



HEALTHINVEST SMALL & MICROCAP FUND
PROSPECTUS

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This is a translation of the Swedish version of the Fund's prospectus. In case of any inconsistency between the English and Swedish version, the Swedish version shall prevail. This translation was published on 16 October 2019

PROSPECTUS

Pursuant to Chapter 4, section 15 of the Swedish Investment Funds Act (Swedish Code of Statutes 2004:46) each UCITS fund shall have a current prospectus regarding the Fund and its operations. This document constitutes HealthInvest Small & MicroCap Fund's prospectus. It has been prepared in accordance with the Swedish Investment Funds Act (Swedish Code of Statutes 2004:46) and regulations issued by the Swedish Financial Supervisory Authority.

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. The fund company, 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.

This prospectus is not to be regarded as a recommendation to purchase units in HealthInvest Small & MicroCap Fund. Each person who is interested in acquiring units must make their own assessment of an investment in HealthInvest Small & MicroCap Fund and the risks associated therewith.

SUMMARY

Name of the Fund

HealthInvest Small & MicroCap Fund.

Unit Classes

The Fund has four unit classes, A, B, C and D.

Legal Form

UCITS fund registered in Sweden in accordance with the Swedish Investment Funds Act (Swedish Code of Statutes 2004:46).

Management Objective

The objective of the Fund is to achieve maximum returns on invested capital while ensuring an adequate spread of investment risks by sufficient diversification.

Investment Focus & Investment Strategy

The Fund's investments focus on small healthcare companies which the fund management considers to be undervalued. The Fund invests globally.

The investment strategy entails the investment of a significant part of the fund assets in companies with relatively low market value, so-called smallcap companies. The fund company believes that the company's industry expertise and its thorough investment process significantly increase the probability of successful investments since many small-cap companies in the health care sector are not analysed and evaluated in a professional manner.

Management Fees

Unit Class A: Fixed management fee of not more than 1.5 per cent of the value of the Fund per year.

Unit Class B: Fixed management fee of not more than 1.8 per cent of the value of the Fund per year.

Unit Class C: Fixed management fee of not more than 1.0 per cent of the value of the Fund per year and a performance fee amounting to 20 per cent of that part of the return 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.

Unit Class D: Fixed management fee of not more than 1.2 per cent of the value of the Fund per year and a performance fee amounting to 20 per cent of that part of the return 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.

Subscription and Redemption of Fund Units

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

Minimum Subscription Amounts

The minimum subscription amount is SEK 50,000 in unit class A, SEK 100 in unit class B, SEK 1 000 000 in unit class C and SEK 100 in unit class D. Lesser amounts may be permitted under special circumstances

Supervision

HealthInvest Partners AB has been subject to the supervision of the Swedish Financial Supervisory Authority since 6 September 2006.

Custodian

Skandinaviska Enskilda Banken AB (publ), Sergels Torg 2, SE-106 40 Stockholm.

Auditor

Dan Beitner, Authorised Public Accountant, KPMG, Vasagatan 16, SE-101 27, Stockholm.

Reports

The fund company prepares an annual report and a semi-annual report which are sent to the unit holders upon request. A monthly letter is sent to unit holders covering developments in the Fund. The official fund unit values are published daily on the fund company's website.

Marketing in Other Countries within the EEA

The fund company is authorised to market HealthInvest Small & MicroCap Fund in Finland and Luxembourg.

Fund Company

HealthInvest Partners AB
Company registration no. 556680-4810
Funds under management: HealthInvest Small & MicroCap Fund
Share capital: SEK 2,061,582
Establishment of the fund company: 6 September 2006
Registered office, street and postal address:
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

Board of Directors

Johan Stern (Chairman), Ingemar Kihlström (Member)
Anders Hallberg (Member).

Publication Date

The English translation of the prospectus for the Fund was revised and published 16 October 2019.

THE FUND

Management Objective

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 traded securities, 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.

Investment Focus & Investment Strategy

The Fund's investments focus on smallcap healthcare companies which the fund management considers to be undervalued. Important sectors in this area include pharmaceuticals, medical technology, biotechnology and services. The Fund invests globally. The assets of the Fund may be invested in transferable securities, fund units, money market instruments and derivative instruments and deposited on account at credit institutions.

A significant part of the fund assets is invested in companies with relatively low market value, so-called smallcap companies. The fund company believes that the company's industry expertise and its thorough investment process significantly increase the probability of successful investments since many smallcap companies in the health care sector are not analysed and evaluated in a professional manner.

