

Rhenman praises advisory board

Stockholm (HedgeNordic) - In an interview with Bloomberg, Henrik Rhenman (*pictured*) who manages the 460 million-euro Rhenman Healthcare Equity L/S Fund, praises his Scientific Advisory Board and highlights the importance of asking clinical expertise before investing in complex products.

"We make money, sooner or later, on most of the recommendations from the Scientific Advisory Board," Rhenman said in a phone interview. "The advice is most important within biotech and pharma but medtech is getting more important for the scientific board."

According to the Bloomberg interview, Rhenman consults his scientific advisors once a quarter. The advisory board includes Tomas Olsson, a professor in neurology and a member of the Nobel Assembly at Karolinska Institutet, which awards the Nobel Prize in Physiology or Medicine. Rhenman & Partners' chairman, Hans Wigzell, is a professor in immunology and the former chancellor at Karolinska.

In a comment to the recent performance for the healthcare sector, Rhenman downplays the potential impact of tighter price regulation that made the sector lose its luster in 2015 and 2016.

"I see a small risk for that," Rhenman said. "This risk has always been present. The risk isn't bigger than five years ago."

Commenting on the fund's current positioning, Rhenman lifts Shire and Bristol-Myers Squibb as key holdings in the portfolio that has about 140 positions, many of which are small with the goal to follow the companies closely and regularly.

"While Shire has 'low' valuation and its debt burden is manageable, Bristol-Myers Squibb will grow within cancer treatment", Rhenman said.

The biggest stakes in the Rhenman Fund as of end February were Shire, Horizon Pharma, Bristol-Myers Squibb, Biogen and Esperion Therapeutics, the Bloomberg article states.

Following a loss of 12 percent in 2016, the Rhenman Healthcare L/S Fund has recovered strongly in 2017 rallying 17 percent through February on the back of mergers and acquisitions in companies such as Actelion, Ariad Pharmaceuticals and Zeltiq Aesthetics.

Rhenman sees continued M&A activity ahead in the healthcare sector.

"M&A will be record high because money is still cheap, cash-flow is good in the industry and there's a deep wish to buy products and science by large pharma," Rhenman said.