

MARKET DEVELOPMENT

Healthcare stocks developed positively in August and MSCI World Health Care Index increased 2.8% in USD and 3.1% 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 15% DISCOUNT.

FUND PERFORMANCE

HealthInvest Alpha Fund declined 2.1% in USD and 1.8% in SEK (share class D) in August. Although the absolute return in 2021 has been satisfactory, we note that it pales in comparison with MSCI World Health Care Index. In part, this is due to lower risk-taking, but it is also due to that none of the Fund's current holdings has yet fulfilled its potential in 2021. The lower risk-taking will not change, but our hope is that at least some of the holdings will reach the price targets during the autumn.

MANAGEMENT, VALUATION & OUTLOOK

In August, HealthInvest Alpha Fund built up three new substantial equity positions.

AmerisourceBergen is a drug distributor with a dominant market position in the US. Its shares have taken a beating during recent years because Amerisource has been subjected to price pressure in important contracts and declining growth in drug prices. However, because drug distribution in the US is an oligopoly, we believe that there are good opportunities for Amerisource to adapt and continue to grow in pace with underlying drug consumption. The shares are currently trading at approximately 10 times free cash flow, which is a vast discount relative to the healthcare sector.

Rigel Pharmaceuticals is a small US biotech company that has launched a drug against ITP, a serious disease that sharply reduces blood platelets. Patients are being treated with steroids and immunoglobulin (first line). However, these only work temporarily. Then so-called TPOs are used, such as Amgen's Nplate and Novartis' Promacta, in second-line treatment. However, the TPOs do not really change the disease but only increase the production of platelets. Rigel's drug Tavalisse is a so-called SYK inhibitor that actually prevents the macrophages from attacking the platelets, which make more sense to us. Today, Tavalisse is used almost exclusively in difficult patients, but recent data shows good response in second-line patients. This means that the drug should be able to take market from the TPOs - a market worth 2-3 billion USD (Rigel sells today for about 70 million annually). In addition, Rigel aims to get Tavalisse approved for the treatment of the disease "warm AIHA". It is also a blood disease, but where the red blood cells are broken down. The medical need is high as there are no good treatments for warm AIHA today. Rigel's phase 2 study showed that 48% of the patients achieved acceptable blood values within six months and half of these achieved the goal after only two weeks. The AIHA market amounts to around 250m USD, which hopefully will give Rigel another area of substantial growth. Overall, we think Rigel has exciting profit prospects and a reasonable valuation as the shares may have a P/E of 5x in 2025.

Swedish Orphan Biovitrum ("SOBI") is a specialty pharmaceutical company that specializes in rare diseases. Its shares have been under pressure since 2018 as Roche successfully has developed and launched the competing drug Hemlibra. Like SOBI's important product Elocta, Hemlibra has been shown to be effective against Hemophilia A, a hereditary disease caused by a lack of factor VIII, which is a necessary substance required for the blood to clot and stop all types of bleeding. Hemlibra is also easy to administer as it is given subcutaneously (under the skin) while Elocta must be given intravenously and more frequently. We agree that Hemlibra is a serious competitor to Elocta, but believe that SOBI's drug will retain a share of the market. This hypothesis is supported by the fact that SOBI's business area Hematology actually grew 12% during the second quarter, adjusted for currency effects. SOBI also has several fast-growing drugs and promising R&D projects that should justify a higher valuation than today's 13x free cash flow.

HealthInvest Alpha Fund (as an aggregate) is currently trading at 12.6x free cash flow. This compares favourably to the global healthcare sector (22.5x) as well as to MSCI World Index (26.5x).

At month end, the Fund had 26 equity holdings and 87% of the companies produce significant positive free cash flow. The net equity exposure was 93%.

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	-0.2%	3.0%	2.2%	-0.9%	-2.0%	4.5%	7.7%	2.2%	4.0%
August	-1.8%	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%	
Per year	8.8%	12.9%	20.6%	-8.9%	24.7%	27.9%	24.2%	15.6%	28.3%
Since start	295.8%	263.9%	222.3%	167.3%	193.4%	135.4%	84.1%	48.3%	28.3%

*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	Aur*	2021*
HealthInvest Alpha Fund (C-SEK)	133.2	-1.8%	8.9%
HealthInvest Alpha Fund (D-SEK)	130.3	-1.8%	8.8%
MSCI World Health Care Index (SEK)	4373.8	3.1%	23.0%
MSCI World Health Care Index (USD)	506.9	2.8%	17.2%

*Net of fees.

Risk measures (share class D)*

	24 months	Since start
Sharpe ratio	1.08	1.34
Standard deviation	14.5%	12.8%
Beta vs MSCI World Health Care Index	0.80	0.61
Downside risk	6.1%	7.0%
Active risk (tracking error)	10.2%	11.0%

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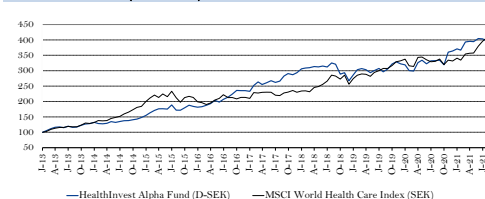
Top Five Positions

Company	Country	Sector	Portfolio weight
Supernus Pharmaceuticals	US	Pharmaceuticals	6.6%
Almirall Laboratories	ES	Pharmaceuticals	6.9%
Ironwood Pharma	US	Biotechnology	5.8%
Draegerwerk	DE	Health Care Equipment	5.7%
Swedish Orphan Biovitrum	SE	Biotechnology	5.7%

Sector Distribution

Sector	Portfolio weight
Pharmaceuticals	30%
Biotechnology	30%
Health Care Equipment	16%
Health Care Distributors	12%
Health Care Services	6%
Cash	3%

Performance since start (share class D)*



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

Geographical Distribution

Region	Portfolio weight
USA	45%
Europe	40%
Asia	11%
Cash	3%

Liquidity Risk*

% part	No of days to liquidate portfolio						
	0-1	1-2	2-3	3-5	5-30	30+	
5	31	6	3	6	26	29	
10	37	6	6	8	24	19	
15	40	8	6	7	23	16	
20	43	10	6	8	19	15	

* % 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. 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.