



HEALTHINVEST SMALL & MICROCAP FUND

ANNUAL REPORT 2020

HealthInvest Small & MicroCap Fund

FOCUS

HealthInvest Small & MicroCap Fund is an actively managed investment fund within the healthcare sector. The Fund invests globally and the majority of the Fund's investments are concentrated in relatively small companies. The Fund has three unit classes: C, D and E.

SUBSCRIPTION AND REDEMPTION OF UNITS

Subscription and redemption of fund units normally take place each Swedish banking day.

A fixed management fee is charged at a rate of 1.0% per year in unit class C, 1.2% per year in unit class D and 1.2% per year in unit class E.

A performance-based fee is charged in unit classes C and D at a rate of 20% of that part of the unit price exceeding the return threshold. The return threshold changes over time by the return on the OMRX T-BILL Index plus 4 percentage points, converted to daily returns.

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.

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
Website: www.healthinvest.se

HealthInvest Small & MicroCap Fund is managed by HealthInvest Partners AB. The Fund is an investment fund pursuant to the Swedish Mutual Funds Act (2004:46). It is the responsibility of each and every person interested in investing in HealthInvest Small & MicroCap 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. Funds invested in HealthInvest Small & MicroCap Fund may increase as well as decrease in value, and there is no certainty that persons who invest in HealthInvest Small & MicroCap Fund will receive in return the entire capital invested.

Information from HealthInvest Partners AB shall not be considered a recommendation to invest in HealthInvest Small & MicroCap Fund. Every person considering purchasing units in HealthInvest Small & MicroCap Fund must make an independent assessment of such an investment and the risks associated therewith. An investment in HealthInvest Small & MicroCap 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. 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.

Table of Contents

Fund Manager's View	4
HealthInvest Small & MicroCap Fund	
Management Report	6
Sustainability Information	11
Income Statement	13
Balance Sheet	14
Accounting Principles	15
Summary of Holdings	16
Other Information	17
Audit Report	20
HealthInvest Partners AB	22

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

Fund Manager's View

The stock market year 2020 has been both dramatic and tumultuous. Of course, HealthInvest has also been affected, but perhaps the fund has benefited from a long-held strategy and a management team that has been together for 15 years. HealthInvest Small & MicroCap Fund's unit classes C and D rose by 13.1 per cent and 12.9 per cent respectively in 2020 (after deduction of management fees). The MSCI World Health Care TRN Index, the fund's benchmark index, fell by 0.2 per cent over the same period as measured in SEK.

PANDEMIC & STIMULUS

The past year was strange from a macroeconomic perspective. A pandemic-driven shutdown of parts of the economy risked creating the biggest economic downturn since the 1930s. Many investors panicked, causing a stock market decline of about 30% in February/March. However, the shutdown of the economy was offset by record fiscal stimulus and by the time the year 2020 is summed up, U.S. household disposable income has actually risen by 3.6%. It is astonishing given that the unemployment rate increased during the year from 3.6% to 6.7% (peaking at 14.8% in April).

In addition to the massive fiscal stimulus provided by politicians, central banks have poured out liquidity to support the economic recovery. For example, through record bond purchases, the US Federal Reserve has provided approximately USD 3 200 billion in liquidity in 2020, which has contributed to an increase in the amount of money (measured as M2) by around 25%. Such a sharp increase has not occurred since the United States financed its participation in World War II in 1943. Normally, the amount of money increases by just under 6% annually.

It is easy to understand the actions of politicians and central banks – the pandemic is not the fault of individuals and companies and if our key decision-makers shut down operations, those affected should reasonably receive some kind of compensation. On the other hand, one can reflect upon the extent of the stimulus. Is it sensible for the US Federal Reserve to increase the amount of money by 25% in a year? Is it well thought out by US politicians to launch another fiscal stimulus package costing USD 1 900 billion in March 2021 when the pandemic is probably almost over in six months' time?

The risk is that the strong measures of politicians and central banks will be counterproductive as

inflation soars. Commodity prices have already skyrocketed, and it is probably only a matter of time before this is reflected in consumer prices. Here are some examples of commodity price developments in the last 12 months: Aluminium +28%, Copper +60%, Corn +50%, Crude oil +38%, Gold +9%, Iron ore +99%, Silver +60%, Soybeans +59%, Sugar +15% and Wheat +23%. Although central banks have great power to manipulate interest rates, they cannot withstand selling pressure in the bond market if inflation picks up. In addition, almost all central banks have as their main objective to maintain a stable monetary value over time. If inflation rises to over 3-4%, they will be forced to raise short-term interest rates.