Responsible Investment Policy

HealthInvest Partners has acceded to the United Nations "Principles for Responsible Investment" ("PRI"). This means that the fund company supports the principles addressed by the PRI initiative and strives to comply with them in managing the fund. MSCI ESG Research examines the Fund on a regular basis from an ESG perspective (ESG stands for Environmental, Social and Corporate Governance) and reports to the fund company.

Amendments to the Fund Rules

The fund company has the possibility to amend the fund rules. Such an amendment must be approved by the Swedish Financial Supervisory Authority before entering into force. An amendment to the fund rules may affect the Fund's characteristics, e.g. its investment focus, fees and risk profile.

Marketing in Other Countries within the EEA

The fund company is authorised to market HealthInvest Small & MicroCap Fund in Finland and Luxembourg. HealthInvest Partners has appointed Skandinaviska Enskilda Banken to act as paying agent in Finland and Luxembourg.

Risk Profile

As an investor, it is important to understand the risks associated with the Fund and fund management in general.

For the purpose of managing these risks, the fund company has divided them up into various types as set forth below. An investor should not regard the list of risks associated with fund management as exhaustive. The fund company believes that the Fund is primarily exposed to market risks and currency risks.

Market risks (including currency risks): Market risks entail the risk that the value of the Fund's assets and liabilities will change with the market in a way which is disadvantageous for the unit holders. Because the Fund invests primarily in equities, it is particularly exposed to risks associated with the stock market. Since the Fund has the possibility to invest funds outside Sweden, currency risks may arise if this possibility is exploited. Furthermore, the risk increases if the Fund is concentrated in a relatively small number of assets with a relatively limited geographic distribution.

The Fund is entitled to use derivative instruments, both standardised as well as OTC derivatives as part of the Fund's investment focus. Derivative instruments introduce leverage, as a consequence of which the Fund may be more or less sensitive to market changes. 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.

Liquidity risks: Liquidity risk is the risk of a loss due to a temporary limitation on the possibility to dispose of a position for a reasonable price under normal circumstances. Since the Fund can invest in so-called smallcap companies and also has the possibility to invest in unlisted companies, there will be a liquidity risk in the portfolio.

Operational risks: An operational risk is the risk of a loss due to deficiencies in internal systems and routines. Since the fund company has delegated selected functions of the fund operations to third parties, there are also operational risks associated with the fund company's engagement with external partners.

The risk in the Fund is expressed in the Fund's annual standard deviation over a rolling 24-month period. The Fund strives to ensure that the Fund's average annual standard deviation is less than 30 per cent.

The commitment approach is used to calculate the Fund's total exposures.

Risk Management

The objective of risk management by the fund company is to be able, at all times, to assess and manage the risks to which the Fund is or may be exposed. The fund company has adopted internal rules and routines for risk manage-

THE FUND

ment and maintains an external function for risk management.

Fundamental to the risk management work is that the employees comply with routines established by the fund company and properly handle the risks they encounter in the operations. Specifically, the fund manager shall ensure that the Fund's exposures and risks stay within the limits which have been established by the Board of Directors. The risk management function verifies that the Fund is within these limits on a daily basis.

The fund company uses a portfolio management system in order to gauge the portfolio's market risks. Risk measurements which are important to the Fund include, among other things, standard deviation, beta value and Value-at-Risk. The fund company believes that the emphasis of fund management on undervalued companies in itself reduces the effect of market risks on unit holders. However, it is to be noted that the performance of the Fund will most likely correlate to general trends on the stock market over time.

Currency risks in the Fund are hedged in order to neutralize a significant part of the exposure to foreign currencies associated with the Fund's holdings and account balances.

Liquidity risks in the Fund are measured regularly and the fund manager receives regular information regarding subscription and redemption activity in the Fund. The fund company reduces the liquidity risk in the Fund by ensuring that a significant part of the portfolio is invested in liquid positions.

The fund company manages operational risks by establishing clear internal routines and by delegating work to established partners. As internal auditor, Zeb Consulting is responsible for reviewing and evaluating the fund company's operational activities and its operational systems. The fund company has entered into an agreement with CAG Arete Datastöd which provides comprehensive operational IT support for the business, and has retained Next Advokater KB for the compliance function. The fund company believes that the operational risks in the business are duly managed.

Financial Year

The Financial year of the Fund is the calendar year.

Dividend Policy

The Fund does not pay dividends.

