

# LSP Life Sciences Fund

Monthly Report September 2018

**LSP**  
CONNECTING INVESTORS TO INVENTORS

NAV per Share € 262.56

## Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years	5 Years
11.7%	-2.4%	4.0%	22.7%	36.5%	30.2%	67.4%

NAV of Fund	86,110,010
Number of Shares	327,952
Valuation Date	30/09/2018

## Top-5 performers

1. Amarin Corp	414.9%
2. ObsEva	38.2%
3. Zealand Pharma	13.7%
4. Galapagos	11.8%
5. Zogenix	2.7%

Inception date:	27/04/2011
Currency:	Euro
Domicile:	The Netherlands
Legal Structure:	Dutch NV with variable capital
Listing:	Euronext Amsterdam
Euronext code:	LSP
ISIN Code:	NL0009756394
Bloomberg:	LSP NA

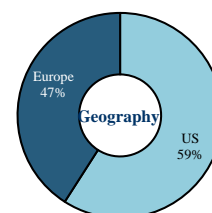
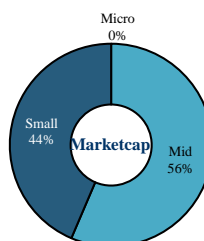
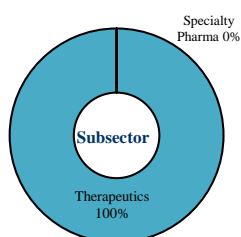
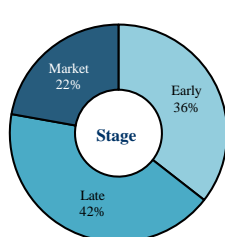
## Investment strategy

The Fund's primary investment objective is to achieve capital appreciation by investing in a diversified, yet concentrated portfolio of publicly listed life sciences companies (including biopharmaceutical-, specialist pharmaceutical-, medical device-, drug delivery-, vaccine- and diagnostic companies). The majority of the Fund's portfolio will consist of European companies listed on one of the (main) European stock exchanges, with a market capitalization of below € 2.5 billion at the time of investment.

## Manager's comments

As anticipated, several portfolio companies reached important milestones in September, giving a near constant stream of news flow through the month. Each of these events was positive and exactly in line with the individual investment cases. **Galapagos** – in its global collaboration with Gilead - announced the results from a Phase 3 study of its lead drug Filgotinib in Rheumatoid Arthritis (RA). The results were great both in terms of efficacy and safety, suggesting a very strong drug profile. The company's share price jumped 30% on the day of the announcement reaching an all-time high of EUR 105. The same drug is being tested in a number of other inflammatory indications, increasing the drug's total market potential into the billions. On the back of this data, the company added USD 300 million to its USD 1 billion cash pile in an overnight offering to investors. The company has no debt. Subsequently, Galapagos announced the initiation of a Phase 1 trial of one of its other drugs with its partner **Morphosys** (also a Fund portfolio company). In addition, it announced the start of yet another of its drugs in a Phase 2 trial with its partner Servier in patients with knee osteoarthritis. All in all, great developments. In our opinion, the strategy which Galapagos initiated years ago to turn itself into a drug discovery and development biotech company, rather than remaining a service company, has paid off and still has a lot of potential in our view. As a result, Galapagos market cap reached an all-time high around the USD 5 billion mark in September, coming from USD 500 million only 5 years ago. Our other Belgian holding, **argenx**, also announced strong data for one of its drugs. The Company was able to show results that provide proof of concept for its experimental drug to treat ITP, a disorder that can lead to easy or excessive bruising and bleeding as a result of low levels of platelets, the cells that help blood to clot. This data provides further support for argenx' approach and R&D platform, a key component of the investment case. The Company also announced a USD 300 million capital raise, boosting its cash pile to more than USD 500 million. Again, like Galapagos, the company has no debt. Other companies that came with positive news were Danish biotech **Zealand Pharma** (positive Phase 3 for its diabetes drug-in-a-rescue-pen for the treatment of severe hypoglycemia plus the sale of the royalty streams of its diabetes drugs partnered with Sanofi for USD 200 million), **Verastem** received FDA approval for its oncology drug to treat certain blood cancers – to put this into perspective: approved oncology drugs are rare and valuable; Verastem is only the 12th biotech since 2010 to get an oncology drug approved). Swiss women's health company, **Obseva**, announced 24-weeks data for Linzagolix for the treatment of endometriosis. The data proves that linzagolix gives great pain relief without the nasty side effects of other similar treatments on the market. And last – but certainly not least – **Amarin Pharmaceuticals**. The Company that had an astonishing return of +415% during the month. Since this is a special and rather unique case, we have written a note on this investment that you can find on our website [www.lspvc.com](http://www.lspvc.com) and via the following [link](#). Overall, developments within the Fund's portfolio have been positive and quite extraordinary during the month. The fact that the Fund's NAV has come down vs August nevertheless, will therefore come as a surprise to some. While the news flow from the portfolio could not have been better – the announcements came against a background of a dramatic broad sell off in the small and mid-cap companies. This flight from risk is most likely triggered by general macroeconomic events at play and increased volatility and uncertainty in the markets. Never the less, the events announced by the portfolio companies have significantly increased the intrinsic value of these companies, underpinning our investment cases.

