

LSP Life Sciences Fund

LSP
CONNECTING INVESTORS TO INVENTORS

Monthly Report September 2016

NAV per Share € 192.32

Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years
-9.2%	9.0%	13.0%	-4.7%	22.6%	49.9%

NAV of Fund	73,068,213
Number of Shares	379,927
Valuation Date	30/09/2016

Top-5 performers

1. GW Pharmaceuticals	62.4%
2. Colucid Pharmaceuticals	19.6%
3. Galapagos	17.6%
4. ProQR Therapeutics	13.6%
5. Neuroderm	13.2%

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

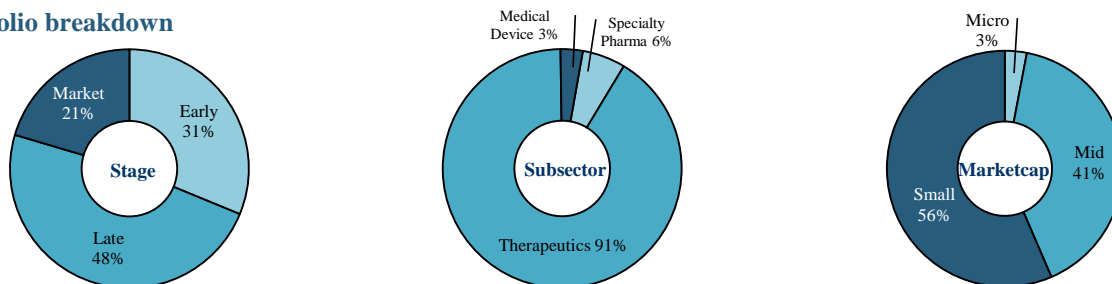
Investment strategy

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 € 2.5 billion at the time of investment.

Manager's comments

During the month of September, the fund rebounded significantly (9%). This result was driven by good developments in the Fund's portfolio in a month where investors seemed to renew their interest in the sector, at least to some extent. The Nasdaq Biotech Index was up 3% for the month. The best performer in the LSP Fund during the month was GW Pharmaceuticals. We added the company to the portfolio back in March of this year, based on our assessment that its lead product in development – Epidiolex – would show significant benefit to patients suffering from severe forms of epilepsy. At that time, we were anticipating further clinical data to be published in Q2 and Q3. Indeed, on June 27th, 2016, the company announced that in late stage testing, the drug had shown very meaningful clinical benefit for patients suffering from a severe form of epilepsy known as Lennox-Gastaut Syndrome. Lennox-Gastaut is a form of epilepsy that is very difficult to treat and for which a safe and effective treatment is desperately needed. The average age of the 171 patient group treated in the study was 15 years. Half of the patients received anti-epileptic drug + Epidiolex while the other half received anti-epileptic drug + placebo. The median drop in seizures was almost 50% in the Epidiolex treated group. This data was very meaningful and supported our original investment case. With a price reaction of only 10% following the news on the 27th of June and a market cap of then USD 2 billion including cash of some USD 200 million and no debt, we were of the opinion that the company still offered significant upside potential. Due to market developments in July and August, the stock actually lost 11% vs its peak after the clinical data was published. Then, during the month of September, the company published more clinical data – again a phase 3 study – again showing significant benefit to patients. As a result, during the month, the stock gained more than 60%. Another good performer worth mentioning is the Boston based company Colucid Pharmaceuticals. We added the company to the Fund's portfolio during the last week of the month following weeks of extensive due diligence, including an on-site company visit and meetings with senior management. The company's primary goal is the development of a drug (Lasmiditan) for the acute treatment of migraine, a significant unmet medical need. In early September, the company announced strong results of its first Phase III study, with more data to be published in the coming months and year. To our assessment, Colucid's lead drug offers great potential for the treatment of acute migraine. The third Fund holding to highlight is Kite Pharmaceuticals, a US biotech and leader in the emerging field of immunoncology. Basically, this is the field that focuses on developing new drugs by using one's own immune system to "learn" to recognize and attack cancer. Kite announced interim test results of their lead immunoncology drug targeting the treatment of aggressive Non-Hodgkin Lymphoma. The results showed that more than one-third of the patients treated with Kite's drug, were disease free after 3 months (almost 40% complete remissions). The data thus confirmed the drug's potential in this group of very sick blood cancer patients. More time and data is needed and will be made available in the coming months. Indeed for the month of October and for the rest of the year, we expect many of the Fund's portfolio holdings to announce important updates. Typically, clinical test results are being made public at the most important and highest profile medical conferences, many of which are scheduled to take place in the coming months. The ongoing drug pricing discussion – in particularly in the US – coupled to the US Presidential elections, will continue to have its impact on the market. During the month, we have published a paper describing our views on this topic. It can be found and downloaded via our website.

Portfolio breakdown



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

LSP Life Sciences Fund



Portfolio breakdown

Company	Stage	Subsector	Marketcap	%
Cempra	Late	Therapeutics	Small	8.2%
Neuroderm	Early	Therapeutics	Small	7.8%
Ablynx	Late	Therapeutics	Small	7.7%
GW Pharmaceuticals	Market	Therapeutics	Mid	6.9%
Spark Therapeutics	Late	Therapeutics	Mid	6.8%
Evotec	Early	Therapeutics	Small	6.5%
arGEN-X	Early	Therapeutics	Small	6.3%
Neurocrine Biosciences	Late	Therapeutics	Mid	6.0%
Clinigen Group	Market	Specialty Pharma	Small	5.7%
Forward Pharma	Late	Therapeutics	Small	5.6%
Kite Pharma	Early	Therapeutics	Mid	5.6%
Galapagos	Late	Therapeutics	Mid	5.2%
Ophthotech	Late	Therapeutics	Mid	4.5%
Genmab	Market	Therapeutics	Mid	4.4%
ProQR Therapeutics	Early	Therapeutics	Small	4.1%
Colucid Pharmaceuticals	Late	Therapeutics	Small	2.9%
Sphere Medical	Market	Medical Device	Micro	2.0%
Lombard Medical	Market	Medical Device	Micro	0.9%