THE FUND COMPANY

HealthInvest Partners AB

HealthInvest Partners AB (the fund company) conducts fund operations and is under the supervision of the Swedish Financial Supervisory Authority. The operations consist of managing the fund registered in Sweden, HealthInvest Small & MicroCap Fund. The permit for conducting the fund operations was obtained on 6 September 2006 and the permit for conducting management of alternative investment funds was obtained on 23 January 2015.

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 the fund company's funds.

Johan Stern, Chairman of the Board of Directors, born 1951, is also active as a member on other boards of directors including Getinge, Lifco and CBAB. Stern was employed and a partner of the US fund company, FMG Fundmanagers Ltd, from 1999 to 2002. Prior to that, Stern worked at Skandinaviska Enskilda Banken (SEB), including being 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, born 1952, works as a consultant in the healthcare sector at Ingemar Kihlström AB and sits on several boards. Previously, Kihlström was employed as 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, born 1973, 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

The company's management organisation consists of Anders Hallberg and Markus Wistrand.

Markus Wistrand, born 1976, is the CEO of the fund company. He was previously employed in the Swedish medical technology company, Q-Med. Wistrand holds a Master's degree in Biotechnology from the University of Uppsala and an M.Sc in business administration from Stockholm University. Wistrand also holds a Ph.D. in computational biology from Karolinska Institute.

Anders Hallberg, born 1973, is the deputy CEO and Chief

Investment Officer. He previously worked as a healthcare analyst at Carnegie Investment Bank (1998-2000) and was ranked by the publication, *Finanstidningen*, as the number one healthcare analyst in Sweden. Anders continued as a fund manager at Carnegie and was in charge of Carnegie Global Healthcare Fund (2003-Jan 2006). During this time, Carnegie Global Health Care Fund was the best performing healthcare fund in the world, according to Bloomberg's database (about 265 healthcare funds). In 2006, Anders received the Star Portfolio Manager award (DI/Morningstar). He holds an M.Sc in Economics and a B.Sc in Business Administration.

Custodian

Skandinaviska Enskilda Banken AB (publ)
Skandinaviska Enskilda Banken ("SEB") is the custodian for the Fund. SEB is a bank with diversified operations in Sweden and in a number of other countries in northern Europe. SEB holds a dominant market share as custodian institution for fund companies in Sweden. SEB executes decisions taken by the fund company provided the decisions do not violate the provisions of law, regulations or the fund rules.

In addition, SEB:

- Accepts and holds in safe custody the assets to be included in the Fund;
- Ensures that redemption and subscription of fund units takes place in compliance with the provisions of law, regulations and fund rules;
- Ensures that the value of the fund units is calculated in accordance with the provisions of law, regulations and fund rules;
- Ensures that the Fund's assets are deposited with the custodian institution without delay;
- Ensures that the Fund's assets are used in accordance with the provisions of law, regulations and fund rules.

Prime Broker

Skandinaviska Enskilda Banken AB (publ)
SEB is the prime broker for the fund company. The fund company has entered into an agreement with SEB with respect to services to be provided by SEB in its capacity as prime broker. SEB disposes of certain of the fund assets by virtue of the fact that SEB, among other things, administers collateral relating to the Fund's trades in OTC derivatives.

Potential conflicts of interest: Given that SEB administers collateral with respect to trading in OTC derivatives and provides valuation services, it is the Fund's custodian and is the fund company's prime broker, potential conflicts of interest have been identified. The potential conflicts of interest consist of SEB, in its capacity as custodian, controlling services provided by SEB within the context of

THE FUND COMPANY

other services. Since the relevant services are provided by various, separate departments within SEB and that there is no cooperation between such departments as regards the services (that is to say, the departments are independent in relation to one another), the fund company is of the opinion that potential conflicts of interest may be addressed and prevented in an efficient way.

Delegated Functions

Fund Administration:

Wahlstedt Sageryd Financial Services ("WS") has been appointed to perform fund administration services for the Fund. WS provides fund accounting, NAV calculation, maintains a register of unit holders and provides reporting to governmental authorities and unit holders.

External valuer:

Wahlstedt & Partners AB has been engaged as external valuer. Ola Björke is responsible for the function.

Risk Management Function:

Wahlstedt & Partners AB has been engaged to carry out the risk management function. Tobias Färnlycke is the risk manager.

IT-Partner:

The fund company has appointed CAG Arete Datastöd AB to provide operational support for the fund company's IT systems. The service consists of a comprehensive undertaking with respect to the operation, technology and support for the fund company's IT systems.

