

Keep Calm and Carry On

Stockholm (HedgeNordic) – After an “annus horribilis” in 2018, **Rhenman Healthcare Equity L/S** was last year’s fifth-best performer in the Nordic Hedge Index with a full-year return of 40 percent. This follows the volatile fourth quarter of 2018, when a 23 percent loss resulted in Rhenman Healthcare Equity L/S ending 2018 down five percent. “2019 turned out to be a boom year after a tough 2018 and last year was our third best year since inception,” says founding partner **Carl Grevelius**.

Last year’s strong showing “was due, among other reasons, to the purchase of (or bids for) eight of the fund’s holdings, several positive study results from some of the fund’s biotechnology holdings, the strong sales and earnings performance of holdings in the pharmaceutical subsector, positive individual events for medical technology holdings, and a strong share price recovery for the major service companies during the last quarter of 2019.” Despite the strong performance last year, the Rhenman team says that “it may be worth reminding ourselves that the average for both years exceeded our 12 percent rate of return requirement by only a few percentage points.”

The healthcare-focused, long-biased long/short equity fund has delivered an annualized return of almost 20 percent since its inception in June of 2009. This is “among the best rates of return in the world for hedge funds within the healthcare sector,” says Grevelius. Rhenman Healthcare Equity L/S, managed by **Henrik Rhenman** and **Susanna Urdmark** (*pictured*), has also generated the highest annualized rate of return among the Nordic hedge funds that are older than two years. “These returns are due to a high net exposure paired with good stock selections in biotechnology and medical technology,” argues Grevelius. “Our Scientific Advisory Board has also enabled a long-term approach to fund management together with a sharp focus on advances in medical research.”

Rhenman Looking Ahead

Although the healthcare sector remains attractively valued, the team managing Rhenman Healthcare Equity L/S approaches 2020 with moderate expectations. “We take a somewhat cautious stance in our assessment of 2020 for several reasons; it is election year in the United States; we have a very strong period behind us; there are growing geopolitical concerns and macroeconomic policy is generally difficult to assess; and growth is declining in several major economies,” says the fund’s December letter to investors.

Rhenman Healthcare Equity L/S has maintained a positive view on the healthcare sector since its inception in mid-2009. As Grevelius previously told HedgeNordic, “we believe innovation is a great investment opportunity and we have therefore made a very conscious decision to have a high net exposure on a fund level and accept the volatility that it brings.” Somewhat higher volatility in the sector in 2020 stemming from the reasons outlined above should not be a deterrent to returns, according to Grevelius. “Going forward, we see an exciting year ahead of us. There is every reason to continue our management activities under the motto ‘Keep Calm and Carry On’.”