



HEALTHINVEST SMALL & MICROCAP FUND

2018 ANNUAL REPORT

# HealthInvest Small & MicroCap Fund

## FOCUS

HealthInvest Small & MicroCap Fund is an actively managed investment fund within the healthcare sector. The majority of the Fund's investments are concentrated in small-cap companies. The fund has two unit classes: A and B

## SUBSCRIPTION AND REDEMPTION OF UNITS

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 relative to the index from previous periods.

## SUSTAINABILITY

The investment process focuses primarily on identifying undervalued shares in well managed companies. Prior to each investment, an examination is conducted from a sustainability perspective based on the assumption that companies which are operated in a sustainable way generate better returns in the long run. HealthInvest Partners has

engaged an external specialist for the purpose of reviewing all of the Fund's holdings from an ESG perspective and to report the findings to the fund company.

## SUPERVISION

Supervisory Authority:  
The Swedish Financial Supervisory Authority (Finansinspektionen).

Custodian:  
Skandinaviska Enskilda Banken (publ).

Auditor:  
KPMG with Dan Beitner, authorized 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)

---

HealthInvest Small & MicroCap Fund ("the Fund") is managed by HealthInvest Partners AB. The Fund is pursuant to the Swedish Mutual Funds Act (2004:46). It is the responsibility of each and every person interested in investing in the Fund to ensure that the investment takes place in accordance with applicable laws and other regulations. Foreign law may entail that an investment cannot be made by an investor from outside Sweden. HealthInvest Partners AB has no responsibility whatsoever to verify whether an investment made from outside Sweden takes place in accordance with the laws of the relevant country.

Disputes or claims concerning the Fund shall be resolved according to Swedish law and exclusively by Swedish courts of law. There is no guarantee that an investment in HealthInvest Small & MicroCap Fund cannot result in a loss. This applies irrespective of otherwise positive performance on the financial markets. Past performance is no guarantee of future results.

Information from HealthInvest Partners AB shall not be considered a recommendation to invest in the Fund. Every person considering purchasing units in the Fund must make an independent assessment of such an investment and the risks associated therewith. An investment in the Fund should be seen as a long-term investment.

Before you invest, you may want to review the Fund's prospectus and simplified prospectus, which contain more information about the Fund and its risks. You can find the Fund's prospectus and other information about the Fund online at [www.healthinvest.se](http://www.healthinvest.se). You can also receive this information at no cost by calling +46 8 440 38 30 or by sending an e-mail request to [info@healthinvest.se](mailto:info@healthinvest.se).

# Table of Contents

Fund Manager’s View .....	4
<b>HealthInvest Small &amp; MicroCap Fund</b>	
Management Report .....	5
Sustainability Information .....	10
Income Statement .....	12
Balance Sheet .....	13
Accounting Principles .....	14
Summary of Holdings .....	15
Other Information .....	17
Audit Report .....	19
<b>HealthInvest Partners AB .....</b>	<b>21</b>

*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

Last year was important for HealthInvest Partners. In December, HealthInvest Value Fund ("Value") was merged into our flag ship HealthInvest Small & MicroCap Fund ("Small & MicroCap" or the "Fund"). As a result, the management team's focus is now entirely on the performance of HealthInvest Small & MicroCap Fund and its strategy, which we think will benefit its investors going forward. Our clear ambition is that this will be reflected in better fund performance in 2019.

In connection with the merger, HealthInvest Small & MicroCap Fund inherited 14 new positions, of which nine have been divested. However, five positions were kept due to attractive valuations and compelling growth prospects. The Fund's focus on undervalued healthcare stocks remains intact and the majority of its holdings are still relatively small companies. However, a portion of the portfolio will consist of large and midcap stocks in order to reduce overall liquidity risk as well as increase the potential return of the Fund.

### THE PAST YEAR

2018 was a year of both success and disappointment. At the end of the third quarter, the Fund's return for 2018 was approximately 10%, which was satisfactory in our view. Unfortunately, the general negative investor sentiment in the fourth quarter brought down the Fund's net asset value by 17%, resulting in a negative return of around 8% for the year - a result which is not pleasing to anyone.

Even if we are dissatisfied with the performance, portfolio risk was maintained at a reasonably low level. Our ambition is that the Fund shall produce good returns using a low-risk equity strategy. Since the start in January 2013, the Fund has produced an average annual return of 18.8% with a risk that is 46% below market (beta value of 0.54). We therefore conclude that the equity strategy seems to be working as planned.

### LOOKING FORWARD

Following the fourth quarter correction of equity prices, we have noticed that the number of undervalued healthcare stocks has increased substantially, especially in the US. Hence, we have increased the Fund's exposure to the US market, which has produced a more balanced geographical allocation. At the beginning of 2019, Asia Pacific represents 46% of the Fund's equity positions (58% last year), Europe stands at 30% (35%) and North America at 24% (7%). It is a healthy sign that we

can once again find undervalued US healthcare stocks. Historically, this region has been an important tool for the Fund in creating superior returns.

