

# LSP Life Sciences Fund



Monthly Report March 2017

NAV per Share € 202.69

## Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years
19.7%	6.9%	19.7%	26.8%	-0.3%	29.2%

NAV of Fund	63,721,685
Number of Shares	314,378
Valuation Date	31/03/2017

## Top-5 performers

1. CytomX Therapeutics	38.2%
2. Sphere Medical	34.9%
3. Evotec	25.4%
4. Paratek Pharmaceuticals	18.3%
5. Neuroderm	14.7%

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

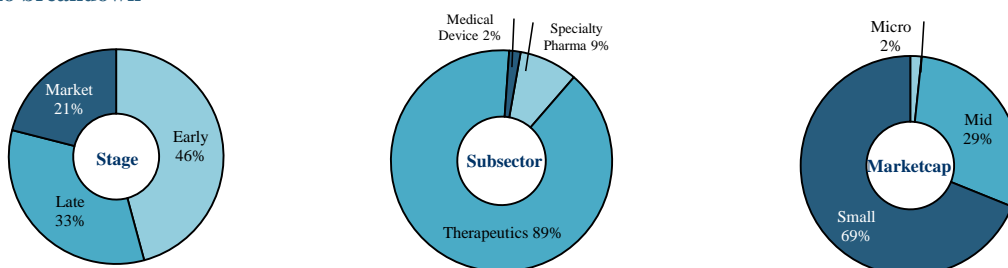
## Investment strategy

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

March proved to be another excellent month for the LSP fund. Whereas all healthcare indices traded down for the month, the LSP Fund again traded up bringing its year-to-date return to +20%. The MTD and YTD outperformance over market indices, is due to individual portfolio companies developing very well. In March, a number of the fund's largest holdings saw significant price increases, with CytomX, Evotec and Paratek leading the pack. Evotec is a German biotech with a unique business model based on the concept of offering a comprehensive array of early stage R&D services to the biotech and pharma industry, while reinvesting profits from that business in its own internal drug pipeline thus creating additional long term value. While this model is not unique per se, the fact that Evotec builds its own pipeline by establishing collaborations with high-profile academic institutes at an early stage of the drug development value chain, does make it unique. The services model generated revenues of some EUR 160 mln in 2016 at a gross profit of EUR 60 mln. Growth has been very impressive, almost doubling its revenues in the past three years. Its market capitalization has tripled in the past year to over EUR 1.3 billion as of the end of March 2017 making it one of the largest German biotech companies. Evotec has also become the largest holding in the fund as per the end of the month. Both CytomX and Paratek have different business models. CytomX, a US based biotech, is developing so called "probodyes" for the use in cancer. Probodyes are therapeutics that only become active at the site of the tumour, making the treatment potentially safer for healthy tissue and thus for the patient. The company is putting all its resources into developing these probodyes for a number of indications. In order to leverage the full potential of its approach in as many indications and sub-indications as possible, the company entered into strategic collaborations with large pharmaceutical companies. One such collaboration was established in 2014 with pharma company Bristol Myers Squibb (BMS). In the past month, CytomX announced a significant extension of this collaboration. Per the new agreement, CytomX has granted BMS exclusive access to develop and commercialize 6 oncology targets and 2 non-oncology targets. In return, BMS made an upfront payment of USD 200 mln and will provide additional research funding. Furthermore, CytomX will be entitled to receive up to USD 450 mln in future milestone payments per target as well as royalties on future sales. All in all a very significant extension of the existing collaboration with BMS, worth billions in potential future payments to CytomX. The third biggest contributor to the fund's performance for the month was Paratek, a US based biotech. The company fights the problem of antibiotic-resistant infections. It has a number of products in an advanced stage of development, one of which is an antibiotic for the treatment of skin infections and community acquired pneumonia, the other for the treatment of moderate to severe Acne. In March, the company and its partner Allergan announced positive test results in two late stage clinical studies (both Phase 3) for the Acne product, which helped to increase the company's value. Its market cap now stands at roughly half a billion USD. Further clinical test results are expected to be announced in the coming months.

## Portfolio breakdown



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## Portfolio breakdown

Company	Stage	Subsector	Marketcap	%
Evotec	Early	Therapeutics	Small	11.5%
CytomX Therapeutics	Early	Therapeutics	Small	8.5%
arGEN-X	Early	Therapeutics	Small	7.8%
Neuroderm	Early	Therapeutics	Small	7.5%
Clinigen Group	Market	Specialty Pharma	Small	7.5%
Morphosys	Late	Therapeutics	Mid	7.5%
GW Pharmaceuticals	Market	Therapeutics	Mid	6.1%
Versartis	Late	Therapeutics	Small	4.7%
Kite Pharma	Early	Therapeutics	Mid	4.6%
Ablynx	Late	Therapeutics	Small	4.6%
Zynerba Pharmaceuticals	Late	Therapeutics	Small	4.5%
Aerie Pharmaceuticals	Late	Therapeutics	Mid	4.2%
Paratek Pharmaceuticals	Late	Therapeutics	Small	3.5%
TherapeuticsMD	Market	Therapeutics	Mid	3.3%
Sphere Medical	Market	Medical Device	Micro	1.5%

### 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.