In these times of turmoil, it may be useful to consider your investments and we therefore describe in the following paragraphs why the healthcare sector in general and, specifically, HealthInvest Small & MicroCap Fund can be interesting even in the future despite potential interest rate increases.

WHY HEALTHCARE?

As the name implies, HealthInvest Small & MicroCap Fund is focused on investments in relatively small companies within the healthcare sector. The reason why we find this segment interesting for investors is that returns historically have been so good. Over the last 25 years, the healthcare sector has developed better than the market as a whole (approximately 13 times the money versus 6 times for the market). The small-cap segment in the healthcare sector has developed even stronger as a group, rising more than 25x over the past 25 years.

We usually point to a number of factors which render the healthcare sector, and particularly small-cap companies, attractive to investors:

- Healthcare grows 2x GDP growth, driven by demographic changes and globally increasing affluence.
- Healthcare is often subject to a monopoly or oligopoly, contributing to profitability for the companies in the sector.
- Healthcare is subject to high barriers to entry, among other things, as a consequence of the fact that the degree of innovation is high and the sector is heavily regulated.

Fund Manager's View

- The healthcare sector is M&A intensive. Smaller companies are more innovative and grow faster, making them attractive for larger players.
- The healthcare sector is relatively insensitive to economic cycles since consumers prioritise healthcare even in difficult economic times and since the sector is largely financed by public and private insurance.

We believe that these factors will persist constant in the foreseeable future and thereby create a sound seedbed for investments in the sector.

WHY HEALTHINVEST SMALL & MICROCAP FUND?

HealthInvest Small & MicroCap Fund benefits from the forward momentum of the healthcare sector, but is also managed on the basis of a clear focus on valuations. The investment strategy may be summarised as follows:

- Profitable companies with strong cash flows.
- Business models which are easy to understand.
- Emphasis on low valuations.
- Positive events which may change the market's view of a share. Such events include new product launches, spin-offs/break-ups, cost-cutting and similar events.

The Fund invests globally and we are on the constant lookout for new investment opportunities. There are over one thousand listed companies in the healthcare sector and we normally select the top 20-40 in terms of potential risk adjusted returns. Our investment method accordingly is based on identifying shares with low valuations which have potential for a substantial upside. In addition to low valuations, we require some sort of catalyst which can open the way for expansion of the stock price.

HealthInvest Small & MicroCap Fund turned eight on 31 January 2021, which we celebrated with a substantial evaluation of the Fund and its peers. The evaluation shows that HealthInvest Small & MicroCap Fund has had by far the highest risk-adjusted excess return (+7.2% annually) since its inception in January 2013. In addition, the Fund's risk was 38% lower than the market in general.

In the evaluation, we focused on the alpha value of

the funds, i.e. the added value that a fund contributes or, otherwise expressed, the fund's risk-adjusted excess return. The scientific theory behind the alpha value was developed in the 1960s and the researchers Markowitz, Miller and Sharpe who were behind the concept won the Nobel Prize in 1990.

FUTURE PROSPECTS

We are concerned about an overly expansionary fiscal and monetary policy that risks significantly increasing inflation and market interest rates. However, we believe that the Fund's holdings of value companies will perform relatively well even in such a scenario, as the most vulnerable shares in the event of sharp increases in interest rates are highly valued growth stocks and companies with extreme debts such as real estate companies.

If rampant inflation and sharp increases in interest rates would ultimately cause a recession, it is also a comfort to know that the healthcare sector is relatively insensitive to economic fluctuations. The recession year 2009, when companies on average lost about 30% of their profits, may serve as an example. During this year, the healthcare sector continued to grow profits by about 5%.

We are quite comfortable with HealthInvest Small & MicroCap Fund, which consisted of 25 holdings at year end. For each holding we have a clear investment thesis, and we hope that most of them will materialise soon and thereby contribute solidly to the development of the Fund in 2021.

The valuation of HealthInvest Small & MicroCap Fund is low, approximately 9x free cash flow, which is 53% lower than the valuation of the healthcare sector as a whole. Accordingly, this means that, if the Fund rises by 110%, the valuation of the Fund will nonetheless remain in line with the median value of the healthcare sector.

Equipped with patience and discipline, the organisation is laser focused on creating value in HealthInvest Small & MicroCap Fund. We hope that you will join us on this journey as an investor.