From a historical perspective, the healthcare sector does not appear to be overvalued. At present, the sector trades at a cash flow multiple of approximately 19, 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.

In summary, we are very comfortable with the Fund's equity positions. The median valuation of the holdings is 14x free cash flow, which is 30% lower than the healthcare sector median. Hence, the Fund's holdings can rise by 40%, yet still only trade in line with the sector median.

The Fund's investment strategy involves identifying low-valued shares that carry a considerable upside. In addition to a low valuation, we are on the lookout for some type of catalyst which can open the way for a multiple expansion in the value of the share. We invest exclusively in companies that we understand and for which we can justify the valuation. Our goal is to continue in the same way in 2019 and thereby create superior value for our clients.

Following the merger into one single fund in December last year, the focus of the management team is now entirely on the performance of HealthInvest Small & MicroCap Fund, which we think will be beneficial for our clients going forward. As an investor, we hope that you will continue with us on this journey.

Anders Hallberg  
Portfolio Manger

Markus Wistrand  
Analyst

# HealthInvest Small & MicroCap Fund - Management Report

HealthInvest Small & MicroCap Fund is an actively managed investment fund within the healthcare sector. The majority of the Fund's investments are concentrated in small-cap companies, and the most important sub-sectors are pharmaceuticals, medical technology, biotechnology and healthcare service companies. By means of 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

In 2018, HealthInvest Small & MicroCap unit classes A and B decreased by 8.4 and 8.8 per cent respectively. During the same period, MSCI World Health Care TRN Index, which is the Fund's benchmark index, rose 11.3 per cent, measured in SEK and including dividends.

The Fund's stock-picking as a whole was not optimum during the year, which was the principal reason for the Fund's negative return. The Fund had a relatively high exposure to stock markets such as Japan and South Korea which experienced weak performance during the year, and was under-weighted the US stock markets which developed relatively well. Exchange rate changes as a whole had a positive effect on the Fund during the year as a consequence of the fact that the Swedish krona weakened primarily relative to the Japanese yen, the euro and the US dollar.

The five investments which contributed most positively to the Fund's result in 2018 were, in order of precedence, US wound care company Osiris Therapeutics, Taiwanese generics company Lotus Pharmaceutical, Japanese hearing-aid manufacturer Rion, Swedish medical technology company Sedana Medical, and Australian distributor LifeHealthcare Group. The Fund was negatively affected by its holdings in US pet pharmacy Petmed Express, Swedish healthcare staffing company Dedicare, US wound care company MiMedx Group, British biotechnology company Summit Therapeutics and Korean aesthetics company Hugel.

At the beginning of 2018, the Fund held shares in 33 companies, of which 15 holdings remained at the end of the year. During the year, the Fund carried out 14 new investments which remained in the Fund at the end of the year. In addition, HealthInvest Value Fund's holdings were acquired

in conjunction with the merger in December. The majority of these holdings were sold off, while five shares were retained. At the end of the year, the portfolio consisted of 34 holdings.

During the year, the Fund initiated a significant position in Swedish pharmaceutical company Orexo which, at the end of the year, represented 6.9 percent of fund assets and, accordingly, is the Fund's largest holding. Other relatively significant new investments included German dialysis company Fresenius, Taiwanese generic manufacturer Lotus Pharmaceutical, Korean aesthetics company Caregen and US pharmaceutical company Amag Pharmaceuticals, all of which represented between 3 and 4 percent of the fund assets at the end of the year.

Amongst significant holdings in the Fund at the beginning of the year, the following seven were sold off in 2018: US Anika Therapeutics, German medical equipment firm Draegerwerk, Japanese companies EM Systems, EPS Holdings and Rion, as well as French veterinary product manufacturer Vétoquinol and Swedish biotechnology firm Xspray Pharma. Together, these holdings represented between 4 and 5 percent of the Fund's value at the beginning of 2018.

## THE FUND AS PER THE END OF THE YEAR

As per 31 December 2018, the Fund owned shares equal to 95.7 per cent of the fund assets. The Fund consisted of a total of 34 holdings spread out over 11 countries in Asia, Europe and North America.

From a geographical perspective, the US represented 23 per cent of the fund assets, followed by Japan (16 per cent), Sweden (16 per cent), South Korea (15 per cent), Singapore (6 per cent), Taiwan (5 per cent), Germany (4 per cent), Denmark (3 per cent), Malaysia (3 per cent), Switzerland (3 per cent) and United Kingdom (2 per cent).

### Important Holdings in the Fund

Orexo is a Swedish pharmaceutical company whose principal product, Zubsolv, is a treatment for opioid dependency. Zubsolv received market approval in the US in 2013, after which the company has worked hard to expand the product on the US market. An important milestone was achieved in 2018 when Orexo emerged victorious in a protracted patent dispute with the generics company, Actavis. The victory means that Zubsolv

is protected against direct generic competition until 2032, as a consequence of which Orexo may intensify its sales efforts and actively build up a stronger position in the US. Orexo is valued at approximately 18x free cash flow, less net cash assets, and we believe there is a substantial upside in the share if Zubsohl's growth continues.

