

## FUND RULES FOR HEALTHINVEST ALPHA FUND

The Swedish version of this document is the only legally binding version.

This English translation is for convenience only.

### § 1 The legal status of the Fund

The name of the Fund is HealthInvest Alpha Fund. The Fund is an undertaking for collective investments in transferable securities in accordance with the Swedish Investment Funds Act (2004:46). The operations are conducted in accordance with these fund rules, the articles of association for the fund company, the Swedish Investment Funds Act and other applicable regulations. The Fund is open to the general public and not a limited group of persons. The Fund is not a legal entity and cannot acquire rights or assume obligations. The Fund cannot bring legal proceedings before a court of law or any other public authority. The fund assets may not be attached.

The fund assets are jointly owned by the fund unit holders (the "unit holders") and each unit of each unit class entitles the holder thereof to an equal right to the assets of the Fund. The fund company represents the unit holders in respect of all issues concerning the Fund, makes decisions regarding the assets included in the Fund and exercises the rights appurtenant to the assets. The unit holders are not liable for the obligations of the Fund.

The provisions of the fund rules apply to both unit classes with the exception of the provisions regarding subscription and redemption in section 9 and the provisions regarding fees in section 11.

The Fund has three unit classes: "C", "D" and "E". Unit classes C and D are general unit classes, while unit class E is subject to conditions for distribution.

Unit class E is only open for distribution within the framework of the premium pension system and is subject to the condition that the Swedish Pensions Agency has entered into an agreement with the fund company regarding unit class E.

### § 2 Fund Company

The Fund is managed by HealthInvest Partners AB, company no. 556680-4810, hereinafter referred to as the "fund company".

### § 3 Custodian institution and its duties

The Fund's assets are held in safe custody by Skandinaviska Enskilda Banken AB (publ), company no.

502032-9081, as the custodian institution, hereinafter referred to as the "custodian".

The custodian shall execute the decisions made by the fund company regarding the Fund, provided that such decisions do not violate the Swedish Investment Funds Act (2004:46), these fund rules and the regulations of the Swedish Financial Supervisory Authority. The custodian shall also accept and hold in safe custody the assets to be included in the Fund and ensure that:

- Redemption and subscription of fund units takes place in compliance with the provisions of the Act and the fund rules.
- The value of the fund units is calculated in accordance with the provisions of the Act and the fund rules.
- The fund assets are deposited with the custodian without delay.
- The Fund's funds are used in accordance with the provisions of the Act, these fund rules and the regulations of the Swedish Financial Supervisory Authority.

The custodian shall be independent of the fund company and act exclusively in the interests of the unit holders.

In the event foreign financial instruments and other foreign traded securities are included in the Fund, the custodian may use a suitable foreign custodian.

### § 4 The character of the Fund and investment philosophy

The majority of the Fund's investments are in smaller companies in the healthcare industry. Pharmaceuticals, medical technology, biotechnology and healthcare services are the most important sectors in this area.

The objective of the Fund is to achieve maximum returns on invested capital while ensuring an adequate spread of investment risks by sufficient diversification. Returns are defined as realised and unrealised gains on the Fund's securities holdings, dividends received by the Fund, premiums related to options received by the Fund and interest paid to the Fund less charges and possible tax payments.

## § 5 The investment focus of the Fund

The Fund's capital may be invested in traded securities, money market instruments, derivative instruments and fund units and may be deposited on account with credit institutions. The Fund may invest globally. The Fund may invest in derivative instruments provided that the underlying asset is comprised of, or relates to, any of the types of assets referred to in Chapter 5, section 12 of the Swedish Investment Funds Act (2004:46).

The Fund may invest up to 10 percent of the value in fund units.

## § 6 Marketplaces

The Fund's capital may be invested in financial instruments traded on a regulated market or comparable marketplace outside the EEA. In addition, trading may take place on another market within and outside the EEA which is regulated and open to the public provided that the investment is compatible with the Fund's overall investment objective. In addition, the Fund's capital can be invested on multilateral trading facilities or comparable market places within or outside the EEA.

## § 7 Special investment objective

The Fund's assets may be invested in the type of securities and money market instruments referred to in Chapter 5, section 5 of the Swedish Investment Funds Act (2004:46). The Fund may use derivative instruments (including OTC derivatives) as part of the Fund's investment objective. Examples of derivative instruments that can be used are options, futures and swaps.