HealthInvest Small & MicroCap Fund - Management Report

HealthInvest Small & MicroCap Fund is an actively managed investment fund within the healthcare sector. By means of a careful management process, 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

HealthInvest Small & MicroCap Fund's unit classes C and D rose in 2020 by 13.1 and 12.9 percent respectively less management fees. During the same period, the MSCI World Health Care TRN Index, which is the Fund's benchmark index, fell by 0.2% measured in SEK. Unit class E was launched on 17 February 2020 and rose by 7.9% until the end of the year, while the index fell by 6.1% during the same period of time.

The year was turbulent as a result of the effects of Covid-19 on the stock market. Fund management responded to market volatility by altering the composition of the portfolio more than in a normal year and, among other things, by increasing exposures to shares affected by disproportionate declines. The Fund increased exposures to US companies. All in all, the stock portfolio contributed positively to the development of the Fund during the year. Exchange rate changes had a negative effect on the fund assets.

The five investments which contributed most to the Fund's result in 2020 were, in order of contribution, US distributor Owens & Minor, US biotechnology company Halozyme, Swedish biotechnology company Ascelia Pharma, and two US healthcare insurance companies, Anthem and Humana. The Fund was negatively impacted by the share price performance of US drug companies Ani Pharmaceuticals and Catalyst Pharmaceuticals, Korean dermatology company Neopharm and US generics company Viatris, as well as US distributor Cardinal Health.

At the beginning of 2020, HealthInvest Small & MicroCap Fund had holdings in 23 shares of which 10 holdings remained in the portfolio at the end of the year. During the year, the Fund made 15 new investments which we retained throughout the remainder of the year. An additional 15 shares were purchased and sold during the year. At the end of the year, the portfolio consisted of 25 positions.

The Fund initiated a substantial position during the year in, among others, Almirall, Bristol-Myers Squibb, Cardinal Health, Coherus Biosciences, Collegium Pharmaceuticals, Ironwood Pharma, Teva Pharmaceuticals and Viatris. These positions each represent between 4% and 5% of the fund assets as of the balance sheet date.

The largest holdings which were sold off during the year included Swedish company Orexo (strategy change), US companies Ani Pharma (weak operational development), Biogen (generic competition), Garmin (fully valued) and Halozyme (fully valued), South Korean Neopharm and Danish drug company Lundbeck (doubts relating to the company's growth strategy). Allergan left the portfolio after having been acquired by Abbvie. Each of these holdings represented between 4% and 5% of the Fund's assets at the end of 2020.

The Fund's turnover rate in 2020 was 200 per cent.

THE FUND AS PER THE END OF THE YEAR

As per 31 December 2020, the Fund owned shares equal to 95.8 per cent of the fund assets. The Fund consisted of a total of 25 holdings spread out over 7 countries in Asia, Europe and North America.

From a geographical perspective, the US represented 67 per cent of the fund assets, followed by Sweden (10 per cent), Spain (6 per cent), Singapore (5 per cent), Israel (4 per cent), the Netherlands (4 per cent) and United Kingdom (less than 1 per cent).

Important holdings in the Fund

Almirall is a Spanish drug company which has created a niche in dermatology after having sold its respiratory business to AstraZeneca in 2014. Unfortunately, dermatology is one of the areas which has been hit the hardest by Covid-19 given that patient visits may often be postponed. This was a setback for Almirall in 2020, not the least since the launches of Seysara (acne medication) och Ilumetri (treatment of psoriasis) lost momentum. Keeping pace with normalization of the virus situation, Almirall should begin to grow again. In addition, in 2021, the company will be launching Tirbanibulin (to treat actinic keratosis) and a launch of Lebrikizumab (for the treatment of atopic dermatitis) is expected in 2023, both of which may become significant products for Almirall. We believe the share price will move upwards as investors begin to see its brightening future.

Supernus Pharmaceuticals is a US pharma company which markets Oxtellar XR and Trokendi XR for the treatment of epilepsy. The company is now entering a period of increasing growth for two main reasons. In 2020, Supernus acquired a portfolio with CNS agents which immediately boosted sales by nearly 40% and established a new product area on which to further build. In addition, in 2021, it is possible that Supernus will receive market approval for SPN-812 for the treatment of ADHD. The advantage of this drug is that it does not stimulate the central nervous system but is nonetheless fast-acting, which should make SPN-812 a realistic alternative for schoolchildren who suffer from ADHD. At the end of 2020, Supernus was valued at 9x historic free cash flow, which is low given the growth opportunities.

