

LSP Life Sciences Fund

Monthly Report November 2021

LSP
CONNECTING INVESTORS TO INVENTORS

NAV per Share € 212.71

Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years	5 Years
-26.4%	-4.5%	-19.0%	-26.2%	-2.6%	-10.5%	24.5%

NAV of Fund	36,702,020
Number of Shares	172,540
Valuation Date	30/11/2021

Top-5 performers during the month

1. Valneva	45.6%
2. Calliditas Therapeutics	24.6%
3. Arrowhead Pharmaceuticals	9.8%
4. Allogene Therapeutics	7.3%
5. Otonomy	-2.4%

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

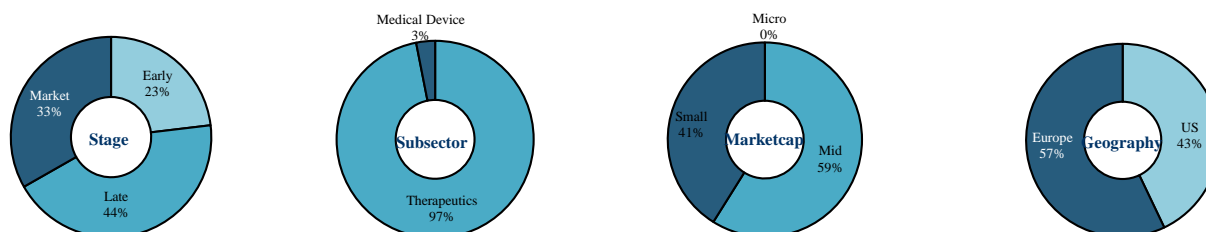
Investment strategy

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

While the capital markets performed very well in 2021, healthcare and biotech in particular have dramatically underperformed. Much has already been written to try to explain this dichotomy. Why is the market negative for biotech when it is innovation in healthcare which is 'saving' us from the pandemic? We can point to the good performance of the sector in 2020 in the wake of the first wave of the pandemic – were valuation too high at the start of 2021? Is it the on-going pandemic and a flight from risk? Biotech companies are certainly considered to be at the high end of any risk assessment. Has there been a lack of M&A transactions? It is true that this year lacked the kind of M&A transactions which get investors excited about the sector. The excitement about healthcare in 2020 led to several US fund seeing very large inflows – this appears to have led to a bubble at the start of 2021 as these fund had to rapidly deploy large amounts of capital (ARK Invest being an example). But even taking this spike and re-set seen in February/March of this year out of the equation, the sector has underperformed. There are several sector specific factors which came into play. With a new administration in the White House, the question of drug pricing was back in focus. This always causes uncertainty until the new strategy is defined. A second major impact of the new administration is the lack of leadership at FDA. The agency is under pressure due to increased work relating to the pandemic, there have been an unprecedented number of clinical trials relating to vaccine and anti-viral drug development which needed attention. Not to mention the Emergency Use Authorisations which were necessary. This has resulted, or so it seems, in a larger than usually number of delays to drug authorisations and above average number of trials being put on clinical hold. Any factors suggesting increased risk to drug development are negative for biotech investor sentiment. So, what does all this mean? In essence – it is not clear why biotech has underperformed so dramatically in 2021. Most likely it is a combination of all the factors mentioned about – the perfect storm so to speak. There have been many positive, impactful events in our portfolio companies this year, which have not resulted in positive share price performance. However, we believe that the underlying value of these companies has increased and will be reflected eventually. There are several catalysts to come in the portfolio this year. If these are positive, they will increase the underlying value and we are hopeful that this will also be reflected in the share price. If that does not happen, then the large number of pharma and larger biotech companies which strong balance sheets will no doubt take notice.

Portfolio breakdown



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.