Paramount Bed Holdings is a Japanese manufacturer of beds for hospitals and nursing homes. The company enjoys a dominant position on its home market, and the largest driving force propelling rapid growth is the number of elderly persons in Japan. Paramount's goal is to grow faster than the domestic market and make greater strides in international expansion. We view this as a low-risk strategy which should generate annual growth of approximately 4-5%. With a valuation of approximately 11 times free cash flow, less net cash holdings, we believe 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 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. Unfortunately, with falling sales, 2018 was not a successful year for Hugel, which was due to regulatory changes in China. We have elected to hold on to the investment and believe the com-

pany enjoys good prospects for a rebound in 2019. Less its large net cash assets, the share trades at 13x underlying free cash flow – a valuation which should increase considerably if the company begins to grow again.

Fresenius is a German market leader within kidney dialysis, including instruments, dialysis filters and care clinics. Through Fresenius Kabi, the company enjoys strong positions within the area of liquid drugs and, through Fresenius Helios, conducts care operations in Germany and Spain. The share has taken a substantial beating since the summer of 2017 due to a number of downward adjustments to profit forecasts. We believe that investors now have substantially lower expectations and that it is thereby possible that the share will regain ground in 2019. Fundamentally, Fresenius is a quality company with solid market shares in operations with high barriers to entry. Given a valuation of 12x free cash flow, the share appears to us to be very attractive.

#### FUND ASSETS

As of 31 December 2018, HealthInvest Small & MicroCap Fund's fund assets amounted to SEK 1,442 million. In 2018, units were issued for SEK 601.9 million<sup>1</sup> while units were redeemed for SEK 282.4 million. In addition, the result for the year was SEK -132.1 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 2.3 million in commissions and transaction-related fees, which is equal to 0.07 per cent of the transaction value. Costs for external research amounted to SEK 1.1 million, equal to 0.08 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 21.2 million and SEK 18.3 million respectively. Note 1 in the Income Statement provides the breakdown of fees in the two unit classes. In total, the management fee as a share of the average fund assets was 2.82 per cent in unit class A and 1.99 per cent in unit class B.

The Fund's turnover rate in 2018 was 1.39 times, and the ongoing charges<sup>2</sup> were 1.58 per cent for unit class A and amounted to 1.89 per cent for

(1) Of subscriptions for units during the year, SEK 279.2 million were comprised of shares issued to unit holders in HealthInvest Value Fund in conjunction with the merger of the Fund with HealthInvest Small & MicroCap Fund.

(2) 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.

unit class B.

#### SIGNIFICANT RISKS

Investments in shares are associated with risks. The greatest risk in the Fund is considered to be the market risk related to general trends on the stock market. The market risk is reduced by maintaining focus on companies with relatively low market values but with stable operations.

Since the Fund maintains a significant portion of its assets outside Sweden, there is an exchange rate risk, i.e. a risk of losses associated with fluctuations in currency rates. As per the balance sheet date, over 80 per cent of the fund assets were held in foreign currencies. The currency risk is reduced by hedging currencies in order to eliminate a significant share of the currency risk. This currency policy was implemented in September 2018. Prior to this date, no currency hedging was used.

Liquidity risk is the risk of a loss due to a temporary limitation on the possibility to dispose of holdings at a reasonable price under normal circumstances. Shares in small-cap companies are often characterized by low liquidity and, since the Fund invests significantly in companies with relatively small market capitalization, the liquidity risk in the Fund is higher than normal.

The fund company's routines for risk management include continuous monitoring of exposures and risks based on an established plan. On a daily basis, the position of the Fund relative to the limitations imposed by the fund rules, applicable laws and other rules and regulations are calculated. The relevant risk measures are calculated recurrently and stress tests are regularly conducted with respect to the Fund.

#### RISK TAKING BY THE FUND

HealthInvest Small & MicroCap Fund (unit class A) had a standard deviation of 15.7 per cent measured in 2018 and of 14.4 over the most recent 24-month period<sup>1</sup>. During the corresponding period of time, the MSCI World Health Care TRN Index had a standard deviation of 16.5 and 14.0 per cent. The beta value, calculated using the MSCI World Health Care TRN Index as the market portfolio, was 0.70 during the year and 0.69 during the last two years.

(1) Measured over a two-year period, the goal is that the standard deviation shall not exceed 30%.

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

#### FUND RULES

On 11 May 2018, the Swedish Financial Supervisory Authority approved amendments to the fund rules. The amendments entailed that HealthInvest Small & MicroCap Fund transitioned from an alternative investment fund to a UCITS-classed investment fund. In unit class A, the hurdle rate for the calculation of the performance-based fee was changed to the MSCI World Health Care TRN Index. Previously, the share class applied a fixed hurdle rate of 8.0% per year. In unit class B, the fixed fee level was reduced to 1.8% (previously 2.0%). As a consequence of the changes, the fee structures of the two unit classes were more closely harmonised. The fund rules entered into force on 15 June 2018.