Coherus Biosciences is a US company that develops and markets biosimilars (copies of biological pharmaceuticals). Biosimilars are often profitable products as the number of competitors are fewer compared with generics, resulting in higher prices and larger market shares. Coherus launched its first - and to date only - product, Udenyca, in 2019 and has captured around 22% of the total market from Neulasta, the original drug. Coherus is a highly profitable company but has a low valuation since investors fear increased competition for Udenyca. We believe that this is unwarranted, not the least since the company plans to launch four new biosimilars (copies of the highly successful drugs, Avastin, Eylea, Humira and Lucentis) in the next five years. The share is valued at approximately 10x free cash flow.

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 healthcare segment and is marketed in over 100 countries. For several years, Haw Par has succeeded in growing the healthcare segment by approximately 15% annually with excellent profitability. 2020 was a weaker year, but we believe that sales will pick up momentum again. The company has an incredibly strong balance sheet with investments in shares and real estate which, in their own right, justify the company's market value. Hence, an investor in Haw Par gets the profitable and growing healthcare segment for free, something we find attractive.

Cigna is a US health insurance company which has raised its profit per share by 17% annually (CAGR) over the last five years. Since the market for private health insurance in the US is dominated by a relatively small number of players, it is difficult to perceive direct threats to a continuing positive trend. Cigna is valued at 10x free cash flow, which is an attractive multiple given its growth.

FUND ASSETS

As of 31 December 2020, HealthInvest Small & MicroCap Fund's assets amounted to SEK 1,748.3 million. In 2020, units were issued for SEK 92.7 million while units were redeemed for SEK 196.3 million. In addition, the result for the year was SEK 198.1 million. The allocation of the fund assets in the three unit classes is set forth in the table, "Changes in fund assets".

FUND COSTS

During the year, the Fund paid SEK 3.1 million in transaction-related fees (primarily commissions, but also stamp duties in certain areas), which is equal to 0.05 per cent of the transaction value. Costs for external research amounted to SEK 1.6 million, equal to 0.10 per cent of the average fund assets during the year. Fixed management fees and performance-based fees paid to the fund company cost the Fund SEK 19.8 million and SEK 25.0 million respectively. Note 1 in the Income Statement provides the breakdown of fees in the unit classes and additional cost measures are presented under the heading, "Other information". The Fund has not charged fees for subscription or redemption of units.

STRATEGY AND MANAGEMENT ACTIVITY

The fund company is actively managing HealthInvest Small & MicroCap Fund. This means that the fund manager does not consider or attempt to imitate any given benchmark index in the choice of portfolio companies. At year end, the Fund owned 25 portfolio companies which may be compared to its benchmark index, MSCI World Health Care Total Return Net Index¹, which included 158 portfolio companies. Accordingly, the Fund is considerably more concentrated than the benchmark index.

The Fund has a stated value-based investment

¹ MSCI World Health Care Total Return Net Index ("MHCI") is a global sector index and the most established global industry index for evaluating healthcare funds. MHCI is used, among other things, by the fund evaluator Morningstar. MHCI also includes dividends.

strategy and principally owns healthcare companies which generate a profit and do not have excessive valuation multiples. At year end, the Fund's portfolio companies were valued at just over 9.5x free cash flow (median value) while the benchmark index had a corresponding valuation of just under 22x. Per year end, the Fund's management activity measured as active risk was 9.8² based on monthly data from the last two years. The active share was 92.5 per cent. The fund company is of the opinion that the Fund's management activity is high.

The investment strategy has contributed to the Fund historically deviating from the benchmark index in composition and development. Since the investment strategy is fixed, the fund company is of the opinion that the Fund will also diverge in the medium and long-term from the index in composition and development. Since the Fund was launched in 2013, total returns have exceeded the benchmark index but, in certain years, the Fund returns have fallen short of the index. There is no guarantee that the investment strategy will generate a surplus in the future.

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 valuations 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 85 per cent of the fund assets were held in foreign currencies. The currency risk is reduced by hedging in order to eliminate a significant share of the currency risk.

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 smaller 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's current unit classes lack a 24-month history, as a consequence of which key ratios relating to risk cannot be reported in accordance with the applicable guidelines. A unit holder who has been invested since the launch of the Fund currently holds units in unit class D. Since launch, the risk for such a unit holder, measured as a standard deviation, has been 13.2%, relative to the 13.5% for the MSCI World Health Care TRN Index. Based on the same data series, the beta value of the Fund is 0.63 measured with the MSCI World Health Care TRN Index as the market portfolio. Specifically, in 2020, the Fund's (unit class D) risk measured as its standard deviation was 18.5%.

