

LSP Life Sciences Fund



Monthly Report October 2017

NAV per Share € 219.38

Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years
29.5%	2.6%	3.5%	29.3%	12.4%	34.8%

NAV of Fund	71,332,620
Number of Shares	325,152
Valuation Date	31/10/2017

Top-5 performers

1. Ablynx	42.8%
2. Aerie Pharmaceuticals	27.1%
3. Clinigen Group	10.4%
4. CytomX Therapeutics	10.1%
5. arGEN-X	7.1%

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

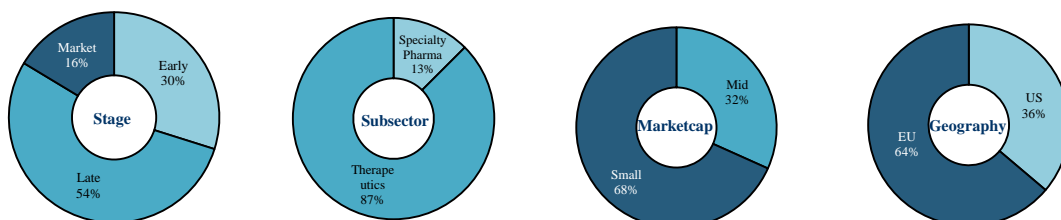
Investment strategy

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

The month of October had a number of the Fund's portfolio companies perform well. One of the companies to highlight in this monthly report, is Aerie Pharmaceuticals. Aerie is a US biotech that is one of the very few, late stage, de-risked, pure-play ophthalmology companies around. The company has two products in development – Roclatan and Rhopressa – both of which target the treatment of glaucoma. Taken together, these two drugs offer blockbuster potential and are both still fully owned by the company. The drugs have gone through extensive clinical testing for years and have shown to be safe and effective. Based on its data package, the company has submitted its first drug – Rhopressa – for approval at the FDA. For that purpose, on October 13, the FDA's advisory committee panel came together to have the company present its data. This meeting went very well and resulted in the panel to give its near-unanimous support to the drug, stating that Rhopressa is a "major advance for Glaucoma treatment". This is as good as it gets and means that the likelihood of the drug obtaining market approval is almost a certainty. This is of great importance to the company, not least because Rhopressa's success has a direct read-through for Roclatan's future chances of approval, simply because Rhopressa is a single agent drug that is used in the combo product Roclatan. In other words: Rhopressa's positive risk/benefit profile improves Roclatan's risk/benefit profile as well. Aerie's stock gained 25% on the day after the panel, increasing its market cap to almost USD 2.5 billion. In view of its current profile, we believe a number of large pharma companies could and should have an interest in Aerie from this point onwards. If, when or how such interest may materialize is speculative of course. October was also a transformational month for Belgian company Ablynx. At the start of the month, the company announced positive results from two pivotal trials which demonstrated that their drug candidate Caplacizumab had a dramatic improvement on the lives of patients with a rare blood clotting disorder - acquired Thrombotic Thrombocytopenic Purpura – or aTTP. They now have sufficient data to drive the registration process in both the US and EU. Following on this success, the company executed an IPO on NASDAQ which raised USD 230 million. This not only broadens the investor base but means the company is very well capitalised to launch Caplacizumab following regulatory approval - which could happen in late 2018. Following on its run of positive news flow in the past few months, Morphosys announced FDA Breakthrough Therapy Designation for its antibody MOR208 for the treatment of a form of blood cancer. Such a designation is reserved for only the most promising new therapies in development and is intended to expedite drug development to get these revolutionary treatments to patients faster. So this is an important development for the company. Other portfolio news flow was provided by GW Pharmaceuticals from the UK, which filed its application with the FDA for the approval of Epidiolex for the treatment of two very severe forms of epilepsy. Within the next few weeks, we should know the date by which the FDA will respond to the applications, the PDUFA date. If approved, it is anticipated that GW will launch this potentially blockbuster drug in 2H18. One of the fund's best performers year-to-date – Evotec from Germany - a company we have highlighted before in our monthly reports, has become the target of a short-seller during the month of October. At an annual hedge fund conference in late October called "Robin Hood", a hedge fund manager – Lakewood Capital - announced their short position in Evotec. They were seeing significant downside to the stock. After that, we have seen the stock's volatility increase with swings of 5% up or down on a day. The company's stock closed down 16% for the month. All in all, we are very pleased with the developments in the portfolio this past month and we will likely be adding new names before year end.

Portfolio breakdown



LSP Life Sciences Fund



Portfolio breakdown

Company	Stage	Subsector	Marketcap	%
Clinigen Group	Market	Specialty Pharma	Small	10.6%
Morphosys	Late	Therapeutics	Mid	9.8%
arGEN-X	Early	Therapeutics	Small	9.1%
Evotec	Early	Therapeutics	Mid	8.2%
CytomX Therapeutics	Early	Therapeutics	Small	7.9%
Erytech Pharma	Late	Therapeutics	Small	7.3%
Tetraphase Pharmaceuticals	Late	Therapeutics	Small	7.1%
Ablynx	Late	Therapeutics	Small	5.7%
Aerie Pharmaceuticals	Late	Therapeutics	Mid	5.5%
Zogenix	Late	Therapeutics	Small	4.5%
GW Pharmaceuticals	Market	Therapeutics	Mid	3.3%
Aduro Biotech	Late	Therapeutics	Small	2.9%
Syndax Pharmaceuticals	Late	Therapeutics	Small	2.7%

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

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. 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.