

# Audited annual report as at 31st December 2011

## **Rhenman & Partners Fund**

Investment Fund (F.C.P.), Luxembourg



#### Notice

The sole legally binding basis for the purchase of units of the Fund described in this report is the latest valid sales prospectus with its terms of contract.

**Rhenman & Partners Fund**

**Contents**

**Organisation.....2**

**General information .....4**

**Report from the Investment Manager.....5**

**Audit Report .....6**

**Consolidated statement of net assets .....8**

**Consolidated statement of operations and other changes in net assets .....9**

**Rhenman & Partners Fund - Rhenman Healthcare Equity L/S .....10**

    Statement of net assets .....10

    Statement of operations and other changes in net assets .....11

    Statistical information .....12

    Statement of investments and other net assets .....14

    Industrial and geographical classification of investments .....17

**Notes to the financial statements .....18**

## Rhenman & Partners Fund

### Organisation

---

**Management Company and  
Central Administrator**

SEB Fund Services S.A.  
6a, Circuit de la Foire Internationale  
L-1347 Luxembourg

**Board of Directors of  
the Management Company**

**Chairman**

Niklas NYBERG  
Global Head of GTS Financial Institutions  
SEB Merchant Banking, Sweden

**Vice-Chairman**

William PAUS  
Managing Director  
Skandinaviska Enskilda Banken AB (publ), Oslo Branch, Norway

**Directors**

Ralf ENCE  
Senior Adviser  
SEB Merchant Banking, Sweden  
(until 20th September 2011)

Jan HEDMAN  
Global Head of Fund Execution  
SEB Merchant Banking, Sweden

Rudolf KÖMEN  
Managing Director  
SEB Asset Management S.A., Luxembourg

Ann-Charlotte LAWYER  
Managing Director  
SEB Fund Services S.A., Luxembourg

Jonas LINDGREN  
Head of Prime Brokerage  
SEB Enskilda, Securities Finance, Sweden

**Custodian Bank and Paying Agent**

Skandinaviska Enskilda Banken S.A.  
6a, Circuit de la Foire Internationale  
L-1347 Luxembourg

**Sub-Administrator, Registrar  
and Transfer Agent**

European Fund Administration S.A.  
2, Rue d'Alsace  
L-1122 Luxembourg

**Investment Manager**

Rhenman Partners Asset Management AB  
Kaptensgatan 6  
SE-114 57 Stockholm

## Rhenman & Partners Fund

### Organisation (continued)

---

<b>Placement and Distribution Agent</b>	Rhenman Partners Asset Management AB Kaptensgatan 6 SE-114 57 Stockholm
<b>Prime Broker</b>	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm
<b>Paying Agent in Sweden</b>	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm
<b>Promoter</b>	SEB Fund Services S.A. 6a, Circuit de la Foire Internationale L-1347 Luxembourg
<b>Auditor</b>	PricewaterhouseCoopers S.à r.l. 400, Route d'Esch L-1471 Luxembourg

## Rhenman & Partners Fund

### General information

---

Rhenman & Partners Fund (the "Fund") is an open-ended mutual investment fund incorporated under the laws of the Grand Duchy of Luxembourg as a "*Fonds Commun de Placement*" ("FCP") registered pursuant to Part II of the Law of 17th December 2010 relating to Undertakings for Collective Investment since 1st January 2011 (hereafter the "Law").

The Fund is set up in accordance with General Management Regulations (hereafter the "Management Regulations") signed in Luxembourg on 5th June 2009. A notice of the amended Management Regulations has been published on 18th June 2009 in the "*Mémorial C, Recueil des Sociétés et Associations*" (the "*Mémorial C*").

The registered office of the Management Company is established at 6a, Circuit de la Foire Internationale, L-1347 Luxembourg.

The Fund is an umbrella fund and as such provides investors with the choice of investment in a range of several separate Sub-Funds each of which relates to a separate portfolio of liquid assets and other securities and assets permitted by Law with specific investment objectives, as described in Part B of the current prospectus.

At present, one Sub-Fund is at the unitholder's disposal:

- Rhenman & Partners Fund - Rhenman Healthcare Equity L/ S in EUR.  
(hereafter "Rhenman Healthcare Equity L/ S")

For the time being only the classes IC1 (EUR), IC2 (EUR), IC3 (EUR), RC1 (SEK), RC1 (EUR) and RC2 (SEK) are available.

The class I units are reserved to institutional investors as defined by article 174 paragraph (2), c) of the Law.

The financial year of the Fund ends on 31st December.

The Net Asset Value per unit of each class, subscription and redemption prices in the Sub-Fund are available at the registered office of the Management Company.

The Fund's currency is euro (EUR).

The Net Asset Value per unit of the Sub-Fund is calculated monthly as of the last Business Day of each month in Luxembourg ("Valuation Day"), under the overall responsibility of the Management Company.

Financial reports of the Fund are published annually and semi-annually. These reports, as well as the sales prospectus and all information concerning the Fund are available at the registered office of the Management Company, the Custodian Bank and Paying Agent.

