

MARKET DEVELOPMENT

Healthcare stocks developed positively in June and MSCI World Health Care Index increased 2.9% in USD and 6.2% in SEK. We are satisfied with the progress, but believe the sector still has a lot of potential. For the past 25 years, the healthcare sector has been traded at around a 20% premium to the general stock market but is currently valued at a 23% DISCOUNT.

FUND PERFORMANCE

HealthInvest Alpha Fund declined 0.5% in USD and increased 2.5% in SEK (share class D). This was below the performance of its benchmark.

MANAGEMENT, VALUATION & OUTLOOK

In June, HealthInvest Alpha Fund built up new significant equity positions in Astellas Pharma and Lundbeck.

**Astellas Pharma** is a Japanese pharmaceutical company that has been plagued by low growth in recent years and the stock has basically been moving sideways since 2015. Although the recent profit trend has been mediocre, Astellas has continued to invest heavily in R&D, an effort that now seems to bear fruit. One potential growth engine is the drug Padcev, which is currently used in the third line for bladder cancer, but according to doctors in our network will probably move up to first line in the future, which will increase sales volumes significantly. Management has guided to sales of JPY300-400bn for Padcev in 2025, which can be compared with Astellas' total sales of about JPY1250bn. Another potential big seller is the drug candidate fezolinetant, which is a novel approach for targeted menopausal symptom relief. Fezolinetant may be launched in 2022 and achieve similar revenue as Padcev, or possibly a little higher. These two future blockbusters may thus increase sales for Astellas by over 60% in five years. Despite the strong growth prospects, Astellas is trading at approximately 13x free cash flow, which indicates major upside for shareholders if the growth scenario materializes.

**Lundbeck** is a Danish pharmaceutical company that focuses on brain diseases. Like Astellas, the company has struggled in recent years, mostly due to patent expirations. 2021 will unfortunately also be a challenging year, as Lundbeck's Northera got generic competition in February. The drug is used primarily by patients suffering from Parkinson's disease and had revenues of approximately DKK 2.5 billion in 2020 (around 14% of Lundbeck's total sales). This may not sound too exciting, but Lundbeck will already next year enter a strong growth phase and profits are expected to double by 2025. The strong growth in 2021-2025 will primarily be driven by the antidepressants Brintellix (sales increase 40% by 2025) and Rexulti (+50%) and the newly launched migraine drug Vyepti (+360%). Although the upcoming 3-4 quarterly reports will be tough due to Northera's patent lapse, we believe the strong earnings trend in 2021-2025 justifies an equity position.

HealthInvest Alpha Fund (as an aggregate) is currently trading at 13.5x free cash flow. This compares favourably to the global healthcare sector (19.9x) as well as to MSCI World Index (25.9x).

At month end, the Fund had 22 equity holdings and 95% of the companies produce significant positive free cash flow. The net equity exposure was 93%.

In summary, we are very comfortable with HealthInvest Alpha Fund's equity positions. The median valuation of the holdings is 13.5x free cash flow, which is 31% lower than the healthcare sector average. Hence, the Fund's holdings could rise by 45%, yet still only trade in line with the sector.

Monthly returns (share class D)\*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
January	1.8%	-1.0%	7.2%	4.3%	-1.0%	-1.4%	4.4%	3.3%	n.m.
February	-1.1%	-5.8%	5.9%	0.9%	8.2%	0.8%	5.4%	-3.1%	5.3%
March	7.2%	-0.6%	1.2%	0.3%	4.6%	2.6%	4.8%	-0.7%	6.1%
April	0.5%	9.1%	-1.2%	1.2%	-3.2%	2.7%	3.1%	1.3%	4.1%
May	-0.2%	2.5%	-3.2%	-0.4%	2.3%	5.6%	0.1%	4.3%	1.0%
June	2.5%	-3.5%	2.3%	0.8%	2.5%	-2.8%	-0.6%	-1.9%	-2.1%
July	3.0%	2.2%	-0.9%	-2.0%	4.5%	7.7%	2.2%	4.0%	
August	0.2%	-3.6%	4.2%	1.6%	3.5%	-9.0%	1.9%	-2.9%	
September	0.4%	3.1%	-1.3%	6.1%	4.6%	-0.1%	0.2%	0.7%	
October	-4.4%	5.3%	-10.1%	2.9%	5.4%	4.5%	2.1%	5.0%	
November	12.8%	2.2%	1.7%	-1.3%	-0.3%	4.8%	1.4%	3.4%	
December	1.1%	-2.0%	-8.9%	2.3%	0.0%	-2.1%	3.8%	1.0%	
<b>Per year</b>	<b>11.0%</b>	<b>12.9%</b>	<b>20.6%</b>	<b>-8.9%</b>	<b>24.7%</b>	<b>27.9%</b>	<b>24.2%</b>	<b>15.6%</b>	<b>28.3%</b>
<b>Since start</b>	<b>304.0%</b>	<b>263.9%</b>	<b>222.3%</b>	<b>167.3%</b>	<b>193.4%</b>	<b>135.4%</b>	<b>84.1%</b>	<b>48.3%</b>	<b>28.3%</b>

\*Net of fees. Share class D started on 11 September 2019. Returns preceding that date are the return of the Fund adjusted for the fee structure of share class D.

Performance against benchmark\*

	NAV	June*	2021*
HealthInvest Alpha Fund (C-SEK)	135.9	2.5%	11.1%
HealthInvest Alpha Fund (D-SEK)	133.0	2.5%	11.0%
MSCI World Health Care Index (SEK)	4070.5	6.2%	14.5%
MSCI World Health Care Index (USD)	475.5	2.9%	9.9%

\*Net of fees.

Risk measures (share class D)\*

	24 months	Since start
Sharpe ratio	1.09	1.38
Standard deviation	14.7%	12.8%
Beta vs MSCI World Health Care Index	0.85	0.62
Downside risk	6.5%	7.0%
Active risk (tracking error)	9.9%	10.9%

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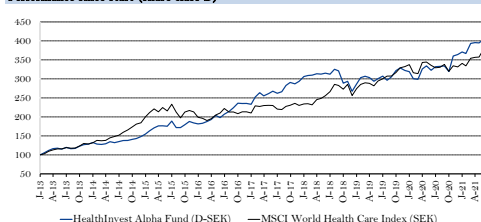
Top Five Positions

Company	Country	Sector	Portfolio weight
Ironwood Pharma	US	Biotechnology	8.6%
Drägerwerk	DE	Health Care Equipment	8.1%
Almirall Laboratorios	ES	Pharmaceuticals	7.5%
Supernus Pharmaceuticals	US	Pharmaceuticals	7.2%
Haw Par	SP	Pharmaceuticals	4.8%

Sector Distribution

Sector	Portfolio weight
Biotechnology	34%
Pharmaceuticals	26%
Health Care Equipment	18%
Health Care Distributors	9%
Health Care Services	7%
Cash	7%

Performance since start (share class D)\*



\*Net of fees. Share class D started on September 11, 2019. Returns preceding that date are the returns of the Fund adjusted for the fee structure of share class D.

Geographical Distribution

Region	Portfolio weight
USA	46%
Europe	38%
Asia	9%
Cash	7%

Liquidity Risk\*

% part	No of days to liquidate portfolio					
	0-1	1-2	2-3	3-5	5-30	30+
5	36	5	2	4	26	26
10	41	4	4	6	29	15
15	44	6	4	8	26	12
20	46	7	6	8	22	11

\* % of portfolio that can be liquidated with different constraints on daily turnover.

DISCLAIMER

HealthInvest Alpha 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 Alpha 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).