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

SHAREHOLDER ENGAGEMENT

HealthInvest follows internal guidelines for shareholder engagement. A main principle of the fund company is to concentrate its shareholder engagement in portfolio holdings in which the fund company has substantial shareholdings exceeding 5% of the total voting capital. Exceptions are made in cases in which the fund company, notwithstanding ownership of less than 5%, may make a significant difference.

In 2020, HealthInvest Partners voted on behalf of HealthInvest Small & MicroCap Fund in conjunction with two general meetings of shareholders. At the annual general meeting of Corline Biomedical, the fund company voted to authorise the board to issue shares. The fund company also voted at Corline Biomedical's extraordinary general meeting in December 2020 and approved the board's decision regarding a new issue.

In 2020, HealthInvest did not use any proxy

² Estimate for unitholders who invested in the Fund when it was launched.

advisors.

An account of HealthInvest Partners' shareholder engagement in 2020 is available on the fund company's website, www.healthinvest.se.

FUND RULES

On 2 December 2019, the Swedish Financial Supervisory Authority approved amendments to the fund rules according to which unit class A and unit class B were eliminated and existing unit holders in those classes were transferred to unit class D. The fund rules entered into force on 1 February 2020.

On 21 January 2020, the Swedish Financial Supervisory Authority approved amendments to the fund rules according to which unit class E was launched with a fixed fee of 1.2%. Unit class E is intended exclusively for the Swedish Pensions Agency and, accordingly, is available to all persons with savings in the premium pension system. The amendments entered into force on 17 February 2020.

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.

Based on a risk analysis, the Board of Directors has established which employees are to be regarded as identified staff. Identified staff include fund managers, risk-takers, control functions and corporate management, while employees within, for example, fund company administration are not considered identified staff.

The following applies to remuneration allocated to identified staff:

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 ful-

filled 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 2020

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 2020, remuneration in the total amount of SEK 4,469,000 was paid to employees. Of this amount, SEK 3,215,000 was paid to identified staff and SEK 1,254,000 was paid to other employees. Remuneration was broken down into fixed remuneration in the amount of SEK 4,248,000 and variable remuneration in the amount of SEK 221,000. The variable remuneration disbursed in 2020 was accrued and expensed in 2016 from which time it was invested in fund units which increased in value by a total amount of SEK 74,000. Severance pay and guaranteed variable remuneration amounted to SEK 0. The total number of persons paid was five employees. Remuneration paid to the Board of Directors was SEK 465,000.

Further information regarding the remuneration policy and remuneration paid to employees can be found in the fund company's annual report and is also published on the website, www.healthinvest.se (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. In the management of the Fund during the year, no conflicts of interest have arisen which are related to the fund company and the portfolio holdings.

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).
- Other sustainability aspects.**

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.

This option also refers to funds that select companies on the basis of a specified sustainability-related theme, such as climate, water, ecotechnology, or social sustainability, and to funds that only invest in projects or operations with quantifiable social or environmental benefits.
 - 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.

This option refers to funds which explicitly

and systematically integrate sustainability aspects into their economic analyses and investment decisions. Sustainability aspects are explicitly part of the investment process, are continuously analysed, and affect the fund's investments.

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.

Other method of positive screening used by the fund.

Negative screening

The fund does not invest in companies that are involved in the following products and services. A maximum of 5% of the turnover in the company in which the investment is made may entail operations attributable to the specified product or service.

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.

Sustainability Information

International norms

International norms refer to international conventions, laws and agreements such as the UN Global Compact and OECD guidelines for multinational companies that relate to issues concerning the environment, human rights, labour practices, and business ethics.

The fund does not invest in companies that violate international norms. The assessment is carried out either by the fund management company or a third party.

The fund does not invest in companies which do not address identified problems or where the fund makes the assessment that the company will not address the problem within a time frame deemed reasonable in that specific case.

This option refers to funds that draw up an action plan for questionable companies which are excluded if the specified conditions are not met within a specified period of time.

Fund management company's comments:

Essential to HealthInvest Partners' view of responsible and sustainable investments is that our fund 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.

Countries

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

This option refers to funds that carry out a country-specific sustainability analysis that results in the exclusion of companies involved in certain countries or of 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.

In-house investor influence

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.

Voting at General Meetings

Fund management company's comments:

The fund management company's policy is to vote at General Meetings of companies in which the fund has an ownership exceeding 5%, provided there are issues of importance to the unit holders on the meeting agenda.

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 2020.

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. An external research partner specializing in sustainability issues has also conducted independent audits of the Fund's holdings and reported to the fund company. The purpose is to clear the portfolio of companies that do not adequately work with sustainability. During the year, none of the Fund holdings have failed to meet the criteria.