## **Rhenman & Partners Fund**

### **Report from the Investment Manager**

---

To the Unitholders,

The main fund share class "IC1 (EUR)" rose by 9.66% in 2011. The stated strategy of the fund is to hold roughly a third of small, medium and large cap companies respectively over time, a diversification target that is continuing to show its strength. The Biotechnology sub-sector contributed significantly to the positive performance during the year. Medical technology companies came back during the second half but had a mediocre year on average. Pharmaceutical companies had a positive year as there was renewed focus on the steady progress of pipelines. Service companies continued to climb as the healthcare reform now is fully understood and is also mostly supportive to managed care companies. Finally, the strengthening of the dollar gave support to the fund.

The year was quite turbulent due to the ongoing financial crisis in Europe and during the renewed recession fears in the US during the summer. The European Central Bank came to rescue markets late in the year with the supply of in principle unlimited three year financing for banks against less restrictive collateral requirements. The first part of the Long-Term Refinancing Operation was very successful and helped to stabilize markets during December.

An active year is ahead of us. As we correctly predicted for 2011 the market continued to favour growth stocks to the benefit of small and medium-sized companies in the various sub-sectors of the healthcare industry, not least biotechnology. We continue to believe this is a relevant scenario for 2012, at least for the first half of the year. The high activity level of M & A's as a result of the current low interest rate environment is also likely to continue. The number of IPO's continues to be few but the activity level will pick up, most likely already during the spring.

The growth in demand for healthcare has bottomed-out for this economic cycle and will now gradually rise, albeit cautiously. Austerity measures in Europe continue to weigh on growth prospects but most regions have strong underpinnings. The prospects overall therefore look quite good for the year ahead, despite the strong recovery during the autumn. We also think it is likely that allocations between stocks and bonds among many of the larger financial institutions will gradually shift towards an increased proportion of shares. However, there is no apparent reason why just the large pharmaceutical companies should have a particularly good year - it is probably still somewhat early in the global recovery, which is why we continue to underweight this particular sub-sector, despite very low valuations. Sometime in 2012, most likely in the second half, will the appetite for these large companies hopefully rise.

Luxembourg, 8th February 2012

The Investment Manager

Note: The information in this report represents historical data and is not an indication of future results.



## Audit Report

To the Unitholders of  
**Rhenman & Partners Fund**

---

We have audited the accompanying financial statements of Rhenman & Partners Fund, which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2011 and the statement of operations and other changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

### *Responsibility of the Board of Directors of the Management Company for the financial statements*

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the "Réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Management Company, as well as evaluating the overall presentation of the financial statements.

*PricewaterhouseCoopers S.à r.l., 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg  
T: +352 494848 1, F: +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°00123693)  
R.C.S. Luxembourg B 65 477 - Capital social EUR 516 950 - TVA LU17564447*





**Audit Report (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Rhenman & Partners Fund as of 31st December 2011, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

*Other matters*

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers S.à r.l.  
Represented by

Luxembourg, 16th April 2012



Jean-Robert Lontz

## Rhenman & Partners Fund

### Consolidated statement of net assets (in EUR)

as at 31st December 2011

#### Assets

Securities portfolio at market value	47,048,487.50
Cash at banks	162,606.54
Formation expenses, net	16,634.84
Income receivable on portfolio	18,931.69
	<hr/>
Total assets	47,246,660.57
	<hr/>

#### Liabilities

Bank liabilities	919,651.58
Collateralized debt at banks	8,831,904.81
Other liquid liabilities	0.42
Short sales of securities at market value	4,811,597.10
Payable on redemptions of units	65,396.33
Interest payable on collateralized debt at banks	7,864.32
Interest on bank liabilities and expenses payable	168,914.91
	<hr/>
Total liabilities	14,805,329.47
	<hr/>
Net assets at the end of the year	32,441,331.10
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund

### Consolidated statement of operations and other changes in net assets (in EUR)

from 1st January 2011 to 31st December 2011

#### **Income**

Dividends, net	265,317.31
Interest on bank accounts	1,575.60
Total income	266,892.91

#### **Expenses**

Management fees	455,753.88
Performance fees	117,904.30
Banking charges and other fees	5,250.99
Transaction fees	2,762.56
Central administration costs	65,867.33
Professional fees	13,572.25
Other administration costs	65,192.50
Subscription duty ("taxe d'abonnement")	8,807.47
Interest paid on bank liabilities	16,005.13
Dividends paid on short sales of securities	35,124.32
Interest paid on collateralized debt at banks	150,119.50
Other expenses	12,496.25
Total expenses	948,856.48

Net investment loss	-681,963.57
---------------------	-------------

#### **Net realised gain/(loss)**

- on securities portfolio	3,043,215.43
- on options	-50,171.34
- on foreign exchange	-105,046.93

Realised result	2,206,033.59
-----------------	--------------

#### **Net variation of the unrealised gain/(loss)**

- on securities portfolio	342,289.20
- on options	95,128.47

Result of operations	2,643,451.26
----------------------	--------------

Subscriptions	8,384,761.41
---------------	--------------

Redemptions	-6,037,198.29
-------------	---------------

Total changes in net assets	4,991,014.38
-----------------------------	--------------