Internal Audit Function:

Zeb Consulting is responsible for the internal audit function at the fund company. The internal audit (a) maintains a current audit plan in order to examine and determine whether the company's systems, internal control mechanisms and routines are appropriate and effective, (b) issues recommendations on the basis of the work carried out in accordance with the foregoing, (c) verifies the manner in which recommendations are complied with and (d) not less than once per year, reports in writing to the board of directors and company management regarding work performed, including the appropriate measures taken in conjunction with any deficiencies. The internal audit function reports directly to the Board of Directors.

Compliance Function:

Next Advokater KB has been engaged to carry out the compliance function. Member of the Swedish Bar Association Tor Dunér is responsible for this function. The compliance function (a) verifies and regularly assesses whether the company's instructions and routines are appropriate and effective in order to identify the risks which may be encountered by the company in the event of its failure to comply with its obligations according to the Swedish Investment Fund Act (Swedish Code of Statutes

2004:46) or other legislation which regulates the company's operations, (b) evaluates the measures taken in order to rectify any deficiencies and (c) provides advice and support to corporate management, employees and other persons who perform services on behalf of the company. The compliance function reports, not less than once per year, in writing to the Board of Directors and management regarding work performed, including suitable measures taken in conjunction with any deficiencies. Tor Dunér is also responsible for supervision of trading in financial instruments and currencies by employees and affiliated parties. The compliance function is immediately subordinate to the fund company's Board of Directors.

Owners

The fund company's qualified owners are comprised of Carl Bennet and Anders Hallberg (deputy CEO and CIO) via directly owned companies.

Remuneration Policy

The Board of Directors of HealthInvest Partners establishes the fund company's remuneration policy and determines which employees fall into the category, "identified staff". "Identified staff" includes, among others, senior management, risk takers and employees with a higher total remuneration than persons holding positions in senior management. The Board of Directors also annually examines whether the remuneration paid to employees is compatible with the remuneration policy and has appointed the Chairman of the Board of Directors, Johan Stern, to assume specific responsibility for this review.

All employees receive a fixed salary and occupational pension allocations. In addition, certain employees may receive variable remuneration in order to reward strong individual performance. Variable remuneration allotted to identified staff is not disbursed as a lump sum but, rather, 60 per cent of the variable remuneration is deferred for a minimum of three years before payment can be made. Deferred variable remuneration is invested in the fund company's own funds. In the event it is determined that the variable remuneration was allotted on erroneous grounds, the Board of Directors of the fund company is entitled to take a decision to revoke part of the remuneration which has not yet been paid.

Following the period of deferment, the fund units are transferred to the employee. However, the fund company ensures that the employee cannot dispose of the fund units for a period of not less than one (1) year after title has passed to the employee.

Additional information regarding the remuneration policy and remuneration paid in respect of the preceding financial year is published on our website.

INVESTING IN THE FUND

Introduction

The Fund's legal position, investor target group and the terms and conditions for an investment in the Fund are described below. Please feel free to contact the fund company in the event you have any questions.

Legal position of the Fund

HealthInvest Small & MicroCap Fund is a UCITS fund in accordance with the Swedish Investment Funds Act (Swedish Code of Statutes 2004:46).

The Fund is managed by HealthInvest Partners AB. The company has been authorised by the Swedish Financial Supervisory Authority to manage the Fund and is subject to the supervision of the Swedish Financial Supervisory Authority. Wahlstedt Sageryd Financial Services maintains the Fund's register of unit holders.

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's assets may not be attached. The Fund's assets are jointly owned by the fund unit holders, and each fund unit entitles the holder thereof to an equal right of the Fund's assets. The fund company represents the unit holders in 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 Fund's assets are held in safe custody by Skandinaviska Enskilda Banken AB (publ), 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 (Swedish Code of Statutes 2004:46) and these fund rules. The custodian shall also accept and hold in safe custody the assets to be included in the Fund and ensure that:

