February brought more bitter pills for Rhenman Healthcare

Vienna (HedgeNordic) – Rhenman Healthcare Equity L/S Fund, the global long-biased equity fund with an exclusive focus on health care, reported that the Fund's main share class, IC1 (EUR) was down by 5.4% in February after a volatile month for global stock markets. The global equity index was down down by 1%, while healthcare was down by 1.5% and biotechnology down by 5%. Februarys slip followed a drawdown of 18.5% in January for the fund.

The Fund, which 'soft closed' at the end of 2015, reported that investors and the sector have been challenged due to uncertainties related to the US presidential primaries and the possible impact of a new president of either party on the healthcare market. Strong market reactions in February were also a sign of investors' risk aversion and fears of deflation, amid additional concerns related to the banking system and other international developments. Consequently, relatively few shares rose on company results, with many falling, even when their reported profits were in line with expectations. February's best contributors were pharma company Meda and biotech companies Biomarin and Gilead, with the worst being specialty pharma companies Endo and Perrigo and biotech company Regeneron.

Rhenman Healthcare, which has an annualized return of 19% (net) since its inception in June 2009, nevertheless believes that despite market volatility, a recovery has begun for the sector, among other things due to attractive valuations, the lack of market excesses and a slowdown in emerging markets. The Fund continues to prioritize companies less affected by political developments in the US to reduce its net exposure. It also remains convinced that the commercial structure of the American healthcare and pharmaceutical industry will not change significantly, as the P/E ration for the sector is about 16, in line with the global index – a valuation that remains attractive to the long-term investor.

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