Total net assets at the beginning of the year	27,450,316.72
---	---------------

Total net assets at the end of the year	32,441,331.10
---	---------------

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

### Statement of net assets (in EUR)

as at 31st December 2011

#### Assets

Securities portfolio at market value	47,048,487.50
Cash at banks	162,606.54
Formation expenses, net	16,634.84
Income receivable on portfolio	18,931.69
Total assets	47,246,660.57

#### Liabilities

Bank liabilities	919,651.58
Collateralized debt at banks	8,831,904.81
Other liquid liabilities	0.42
Short sales of securities at market value	4,811,597.10
Payable on redemptions of units	65,396.33
Interest payable on collateralized debt at banks	7,864.32
Interest on bank liabilities and expenses payable	168,914.91
Total liabilities	14,805,329.47

Net assets at the end of the year 32,441,331.10

"IC1 (EUR)" units outstanding	43,356.587
Net asset value per "IC1 (EUR)" unit	134.58
"IC2 (EUR)" units outstanding	50,000.000
Net asset value per "IC2 (EUR)" unit	104.30
"IC3 (EUR)" units outstanding	44,037.449
Net asset value per "IC3 (EUR)" unit	132.02
"RC1 (SEK)" units outstanding	536,875.056
Net asset value per "RC1 (SEK)" unit	SEK 111.04
"RC1 (EUR)" units outstanding	529.493
Net asset value per "RC1 (EUR)" unit	124.91
"RC2 (SEK)" units outstanding	697,326.414
Net asset value per "RC2 (SEK)" unit	SEK 112.63

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

### Statement of operations and other changes in net assets (in EUR)

from 1st January 2011 to 31st December 2011

#### **Income**

Dividends, net	265,317.31
Interest on bank accounts	1,575.60
Total income	266,892.91

#### **Expenses**

Management fees	455,753.88
Performance fees	117,904.30
Banking charges and other fees	5,250.99
Transaction fees	2,762.56
Central administration costs	65,867.33
Professional fees	13,572.25
Other administration costs	65,192.50
Subscription duty ("taxe d'abonnement")	8,807.47
Interest paid on bank liabilities	16,005.13
Dividends paid on short sales of securities	35,124.32
Interest paid on collateralized debt at banks	150,119.50
Other expenses	12,496.25
Total expenses	948,856.48

Net investment loss	-681,963.57
---------------------	-------------

#### **Net realised gain/(loss)**

- on securities portfolio	3,043,215.43
- on options	-50,171.34
- on foreign exchange	-105,046.93

Realised result	2,206,033.59
-----------------	--------------

#### **Net variation of the unrealised gain/(loss)**

- on securities portfolio	342,289.20
- on options	95,128.47

Result of operations	2,643,451.26
----------------------	--------------

Subscriptions	8,384,761.41
---------------	--------------

Redemptions	-6,037,198.29
-------------	---------------

Total changes in net assets	4,991,014.38
-----------------------------	--------------

Total net assets at the beginning of the year	27,450,316.72
---	---------------

Total net assets at the end of the year	32,441,331.10
---	---------------

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

### Statistical information (in EUR)

as at 31st December 2011

<b>Total net assets</b>	
- as at 31.12.2011	32,441,331.10
- as at 31.12.2010	27,450,316.72
- as at 31.12.2009	17,324,365.37
<b>Number of "IC1 (EUR)" units</b>	
- outstanding at the beginning of the year	45,047.713
- issued	2,571.730
- redeemed	-4,262.856
- outstanding at the end of the year	43,356.587
<b>Net asset value per "IC1 (EUR)" unit</b>	
- as at 31.12.2011	134.58
- as at 31.12.2010	122.73
- as at 31.12.2009	113.28
<b>Number of "IC2 (EUR)" units</b>	
- outstanding at the beginning of the year	0.000
- issued	50,000.000
- redeemed	0.000
- outstanding at the end of the year	50,000.000
<b>Net asset value per "IC2 (EUR)" unit</b>	
- as at 31.12.2011	104.30
- as at 31.12.2010	-
- as at 31.12.2009	-
<b>Number of "IC3 (EUR)" units</b>	
- outstanding at the beginning of the year	41,327.486
- issued	6,726.242
- redeemed	-4,016.279
- outstanding at the end of the year	44,037.449
<b>Net asset value per "IC3 (EUR)" unit</b>	
- as at 31.12.2011	132.02
- as at 31.12.2010	120.00
- as at 31.12.2009	109.19
<b>Number of "RC1 (SEK)" units</b>	
- outstanding at the beginning of the year	582,718.428
- issued	130,475.225
- redeemed	-176,318.597
- outstanding at the end of the year	536,875.056
<b>Net asset value per "RC1 (SEK)" unit</b>	
- as at 31.12.2011	SEK 111.04
- as at 31.12.2010	SEK 102.16
- as at 31.12.2009	SEK 106.75
<b>Number of "RC1 (EUR)" units</b>	
- outstanding at the beginning of the year	250.000
- issued	488.873
- redeemed	-209.380
- outstanding at the end of the year	529.493
<b>Net asset value per "RC1 (EUR)" unit</b>	
- as at 31.12.2011	124.91
- as at 31.12.2010	115.32
- as at 31.12.2009	-