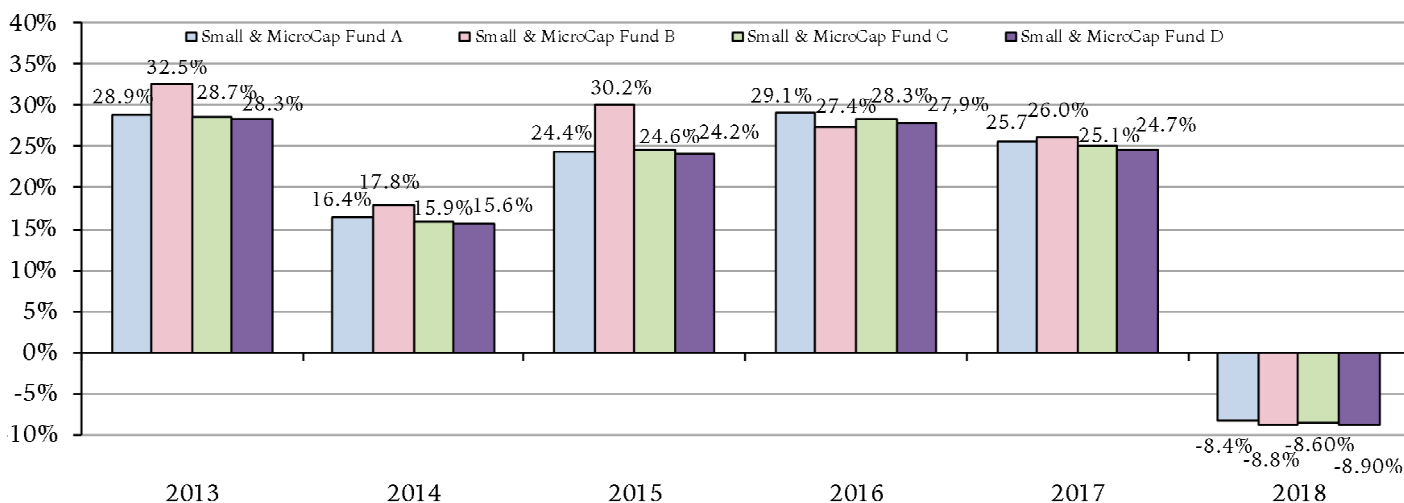
- Redemption and subscription of fund units takes place in compliance with the provisions of the Act and the fund rules;
- The value of the fund units is calculated in accordance with the provisions of the Act and the fund rules;
- The Fund's assets are deposited with the custodian institution without delay;
- The Fund's funds are used in accordance with the provisions of the Act and the fund rules.
- The custodian shall strive to operate independently of the fund company and shall act exclusively in the interests of the unit holders.

In the event a unit holder incurs a loss as a consequence of a violation by the fund company of the Act or fund rules, the fund company shall compensate such loss. In the event a fund unit holder incurs a loss as a consequence of a violation by the custodian of the Act or fund rules, the custodian shall compensate such loss.

Historical Returns

HealthInvest Small & MicroCap Fund was launched on 31 January 2013. On 31 October 2017, unit classes A and B were introduced. Unit class C opened for subscription on 5 June 2019 and unit class D opened for subscription on 11 September 2019. In all essential respects, unit class A is a continuation of the original Fund, and historical returns from unit class A are thus reported together with the Fund's previous history. The average annual return for class A since launch has been 18.8 per cent as of 31 December 2018.

The diagram below illustrates the historical returns generated by each unit class since launch. The historical returns for unit classes B, C and D are, for the period prior to the introduction of the unit classes, calculated on the basis of the returns in the asset fund, subject to the



The historical returns for each unit class are for the period prior to the introduction of the unit classes calculated on the basis of the returns in the asset fund, subject to the application of the specific conditions of the respective unit class. No consideration is given to inflation.

INVESTING IN THE FUND

application of the specific conditions of the respective unit class. The return is calculated less fees and with any dividends reinvested.

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.

Target Group

The Fund is intended for investors with sound knowledge of the financial markets. An investment in the Fund may be regarded as a means of spreading risks in a portfolio of assets and not as an independent alternative to investing in traditional equity and bond funds.

Since the fund company's investment philosophy is based upon fundamental analysis and not on short-term fluctuations in the stock market, it is difficult to predict in the short term the development of the value of the fund units. Accordingly, an investment in the Fund should be regarded as a long-term investment with an investment horizon of not less than five years.

Fees

Fees payable to the fund company consists of a fixed management fee and, in unit classes C and D, a performance fee.

Unit classes C and D are subject to a performance fee which is 20 per cent of the Fund's excess return. The excess return is that part of the fund unit value which exceeds the return threshold after the Fund has been charged the fixed fee.

Return threshold and hurdle rate

In respect of unit classes C and D, the return threshold is the unit price which the Fund must reach in order for the performance fee to be charged to the Fund. The return threshold changes over time by a hurdle rate. In the event the return in the unit class 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. 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.

Unit Class A

The fee paid to the fund company is a fixed fee not exceeding 1.5 per cent of the value of the Fund per year. The fee

is charged daily.

Unit Class B

The fee paid to the fund company is a fixed fee not exceeding 1.8 per cent of the value of the Fund per year. The fee is charged daily.

Unit Class C

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

The performance fee equals 20 per cent of that part of the unit price exceeding the return threshold. The performance fee is charged for each day the unit price exceeds 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.