In August 2018, the Swedish Financial Supervisory Authority approved the merger of HealthInvest Value Fund with HealthInvest Small & MicroCap Fund by absorption. The merger was carried out on the basis of the valuation of the funds on 11 December 2018, and unit holders in HealthInvest Value Fund received new shares in Small & MicroCap Fund unit class B on 12 December 2018.

Amendments to the fund rules were communicated to the unit holders and were published on the fund company's website.

#### 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 arises.
- 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.

#### REMUNERATION TO EMPLOYEES

Employee remuneration in HealthInvest Partners follows the remuneration policy established by the Board of Directors of the fund company. As a basis for the remuneration policy, the Board of Directors has conducted an analysis of the risks associated with the fund company's remuneration system. One elementary principle is that the fund company's remuneration system is to promote sound work efforts without giving rise to questionable risk-taking. At a minimum, the risk analysis and the remuneration policy are established once per year. The Board of Directors also carries out an annual review of whether employee compensation comports with the remuneration policy, and has appointed the Chairman, Johan Stern, to assume specific responsibility for this review. Final decisions regarding variable remuneration for the business year are taken by the Board of Directors.

In addition to fixed salaries, HealthInvest Partners may use variable remuneration as a means to promote good work performance. Variable remuneration paid to employees is to the extent possible linked to measurable results. In respect of certain functions in the fund company, however, this is not appropriate and, instead, variable remuneration is paid depending on whether or not the employee has achieved the targets established for such employee.

On 1 December 2016, the Board of Directors adopted changes to the remuneration policy as a consequence of statutory changes. At the same time, a determination was made as to which employees were to be regarded as "identified staff". In May 2018, a risk analysis was conducted in which the remuneration policy and the concept, identified staff, was again adopted by the Board of Directors. Identified staff include employees involved in fund management, risk-takers, control functions and corporate management while employees within, for example, fund company

administration are not considered be identified staff.

The following applies to variable remuneration paid to identified staff following 1 December 2016:

Of the variable remuneration allocated to identified staff, not less than 60 percent shall be deferred by up to three years. The deferred variable remuneration is treated as a claim against the fund company until the expiry of the aforementioned three-year period. 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 remuneration.

The deferred variable remuneration shall be invested in fund units in the fund company's own funds. Following the period of deferral, title to the compensation vests with the employee, but the fund company shall ensure that the employee cannot dispose of the fund units for a period of not less than one (1) year following the vesting of title with the employee. This restriction may be longer if it is justified based upon the long-term interests of the fund company, the fund or the investors.

#### Remuneration in 2018

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

In 2018, remuneration in the total amount of SEK 7,083,000 was paid to employees (excluding the Board of Directors). Of this amount, SEK 4,688,000 was paid to identified staff and SEK 2,395,000 was paid to other employees. Remuneration was broken down into fixed remuneration in the amount of SEK 4,670,000 and variable remuneration in the amount of SEK 2,412,000. The variable remuneration disbursed in 2018 was accrued and expensed in 2014 from which time it was invested in fund units which increased in value by a total amount of SEK 312,000. Severance pay and guaranteed variable remuneration amounted to SEK 0. The total number of persons paid was eight employees. Remuneration paid to the Board of Directors was SEK 431,000.

In 2018, remuneration to a total of eight employees was expensed in a total amount of SEK 4,961,000, and remuneration to the Board of Directors was expensed in an amount of SEK 431,000. Of remuneration paid to employees, SEK 3,288,000 consists of remuneration paid to identified staff, and SEK 1,673,000 consists of remuneration paid to other personnel. Of the expensed amount, SEK 312,000 relates to a change in value of the fund units held by the fund company for the variable remuneration with respect to 2014. This change in value will be allocated to the employees, but does not entail a net cost in 2018. No employee has been allocated variable remuneration based on the 2018 result or work efforts.

Accumulated total amounts with respect to variable remuneration which were expensed in 2018 or earlier, but which have not yet been disbursed, amount to SEK 598,000 as per the end of the accounting period. Of this amount, SEK 451,000 may be distributed at the earliest in 2019, and SEK 147,000 may be disbursed at the earliest in 2020.

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 Code of Conduct for Fund Management Companies issued by the Swedish Investment Funds Association.

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.

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 were taken in derivative instruments other than positions in currency futures for the purpose of reducing currency risks in the Fund.

The commitment approach is used to calculate the Fund's global exposures.

# Sustainability Information

## SUSTAINABILITY INFORMATION

- Sustainability aspects are taken into account in the management of the fund.
- Sustainability aspects are not taken into account in the management of the fund.

## SUSTAINABILITY ASPECTS TAKEN INTO ACCOUNT IN THE MANAGEMENT OF THE FUND

- Environmental aspects (e.g. the companies' environmental and climate impact).
- Social aspects (e.g. human rights, employee rights and equal opportunity).
- Corporate governance aspects (e.g. shareholders' rights, issues relating to remuneration for senior executives, and anti-corruption work).