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

### Statistical information (in EUR) (continued)

as at 31st December 2011

<b>Number of "RC2 (SEK)" units</b>	
- outstanding at the beginning of the year	903,332.744
- issued	53,531.837
- redeemed	-259,538.167
<hr/>	<hr/>
- outstanding at the end of the year	697,326.414
<b>Net asset value per "RC2 (SEK)" unit</b>	
- as at 31.12.2011	SEK 112.63
- as at 31.12.2010	SEK 103.08
- as at 31.12.2009	SEK 107.07

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

### Statement of investments and other net assets (in EUR)

as at 31st December 2011

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<b><u>Investments in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
CHF	50,000	Nobel Biocare Holding AG Reg	456,187.84	449,634.04	1.39
CHF	15,000	Novartis AG Reg	615,093.45	663,333.74	2.05
CHF	7,000	Roche Holding AG B de jous Pref	826,240.23	917,714.61	2.83
			1,897,521.52	2,030,682.39	6.27
DKK	5,141	Alk-Abello A/ S B	218,922.72	222,041.69	0.68
DKK	48,516	Bavarian Nordic A/ S	473,913.23	250,667.54	0.77
DKK	12,000	Novo Nordisk A/ S B	963,259.59	1,065,631.54	3.29
DKK	47,000	Zealand Pharma A/ S	456,124.41	360,457.94	1.11
			2,112,219.95	1,898,798.71	5.85
EUR	27,000	Agennix AG	102,622.09	74,250.00	0.23
EUR	25,000	Bayer AG Reg	1,050,846.47	1,235,000.00	3.81
EUR	5,000	BioMerieux	277,391.61	276,200.00	0.85
EUR	12,000	Fresenius SE & Co KGaA	731,481.15	857,760.00	2.64
EUR	70,000	Galapagos Genomics NV	501,968.37	727,300.00	2.24
EUR	15,000	Gerresheimer AG	413,843.51	482,925.00	1.49
EUR	20,000	Ipsen SA	484,669.92	485,000.00	1.50
EUR	50,000	Medica	662,475.42	650,000.00	2.00
EUR	20,000	Sanofi	948,608.85	1,135,000.00	3.50
EUR	150,000	Sorin SpA	215,352.55	177,750.00	0.55
EUR	17,000	ThromboGenics NV	297,430.83	321,300.00	0.99
EUR	21,919	UCB	658,260.09	712,586.69	2.19
			6,344,950.86	7,135,071.69	21.99
GBP	35,000	GlaxoSmithKline Plc	540,246.20	616,455.50	1.90
GBP	35,000	Shire Plc	633,378.32	939,659.99	2.90
			1,173,624.52	1,556,115.49	4.80
HKD	50,000	Shanghai Pharmaceuti Hg Co Ltd H	68,696.38	62,367.09	0.19
HKD	145,200	Sinopharm Group Co Ltd H	340,068.86	268,647.69	0.83
			408,765.24	331,014.78	1.02
JPY	50,000	Daiichi Sankyo Co Ltd	728,847.92	763,555.36	2.35
NOK	50,000	Algeta ASA	1,039,129.90	987,306.14	3.05
NOK	45,000	Clavis Pharma ASA	229,801.02	278,188.02	0.86
NOK	322,686	Pronova BioPharma ASA	404,425.94	326,502.56	1.01
			1,673,356.86	1,591,996.72	4.92
SEK	75,000	BioInvent Intl AB	236,295.90	135,573.95	0.42
SEK	87,610	Boule Diagnostics AB	462,208.26	314,769.60	0.97
SEK	50,000	Meda AB A	389,712.76	401,950.11	1.24
SEK	71,525	Medivir ABB	906,874.32	534,033.67	1.65
SEK	85,000	Vitrolife AB	261,169.25	427,549.17	1.32
			2,256,260.49	1,813,876.50	5.60
USD	5,000	Abbott Laboratories	210,307.84	216,502.39	0.67
USD	50,000	Achillion Pharmaceuticals Inc	178,827.38	293,392.88	0.90
USD	10,000	Aetna Inc	273,994.54	324,888.34	1.00
USD	20,000	Aflac Inc	638,071.47	666,255.96	2.06
USD	20,400	Agilent Technologies Inc	491,546.48	548,723.24	1.69
USD	15,000	Alexion Pharmaceuticals Inc	522,835.62	825,889.42	2.55
USD	30,000	Alkermes Plc	298,511.83	401,047.28	1.24
USD	5,000	Allergan Inc	308,269.60	337,825.35	1.04
USD	10,000	AmerisourceBergen Corp	287,436.84	286,385.34	0.88
USD	15,000	Amgen Inc	627,663.85	741,683.35	2.28

The accompanying notes are an integral part of these financial statements.



## Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

### Statement of investments and other net assets (in EUR) (continued)

as at 31st December 2011

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	81,300	Ariad Pharmaceuticals Inc	561,917.84	766,922.07	2.37
USD	15,000	Baxter Intl Inc	589,422.58	571,538.58	1.76
USD	3,000	Becton Dickinson & Co	161,066.09	172,616.66	0.53
USD	20,000	BioMarin Pharmaceutical Inc	341,156.07	529,493.30	1.63
USD	3,000	Biogen IDEC Inc	249,007.37	254,235.33	0.78
USD	100,000	Boston Scientific Corp	444,610.58	411,212.08	1.26
USD	3,000	CR Bard Inc	189,451.69	197,520.41	0.61
USD	25,000	CVS Caremark Corp	619,515.13	785,076.24	2.42
USD	10,000	Cardinal Health Inc	286,680.12	312,721.39	0.96
USD	15,000	Celgene Corp	628,304.95	780,840.90	2.40
USD	15,000	Cepheid Inc	375,997.92	397,466.50	1.23
USD	10,000	Cigna Corp	293,836.05	323,425.23	1.00
USD	100,000	Corcept Therapeutics Inc	240,156.39	263,360.54	0.81
USD	10,000	Covidien Plc	332,957.46	346,604.04	1.07
USD	20,000	Cubist Pharmaceuticals Inc	492,008.26	610,195.60	1.88
USD	25,000	Cyberonics Inc	502,389.07	644,925.30	1.99
USD	5,000	Davita Inc	249,330.14	291,891.27	0.90
USD	54,963	Dyax Corp	74,983.15	57,561.74	0.18
USD	192,000	Dynavax Technologies Corp	311,567.79	490,867.09	1.51
USD	50,000	Endologix Inc	157,021.38	442,014.48	1.36
USD	100,000	Exelixis Inc	433,839.49	364,623.44	1.12
USD	20,000	Express Scripts Inc	617,526.49	688,279.69	2.12
USD	41,000	Forest Laboratories Inc	939,854.65	955,382.72	2.95
USD	5,000	Gen Probe Inc	205,240.68	227,629.76	0.70
USD	20,000	Gilead Sciences Inc	547,708.94	630,371.17	1.94
USD	15,000	HCA Holdings Inc	242,671.75	254,466.35	0.78
USD	50,000	Halozyme Therapeutics Inc	261,426.60	366,163.56	1.13
USD	35,000	Incyte Corp	373,461.94	404,551.05	1.25
USD	25,000	Ironwood Pharmaceuticals Inc A	215,957.86	230,440.47	0.71
USD	10,000	Jazz Pharmaceuticals Inc	289,166.26	297,474.20	0.92
USD	10,000	Laboratory Corp of America Hgs	616,217.03	662,020.64	2.04
USD	15,000	MAKO Surgical Corp	318,372.34	291,198.21	0.90
USD	30,000	MAP Pharmaceuticals Inc	317,219.31	304,250.73	0.94
USD	10,000	Masimo Corp	216,118.04	143,885.72	0.44
USD	10,000	McKesson Corp	518,893.78	599,953.80	1.85
USD	7,000	Medco Health Solutions Inc	271,445.60	301,324.50	0.93
USD	10,000	Medivation Inc	368,401.84	355,074.70	1.09
USD	25,000	Medtronic Inc	625,240.12	736,369.94	2.27
USD	30,000	Merck Co Inc	738,434.28	870,937.93	2.68
USD	10,000	Momenta Pharmaceuticals Inc	119,016.46	133,913.45	0.41
USD	100,000	Nektar Therapeutics	694,298.94	430,848.61	1.33
USD	15,000	Onyx Pharmaceuticals Inc	445,847.65	507,662.10	1.57
USD	40,000	Optimer Pharmaceuticals Inc	398,594.10	377,021.41	1.16
USD	50,000	Pfizer Inc	763,332.71	833,204.99	2.57
USD	70,000	Raptor Pharmaceutical Corp	247,502.67	337,440.32	1.04
USD	20,000	Salix Pharmaceutical Ltd	539,645.31	736,947.48	2.27
USD	29,000	Seattle Genetics Inc	361,895.54	373,275.07	1.15
USD	25,000	Simcere Pharmaceutical Group spons ADR repr 2 Shares	198,238.75	180,964.12	0.56
USD	10,000	St Jude Medical Inc	331,221.21	264,130.60	0.81
USD	20,000	Teva Pharma Ind Ltd ADR repr 1 Share	641,625.26	621,592.48	1.92
USD	10,000	Thermo Fisher Scientific Inc	416,642.17	346,296.01	1.07
USD	20,000	Thoratec Corp	450,619.43	516,864.32	1.60
USD	25,000	Trius Therapeutics Inc	142,112.08	137,648.24	0.42
USD	20,000	United Health Group Inc	540,474.11	780,532.88	2.41
USD	30,630	Vanguard Health Syst Inc	301,044.82	241,058.52	0.74
USD	12,000	Varian Medical Systems Inc	511,650.57	620,329.59	1.91
USD	10,000	WellPoint Inc	450,661.04	510,164.79	1.57
			<u>26,610,465.30</u>	<u>29,927,375.86</u>	<u>92.23</u>
<b>Total investments in securities</b>			<b>43,206,012.66</b>	<b>47,048,487.50</b>	<b>145.03</b>

