

Kaspar Hållsten Carries a Family Legacy Into Rhenman's Next Generation

Career choices are often shaped long before we make them. A parent's profession, a grandparent's stories or simply the conversations around the dinner table can quietly influence what seems interesting, possible or worth pursuing. For Kaspar Hållsten, the connection to healthcare investing goes back to his grandfather, Bertil Hållsten, who in the 1980s founded and managed SEB's pharmaceutical fund. Several decades later, Kaspar has built his own career as a healthcare portfolio manager, eventually taking responsibility for the newly launched Rhenman Healthcare Next Generation L/S.

"Having him as a mentor has been very important to me and is a big part of the reason I do this today," says Hållsten of his grandfather. "My grandfather was one of the most knowledgeable and wise people I've ever met, and a fantastic person who challenged me and my thinking." Hållsten's grandfather, who passed away two years ago, was demanding when assessing investments. "He was extremely critical and would pull any investment case apart piece by piece. But once he was convinced, he was genuinely enthusiastic and optimistic. He was also willing to take on risk when he believed in a company and its management."

One principle in particular stayed with Hållsten: his grandfather invested in years, not quarters. "He used to say that investing was about truly understanding companies, not reacting to short-term noise," he recalls. "That philosophy is at the core of how I try to invest today, and for the new fund." The strategy's focus on smaller healthcare companies also has a personal resonance. "Launching this fund has been exciting, and I know he would have been proud of it. He would have really liked the strategy of investing in real science across micro-, small- and mid-cap healthcare companies. That's what he enjoyed the most."

While his grandfather provided an early influence, Hållsten's investment approach has also been shaped by his years alongside Henrik Rhenman. "Both my grandfather, Bertil Hållsten, and my manager and mentor, Henrik Rhenman, have influenced my thinking in different ways," he says. "Henrik built one of Europe's longest-running dedicated healthcare hedge funds and showed that a Nordic team can compete globally in a specialist sector."

Combining science with market awareness

Scientific expertise is important part of Rhenman & Partners' investment process. The firm has dedicated Scientific Advisory Boards for both its flagship Rhenman Healthcare Equity L/S and the new Next Generation strategy, providing access to specialists working directly with patients, clinical trials and healthcare research.

"Talking to people who treat patients or run trials every day gives you real insight into what matters clinically, versus what only looks good in a slide deck," Hållsten explains. "You can always get caught up in the short-term excitement around a stock, but to succeed as a long-term investor, it's the long-term story that truly matters."

At the same time, Hållsten does not see a long-term investment horizon as incompatible with an active trading approach around catalysts and market dislocations. "The core lies in a long-term investment philosophy, but being active around specific events and market opportunities makes a perfect mix in a market that has become faster and more short-term."

That balance has become increasingly relevant as his responsibilities have expanded. Having started as a sector analyst and progressed to co-portfolio manager before taking sole responsibility for a fund, Hållsten says the biggest change in his approach has been his relationship with risk.

"Of course it's about the thesis, but today I spend as much time on sizing, on what's already priced in, and on how a position behaves if I'm wrong," he says. "Getting the science right is necessary, but identifying 'bad' science is often just as important. That's where our Scientific Advisory Boards help us, by understanding the risks in specific projects."

"The market pays you for being right about something it has mispriced, at the right position size," he adds. Running a long/short portfolio has made that principle particularly tangible. "Our short book runs on explicit rules for when to cover or cut, because conviction on the short side needs even more discipline."

Lessons from healthcare's cycles

Healthcare's own market cycles have further shaped Hållsten's approach to risk. The sector can be highly volatile, while biotechnology in particular is prone to sharp swings around clinical results and other binary events. "The healthcare sector is volatile, and biotech in particular goes from euphoria to capitulation faster than almost any other sector," he says. "Living through the 2021 peak and the drawdown that followed taught me more about liquidity, crowding, short interest and position sizing than anything else."

That experience is particularly relevant when investing in companies whose value can hinge on a single clinical outcome. "You need deep conviction to own a company through a binary readout, and at the same time the humility to change your mind quickly when the data says so."

The breadth of the healthcare universe also means that the investment process can shift rapidly between different areas. "In a single week, you might go from a Phase 2 dataset in epilepsy, to CMS reimbursement for a diagnostic, to execution issues at a medtech company, to the political environment surrounding a managed care company," Hållsten notes. "The analysis never really stops, and learning to prioritize is a skill in itself."

For Hållsten, the difference between a good portfolio manager and a great one therefore lies less in finding individual ideas than in constructing a portfolio around them. "A good PM finds good ideas. A great PM builds a portfolio where the ideas don't all depend on the same thing going right and knows the difference between being early and being wrong."

Consistency is equally important. "Great PMs make decisions the same way in drawdowns as in good markets, and they learn systematically from their mistakes." Above all, he emphasizes the importance of having strong colleagues and being able to rely on a team when markets become difficult.

Creating opportunities for the next generation

Looking across Stockholm and the broader Nordic investment industry, Hållsten sees no shortage of investment talent. The challenge, he argues, is creating opportunities for younger managers to build businesses and establish track records. "The Nordics have strong analytical education in general and a good tradition in healthcare and life science," he says. "The real bottleneck is the launch environment. Early capital is concentrated, and allocators understandably want track records. That's a hard mix for new managers."

This is where established investment firms and platforms can play a role by giving younger managers the opportunity to develop their strategies within an existing structure. "That's why platforms that give younger managers a mandate inside an established structure matter so much."

Hållsten is now experiencing that model himself. "I'm pleased and honoured to have been given the opportunity to lead the new fund as CIO. It's a very exciting journey, and right now I'm balancing two parts of the role: managing the portfolio, which is of course the most important part, and raising capital, which is a lot of fun."

For the next generation of Nordic fund managers, Hållsten believes more opportunities for seeding and internal succession could help broaden the industry's talent pipeline. "It's not easy to break through in a less dynamic market, but I believe it's possible, and you need some luck with the timing as well."