The Fund has exercised influence

When making new investments, the fund manager has sent the fund company's principles of corporate governance to the company in question. The principles contain the fund company's expectations in respect of all portfolio companies as regards, among other things, sustainability issues. During the year, no direct dialogue has been conducted with companies regarding sustainability issues. The fund company has voted at two general meetings.

Income Statement

(SEK '000)

INCOME AND CHANGES IN VALUE	NOTE	2020	2019
Changes in Value in Transferable Securities		157 188	368 265
Change in Value in Fund Units		0	28
Interest Income		46	462
Dividends		15 799	28 557
Currency Gains and Losses, Net		74 742	-51 764
TOTAL INCOME AND CHANGES IN VALUE		247 775	345 550
COSTS			
Management Costs	1	-44 760	-26 029
Interest Costs		-127	-414
Other Costs	2	-4 749	-4 214
TOTAL COSTS		-49 636	-30 658
PROFIT FOR THE YEAR		198 139	314 892

NOTE 1 - MANAGEMENT COSTS	2020	2019
Fixed Management Fee	-19 796	-24 125
of which Small & MicroCap A	-1 609	-18 039
of which Small & MicroCap B	-542	-5 642
of which Small & MicroCap C	-658	-440
of which Small & MicroCap D	-15 447	-4
of which Small & MicroCap E	-1 540	-
Performance-based Management Fee	-24 964	-1 905
of which Small & MicroCap C	-1 229	-1 884
of which Small & MicroCap D	-23 736	-21
TOTAL MANAGEMENT COSTS	-44 760	-26 029

NOTE 2 - OTHER COSTS	2020	2019
Transaction Costs	-3 129	-2 772
External Research	-1 620	-1 440
Other Costs	0	-3
TOTAL OTHER COSTS	-4 749	-4 214

Balance Sheet

(SEK '000)

ASSETS	NOTE	31.12.2020	31.12.2019
Transferable Securities		1 674 746	1 359 450
OTC Derivative Instruments with Positive Market Value		12 903	22 556
TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE		1 687 649	1 382 006
TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE		1 687 649	1 382 006
Bank Deposits and Other Liquid Funds		69 669	275 780
Prepaid Costs and Accrued Income	1	1 221	1 810
Other Assets		40	0
TOTAL ASSETS		1 758 579	1 659 595
LIABILITIES			
Accrued Costs and Prepaid Income	2	-10 011	-2 668
Other Liabilities	3	-222	-3 135
TOTAL LIABILITIES		-10 232	-5 803
FUND ASSETS		1 748 347	1 653 792
NOTE 1 - PREPAID COSTS AND ACCRUED INCOME			
		31.12.2020	31.12.2019
Dividends		1 221	1 810
TOTAL PREPAID COSTS AND ACCRUED INCOME		1 221	1 810
NOTE 2 - ACCRUED COSTS AND PREPAID INCOME			
		31.12.2020	31.12.2019
Management Fee		-9 391	-2 179
Accrued Costs External Research		-619	-488
Accrued Interest Costs		0	-1
TOTAL ACCRUED COSTS AND PREPAID INCOME		-10 011	-2 668
NOTE 3 - OTHER LIABILITIES			
		31.12.2020	31.12.2019
Redemption of Units in Progress		-3	-2 073
Subscription of Units in Progress		-214	-1 062
Other Liabilities		-5	0
TOTAL OTHER LIABILITIES		-222	-3 135

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 of the balance sheet date, 31 December 2020, there are no holdings in the fund for which current market values are lacking.

