

LSP Life Sciences Fund



Monthly Report January 2017

NAV per Share € 180.46

Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years
6.5%	6.5%	6.3%	4.3%	-9.0%	23.9%

NAV of Fund	63,675,220
Number of Shares	352,834
Valuation Date	31/01/2017

Top-5 performers

1. Forward Pharma	87.7%
2. Colucid Pharmaceuticals	27.1%
3. Spark Therapeutics	26.4%
4. Aerie Pharmaceuticals	16.0%
5. Kite Pharma	13.7%

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

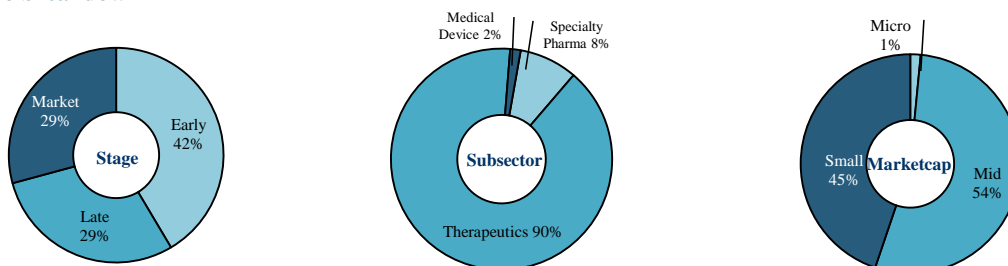
Investment strategy

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

Due to two significant developments in the portfolio, the year has gotten off to a very good start for the fund. On January 18 2017, Colucid Pharmaceuticals - an LSP Fund investment - announced it had agreed to be acquired by Eli Lilly. In an all cash transaction of USD 46.5 per share or close to USD 1 billion, Eli Lilly acquired a drug for the treatment of acute migraine which Colucid has progressed to the final stage of development. The drug had shown great results in a Phase 3 trial in 2016 and the results from the final clinical study are anticipated in the second half of 2017. If that trial is positive, submission for the drug – called lasmiditan – for US regulatory approval could occur in 2018. The investment case of Colucid, is exemplary for what is a core component to the strategy of the LSP fund: invest in companies that have innovative assets – drugs, devices, technologies and other - in development that have significant market potential, make real difference for society and have the potential to being acquired by larger companies who need to replenish their pipelines with innovative products; the small companies thus acting as the engine of innovation to the larger companies. As described in the press release announcing the deal on the 18th, "Lasmiditan was originally discovered at Lilly and was out-licensed to CoLucid in 2005. Over the past 12 years, CoLucid has taken important steps to decrease the risk related to development and commercialization of lasmiditan as evident by the first positive Phase 3 trial. At the time lasmiditan was out-licensed, pain management was not a strategic area of focus for Lilly. Lilly has since reorganized its research and development efforts to focus on migraine as part of its emerging therapeutic area of pain." The LSP fund invested in Colucid in late 2016 following extensive due diligence, interactions with senior management and on-site company visits. The company's profile and stage of development, made it an attractive investment case and a prime take out candidate as well. Its migraine drug has significant market potential, in particular also in those of the 36 million migraine patients in the US alone, who have – or are at risk for - cardiovascular disease. As Eli Lilly's president and chief executive officer put it: "Lasmiditan is a novel, first-in-class molecule that could represent the first significant innovation for the acute treatment of migraine in more than 20 years, and CoLucid has made significant progress in advancing this potential medicine. This innovation, along with galcanezumab, could offer important options for the millions of patients suffering from migraine." Indeed a great investment case. The second significant development in our portfolio was a licensing deal between Biogen and Forward Pharma, which included a \$1.25 billion cash upfront payment. We invested in Forward Pharma based on our conviction that the company had a senior patent claim on Tecfidera, which is Biogen's most important revenue generator. Through this licensing agreement, Biogen effectively secured access to Forward Pharma's patent estate related to Tecfidera, thereby validating our investment case. The market responded very favourably to the settlement and Forward Pharma's share price nearly doubled during the month of January.

Portfolio breakdown



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Portfolio breakdown

Company	Stage	Subsector	Marketcap	%
Evotec	Early	Therapeutics	Small	8.5%
arGEN-X	Early	Therapeutics	Small	7.5%
Genmab	Market	Therapeutics	Mid	7.0%
Clinigen Group	Market	Specialty Pharma	Small	6.8%
Spark Therapeutics	Late	Therapeutics	Mid	6.7%
Kite Pharma	Early	Therapeutics	Mid	6.7%
Neuroderm	Early	Therapeutics	Small	6.2%
Morphosys	Late	Therapeutics	Mid	6.0%
GW Pharmaceuticals	Market	Therapeutics	Mid	5.8%
Neurocrine Biosciences	Late	Therapeutics	Mid	4.4%
CytomX Therapeutics	Early	Therapeutics	Small	4.0%
Aerie Pharmaceuticals	Late	Therapeutics	Mid	3.8%
TherapeuticsMD	Market	Therapeutics	Mid	2.6%
Zynerba Pharmaceuticals	Late	Therapeutics	Small	2.5%
Sphere Medical	Market	Medical Device	Micro	1.2%
ProQR Therapeutics	Early	Therapeutics	Small	0.3%

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.