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

### Statement of investments and other net assets (in EUR) (continued) as at 31st December 2011

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<b><u>Short positions in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
USD	-1,000	Dentsply Intl Inc	-22,540.99	-26,944.40	-0.08
USD	-1,500	Edwards Lifesciences Corp	-39,645.70	-81,664.87	-0.25
USD	-3,000	Eli Lilly & Co	-81,196.01	-96,011.09	-0.30
USD	-2,000	Universal Health Services Inc B	-38,398.76	-59,849.07	-0.18
<b>Total shares</b>			<b>-181,781.46</b>	<b>-264,469.43</b>	<b>-0.81</b>
<b><u>Open-ended investment funds</u></b>					
<b>Tracker funds (UCI)</b>					
USD	-80,000	Select Sector SPDR (The) Trust Hlth Select Sector Fd	-1,810,043.73	-2,136,454.64	-6.59
USD	-30,000	iShares Trust Nasdaq Biotechnology Idx Fd	-1,892,964.12	-2,410,673.03	-7.43
<b>Total tracker funds (UCI)</b>			<b>-3,703,007.85</b>	<b>-4,547,127.67</b>	<b>-14.02</b>
Total short positions in securities			-3,884,789.31	-4,811,597.10	-14.83
Cash at banks				162,606.54	0.50
Bank liabilities and collateralized debt at banks				-9,751,556.39	-30.06
Other net assets/ (liabilities)				-206,609.45	-0.64
<b>Total</b>				<b>32,441,331.10</b>	<b>100.00</b>

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund - Rhenman Healthcare Equity L/S

### Industrial and geographical classification of investments

as at 31st December 2011

#### Industrial classification

(in percentage of net assets)

Pharmaceuticals and biotechnology	92.69 %
Health care equipment and services	36.78 %
Materials	5.30 %
Insurance	3.06 %
Food retailing, drugstores and pharmacies	2.42 %
Commercial services and supplies	1.85 %
Technology hardware and equipment	1.69 %
Diversified financial services	1.24 %
Total	<u>145.03 %</u>

#### Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

United States of America	88.51 %
Germany	8.17 %
France	7.85 %
Switzerland	6.27 %
Denmark	5.85 %
Sweden	5.60 %
Belgium	5.42 %
Norway	4.92 %
Jersey	2.90 %
Japan	2.35 %
Israel	1.92 %
United Kingdom	1.90 %
Ireland	1.24 %
China	1.02 %
Cayman Islands	0.56 %
Italy	0.55 %
Total	<u>145.03 %</u>

The accompanying notes are an integral part of these financial statements.

## Rhenman & Partners Fund

### Notes to the financial statements

as at 31st December 2011

#### Note 1 - Significant accounting policies

##### a) Presentation of the financial statements

The financial statements of the Fund are established in accordance with the Luxembourg legal and regulatory requirements concerning undertakings for collective investment.

##### b) Valuation

- 1) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof.
- 2) The value of assets, which are listed or dealt in on any stock exchange, is based on the last available price of the preceding business day on the stock exchange, which is normally the principal market for such assets.
- 3) The value of assets dealt in on any other regulated market which is recognised, operating regularly and open to the public (a "Regulated Market") is based on the last available price.
- 4) In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (2) or (3) is not representative of the fair market value of the relevant assets, the value of such assets will be based on the reasonably foreseeable sales price determined prudently and in good faith.
- 5) The liquidating value of options contracts not traded on exchanges or on other Regulated Markets is their net liquidating value determined, pursuant to the policies established by the Board of Directors, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets are based upon the settlement or closing prices of these contracts on the preceding business day on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Fund; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors of the Management Company may deem fair and reasonable.
- 6) Units or shares of open-ended underlying funds are valued at their last determined and available Net Asset Value or, if such price is not representative of the fair market value of such assets, then the price shall be determined by the Board of Directors of the Management Company on a fair and equitable basis and in good faith.
- 7) All other securities and other assets are valued at fair market value as determined in good faith pursuant to the procedures established by the Management Company.

## Rhenman & Partners Fund

### Notes to the financial statements (continued)

as at 31st December 2011

#### c) Net realised gain/ (loss) on sales of securities

The net realised gain/ (loss) on sales of securities is determined on the basis of the average cost of securities sold.

#### d) Cost of securities

The acquisition cost of a security denominated in a currency other than that of the Sub-Fund is converted to the Sub-Fund's currency at the exchange rate prevailing on the date of purchase.

#### e) Exchange translation

Bank balances, other assets and liabilities and the value of securities held that are denominated in other currencies than the Sub-Fund's currency are converted at the prevailing exchange rate of the closing day. Income and expenses incurred in currencies other than the Sub-Fund's currency are converted at the prevailing exchange rate of the day of each transaction. Exchange gains and losses are recorded in the statement of operations and other changes in net assets.

At the date of the report, the prevailing exchange rates on the closing day were as follows:

1	EUR	=	1.2143209	CHF	Swiss Franc
			7.4322124	DKK	Danish Krona
			0.8354618	GBP	Pound Sterling
			10.0854470	HKD	Hong Kong Dollar
			99.9272669	JPY	Japanese Yen
			7.7483566	NOK	Norwegian Krona
			8.9065780	SEK	Swedish Krona
			1.2986000	USD	US Dollar

#### f) Consolidation

The financial statements of the Fund are expressed in EUR.

#### g) Formation expenses

Expenses incurred in connection with the establishment of the Fund and the creation of the Sub-Funds are amortised over a period of five years.