Summary of Holdings as per 31 December 2020

Financial Instruments with Positive Market Value (1)	Country (2)	Quantity	Price (3)	Market Value (SEK '000)	% of Fund Assets
SHARES WITH POSITIVE MARKET VALUE					
Pharmaceuticals					38.19
Almirall	ES	940 000	10.92	103 159	5.90
Supernus Pharmaceuticals	US	465 000	25.16	96 254	5.51
Haw Par	SP	1 250 000	10.70	83 251	4.76
Viartis	US	525 000	18.74	80 944	4.63
Collegium Pharmaceutical	US	480 000	20.03	79 101	4.52
Bristol-Myers Squibb	US	146 000	62.03	74 510	4.26
Teva - ADR	IS (US)	915 000	9.65	72 645	4.16
BioDelivery Sciences	US	1 575 000	4.20	54 424	3.11
Corline Biomedical*	SE	1 610 000	14.54	23 405	1.34
Biotechnology					24.19
Coherus Biosciences	US	600 000	17.38	85 794	4.91
Ironwood Pharmaceuticals	US	835 000	11.39	78 247	4.48
AbbVie	US	87 000	107.15	76 695	4.39
Ascelia Pharma	SE	1 200 000	56.40	67 680	3.87
Pharming	NL	5 200 000	1.27	66 473	3.80
Catalyst Pharmaceuticals	US	1 750 000	3.34	48 089	2.75
Healthcare Services					14.09
Cigna	US	47 000	208.18	80 500	4.60
Universal Health Services	US	68 000	137.50	76 925	4.40
Antares Pharma	US	1 720 000	3.99	56 462	3.23
Dedicare	SE	850 000	38.10	32 385	1.85
Distributors					12.88
McKesson	US	53 000	173.92	75 837	4.34
AmerisourceBergen	US	93 000	97.76	74 800	4.28
Cardinal Health	US	169 000	53.56	74 471	4.26
Healthcare Equipment					6.45
Accuray	US	1 650 000	4.17	56 608	3.24
Stille*	SE	468 000	92.00	43 056	2.46
Surgical Innovations	UK	70 250 000	0.02	13 030	0.75
TOTAL SHARES WITH POSITIVE MARKET VALUE				1 674 746	95.79
OTC Derivate Instruments With Positive Market Value (4)					
Currency Futures USD/SEK 2021-05-11**				12 903	0.74
TOTAL OTC DERIVATIVE INSTRUMENTS WITH POSITIVE MARKET VALUE				12 903	0.74
TOTAL FINANCIAL INSTRUMENTS WITH POSITIVE MARKET VALUE				1 687 649	96.53
TOTAL INVESTMENTS WITH POSITIVE MARKET VALUE				1 687 649	96.53
Other Assets / Liabilities, Net				60 698	3.47
TOTAL FUND ASSETS				1 748 347	100.00
Transferable securities which are admitted to trading on a regulated market or similar market outside the EEA.				1 608 284	91.99
*Transferable securities which are subject to regular trading on another market which is registered and open to the public.				66 461	3.80
**Other financial instruments.				12 903	0.74
TOTAL				1 687 649	96.53

(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: ES Spain, IS Israel, NL Netherlands, SE Sweden, SP Singapore, 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 617,047,500. 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 unit holders received units in unit class A. On 5 June 2019, unit class C was launched, and on 11 September 2019, unit class D was launched. Unit classes A and B ceased on 31 January 2020.

FUND FACTS HEALTHINVEST SMALL & MICROCAP FUND

Unit Class (1)	C	D	E
Unit Value (SEK)	122.29 SEK	119.77 SEK	121.75 SEK
Number of Units	3 095 483	523 963	1 383 521
Fund Assets (SEK)	79 201 904	1 500 702 030	168 442 992
RETURN (2)			
Return Since Start of Unit Class (%)	22.29	19.77	7.89
MSCI World HC Index Returns Since Start of Unit Class (%)	15.48	9.04	-6.10
Average Annual Return, Since Start (%)	13.68	14.84	9.17
Average Annual Return for MSCI World HC Index, Since Start (%)	9.61	6.86	-7.02
Active share (%)	92.50	92.50	92.50
FEES			
Fixed Management Fee (%)	1.00	1.20	1.20
Performance-based Management Fee (%)	20	20	-
Annual Return Threshold (%) (3)	RXVX +4%	RXVX +4%	-
High Watermark	Yes	Yes	-
Transaction Cost as % of Value of Traded Securities	0.05	0.05	0.05
Cost of Portfolio Turnover as % of Average Fund Assets	0.19	0.19	0.19
Ongoing Charges (%)	1.10	1.30	1.30
Charged Management Costs 2020 as a % of Average Fund Assets	2.87	3.04	1.20
Management Cost 2020 for a One-off Deposit of SEK 10 000 (4)	292 SEK	308 SEK	-
2020 Management Fee for Monthly Savings of SEK 100 (4)	22 SEK	23 SEK	-

- (1) Current unit classes lack a 24-month history, as a consequence of which key ratios cannot be calculated based on the data series of the unit classes.
- (2) The return figures since launch are calculated on the basis of the launch date of the respective unit class. Unit class C was launched on 5 June 2019, unit class D was launched on 11 September 2019 and unit class E was launched on 17 February 2020
- (3) The annual hurdle rate is comprised of OMRX T-Bill Index + 4% (unit classes C and D).
- (4) Unit class E did not exist at the beginning of the year, as a consequence of which key ratios cannot be calculated.

