

LSP Life Sciences Fund



Monthly Report January 2016

NAV per Share € 173.10

Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years
-18.3%	-18.3%	-11.3%	-12.7%	18.9%	55.0%

NAV of Fund	78,798,974
Number of Shares	455,209
Valuation Date	31/01/2016

Top-5 performers

1. uniQure	10.2%
2. Spark Therapeutics	5.4%
3. Ascendis Pharma	3.9%
4. Genmab	0.0%
5. Circassia Pharmaceuticals	-9.2%

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 € 1 billion at the time of investment.

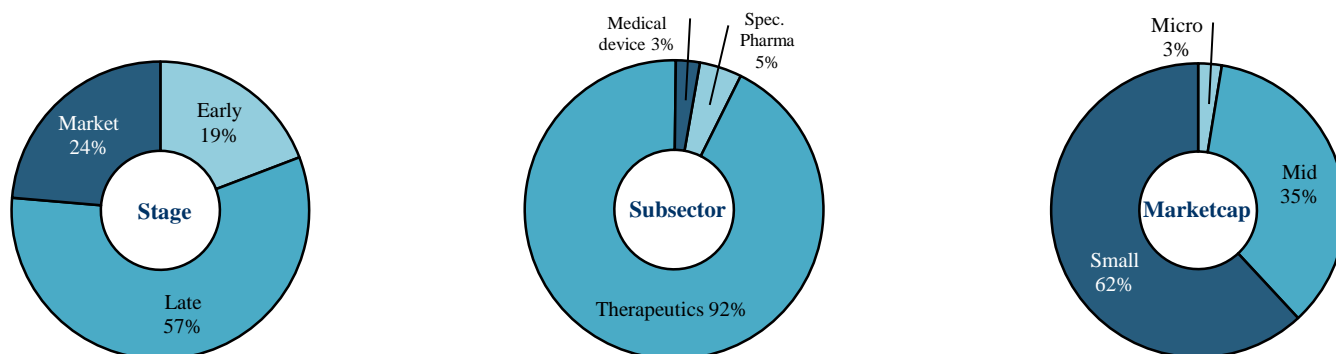
Manager's comments

For the start of 2016, we were expecting volatility to remain, but certainly not in the way we have experienced during the month. In fact, the downfall of the global equity markets in January – driven by an ever increasing uncertainty (or fear) that global economic growth is slowing – has been extreme. We have seen a flight from risk – and thus from equities - by investors across the board; and within equities, a flight in particular from those sectors that are typically being perceived as riskier, such as the biomedical and biopharmaceutical sector. This has also had its impact on the LSP Life Sciences fund, in spite of the fact that there was no negative development within the portfolio. On the contrary in fact. We are thus of the opinion that the downward pressure we have seen on the portfolio, is unfounded from a fundamental and rational point of view; it simply does not reflect the underlying growth potential of the sector that is driven by fundamental, unstoppable and long term socio-economic and demographic trends; neither does it take into account the fundamental value of the individual investment cases in the fund's portfolio. The portfolio of the LSP Life Sciences Fund, consists of 16 holdings. Of these, only three (two of which are UK micro-caps) have been underperforming for some time. However, jointly these three companies have a negligible impact on the fund, since only representing less than three percent of NAV. The 13 other holdings represent 97% of NAV at the end of the month, with the top 6 representing almost 55% of NAV. All the Fund's core holdings, jointly representing 97% of NAV, are very well capitalized with ample cash on their balance sheets. None of the Fund's holdings are leveraged with only Ablynx having some debt on its balance sheet. Not being leveraged is typical for the companies that fall within the Fund's investment universe. The top 6 holdings of the fund each have a minimum cash reach of 3 to 4 years. That is assuming worst case, e.g. assuming that nothing will come out of any of these companies in terms of future sales, deals, partnerships or any other cash generating or capital raising event. All other core portfolio companies have a minimum cash reach of at least 2 years as well, most of them longer. So purely from a capital structure and financing point of view – disregarding all other valuable assets such as IP, technology platforms, drugs on market and in development, partnerships, license deals and the like - the Fund's 13 core portfolio holdings are very well financed. Jointly, these core holdings have close to USD 4.5 billion in cash on their balance sheets. Their combined market cap amounts to less than USD 12 billion at the end of the month. The top 6 holdings, jointly have over USD 2.5 billion of cash reserves, representing more than 50% of their joint market cap.

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

Portfolio breakdown



Company	Stage	Subsector	Marketcap	%
Ablynx	Early	Therapeutics	Small	10.0%
Galapagos	Late	Therapeutics	Mid	9.9%
Morphosys	Late	Therapeutics	Mid	9.4%
uniQure	Market	Therapeutics	Small	8.7%
Circassia Pharmaceuticals	Late	Therapeutics	Mid	8.4%
Cempra	Late	Therapeutics	Small	8.4%
Relypsa	Market	Therapeutics	Small	5.8%
Spark Therapeutics	Late	Therapeutics	Small	4.8%
Ascendis Pharma	Early	Therapeutics	Small	4.8%
Forward Pharma	Late	Therapeutics	Small	4.5%
Egalet	Market	Specialty Pharma	Small	4.0%
Neurocrine Biosciences	Late	Therapeutics	Mid	3.5%
ProQR Therapeutics	Early	Therapeutics	Small	2.2%
Sphere Medical	Market	Medical Device	Micro	1.5%
Chimerix	Late	Therapeutics	Small	1.4%
Lombard Medical	Market	Medical Device	Micro	0.8%