The Fund may use such derivative instruments as are set forth in Chapter 5, section 12, second paragraph of the Swedish Investment Funds Act (2004:46), commonly referred to as OTC derivatives. The Fund's trading in derivative instruments can result in the Fund having negative exposure to a specific currency, a specific stock, a specific stock market, a specific fixed-income market or a specific financial index.

## § 8 The value of the Fund and fund units

The value of the Fund is calculated as the Fund's assets less the Fund's liabilities. The Fund's assets include the Fund's traded securities, fund units, money market instruments, derivative instruments, liquid funds and other assets including accrued returns. The Fund's liabilities include accrued compensation in accordance with section 11 of the fund rules, taxes and other liabilities, as well as expenses incurred in the purchase and sale of traded securities, money market instruments and derivative instruments.

Financial instruments which are part of the Fund and are traded on a regulated market or corresponding market are valued based on information regarding current market values (normally the most recent transaction price). Where information regarding the relevant market values is unavailable, or where such information in the opinion of the fund company is obviously misleading, the valuation may be established by the fund company based on the objective criteria of another party.

With respect to the financial instruments referred to in Chapter 5, section 5 of the Swedish Investment Funds Act (2004:46), the market value is established on objective grounds on the basis of a separate valuation based on information regarding the most recent transaction price or indicative bid price from a market maker where such has been appointed for the issuer. Where such information is not available or is deemed unreliable by the fund company, the market value shall be established, for example, on the basis of information obtained from independent brokers or other external, independent sources. Such information may, for example, consist of an issue price to independent parties at another value or information that a trade in the relevant asset was concluded with an independent party at a certain price.

Liquid funds and current receivables in the form of assets on bank accounts and proceeds of payment for traded securities sold are reported in the amounts in which they are expected to be received.

The market value of an OTC derivative is determined based on generally accepted models, as follows:

- European options, Black & Scholes
- European index options, Black 76
- American options and remaining derivatives, numerical methods such as binomial trees.

The value of a fund unit is the value of the Fund divided by the total number of outstanding fund units and is calculated on each Swedish banking day. The unit value in a unit class is calculated taking into account the conditions applicable to the unit class.

When the Fund invests in fund units, the value of these units is priced at market, i.e. the last redemption price less accrued fees.

## § 9 Subscription and redemption of fund units and transfer between unit classes

### Subscription and redemption

The subscription and redemption of fund units normally takes place each banking day through the fund

company or its distributor. Information regarding cut-off times for requests to subscribe and for redemption and cut-off times for payment are set forth in the prospectus.

Subscription for fund units may take place only after an approved account opening document has been received by the fund company and the prospective unit holder has been allocated a client number.

A request to subscribe for fund units is made by depositing the desired amount on the account of the unit class. The minimum subscription amount is SEK 1,000,000 in unit class C, SEK 100 in unit class D and SEK 10 in unit class E. Lesser amounts may be permitted under special circumstances.

The subscription price is the fund unit value on the subscription date. Thus, units are subscribed for at a price unknown to the unit holder at the time of subscription.

The redemption price is the fund unit value on the redemption date. Thus, units are redeemed at a price unknown to the unit holder at the time of the request for redemption.

Unit holders must ensure that the request for redemption is duly signed and that the information provided is correct. Redemption requests may be withdrawn only if the fund company consents and the principle of equal treatment of the unit holders is applied.

The price per fund unit upon redemption may not be limited. A fee may be charged in conjunction with subscription and redemption in accordance with the description in section 11.

Fund units shall be redeemed on the redemption date provided that the Fund has available funds. In the event funds are not available, fund assets shall be sold and redemption shall be carried out as soon as possible thereafter. In the event such a sale is materially detrimental to the interests of the unit holders, the fund company may postpone the redemption after notice to the Swedish Financial Supervisory Authority.

#### Transfers of unit classes

In the event the Swedish Pensions Agency holds registered units in unit class D, they shall be transferred to unit class E when the conditions for holdings in unit class E are fulfilled.

Transfers shall take place on a banking day determined by the fund company in consultation with the Swedish

Pensions Agency. On the transfer date, the Swedish Pensions Agency shall receive fund units in unit class E at a value equal to the value of the Swedish Pensions Agency's fund units in unit class D. The value of the units in the respective unit classes shall be equal to the subscription and redemption prices for the unit classes on the transfer date.

#### Miscellaneous

The fund company shall maintain, or cause to be maintained, a list of all unit holders in the Fund.

The established fund unit value will be published on HealthInvest Partners AB's website not later than the banking day after the banking day on which the fund unit value was determined in accordance with the above.