## METHODS USED FOR THE SUSTAINABILITY WORK

- Positive screening**
  - Sustainability aspects are critical in the manager's choice of companies.

The fund has specific and explicit criteria for positive selection of companies, based on environmental, social and business ethics issues. An analysis of the companies' sustainability work is critical to the selection of the companies in the fund.

- The manager of the fund take sustainability issues into account.

Sustainability issues are taken into account in the context of corporate economic analyses and investment decisions and play a part, but not necessarily a crucial one, in determining which companies are selected for inclusion in the fund.

### Fund management company's comments:

Our investment process principally focuses on finding undervalued shares in well managed companies. While fund assets are not invested in a company solely based on the company's sustainability work, a review is conducted from a sustainability perspective prior to each investment. We believe that companies that operate in a sustainable and responsible way generate better returns over time. Sustainability issues thus constitute an integral part of our investment analysis.

- Negative screening**

The fund does not invest in companies that are involved in the following products and services.

### Product and services

- Cluster bombs, landmines
- Chemical and biological weapons
- Nuclear weapons
- Weapons and/or munitions
- Alcohol
- Tobacco
- Commercial gambling operations
- Fossil fuels (oil, gas, coal)
- Uranium

### Fund management company's comments:

The fund invests in the healthcare sector and therefore naturally avoid industries such as arms, tobacco and gambling.

### International norms

The fund avoids investing in companies involved in violations of international norms and conventions (at least the UN Global Compact and OECD guidelines for multinational companies) in relation to the environment, human rights, labour practices, and business ethics.

- The fund avoids investing in all companies identified as failing to comply with international norms.
- Companies where the fund detects no willingness to change or where, in the opinion of the fund, the companies will fail to get to grips with the problems within an acceptable timeframe are excluded for investment purposes.

### Fund management company's comments:

Essential to HealthInvest Partners' view of responsible and sustainable investments is that our funds will not profit from companies which are gravely subpar in terms of sustainability. Accordingly, investments in such companies are not considered in the investment process. The fund company uses a database from MSCI ESG Research in which companies are scored based on a traffic light system. Companies which are given the lowest score ("red flag") are not considered for investment.

## Cont. Sustainability Information

### Countries

□ For sustainability reasons, the fund does not invest in companies involved in certain countries/interest-bearing securities issued by certain states.

### □ **The fund management company influences**

The fund management company exercises its investor influence to influence companies on sustainability issues.

The fund management company engages with companies with a view to influencing them to adopt a more sustainable approach.

### **Fund management company's comments:**

In the event the fund has invested in a company which falls below our sustainability standards, HealthInvest Partners will contact the company in question to make a change. If this is to no avail, the holding will be sold off within 12 months.

### **FOLLOW-UP OF SUSTAINABILITY WORK**

The following is an account of the work on sustainability in connection with the management of the HealthInvest Small & MicroCap Fund in 2018.

### **The fund has used positive screening**

During the year, the investment process has primarily focused on identifying undervalued shares. Sustainability considerations have been taken into account in conjunction with investment decisions and the evaluation of existing holdings. Sustainability aspects have not been decisive for any decision to invest in a specific company, but have been factored in as an integral part of the investment decisions taken. Amongst the sustainability aspects considered, corporate governance is the component which has carried most weight in the investment process during the year.

### **The fund has used negative screening**

In connection with each new investment, we have ensured that the issuing company does not act in contravention of international norms or that it provides products or services which cannot be regarded as sustainable in accordance with established criteria. This was documented in conjunction with all investments during the year. An external research partner specializing in sustainability issues has also conducted half-yearly, independent audits of the Fund's holdings and

reported to the fund company. The reports have been made on the basis of a quantitative grading of companies from a sustainability perspective which is supported by research which is more qualitative in nature. A grade of 0 out of 10 possible equates with a red flag and is immediately excluded. None of the Fund's holdings received a "red flag" during the year.

In July 2018, it came to light that Novartis was under investigation for a substantial bribe in Greece. The fund company contacted Novartis and enquired as to the measures which the company has carried out or will carry out. Novartis replied with a written account of the measures which have been implemented. At that point in time, Novartis was part of the HealthInvest Value Fund portfolio and, by virtue of the Fund merger in December 2018, became a holding of HealthInvest Small & MicroCap Fund. The holding was sold off in December.

