

# LSP Life Sciences Fund

Monthly Report June 2018

**LSP**  
CONNECTING INVESTORS TO INVENTORS

NAV per Share € 252.58

## Performance

YTD	1 Month	3 Months	1 Year	2 Years	3 Years	5 Years
7.4%	-0.9%	-1.8%	18.6%	48.4%	17.9%	57.6%

## Top-5 performers

1. Cocrystal Pharma	59.8%
2. Dova Pharmaceuticals	36.1%
3. Aerie Pharmaceuticals	31.7%
4. Verastem	23.1%
5. Merus	20.4%

NAV of Fund	79,311,648
Number of Shares	314,002
Valuation Date	30/06/2018

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

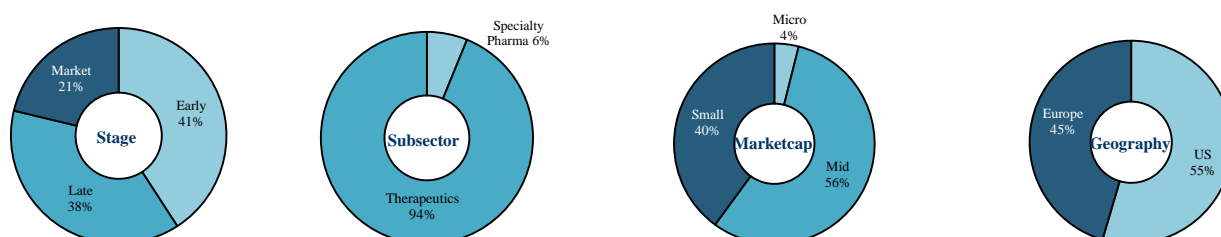
## Investment strategy

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

With the month of June behind us, we can look back at a good first half of the year where many of our investment cases have already delivered or else their respective investment cases have progressed. We had very few company specific disappointments or setbacks in the portfolio in the past 6 months, with most of the volatility simply due to macro-economic and geo-political forces that have played – and will continue to play – a role on sentiment and risk appetite; and thus on the global equity markets. Our holdings tend to be more volatile than the market as a whole, simply because we invest in the life sciences sector, a sector with a risk profile that is perceived to be high risk; and within this relatively high risk sector, we invest in the small-cap names, typically perceived to carry a higher risk as well. In addition, we build a highly concentrated portfolio of between 15 and 20 names, meaning that good or bad developments at an individual portfolio company, will have a bigger impact on the fund's NAV. It is what we have seen happening over the past 10 years quite consistently. Still, for the long term investors who look past short term volatility, this should not be an issue. If we look at the past month only, the biggest contributors to the Fund's return in June included two recently added names: Cocrystal Pharma and Dova Pharmaceuticals. Cocrystal shares started to rebound upon completion of its financing in which we participated; it gained further strength after the company announced the initiation of a Phase 2 study in combination with Gilead's blockbuster drugs to treat hepatitis C viral infections (HCV). The aim of the study is to demonstrate that the addition of Cocrystal's new treatment for HCV to Gilead's drugs, will considerably shorten the treatment time for which the medical need is high. The results of this study are expected before the end of this year. At the end of April, Dova announced the FDA approval of Doptalet for the treatment of a bleeding disorder. They then launched Doptalet in the US in early June and the good news has started to be reflected in the share price. Eye disorder company (glaucoma), Aerie Pharmaceuticals, also performed well in the month of June as investors gain confidence in management's ability to launch RhoPressa. Sales trackers indicate that the drug is gaining traction in the market. We added two new names to the portfolio in the month of June. We participated in a secondary offering for women's health company Obseva. The Company raised approximately USD 73 million following the announcement of positive Phase 2b data in endometriosis. The product, OBE2109, is also in Phase 3 studies for the treatment of uterine fibroids with data expected next year. The Phase 2b data confirmed the efficacy of the treatment and suggests that it could be differentiated from other products in development by its superior safety profile. Additional data will be presented around the end of this year. We also invested in Eloxx, a company which is developing highly innovative treatment for specific forms of cystic fibrosis. There is currently no available treatment for these patients. While still at an early stage of development – the technology looks very promising. The worst performer in the portfolio for the month was Erytech. Erytech announced that it had withdrawn its application for European approval (EMA) for Graspa. While this was always a long shot and would have meant minor sales revenue for the company, it was none the less a blow to sentiment and also removed the main news flow item for this year. The key program is the development of Graspa for the treatment of pancreatic cancer and the Phase 3 trials are on track to start around the end of this year. We had already significantly reduced our position in Erytech so the impact on the fund's NAV was limited. GW Pharmaceuticals was also down in the month of June despite receiving FDA approval for its innovative treatment for a very severe form of childhood epilepsy. We have since exited our position in GW as the investment case has played out for now and the initial launch could cause some volatility in the share price. We will continue to monitor developments at the company.

## Portfolio breakdown



# LSP Life Sciences Fund



## Portfolio breakdown

Company	Stage	Subsector	Marketcap	%
argenx	Early	Therapeutics	Mid	10.2%
CytomX Therapeutics	Early	Therapeutics	Small	7.7%
Aerie Pharmaceuticals	Late	Therapeutics	Mid	7.6%
Evotec	Early	Therapeutics	Mid	7.4%
Stemline Therapeutics	Early	Therapeutics	Small	6.5%
Verastem	Late	Therapeutics	Small	6.5%
Clinigen Group	Market	Specialty Pharma	Mid	6.3%
ObsEva	Late	Therapeutics	Small	6.1%
Morphosys	Late	Therapeutics	Mid	5.4%
Zealand Pharma	Market	Therapeutics	Mid	5.2%
Zogenix	Late	Therapeutics	Mid	4.7%
Dova Pharmaceuticals	Late	Therapeutics	Small	4.2%
GW Pharmaceuticals	Market	Therapeutics	Mid	4.0%
Cocrystal Pharma	Early	Therapeutics	Micro	4.0%
Merus	Early	Therapeutics	Small	3.4%
Genmab	Market	Therapeutics	Mid	3.1%
Galapagos	Market	Therapeutics	Mid	3.0%
Aduro Biotech	Late	Therapeutics	Small	2.4%
Eloxx Pharmaceuticals	Early	Therapeutics	Small	2.2%
Erytech Pharma	Late	Therapeutics	Small	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.