



February 2019

Unit Value per February 28, 2019: € 1.836,8351

Net Performance (Start of fund: March 28, 2016)

Since Inception	YTD	1 Month	1 year	2 years
+ 83,7%	+ 6,5%	- 1,2%	+ 38,0%	+ 60,6%

Waiting for Upcoming Milestones

February was one of those months like we had in Q4 of 2017: a month in which our patience is put to the test. We ask ourselves: when are other investors going to see the serious undervaluation of the companies we are invested in?

Despite closing February with a slightly negative performance, - 1,2% and the NBI going up 2,7%, we can say that with just two days into March the fund is already back up by over 6%.

We again attended a gene and RNA conference in February and have further dug into the threats and opportunities around therapies and companies related to this thriving field. We believe that these therapies will be the game changers to the treatment of many diseases. It is encouraging that we are not the only believers in the future of this space, as shown by recent acquisitions and licensing deals in the gene and RNA therapy space by companies such as Eli Lilly, Johnson & Johnson and Novartis. One deal that stood out in February was the acquisition of Spark Therapeutics by Roche, with Roche paying a premium of over 120% resulting in an acquisition price of \$4,3 billion. Yesterday Biogen announced the proposed acquisition of our portfolio company Nightstar Therapeutics for \$877 million, a premium of 68% to Nightstar's last share price.

Despite our high conviction regarding the future success of the gene and RNA therapy companies we are invested in, we realise there is still risk involved in bringing these therapies to the market. Therefore, we only put a maximum of 2-3% of our portfolio at risk within the companies in this field that are yet to provide validation of their technologies. Knowing that once the proof is there a share price of a company involved can increase by a 5-10x factor over as little as one year, a small stake of 2-3% of the fund can already yield a 10-30% performance for it. To further decrease the risk coming from this portion of our assets under management we have, for the time being, increased our total amount of portfolio companies from 18 to 22 today.

We are heading for an exciting year with a nicely balanced portfolio, consisting of solid high growth companies topped-up with very high potentials. As such, we are hopeful to achieve another strong performance over 2019. Not only in absolute terms but also in relative terms: in 2018 Aescap 2.0 was the best performing fund investing in public biotech companies according to Morningstar and Bloomberg. Having said that, for us the past is only there to learn from.

Looking forward to report to you again next month.

Best regards on behalf of the Aescap 2.0 team,

Patrick J. H. Krol
Portfolio Manager Aescap 2.0

About Aescap 2.0

Aescap 2.0 is an open-end mutual fund investing in public biotech companies that develop and market next generation medical treatments. Within its focused portfolio of 15-20 companies it diversifies over different diseases, development phases and geographies. Companies are selected for their growth potential ('earning power') and limited risk (technological and financial).

The selection of companies is based on 'high conviction' - extensive fundamental analyses combined with intense interaction with management and relevant experts. The fund's performance is fueled by stock picking and an active buy and sell discipline. Biotech stocks are known for their extreme low correlation and high volatility, caused by media, macro-events and short-term speculative investors. This creates an ideal setting for a high conviction fund manager to invest in undervalued companies with a great mid- and long-term earning power. The fund has an average annual net performance target of 20%+ over the mid-term (4-5 years).

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Disclosures for Swiss Investors:

The Fund has appointed Hugo Fund Services SA, 6 Cours de Rive, 1204 Geneva, Switzerland, as its Swiss Representative. Banque Heritage SA, 61 Route de Chêne, CH-1207 Geneva, Switzerland is the Swiss Paying Agent. In Switzerland shares of Aescap2.0 shall be distributed exclusively to qualified investors. The fund offering documents and audited financial statements can be obtained free of charge from the Representative. The place of performance with respect to the shares of Aescap2.0 distributed in or from Switzerland is the registered office of the Representative.