# Income Statement

(SEK '000)

<b>INCOME AND CHANGES IN VALUE</b>	<b>NOTE</b>	<b>2018</b>	<b>2017</b>
Changes in Value in Transferable Securities		-132 946	297 534
Changes in Value in OTC Derivatives		6 899	0
Changes in Value in Fund Units		3 657	0
Interest Income		891	196
Dividends		16 825	18 169
Currency Gains and Losses, Net		16 087	-3 830
<b>TOTAL INCOME AND CHANGES IN VALUE</b>		<b>-88 587</b>	<b>312 069</b>
<b>COSTS</b>			
Management Costs	1	-39 508	-58 666
Interest Costs		-512	-417
Other Costs	2	-3 445	-1 985
<b>TOTAL COSTS</b>		<b>-43 465</b>	<b>-61 068</b>
<b>PROFIT FOR THE YEAR</b>		<b>-132 052</b>	<b>251 001</b>

<b>NOTE 1 - MANAGEMENT COSTS</b>	<b>2018</b>	<b>2017</b>
<b>Fixed Management Fee</b>	-21 205	-16 805
of which MicroCap Fund (up to and including 31 October 2017)	0	-13 768
of which Small & MicroCap A	-20 813	-3 034
of which Small & MicroCap B	-392	-3
<b>Performance-based Management Fee</b>	<b>-18 303</b>	<b>-41 861</b>
of which MicroCap Fund (up to and including 31 October 2017)	0	-40 174
of which Small & MicroCap A	-18 266	-1 684
of which Small & MicroCap B	-37	-3
<b>TOTAL MANAGEMENT COSTS</b>	<b>-39 508</b>	<b>-58 666</b>

<b>NOTE 2 - OTHER COSTS</b>	<b>2018</b>	<b>2017</b>
Transaction Costs	-2 313	-1 505
External Research	-1 080	-480
Tax on Capital Gains	-52	0
<b>TOTAL OTHER COSTS</b>	<b>-3 445</b>	<b>-1 985</b>

# Balance Sheet

(SEK '000)

<b>ASSETS</b>	<b>NOTE</b>	<b>31.12.2018</b>	<b>31.12.2017</b>
Transferable Securities		1 379 838	1 229 518
OTC Derivative Instruments with Positive Market Value		9 126	0
<b>TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE</b>		<b>1 388 964</b>	<b>1 229 518</b>
<b>TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE</b>		<b>1 388 964</b>	<b>1 229 518</b>
Bank Deposits and Other Liquid Funds		59 706	27 549
Prepaid Costs and Accrued Income	1	1 610	784
<b>TOTAL ASSETS</b>		<b>1 450 280</b>	<b>1 257 851</b>
<b>LIABILITIES</b>			
OTC Derivative Instruments with Negative Market Value		-2 227	0
<b>TOTAL FINANCIAL INSTRUMENTS WITH NEGATIVE MARKET VALUE</b>		<b>-2 227</b>	<b>0</b>
Accrued Costs and Prepaid Income	2	-2 340	-1 721
Other Liabilities	3	-3 663	-1 527
<b>TOTAL LIABILITIES</b>		<b>-8 230</b>	<b>-3 248</b>
<b>FUND ASSETS</b>		<b>1 442 050</b>	<b>1 254 603</b>
<b>MEMORANDUM ITEMS</b>			
Pledged Assets for OTC Derivative Instruments		11 500	0
<b>NOTE 1 - PREPAID COSTS AND ACCRUED INCOME</b>			
		<b>31.12.2018</b>	<b>31.12.2017</b>
Dividends		1 608	784
Other Assets		2	0
<b>TOTAL PREPAID COSTS AND ACCRUED INCOME</b>		<b>1 610</b>	<b>784</b>
<b>NOTE 2 - ACCRUED COSTS AND PREPAID INCOME</b>			
		<b>31.12.2018</b>	<b>31.12.2017</b>
Management Fee		-1 841	-1 563
Accrued Costs External Research		-499	-158
<b>TOTAL ACCRUED COSTS AND PREPAID INCOME</b>		<b>-2 340</b>	<b>-1 721</b>
<b>NOTE 3 - OTHER LIABILITIES</b>			
		<b>31.12.2018</b>	<b>31.12.2017</b>
Redemption of Units in Progress		-3 659	-247
Subscription of Units in Progress		-3	-1 280
Other Liabilities		-1	0
<b>TOTAL OTHER LIABILITIES</b>		<b>-3 663</b>	<b>-1 527</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 2018, the Fund had no holdings for which the current market value was not available.

