

# LSP Life Sciences Fund



Monthly Report July 2017

NAV per Share € 211.86

## Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years
25.1%	-0.5%	4.1%	17.8%	-6.5%	46.2%

NAV of Fund	66,596,804
Number of Shares	314,340
Valuation Date	31/07/2017

## Top-5 performers

1. Neuroderm	28.4%
2. Clinigen Group	16.4%
3. Ablynx	13.4%
4. GW Pharmaceuticals	11.5%
5. Versartis	6.0%

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

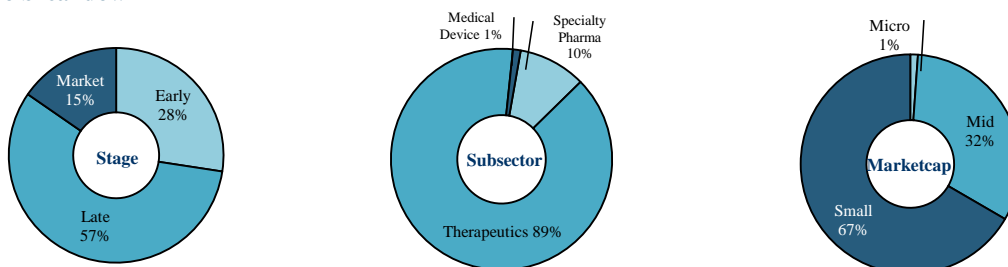
## Investment strategy

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

After a very strong H1, the second half of the year started with another +1 billion dollar take out in the portfolio. The third one in 2017. As described in the LSP Portfolio Update July 2017, the Israeli Parkinson's company Neuroderm announced a USD 1.1 billion all cash deal to be sold to Japan's Mitsubishi Tanabe Pharma. This deal marked the biggest ever sale of an Israeli pharmaceuticals company. Back in June, we saw a correction of the sell-off in this stock in May but remained strongly behind the fundamental investment case, which indeed included the potential for a take-out. We were happy to see this materialize in July. Another investment that did very well fundamentally, was a new addition to the portfolio: Tetrphase Pharmaceuticals. The company develops novel antibiotics to treat life-threatening multidrug-resistant infections. Its most advanced drug in development – a drug called Eravacycline – has been tested in 500 patients in a late stage (Phase 3) clinical study, showing strong results. It was tested against another antibiotic - Meropenem – in the treatment of complicated intra-abdominal infections. The results of the trial demonstrated “statistical non-inferiority” of Tetrphase's drug compared to Meropenem, meaning that it offers an alternative treatment for a difficult to treat patient group. This means the company is on track to submit a so called New Drug Application (an NDA) to the FDA in the first quarter of 2018. At the same time, the company also remains on track to submit a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) during the third quarter of 2017. Once and if both EMA and the FDA have reviewed and approved the dossier, the drug will be allowed to enter the European and US markets. In spite of these positive developments and after a brief spike, the stock lost some 30% of its value since the announcement of the clinical data. We believe the reason for this to be that the company announced an offering – as is typical for a company like Tetrphase – but instead of closing it in an overnight accelerated book building exercise, it left the stock open to speculation by taking two days to close. Although unfortunate and negatively impacting the Fund's July performance, we remain strong believers in the fundamental investment case longer term. During this month, we also decided to liquidate our position in Zynerva prior to expected read-out of key clinical data in August. This decision to divest was driven by a re-assessment of the investment case as well as new insights in the field of epilepsy, in which Zynerva operates.

## Portfolio breakdown



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## Portfolio breakdown

Company	Stage	Subsector	Marketcap	%
Evotec	Early	Therapeutics	Mid	10.1%
Clinigen Group	Market	Specialty Pharma	Small	9.5%
Morphosys	Late	Therapeutics	Mid	8.7%
arGEN-X	Early	Therapeutics	Small	8.7%
Versartis	Late	Therapeutics	Small	8.5%
Aerie Pharmaceuticals	Late	Therapeutics	Mid	7.9%
CytomX Therapeutics	Early	Therapeutics	Small	7.5%
Tetraphase Pharmaceuticals	Late	Therapeutics	Small	7.3%
Ablynx	Late	Therapeutics	Small	7.1%
Erytech Pharma	Late	Therapeutics	Small	6.5%
Achaogen	Late	Therapeutics	Small	4.8%
GW Pharmaceuticals	Market	Therapeutics	Mid	4.2%
Syndax Pharmaceuticals	Late	Therapeutics	Small	3.1%
Sphere Medical	Market	Medical Device	Micro	1.1%
Probiodrug	Late	Therapeutics	Small	0.8%

### 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.