There is no upper limit on the performance fee, but it may not exceed 20 per cent of the excess return in accordance with the above. A unit holder may not be credited with a negative return in conjunction with the redemption of units.

The performance fee is calculated in accordance with the collective model. This means that all unit holders pay an equal share 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 per cent of the value of the Fund per year. The fee is charged daily.

The performance fee equals 20 per cent of that part of the unit price exceeding the return threshold. The performance fee is charged for each day the unit price exceeds 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.

There is no upper limit on the performance fee, but it may not exceed 20 per cent of the excess return in accordance with the above. A unit holder may not be credited with a negative return in conjunction with the redemption of units.

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

Subscription and redemption fees

In addition to the management fee, subscription and redemption fees may be charged. The maximum subscription fee is five (5) per cent of the fund unit value and the maximum redemption fee is one (1) per cent of the fund unit value. The fund company currently charges

INVESTING IN THE FUND

no subscription or redemption fee.

Additional fee information

In unit classes C and D, the performance fee is linked to the performance of the OMRX T-BILL Index. This index is provided by an index administrator which is not yet registered with ESMA. The index administrator must, according to EU rules, be approved by, and registered with, ESMA not later than May 2020. Updated information regarding whether the administrator has been registered will be included in the prospectus not later than in the version published after May 2020.

In the event that the index administrator ceases providing the index or the index changes significantly, the fund company will attempt to identify a comparable, replacement index. In the event of such a change, the fund rules will need to be amended and approved by the Swedish Financial Supervisory Authority.

Costs for External Research

In the context of managing the Fund, the fund company purchases to some extent research from external parties. The costs for such research may be borne by the Fund if certain conditions are met. Such necessary conditions include that the benefit of the research must be greater than the cost and that any cost for the research is distinguished from the cost for the execution of orders. The fund company establishes an annual budget for the Fund's research costs. The maximum budgeted research cost in 2019 equals approximately 0.10% of the Fund's assets at the beginning of the year.

The Value of the Fund

The value of the Fund is calculated as the Fund's assets less the Fund's liabilities. Listed financial instruments which are part of the Fund are valued on the basis of information regarding the relevant market values (normally the most recent transaction price). Where current market values are not available or where the prices, in the opinion of the fund company, are misleading, the fund company may establish the value based on the objective criteria of another party. As regards unlisted financial instruments which are part of the Fund, the market value is established on the basis of objective criteria in accordance with a special valuation based upon information regarding the last transaction price or indicative bid price from a market maker where such has been appointed for the issuer. Where such information is unavailable or is deemed unreliable by the fund company, the market value shall be established, for example, based on 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 unlisted asset was concluded with an independent party at a certain price. The value of a unit is the value of the Fund,

calculated in accordance with the above, divided by the number of outstanding units.

Subscription and Redemption of Units

The provisions regarding subscription and redemption of fund units apply to unit classes A, B, C and D except as regards the minimum subscription amount.

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

The subscription of fund units normally takes place on each Swedish banking day through the fund company or its distributor. A request to subscribe for fund units is made by depositing the amount on the account of the unit class. Requests received by the fund company not later than 24:00 are executed on the following banking day.

The minimum subscription amount is SEK 50,000 in unit class A, SEK 100 in unit class B, SEK 1 000 000 in unit class C and SEK 100 in unit class D. Lesser amounts may be permitted under special circumstances.

Requests for redemption shall be made on a special form provided by the fund company or otherwise in writing in accordance with the fund company's instructions. Requests received by the fund company not later than 24:00 are executed on the following banking day.

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 where permitted by the fund company and the principle of equal treatment of the unit holders is applied.

The subscription and redemption price consist of the fund unit value on the subscription date and redemption date respectively. Thus, subscription and redemption of units takes place at a price unknown to the unit holder at the time of the request for subscription or redemption. The subscription and redemption price cannot be limited.

Fund units will be redeemed on the redemption date provided the Fund has available funds. In the event funds are not available, the Fund's assets shall be sold and redemption shall be carried out as soon as possible. In the event such a sale is to the disadvantage of the interest of other unit holders, the fund company may, following notice to the Swedish Financial Supervisory Authority, postpone such sale.

Subscription and redemption of fund units may also be postponed in those cases in which it is not possible to establish a price in the Fund in a manner which assures equal rights to the fund unit holders.