Other Information

RETURN AND RISK MEASURES FOR UNIT HOLDERS (1)

RETURN

Return Since the Fund's Inception (%)	284.81
MSCI World HC Index Returns Since the Fund's Inception (%)	231.53
Average Annual Return, Since Start (%)	18.56
Average Annual Return for MSCI World HC Index, Since Start (%)	16.35
Average Annual Return, 5 years (%)	15.58
Average Annual Return for MSCI World HC Index, 5 years (%)	9.25
Average Annual Return, 2 years (%)	17.78
Average Annual Return for MSCI World HC Index, 2 years (%)	13.79

RISK MEASURES (2)

Beta Value	0.93
Standard Deviation (%)	15.55
Standard Deviation MSCI World HC Index (%)	12.42
Downside risk (%)	6.86
Downside risk MSCI World HC Index (%)	9.85
Active risk (%)	6.55
Sharpe Ratio	1.15
Sharpe Ratio MSCI World HC Index	1.12

(1) Current unit classes lack a 24-month history. In order to illustrate the return and measure of risk in the Fund over an extended period, key ratios are reported for a client who has been invested in the Fund since launch on 31 January 2013.

(2) The measure of risk is calculated on the basis of return data for the last 24 months for investors in the Fund since launch.

CHANGE IN FUND ASSETS

(SEK '000)		Opening Fund Assets	Issuance of Units	Redemptions	Changes unit classes (1)	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
2019	Small & MicroCap A	1 158 385	154 097	-309 906		245 091	1 247 667
	Small & MicroCap B	283 665	60 462	-57 610		61 783	348 300
	Small & MicroCap C	-	101 756	-53 051		7 957	56 662
	Small & MicroCap D	-	1 101	0		61	1 162
	TOTAL	1 442 050	317 416	-420 566		314 892	1 653 792
2020	Small & MicroCap A	1 247 667	3 668	-14 545	-1 225 281	-11 509	0
	Small & MicroCap B	348 300	5 070	-6 579	-343 491	-3 300	0
	Small & MicroCap C	56 662	15 026	-1 688	0	9 202	79 202
	Small & MicroCap D	1 162	44 226	-149 753	1 412 554	192 514	1 500 702
	Small & MicroCap E	-	24 728	-23 735	156 219	11 232	168 443
	TOTAL	1 653 792	92 716	-196 300	0	198 139	1 748 347

(1) Unit classes A and B ceased on 31 January 2020, and the unit holders instead received units in unit class D. Unit class E, which is open to the Swedish Pension Agency, was launched on 17 February 2020.

Other Information

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)
31.02.2013	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
2019	314.06	3 972 746	1 247 667	22.77	29.78
01.01.2020 - 31.01.2020*	-	-	-	-0.95	1.59

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
2019	112,52	3 095 483	348 300	22,41	29,78
01.01.2020 - 31.01.2020*	-	-	-	-0.97	1.59

Small & MicroCap C	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on Small & Microcap C (%)	Return on MSCI World Health Care Index (%) (2)
05.06.2019	100.00	40 632	4 063	-	-
2019	108.14	523 963	56 662	8.14	15.75
2020	122.29	647 647	79 202	13.08	-0.23

Small & MicroCap D	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on Small & Microcap D (%)	Return on MSCI World Health Care Index (%) (2)
11.09.2019	100.00	10 000	1 000	-	-
2019	106.08	10 956	1 162	6.08	9.29
2020	119.77	12 529 601	1 500 702	12.91	-0.23

Small & MicroCap E	Unit Value (SEK)	Number of Units	Fund Assets (SEK '000)	Return on Small & Microcap E (%)	Return on MSCI World Health Care Index (%) (2)
17.02.2020 - 31.12.2020*	121.75	1 383 521	168 443	7.89	-6.10

(1) Pertains to a unit holder who invested in the Fund at the beginning.

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

* The stated return pertains to the period of time during which the unit class was active.

Auditor's Report

To the unit-holders of HealthInvest Small & MicroCap Fund, corp. id 515602-5982

REPORT ON THE ANNUAL ACCOUNTS

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 for the year 2020, except the sustainability information on pages 10-12 ("Sustainability information"). The investment fund's annual accounts are included on pages 10-12 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 Funds as of 31 December 2020 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 pages 10-12.

Basis for opinion

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.

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.
- 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.

Auditor's Report

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 information

The Fund Manager is responsible for the sustainability information on page 10-12, 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 17 March 2021
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 is also active as a member on other boards including Getinge AB, Lifco AB and Carl Bennet AB. 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 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 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, *FinansTidningen*, 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.

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:

- Sustainable investments expertise
- Accounting 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
Sweden