## Portfolio breakdown



# LSP Life Sciences Fund



## Portfolio breakdown

Company	Stage	Subsector	Marketcap	%
Galapagos	Market	Therapeutics	Mid	9.3%
argenx	Early	Therapeutics	Mid	8.4%
Evotec	Early	Therapeutics	Mid	6.8%
ObsEva	Late	Therapeutics	Small	6.8%
Amarin Corp	Market	Therapeutics	Mid	6.8%
Aerie Pharmaceuticals	Late	Therapeutics	Mid	6.4%
Verastem	Late	Therapeutics	Small	6.3%
Stemline Therapeutics	Early	Therapeutics	Small	6.3%
CytomX Therapeutics	Early	Therapeutics	Small	5.7%
Foamix Pharmaceuticals	Late	Therapeutics	Small	5.7%
Zogenix	Late	Therapeutics	Mid	4.9%
Morphosys	Late	Therapeutics	Mid	4.8%
Genmab	Market	Therapeutics	Mid	4.7%
Merus	Early	Therapeutics	Small	4.0%
Dova Pharmaceuticals	Late	Therapeutics	Small	3.5%
Viking Therapeutics	Late	Therapeutics	Mid	3.3%
Cocrystal Pharma	Early	Therapeutics	Small	2.6%
Eloxx Pharmaceuticals	Early	Therapeutics	Small	2.2%
Zealand Pharma	Market	Therapeutics	Mid	1.8%
Clementia Pharmaceuticals	Late	Therapeutics	Small	1.1%

### Important information

LSP Advisory B.V. (as Fund Manager) and the LSP Life Sciences Fund N.V. (the Fund) have a license and are registered pursuant to the Dutch Act on Financial Supervision and are supervised by the Stichting Autoriteit Financiële Markten (Dutch Authority for the Financial Markets) and De Nederlandsche Bank N.V. (the Dutch Central Bank). This presentation is solely for information purposes and is not intended as advice in any way. The Fund Manager and the Fund cannot be held liable or responsible for the content of this presentation. Potential investors are advised to contact their investment- and fiscal advisor prior to taking an investment decision. There are risks involved in the investment. The value of the investment can fluctuate. Results achieved in the past offer no guarantee for the future. A Key Investor Information Document is also available for this product with information about the product, the costs and the risks involved. Read it before you invest in the product. The prospectus and the Key Investor Information Document of the LSP Life Sciences Fund can be downloaded via [www.lspvc.com/funds/public.html](http://www.lspvc.com/funds/public.html)

In Switzerland, the Fund may only be offered or distributed to qualified investors. For this, the Fund has appointed as Swiss Representative Oligo Swiss Fund Services SA, Av. Villamont 17, 1005 Lausanne, Switzerland, Tel: +41 21 311 17 77, email: [info@oligofunds.ch](mailto:info@oligofunds.ch). The Fund's paying agent is Banque Cantonale de Genève. Any Fund Documentation may be obtained free of charge from the Swiss Representative in Lausanne.