Formation expenses are included in the caption "Other expenses" in the statement of operations and other changes in net assets.

#### h) Other liquid liabilities

The caption "Other liquid liabilities" is mainly composed of cash accounts held at brokers.

#### i) Forward foreign exchange contracts

Forward foreign exchange contracts are valued at forward market rates for the remaining period from valuation date to the maturity of the contracts. Unrealised gains or losses are recorded in the statement of net assets. Net variation of the unrealised gain / loss and realised result are recorded in the statement of operations and other changes in net assets.

## Rhenman & Partners Fund

### Notes to the financial statements (continued)

as at 31st December 2011

#### j) Accounting principles relating to options

Premiums received on the sale of options are recorded as liabilities and premiums paid on the purchase of options are carried separately as assets. Unrealised appreciations and depreciations are posted in the statement of net assets and net variation of the unrealised gain/ (loss) on options in the statement of operations and other changes in net assets.

#### k) Short sales

When the Fund engages in a short sale, an amount equal to the proceeds received by the Fund is reflected as an asset and equivalent liability. The amount of the liability is subsequently marked to market to reflect the market value of the short sale. The Fund is exposed to the risk of depreciation to the extent that the market value of the security sold short exceeds the proceeds of the short sales. Securities sold short are borrowed from the prime broker.

#### **Note 2 - Subscription, Redemption and Conversion fees**

The Offer price per unit as well as the Redemption price per unit is equivalent to the Net Asset Value per unit of the relevant class (or Gross Net Asset Value with respect to the subscription of class I2 units) increased by the subscription fee of the respective unit class for subscriptions and decreased by the redemption fee of the respective unit class for redemptions as indicated hereafter:

	Subscription fee	Redemption fee	Conversion fee
Unit class R	max 3%	max 3%	max 3%
Unit class I	max 3%	max 3%	max 3%

The subscription, redemption and conversion fee will revert to the Placement and Distribution Agent, i.e. Rhenman Partners Asset Management AB.

#### **Note 3 - Management fees**

The Management Company is entitled to receive out of the Sub-Fund's assets a management fee payable monthly in arrears based on the Sub-Fund's net assets calculated monthly, of:

- maximum 2.075% p.a. for the class RC1 (SEK) and RC1 (EUR),
- maximum 1.575% p.a. for the classes RC2 (SEK), IC1 (EUR) and IC3 (EUR),
- maximum 1.075% p.a. for the class IC2 (EUR).

For its services, the Investment Manager, Rhenman Partners Asset Management AB., receives out of the Management fee, an investment management fee calculated for each Valuation Day, paid out monthly in arrears.

At the date of the report, the applicable annual fees are as follows:

- 2.075% p.a. for the class RC1 (SEK) and RC1 (EUR),
- 1.575% p.a. for the classes RC2 (SEK), IC1 (EUR) and IC3 (EUR),
- 1.075% p.a. for the class IC2 (EUR).

## **Rhenman & Partners Fund**

### **Notes to the financial statements (continued)**

as at 31st December 2011

#### **Note 4 - Performance fee**

The Investment Manager is also entitled to receive a performance fee, payable out of the Sub-Fund's assets.

The performance fee is calculated and accrued monthly in the respective unit classes as described below and is paid out quarterly in arrears. The first period ended on 30th June 2009 and being followed by each successive quarter thereafter (the "Calculation Period").

For each Calculation Period, the performance fee in respect of each unit is equal to 20% (10% for the class IC3 (EUR)) of the appreciation in the Gross Asset Value per each unit of that class during the Calculation Period above the Base Net Asset Value per each unit of that class.

The GNAV is calculated after deduction of the management fee and administration fee but prior to the calculation of any performance fee on the relevant Valuation Day.

The Base Net Asset Value per each unit is the greater of the Net Asset Value of that unit at the time of issue of that unit multiplied by the 3 months EURO Interbank Offered Rate on the last bank business day of the previous calculation period adjusted for monthly return and the highest GNAV of that unit achieved as of the end of any previous Calculation Period (if any) during which such unit was in issue multiplied by the 3 months EURO Interbank Offered Rate for the relevant calculation period adjusted for monthly return.

For the class IC2 (EUR), certain adjustments will be made to reduce inequities that would occur for investors subscribing in Units at a time when the Net Asset Value per Unit is other than the Base Net Asset Value per Unit (Equalisation). Equalisation adjustments are no more applicable to the class IC3 (EUR).

#### **Note 5 - Central administration costs**

Out of the Sub-Fund's assets an administration fee of maximum 0.135% p.a. is payable to the Management Company monthly in arrears based on the Sub-Fund's average net assets calculated monthly. This fee includes the fee due to the Custodian. However the Management Company is entitled to a minimum monthly administration fee of EUR 3,333 payable monthly in arrears to the Management Company.

#### **Note 6 - Subscription duty ("*taxe d'abonnement*")**

The Fund is governed by Luxembourg law.

Pursuant to the legislation and regulations which are prevailing, the Fund is subject to an annual subscription duty ("*taxe d'abonnement*") of 0.05% which is payable quarterly and calculated on the basis of the net assets of each Sub-Fund on the last day of each quarter.