#### **§ 10 Extraordinary events**

The Fund may be closed as regards subscription for new units and redemption of fund units in the event extraordinary circumstances prevent a valuation of the fund assets in a manner which ensures equal rights for the unit holders.

#### **§ 11 Fees and compensation from the Fund**

From the fund assets, a management fee is paid to the fund company for management of the Fund as well as costs for custody, supervision and auditing. The Fund also incurs expenses in the form of commissions, costs and taxes in conjunction with purchases and sales by the Fund of transferable securities, fund units, money market instruments, derivative instruments as well as research costs. Any value-added tax and any other taxes are added.

The fee paid to the fund company consists of a fixed management fee and a performance fee in unit classes C and D. The difference in fees in the various unit classes is set forth below.

#### Return threshold and hurdle rate:

The return threshold is the unit price which must be reached by the Fund in order for the performance fee to be charged to the Fund. The return threshold changes over time by a hurdle rate. When the performance fee is charged to the Fund, the return threshold is made equal to the unit price. This means that the return threshold is comprised of the most recent unit price applied at the time the performance fee was charged to the unit class, plus the hurdle rate.

In the event the return in the unit classes during a period of time has been lower than the hurdle rate, and the unit price is thereby below the return threshold, no

performance fee shall be charged before the unit price has exceeded the return threshold.

Unit class C:

The fee paid to the fund company is a fixed fee not exceeding 1.0 percent of the value of the Fund per year. The fee is charged daily.

The performance fee equals 20 percent of that part of the unit price exceeding the return threshold. The hurdle rate is comprised of the return for the OMRX T-BILL index plus 4 percentage points, converted to daily returns. A unit holder may not be credited with a negative return in conjunction with the redemption of units.

The performance fee is calculated following deduction of expenses and fixed fees. The performance fee is charged daily.

The performance fee is calculated in accordance with the collective model. This means that all unit holders pay an equal share per fund unit of any performance fee on any given day.

Unit class D:

The fee paid to the fund company is a fixed fee not exceeding 1.2 percent of the value of the Fund per year. The fee is charged daily.

The performance fee equals 20 percent of that part of the unit price exceeding the return threshold. The hurdle rate is comprised of the return for the OMRX T-BILL index plus 4 percentage points, converted to daily returns. A unit holder may not be credited with a negative return in conjunction with the redemption of units.

The performance fee is calculated following deduction of expenses and fixed fees. The performance fee is charged daily.

The performance fee is calculated in accordance with the collective model. This means that all unit holders pay an equal share per fund unit of any performance fee on any given day.

Unit class E:

The fee paid to the fund company is a fixed fee not exceeding 1.2 percent of the value of the Fund per year. The fee is charged daily.

Provisions common to the unit classes:

The purchase price of a fund unit shall be the value of the fund unit on the day of the sale plus not more than five (5) per cent.

The redemption price for a fund unit shall be equal to the value of the fund unit on the day of redemption less not more than one (1) per cent of the redeemed value.

The subscription and redemption fees constitute compensation to the fund company for subscription and redemption of fund units. Information regarding current fees for subscription and redemption of fund units may be obtained from the fund company or its distributor. In the event the fund company, on behalf of the Fund, subscribes or redeems fund units in any of the other funds managed by the fund company, the fund company shall not charge subscription or redemption fees in conjunction with trading in its own underlying fund.

**§ 12 Dividends**

The Fund does not pay dividends.

**§ 13 The Fund's financial year**

The financial year for the Fund is the calendar year.

**§ 14 Annual report, semi-annual report and amendments to the fund rules**

The fund company shall prepare annual reports and semi-annual reports for the Fund. These documents shall be available at the fund company's offices and custodian not later than four and two months respectively after the end of the year and the middle of the year. The annual report and the semi-annual report will be sent to the unit holders who have requested such report.

In the event the fund company resolves to amend the fund rules, the decision shall be submitted to the Swedish Financial Supervisory Authority for approval. In the event the Swedish Financial Supervisory Authority approves the amendment, the amended fund rules shall be made available at the fund company's offices and custodian and shall be published in a manner determined by the Swedish Financial Supervisory Authority. Any amendment shall enter into force upon publication or at such later date as set forth in the announcement.

**§ 15 Pledges and transfer of fund units**

Unit holders shall be entitled to pledge their units in the Fund. In conjunction with a pledge, the fund unit holder or representative thereof and/or the pledgee shall notify the fund company in writing of the pledge. The notification shall contain information regarding:

- the identity of the pledgee
- which fund units are covered by the pledge
- any limitations on the scope of the pledge

The fund company shall make a note of the pledge in the list of unit holders and notify the unit holder in writing regarding the registration of the pledge. The pledge shall terminate when the pledgee notifies the fund company in writing thereof. The fund company shall be entitled to charge the unit holder for the registration.

