

# LSP Life Sciences Fund



Monthly Report May 2017

NAV per Share € 203.87

## Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years
20.4%	0.2%	7.5%	6.0%	-5.1%	31.8%

NAV of Fund	64,617,239
Number of Shares	316,945
Valuation Date	31/05/2017

## Top-5 performers

1. Aerie Pharmaceuticals	25.9%
2. Sphere Medical	22.4%
3. Morphosys	17.0%
4. Evotec	16.1%
5. arGEN-X	11.0%

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

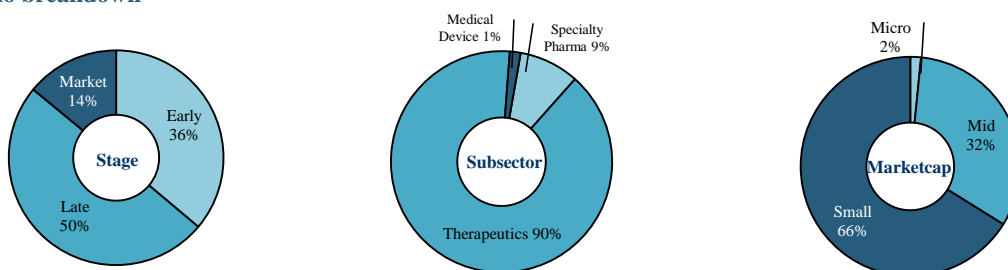
## Investment strategy

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

The healthcare sector as a whole has done well in the first five months of 2017, with all the healthcare indices – the MSCI, the NBI, the XBI etc – trading up some +10% year-to-date. The LSP fund made in excess of +20% over the same period. This is due to a steady stream of positive developments in the fund's portfolio in the past 5 months: in January, Forward Pharma - a Danish company that IPO-ed in late 2014 - signed a USD 1.25 billion deal with Biogen Idec, to allow Biogen undisputed ownership of its best-selling drug (Tecfidera for the treatment of Multiple Sclerosis). This drug generated billions of dollars in sales for Biogen already and Forward's IP claim was a threat to this important Biogen franchise. Basically, this represented a David versus Goliath situation with Forward having a market cap of less than USD 800 million versus Biogen's USD 50 billion market cap. Another positive portfolio development, also in January, related to Colucid Pharmaceuticals, a company we invested in in late 2016. Only 4 months after we invested, the company was acquired by Eli Lilly for almost USD 1 billion. This acquisition was driven by Eli Lilly's need to fill its drug pipeline with new products to generate future sales. Colucid's main drug, an innovative treatment for Migraine, offered that potential. Interestingly, Colucid's drug originated from within Eli Lilly. It was spun-out years ago and a new company – Colucid – was formed in 2005. The fact that Lilly now regained ownership of a potential blockbuster drug through a billion dollar M&A transaction is exemplary for an important trend in the healthcare industry: large, sales oriented companies buying small, innovation oriented companies in order to get access to their products and technologies. We have seen a great many of such transactions over the past years and we expect many more to happen in the years to come. A number of the fund's portfolio companies, are in fact potential M&A targets - In particular those companies that have one or more innovative drugs in their pipelines for which they have generated late stage clinical data to support their potential. This is true for companies like Neuroderm, Paratek, Kite, Erytech, and Aerie Pharmaceuticals. All these companies announced stellar clinical results in the past few months and weeks, bringing them closer to launching ground breaking new treatments for a variety of diseases. All five have contributed to the Fund's year to date performance. Furthermore, two portfolio companies have successfully added a listing on NASDAQ so far this year, Erytech from France and Argen-X from Belgium. Our portfolio companies have between them raised over USD 2 billion this year – strengthening their balance sheets and setting up the company for the next stage of development. This total does not even include the USD 1.25 billion cash payment Forward Pharma received from Biogen Idec. Another important part of our portfolio consists of companies that are well-diversified, revenue generating and leaders in their respective fields of activity. This group of companies, which includes Clinigen from the UK and Evotec and MorphoSys from Germany, has performed particularly well so far this year. In short, the portfolio is in great shape. So what next for the fund? Do we see more opportunities? The answer is a resounding YES! We have added 5 new positions to the portfolio this year. In May, we added cancer company Syndax Pharmaceuticals. A small biotech with a very interesting new technology for treating cancer. The company has already attracted the interest of several large pharma and large biotech companies. There will be several large conferences in June and we will be attending many of them. The most notable of which is ASCO, the world's largest cancer conference that takes place in Chicago. This year's conference (June 2-6) is expected to be very exciting as both large pharma and small biotech companies (including several portfolio companies) are scheduled to present widely anticipated data on a range of innovative new cancer treatments. As always - we will also be catching up with our portfolio companies, following up with biotech companies on our radar screen as well as meeting new companies during the month, as we continue to search for the most attractive investment opportunities for the fund.

## Portfolio breakdown



# LSP Life Sciences Fund



## Portfolio breakdown

Company	Stage	Subsector	Marketcap	%
Evotec	Early	Therapeutics	Mid	11.2%
Morphosys	Late	Therapeutics	Mid	8.7%
arGEN-X	Early	Therapeutics	Small	8.6%
Clinigen Group	Market	Specialty Pharma	Small	8.1%
Neuroderm	Early	Therapeutics	Small	7.1%
CytomX Therapeutics	Early	Therapeutics	Small	6.5%
Aerie Pharmaceuticals	Late	Therapeutics	Mid	6.5%
Erytech Pharma	Late	Therapeutics	Small	6.3%
Ablynx	Late	Therapeutics	Small	5.7%
Versartis	Late	Therapeutics	Small	5.5%
Zynerba Pharmaceuticals	Late	Therapeutics	Small	5.2%
Paratek Pharmaceuticals	Late	Therapeutics	Small	4.7%
GW Pharmaceuticals	Market	Therapeutics	Mid	3.4%
Syndax Pharmaceuticals	Late	Therapeutics	Small	3.3%
Sphere Medical	Market	Medical Device	Micro	1.5%

## Important information

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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.