Pursuant to Article 175 (a) of the law of 17th December 2010 the net assets invested in undertakings for collective investment already subject to the "*taxe d'abonnement*" are exempt from this tax.

The rate of this tax may be reduced to 0.01% of the value of the net assets for Sub-Funds or classes of units reserved to institutional investors.

## Rhenman & Partners Fund

### Notes to the financial statements (continued)

as at 31st December 2011

#### Note 7 - Short options

As at 31st December 2011, the Fund is not committed in any short options.

#### Note 8 - Securities lending

The Fund may lend portions of its securities portfolio to third parties. In general, lendings may only be effected via recognised clearing houses or through the mediation of prime financial institutions that specialise in such activities and in the modus specified by them.

At the date of the report, the Sub-Fund is engaged in the following securities lending operations:

Description	Currency	Quantity	Market value (in EUR)
Celgene Corp	EUR	7,500	390,420.45
CVS Caremark Corp	EUR	25,000	785,076.24
Medica	EUR	10,000	130,000.00
Novo Nordisk A/ S B	EUR	7,000	621,618.40
			<u>1,927,115.09</u>

#### Note 9 - Pledged assets

At the date of the report, the following securities serve as pledged assets in relation to collateralized debt at banks, short sales and security lending/ borrowing operations. The counterpart of the following positions is Skandinaviska Enskilda Banken AB (publ), Stockholm.

Description	Currency	Quantity	Market value (in EUR)
Roche Holding AG B de jouis Pref	CHF	7,000.00	917,714.61
Bavarian Nordic A/ S	DKK	48,516.00	250,667.54
Novo Nordisk A/ S B	DKK	5,000.00	444,013.14
Bayer AG Reg	EUR	25,000.00	1,235,000.00
Fresenius SE & Co KGaA	EUR	10,000.00	714,800.00
Gerresheimer AG	EUR	15,000.00	482,925.00
Ipsen SA	EUR	10,000.00	242,500.00
Medica	EUR	25,000.00	325,000.00
Sanofi	EUR	20,000.00	1,135,000.00
UCB	EUR	18,000.00	585,180.00
Algeta ASA	NOK	40,000.00	789,844.91
BioInvent Intl AB	SEK	75,000.00	135,573.95
Vitrolife AB	SEK	78,889.00	396,810.90
Aflac Inc	USD	10,000.00	333,127.98
Agilent Technologies Inc	USD	15,400.00	414,232.25
Alexion Pharmaceuticals Inc	USD	15,000.00	825,889.42
Alkermes Plc	USD	25,000.00	334,206.07
Amgen Inc	USD	10,000.00	494,455.57



## Rhenman & Partners Fund

### Notes to the financial statements (continued)

as at 31st December 2011

Description	Currency	Quantity	Market value (in EUR)
Ariad Pharmaceuticals Inc	USD	56,300.00	531,091.18
Baxter Intl Inc	USD	15,000.00	571,538.58
BioMarin Pharmaceutical Inc	USD	20,000.00	529,493.30
Boston Scientific Corp	USD	50,000.00	205,606.04
Celgene Corp	USD	7,500.00	390,420.45
Cepheid Inc	USD	10,000.00	264,977.67
Cigna Corp	USD	10,000.00	323,425.23
Cubist Pharmaceuticals Inc	USD	20,000.00	610,195.60
Cyberonics Inc	USD	25,000.00	644,925.30
Endologix Inc	USD	50,000.00	442,014.48
Express Scripts Inc	USD	20,000.00	688,279.69
Forest Laboratories Inc	USD	41,000.00	955,382.72
Gen Probe Inc	USD	5,000.00	227,629.76
Gilead Sciences Inc	USD	20,000.00	630,371.17
Laboratory Corp of America Hgs	USD	10,000.00	662,020.64
Masimo Corp	USD	10,000.00	143,885.72
McKesson Corp	USD	10,000.00	599,953.80
Medtronic Inc	USD	25,000.00	736,369.94
Nektar Therapeutics	USD	100,000.00	430,848.61
Pfizer Inc	USD	30,000.00	499,922.99
Salix Pharmaceutical Ltd	USD	20,000.00	736,947.48
Teva Pharma Ind Ltd ADR repr 1 Share	USD	20,000.00	621,592.48
Thermo Fisher Scientific Inc	USD	10,000.00	346,296.01
Thoratec Corp	USD	15,000.00	387,648.24
United Health Group Inc	USD	20,000.00	780,532.88
Varian Medical Systems Inc	USD	12,000.00	620,329.59
			<u>23,638,640.89</u>

#### **Note 10 - Changes in the investment portfolio**

The statement of changes in the investment portfolio for the period covered by the report is available free of charge upon request from the registered office of the Management Company.

#### **Note 11 - Subsequent event**

The registered office of the Fund will be transferred to 4, Rue Peternelchen, L-2370 Howald (municipality of Hesperange) with effective date on 1st April 2012.

Rhenman Partners Asset Management AB  
Kaptensgatan 6  
SE-114 57 Stockholm  
Phone: +46 8 459 88 80  
Webpage: [www.rhepa.com](http://www.rhepa.com)