INVESTING IN THE FUND

Trading when the underlying market is closed

In the event an underlying market in which the Fund invests is closed, the Fund may postpone trading. Normally, such postponement occurs where more than 50 per cent of the holdings are listed on the closed market. Under such circumstances, the Fund is not open for subscription or redemption. Requests for subscription or redemption which are received on a day on which the Fund is not traded are executed on the immediately following day on which the fund unit value can be established.

Reporting and Information

The ambition of the fund company is to maintain transparency and to provide open, clear information and reports. The official fund unit value is published on the fund company's website which is regularly updated with the most recent information regarding the returns of the Fund. The fund company prepares half-yearly reports and annual reports which are published on the website and also distributed free of charge upon request. The half yearly report and annual report include information regarding any financial leverage. The fund prospectus contains information regarding management of risks and liquidity by the Fund, and is updated in conjunction with any changes to this information. The prospectus is available on the website. Furthermore, a brief Fund report is sent by email each month to unit holders who have provided the fund company with their email address. The Fund report may be ordered from the manager or via the company's website.

Equal Treatment

The units in the Fund are of equal value and carry an equal right to the assets of the Fund. However, the Fund has different unit classes. The unit classes are associated with different terms and conditions relating to fees and the lowest subscription amount. The units in the unit classes are of equal value and carry an equal right to the assets of the Fund. This means that the principle of equal treatment of unit holders applies subject to any terms and conditions applicable to a certain unit class.

HealthInvest Partners AB, all qualified owners of the fund company and the portfolio manager of the Fund are unit holders in the Fund. Their investments in the Fund have been made subject to the same terms and conditions as other unit holders.

Termination and Transfer of the Fund

In the event the Swedish Financial Supervisory Authority revokes the fund company's authorisation, or if the fund company is placed into liquidation or insolvent liquidation, management of the Fund will be assumed by the custodian. In such cases, the custodian shall immediately transfer management of the Fund to another fund manager provided such transfer is approved by the Swedish Finan-

cial Supervisory Authority. Otherwise, the Fund will be liquidated by selling off the assets and transferring the proceeds to the unit holders.

In the event the fund company wishes to cease management of the Fund, management will be assumed by the custodian at the time operations cease.

Alternatively, where the Fund has no unit holders or assets, the Fund may be dissolved following approval by the Swedish Financial Supervisory Authority.

Tax Rules relevant to the Fund

Set forth below is a brief summary of the Swedish Tax Rules which cover the Fund and its unit holders. Special rules may apply to certain categories of taxpayers. Furthermore, the tax rules are often subject to change. The fund company does not assume responsibility for the accuracy of the description of the Tax Rules or for updating the same in pace with amendments to legislation. In order to determine the consequences an investment may have, a tax advisor should be consulted.

Taxation of the Fund

On 1 January 2012, new tax regulations entered into force in respect of funds and fund holdings as a consequence of which the tax on the Fund itself disappeared while a new tax on the holdings of directly held units in funds was implemented (see below).

Taxation of the Unit Holders

Taxes are charged on capital gains at a rate of 30 per cent. Capital gains/losses are reported on the statement of earnings submitted to the Swedish Tax Agency, but no deduction is made.

According to the new tax regulations applicable to funds and fund holdings which entered into force 1 January 2012, holdings of directly owned units in UCITS funds and alternative investment funds are subject to taxation. In their tax returns, fund unit holders shall report standard income amounting to 0.4 per cent of the capital basis. The capital basis is comprised of the opening value of the shares at the beginning of the year. The standard income is subsequently reported in the "capital" income category and taxed at a rate of 30 per cent. As regards legal persons, the standard income is taxed in the "business activities" income category at a rate of 22 per cent. The statement of earnings and deductions is submitted to the Swedish Tax Agency for physical persons and Swedish decedents' estates. Legal persons may calculate their own standard income and pay tax thereon.

The tax may be affected by individual circumstances, and expert assistance should be obtained in the event of any uncertainties regarding any tax consequences.

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).

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.

- 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.

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.

Negative screening

The fund does not invest in companies that are involved in the following products 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.

International norms

The fund avoids investing in companies involved in violations of international norms and conventions (at least the UN Global Compact and OECD guidelines for multinational companies) in relation to the environment, human rights, labour practices, and business ethics.

- The fund avoids investing in all companies identified as failing to comply with international norms.
- Companies where the fund detects no willingness to change or where, in the opinion of the fund, the companies will fail to get to grips with the problems within an acceptable timeframe are excluded for investment purposes.

Fund management company's comments:

Essential to HealthInvest Partners' view of responsible and sustainable investments is that our funds 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. The fund company uses a database from MSCI ESG Research in which companies are scored based on a traffic light system. Companies which are given the lowest score ("red flag") are not considered for investment.

