 as of 30 June 2018. 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 mid-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.

As per 30 June 2018, the Fund had no holdings for which a current market value was not available.

Other Information

The first occasion on which to subscribe in HealthInvest Value Fund was 30 December 2008. On 1 November 2013, the Fund was opened for subscriptions through three unit classes and, in conjunction therewith, the Fund's existing shareholders received units in unit class A.

FUNDS FACTS HEALTHINVEST VALUE FUND

Unit Class (1)	A	B	C
Unit Value	404.98 SEK	146.96 SEK	12.52 EUR
Number of Units	252 090	1 269 101	24 712
Fund Assets (SEK '000/EUR '000)	102 092	186 505	309
RETURN			
Returns Since the Fund's Inception (%)	346.32	46.96	25.22
MSCI World HC Index Returns Since the Fund's Inception (%)	251.47	104.81	72.81
Average Annual Return, Since Start	17.05	8.60	4.94
Average Annual Return for MSCI World HC Index, Since Start (%)	14.15	16.61	12.44
Average Annual Return, 5 years (%)	10.31	-	-
Average Annual Return for MSCI World HC Index, 5 years (%)	17.16	-	-
Average Annual Return, 2 years (%)	5.38	4.85	-0.64
Average Annual Return for MSCI World HC Index, 2 years (%)	10.28	10.28	4.51
RISK MEASURES (2)			
Beta Value	0.73	0.73	0.70
Standard Deviation (%)	9.32	9.32	8.66
Standard Deviation MSCI World HC Index (%)	10.69	10.69	10.00
Downside Risk (%)	4.81	4.90	5.56
Active Risk (%)	5.19	5.19	5.34
Active Share (%)	76.30	76.30	76.30
Downside Risk MSCI World HC Index (%)	4.88	4.88	5.87
Sharpe Ratio	0.68	0.63	0.00
Sharpe Ratio MSCI World HC Index	1.03	1.03	0.52
FEES (3)			
Fixed Management Fee (%)	1.00	1.50	1.50
Ongoing Charges (%)	1.00	1.50	1.50

(1) The return figures since inception for unit classes B and C pertain to the period, 1 November 2013 to 30 June 2018. The return figures for the benchmark index is in SEK and with dividends reinvested.

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

(3) Performance-based fee is no longer applied in the Fund. The change entered into force on 11 July 2018.

Other Information

CHANGE IN FUND ASSETS

(SEK '000)		Opening Fund Assets	Issuance of Units	Redemptions	Profit/Loss	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
2018-06-30	Value A	249 999	3 697	-164 308		102 092
	Value B	253 975	10 551	-94 450		186 505
	Value C	3 590	139	-754		3 236
	TOTAL	507 564	14 387	-259 512	29 394	291 833

Other Information

RETURN AND CHANGE IN UNIT VALUE

Value Fund/Value A	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on HealthInvest Value Fund A (%) (1)	Return on MSCI World HC Index (SEK, %) (2)
2008	100.00	590 500	59 050	-	-
2009	158.98	1 346 450	214 053	59.13	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
2018-06-30	404.98	252 090	102 092	7.92	11.11

Value B	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on HealthInvest Value Fund B (%)	Return on MSCI World HC Index (SEK, %) (2)
2013-11-01	100.00	-	-	-	-
2013-11-01 - 2013-12-31	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
2018-06-30	146.96	1 269 101	186 505	7.65	11.11

Value C	Unit Value (EUR)	Number of Units	Fund Assets (SEK '000/ EUR '000)	Return on HealthInvest Value Fund C (%)	Return on MSCI World HC Index (EUR, %) (2)
2013-11-01	10.00	-	-	-	-
2013-11-01 - 2013-12-31	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
2018-06-30	12.52	24 712	3 236/309	0.92	4.52

(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) The return for the benchmark index is including reinvested dividends.

HealthInvest Partners AB

HealthInvest Partners is an independent Swedish fund management company under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen) since 6 September 2006. HealthInvest Partners offers actively managed mutual funds in the healthcare sector to institutions and private investors.

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. Stern was employed and a partner of the US 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 is active as a member on several boards. Previously, Kihlström was employed as senior 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. Hallberg has a background as a healthcare analyst and fund manager at Carnegie Investment

Bank. During the period January 2003 - February 2006 Hallberg managed Carnegie Global Healthcare Fund, which during this time was the best performing healthcare fund in the world. In 2000, Hallberg was ranked by the publication, *Finansstidningen*, as the number one healthcare analyst in Sweden and in 2006, Hallberg was named Star Portfolio Manager (DI/Morningstar) in the health care funds segment. Hallberg holds a M.Sc. in Economics and a B.Sc. in Business Administration.

Financial Analyst

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 Uppsala University and an M.Sc. in Business Administration from Stockholm University. Wistrand also holds a Ph.D. in computational biology from Karolinska Institutet.

EXTERNAL COLLABORATIONS

HealthInvest Partners collaborate with external partners in the following areas:

- ESG Research – assisting HealthInvest Partners in analyzing investments from a perspective of sustainability and responsibility.
- Bespoke Primary Research – giving HealthInvest Partners access to networks of experts in order to conduct interviews with professional specialists.



HealthInvest Partners AB
Biblioteksgatan 29
SE-114 35 Stockholm
SWEDEN