## Summary of Holdings per 31 December 2018

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>Pharmaceuticals</b>					
Orexo	SE	1 700 000	58.80	99 960	6.93
Haw Par	SP	1 019 400	12.02	79 500	5.51
Lotus Pharmaceutical	TW	2 535 000	74.10	54 381	3.77
Caregen	KR	90 295	70 900.00	50 575	3.51
Lundbeck	DK	120 000	285.40	46 598	3.23
Astellas Pharma	JP	352 000	1 401.50	39 828	2.76
YSP Southeast Asia	MY	6 582 500	2.75	38 720	2.69
Ani Pharmaceuticals	US	90 000	45.02	35 841	2.49
Alliance Pharma	UK	2 900 000	67.00	21 951	1.52
Corline Biomedical*	SE	938 274	18.30	17 170	1.19
Kotra Industries	MY	742 800	1.70	2 701	0.19
<b>Biotechnology</b>					
Hugel	KR	21 400	381 500.00	64 496	4.47
Amag Pharmaceuticals	US	350 000	15.19	47 029	3.27
Biogen Idec	US	16 000	300.92	42 590	2.95
MiMedx Group*	US	2 200 000	1.79	34 835	2.42
Spago Nanomedical*	SE	1 640 000	11.10	18 204	1.26
<b>Healthcare Equipment</b>					
Paramount Bed Holdings	JP	233 900	4 555.00	86 014	5.96
Rayence	KR	356 626	16 350.00	46 064	3.19
Stille*	SE	466 895	62.20	29 041	2.01
Elos Medtech	SE	391 031	70.00	27 372	1.90
Surgical Innovations	UK	39 578 576	2.80	12 520	0.87
<b>Healthcare Services</b>					
Fresenius	DE	130 000	42.38	55 922	3.88
Cigna	US	24 800	189.92	41 664	2.89
Saint-Care Holdings	JP	973 900	529.00	41 593	2.88
Dedicare	SE	618 855	51.00	31 562	2.19
Care Twentyone	JP	229 000	990.00	18 303	1.27
NGS Group	SE	173 604	21.00	3 646	0.25
<b>Healthcare Distributors</b>					
DVX	JP	552 400	1 000.00	44 597	3.09
Cardinal Health	US	96 000	44.60	37 874	2.63
Excelsior Biopharma	TW	1 720 000	40.65	20 241	1.40
<b>Personal Products</b>					
Neopharm	KR	148 065	45 000.00	52 637	3.65
<b>Internet &amp; Direct Marketing Retail</b>					
Petmed Express	US	248 000	23.26	51 027	3.54
<b>Electronic Equipment &amp; Instruments</b>					
Garmin	CH (US)	77 900	63.32	43 633	3.03
<b>Life Sciences Tools &amp; Services</b>					
Charles River Laboratories	US	41 700	113.18	41 749	2.90
<b>TOTAL SHARES WITH POSITIVE MARKET VALUE</b>				<b>1 379 838</b>	<b>95.68</b>
<b>OTC DERIVATIVE INSTRUMENTS WITH POSITIVE MARKET VALUE (4)</b>					
Currency futures USD/SEK 16.05.2019**	SE			6 986	0.48
Currency futures SGD/SEK 16.05.2019**	SE			843	0.06
Currency futures EUR/SEK 16.05.2019**	SE			517	0.04
Currency futures DKK/SEK 16.05.2019**	SE			443	0.03
Currency futures GBP/SEK 16.05.2019**	SE			337	0.02
<b>TOTAL OTC DERIVATIVE INSTRUMENTS WITH POSITIVE MARKET VALUE</b>				<b>9 126</b>	<b>0.63</b>
<b>TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE</b>				<b>1 388 964</b>	<b>96.31</b>
<b>TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE</b>				<b>1 388 964</b>	<b>96.31</b>

Continued on next page

## Cont. Summary of Holdings per 31 December 2018

<b>Financial Instruments with Negative 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>OTC DERIVATIVE INSTRUMENTS WITH NEGATIVE MARKET VALUE (4)</b>					
Currency futures JPY/SEK 16.05.2019**	SE			-2 227	-0.15
<b>TOTAL OTC DERIVATIVE INSTRUMENTS WITH NEGATIVE MARKET VALUE</b>				<b>-2 227</b>	<b>-0.15</b>
<b>TOTAL FINANCIAL INSTRUMENTS WITH NEGATIVE MARKET VALUE</b>				<b>-2 227</b>	<b>-0.15</b>
Other Assets/Liabilities, Net				55 313	3.84
<b>TOTAL FUND ASSETS</b>				<b>1 442 050</b>	<b>100.00</b>
Transferable securities which are admitted to trading on a regulated market or similar market outside the EEA				1 298 792	88.80
* Transferable securities which are subject to regular trading on another market which is registered and open to the public				81 046	6.88
** Other financial instruments				6 899	0.48
<b>TOTAL</b>				<b>1 386 737</b>	<b>96.16</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, DE Germany, DK Denmark, JP Japan, KR South Korea, MY Malaysia, SE Sweden, SP Singapore, TW Taiwan, UK United Kingdom, US USA.

(3) Refers to local currency.

(4) The total underlying exposure arising by virtue of the futures contracts entered into by the Fund was SEK 741,356,970. All contracts are with Skandinaviska Enskilda Banken as a counterparty, and the Fund has not received any collateral.