Countries

- For sustainability reasons, the fund does not invest in companies involved in certain countries/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.

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.

CALCULATION EXAMPLE PERFORMANCE FEE

In unit classes C and D, a performance fee is charged in the amount of 20% of the excess return in the unit class. The excess return is that part of the fund unit value which exceeds the return threshold. The return threshold is raised by the amount of the return on the OMRX T-BILL Index plus 4 percentage points, converted to daily returns. The return threshold is made equal to the unit price each time a performance fee is charged to the Fund. Any negative return in relation to the return threshold from previous periods shall be compensated before the performance fee is charged.

Unit Class C and D

The example below describes how the performance fee is calculated, less the fixed management fee. The calculation of the performance fee is somewhat simplified.

Example:

Period 1: On day 1, investor A subscribes for units at a rate of SEK 100.00, which is also the current value of the return threshold per unit. During the first month, the fund value falls and remains below the return threshold as a consequence of which no performance fee is payable. After 30 days, the unit price is SEK 95.00, while the return threshold has climbed to 100.22 since the OMRX T-BILL index fell 0.10% during the period and the fixed premium is 0.32% ($100.00 \times (1+4\%)^{(30 \text{ days}/365 \text{ days})}$).

Period 2: The return threshold continues to rise, while the Fund develops at a relatively slow pace. After 225 days, however, the unit price reaches SEK 103.00 and exceeds the return threshold which is now SEK 102.25 since the OMRX T-BILL index fell 0.20% during the period and the fixed premium is 2.45% ($100.00 \times (1+4\%)^{(225 \text{ days}/365 \text{ days})}$). The Fund's excess return is thus $103.00 - 102.25 = \text{SEK } 0.75$. Accordingly, a performance fee in the amount of SEK 0.15 per unit is payable ($20\% \times \text{SEK } 0.75$). The new unit price is SEK 102.85 ($103.00 - 0.15$). Since the performance fee was paid, the return threshold is raised to the unit price, i.e. SEK 102.85.

Period 3: After an additional 10 days, the unit price once again exceeds the return threshold and reaches SEK 106.00. The return threshold is now 102.96 since the OMRX T-BILL index is unchanged during the period and the fixed premium is 0.11% ($102.85 \times (1+4\%)^{(10 \text{ days}/365 \text{ days})}$). The Fund's excess return is thus $\text{SEK } 106.00 - 102.96 = 3.04$. Accordingly, a performance fee in the amount of 0.61, is payable per unit ($20\% \times \text{SEK } 3.04$). The new unit price is SEK 105.39 ($106.00 - 0.61$). Since the performance fee was paid, the return threshold is raised to the unit price, i.e., SEK 105.39.

Period 4: The Fund underperforms and, after a further 100 days, has fallen to a unit price of SEK 100.00. The return threshold is now SEK 106.53 since the OMRX T-BILL index is unchanged during the period and the fixed premium is 1.08% ($105.39 \times (1+4\%)^{(100 \text{ days}/365 \text{ days})}$). Investor B now subscribes for units at a rate of SEK 100.00.

Period 5: After B has invested, the Fund improves considerably and the unit price rises over a period of 30 days to SEK 106.00, i.e. a return for B of 6%. The return threshold, however, is now 106.98 since the OMRX T-BILL index has now increased 0.10% during the period and the fixed premium is 0.32% ($106.53 \times (1+4\%)^{(30 \text{ days}/365 \text{ days})}$). Accordingly, unit holder B is not charged a performance fee notwithstanding the substantial return but, rather, benefit from the negative return from previous periods.

FUND RULES

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 Small & MicroCap 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 Fund has four unit classes: "A", "B", "C" and "D". The provisions of the fund rules apply to all unit classes with the exception of the provisions regarding subscription and redemption in section 9 and the provisions regarding fees in section 11.

§ 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

FUND RULES

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

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 50,000 in unit class A, SEK 100 in unit class B, SEK 1,000,000 in unit class C and SEK 100 in unit class D. 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.

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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.

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, in unit classes C and D, a performance fee. The difference in fees in the various unit classes is set forth below.

Return threshold and hurdle rate:

In respect of unit classes C and D, 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 A:

The fee paid to the fund company is a fixed fee not exceeding 1.5 percent of the value of the Fund per year. The fee is charged daily.

Unit class B:

The fee paid to the fund company is a fixed fee not exceeding 1.8 percent of the value of the Fund per year. The fee is charged daily.

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.

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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

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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).



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