A request to transfer fund units must be made on a special form provided by the fund company. The unit holder shall be responsible for ensuring that the request is duly signed. The request for a transfer shall state the name of the transferor, the transferee, the transferee's personal I.D. no./company no., address, telephone number, securities account or custodian bank and custodian account number, bank account number and the purpose of the transfer.

Transfers of fund units are conditional upon approval from the fund company. Such approval shall be granted by the fund company only if the transfer is made for the purpose of the distribution of community property, a gift to a spouse or the unit holder's own children or to transfer fund units between different legal entities within the same corporate group. A request for transfer, however, shall be permitted only if the transferee assumes the transferor's acquisition value of the fund units.

The fund company shall not charge more than 0.2 percent of the market value of the fund units, but not less than SEK 500, when transferring fund units.

## § 16 Disclaimer of liability

In the event the custodian or a custodian bank has lost financial instruments which have been lodged with the custodian or a custodian bank for custody, the custodian shall, without unnecessary delay, return to the fund company on the Fund's behalf financial instruments which are of the same type or an amount equal to the value thereof. However, the custodian shall not be liable in the event the loss of the financial instruments has been caused by external events beyond the reasonable control of the custodian and the consequences of which were impossible to avoid notwithstanding all reasonable efforts such as losses incurred as a consequence of Swedish or foreign legislation, actions by Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lock-outs or other similar circumstances. The reservation with respect to strikes, blockades, boycotts and lock-outs shall apply notwithstanding that the custodian is subject to or takes such measures.

The custodian shall not be liable for losses other than such losses as are referred to in the first paragraph

provided the custodian has not intentionally or negligently caused such other loss. In addition, the custodian shall not be liable for other losses which occur under circumstances set forth in the first paragraph.

The fund company and custodian shall not be liable for losses incurred by - Swedish or foreign - exchanges or other market places, registrars, clearing organisations or other parties providing comparable services or - as far as pertains to losses other than those set forth in the first paragraph - for losses caused by custodian banks or other agents which the custodian has retained with due care and regularly monitors or who have been designated by the fund company. Neither the fund company nor the custodian shall be liable for losses caused by the insolvency of the aforementioned organisations or agents. However, the custodian shall not be released by any agreement governing custody of assets and control of ownership from its liability for losses and other damage pursuant to the Act.

The custodian shall not be liable for losses incurred by the fund company, investors in the Fund, the Fund or other parties as a consequence of restrictions on rights of disposition which may be imposed on the custodian in respect of securities. The custodian shall not be liable under any circumstances for indirect losses.

The fund company shall not be liable for losses incurred as a consequence of restrictions on right of disposition which may be applied in respect of the fund company or the custodian with respect to financial instruments.

In the event the fund company or custodian is prevented, in whole or in part, from effecting any measure as a consequence of the circumstances set forth in the first paragraph, such measure may be postponed until the impediment ceases. In the event of a postponed payment, the fund company or custodian shall not be liable to pay penalty interest. Where interest has been agreed upon, the fund company or the custodian shall pay interest in accordance with the interest rate applicable on the due date.

Where, as a consequence of the circumstances set forth in the first paragraph, the custodian is prevented from receiving payment for the funds, the custodian shall, in respect of the period of time which the impediment persisted, be entitled to interest only subject to the terms and conditions applicable on the due date.

The fund company shall not be liable for losses caused by the custodian or its custodian bank. In addition, the fund company shall not be liable for losses incurred as a consequence of the unit holder or other party acting in

contravention of law or other regulations or these fund rules. In this context, it is to be noted that unit holders are liable for ensuring that documents provided to the fund company are correct and duly signed and that the fund company is informed of changes to the information provided.

The fund company shall not be liable for losses incurred as a consequence of Swedish or foreign legislation, actions by Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lock-outs or other similar circumstances. The reservation with respect to strikes, blockades, boycotts and lock-outs shall apply notwithstanding that the fund company is subject to or takes such measures. Losses incurred in other cases shall not be compensated by the fund company provided the fund company has acted with normal care. The fund company shall not under any circumstances be liable for indirect losses.

Notwithstanding the aforementioned, a unit holder shall be entitled to damages under certain circumstances pursuant to Chapter 2, section 21 and Chapter 3, section 14-16 of the Swedish Investment Funds Act (SFS 2004:46).