## 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	255,81 SEK	91,92 SEK
Number of Units	4 528 229	3 085 938
Fund Assets (SEK '000)	1 158 385	283 665
<b>RETURN</b>		
Return Since the Fund's Inception (%)	177.40	-8.08
MSCI World HC Index Returns Since the Fund's Inception (%)	156.03	11.08
Average Annual Return, Since Start (%)	18.82	-
Average Annual Return for MSCI World HC Index, Since Start (%)	17.22	-
Average Annual Return, 5 years (%)	16.57	-
Average Annual Return for MSCI World HC Index, 5 years (%)	14.76	-
Average Annual Return, 2 years (%)	7.30	-
Average Annual Return for MSCI World HC Index, 2 years (%)	9.55	-
<b>RISK MEASURES (2)</b>		
Beta Value	0.69	-
Standard Deviation (%)	14.43	-
Standard Deviation MSCI World HC Index (%)	13.96	-
Downside Risk (%)	9.96	-
Downside Risk MSCI World HC Index (%)	8.53	-
Active Risk (%)	11.10	-
Active Share (%)	95.93	95.93
Sharpe Ratio	0.61	-
Sharpe Ratio MSCI World HC Index	0.77	-
<b>FEES</b>		
Fixed Management fee (%)	1.50	1.80
Performance-based Fee (%)	20	20
Annual Return Threshold (%)	Index	Index
High Watermark	Yes	Yes
Transaction Cost	0.07	0.07
Ongoing Charges (%)	1.58	1.89
Charged Management Costs 2018 as a % of Average Fund Assets	2.82	1.99
Management Cost 2018 for a One-off Deposit of SEK 10 000	SEK 299	SEK 340
2018 Management Fee for Monthly Savings of SEK 100 (3)	SEK 13	SEK 14

(1) Some of the key ratios are lacking for unit class B since it has only a 14-month history.

(2) Data for unit class A is based on monthly return data from the most recent 24 months for a unit holder who invested in the fund at the beginning and who received units in class A on 1 November 2017.

(3) In unit class A, there is no possibility to save SEK 100 on a monthly basis.

## 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
2018	Small & MicroCap A	1 253 589	297 823	-277 656	-115 373	1 158 385
	Small & MicroCap B	1 014	304 033	-4 703	-16 680	283 665
	TOTAL	1 254 603	601 857	-282 358	-132 052	1 442 050

### 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	28.61
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	255.81	4 528 229	1 158 385	-8.39	11.28

Small & MicroCap B	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on Small & MicroCap B (%)	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
2018	91.92	3 085 938	283 665	-8.75	11.28

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

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

# Auditor's Report

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

## AUDITOR'S REPORT

### *Opinion*

As the auditor of the Fund Manager HealthInvest Partners AB, corporate identity number 556680-4810, we have audited the annual accounts of the investment fund HealthInvest Small & MicroCap Fund's for the year 2018, except the sustainability information on page 10-11 ("Sustainability information"). The investment fund's annual accounts are included on pages 5-18 in this document.

In our opinion, the annual accounts have been prepared in accordance with The Swedish UCITS Act and Finansinspektionen's regulations regarding Swedish UCITS, and presents fairly, in all material respects, the financial position of HealthInvest Small & MicroCap Fund as of 31 December 2018 and its financial performance for the year then ended in accordance with The Swedish UCITS Act and Finansinspektionen's regulations regarding Swedish UCITS. Our opinion do not include the sustainability information on page 10-11.

### *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 Manager 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 opinion.

### *Other Matter*

The audit of the annual accounts for year 2017 was performed by another auditor who submitted an auditor's report dated 8 March 2018, with unmodified opinions in the Report on the annual accounts.

### *Responsibilities of the fund manager*

The Fund Manager is responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with The Swedish

UCITS Act and Finansinspektionen's regulations regarding Swedish UCITS. The Fund Manager is also responsible for such internal control as the fund manager determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 this annual accounts.

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 accounts, 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 opinion. 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 Manager'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 Manager's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.

## Cont. Auditor's Report

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

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures, and whether the annual accounts represents the underlying transactions and events in a manner that achieves fair presentation.

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

### *The auditor's opinion regarding the statutory sustainability report*

The Fund Manager is responsible for the sustainability information on page 10-11, and that it is prepared in accordance with the Swedish UCITS Act. Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability information is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Sustainability information has been prepared.

Stockholm, 5 March 2019  
KPMG AB

Dan Beitner  
Authorised Public Accountant

# HealthInvest Partners AB

HealthInvest Partners is an independent Swedish fund management company which has been under the supervision of the Swedish Financial Supervisory Authority (Finansinspektionen) since 6 September 2006. HealthInvest Partners offers active management 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, equity research and financial instruments trading and has scientific expertise within the healthcare area. The directors have invested in HealthInvest Small & MicroCap Fund.

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 Fund Managers Ltd, from 1999 to 2002. Prior to that, Stern worked at Skandinaviska Enskilda Banken ("SEB"), and was responsible for SEB's operations in the US from 1996 to 1998. Stern holds a degree in economics from the University of Stockholm.

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 portfolio manager of HealthInvest Small & MicroCap Fund. Hallberg is presented below under Management Organisation.

## MANAGEMENT ORGANISATION

Anders Hallberg, born 1973, is the deputy CEO and portfolio manager of HealthInvest Small & MicroCap Fund. Hallberg has a background as a healthcare analyst and portfolio manager at Carnegie Investment Bank. During the period January 2003 - February 2006, Hallberg managed Carnegie Global Healthcare Fund which, at 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 healthcare 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 an 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 and sustainable investments expertise.
- Bespoke Primary Research to access a network of experts in order to conduct interviews with professional specialists.



HealthInvest Partners AB  
Biblioteksgatan 29  
SE-114 35 Stockholm