Quarterly Update: Q2 2021

+7,1% for June, +2,5% for Q2

The fund finished the second quarter with a strong performance in June of +7,1%. Several portfolio companies presented positive news, as is further detailed in the company highlights section below.

After the sector received a lot of attention in 2020 and early 2021, fueled by the Covid-19 pandemic, a record amount of biotech IPOs and numerous biotech SPACs came into play over the last 12 months. The share prices of biotech companies that went public in that period have come down significantly. As communicated earlier, our opinion is that many of these IPOs were highly overvalued and therefore we did not invest in them.

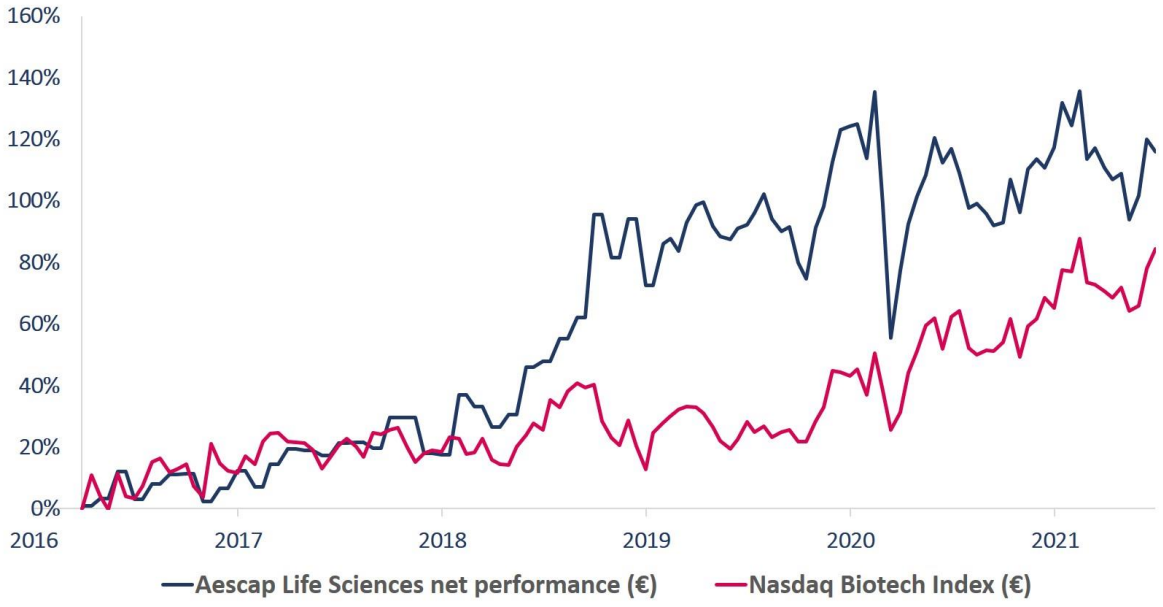
We think the wave in biotech SPACs will also have its unpleasant surprises for investors. Since there is such a high demand by the SPAC originators to acquire a valuable private biotech company and with 50 of these SPACS still looking, the prices will likely rise to unhealthy levels. Moreover, since the IPO climate is favorable private companies that are contacted by SPAC organisers are in a strong position. This is also reflected by the fact that we have been contacted by several organisers of (US) SPACs on whether we know any private company interested to go public through them.

At Aescap, we maintain our focus on monitoring our portfolio companies and their competitors, and taking action when we deem necessary. In addition, we are always talking to and digging into other companies to see whether they might represent a better investment opportunity compared to what we are invested in today or whether they might become one in the near future.

Net Performance (from inception at March 28, 2016)

Unit Value per June 30, 2021:
€ 2.160,1228

Net IRR	2021	1 month	1 year	3 years	5 years
+ 15,8%	- 0,6%	+ 7,1%	- 0,3%	+ 46,2%	+ 109,8%



Fund Breakdown per June 30th

Assets under Management:
€ 199.150.508

Location (based on value):
Europe: 38,5%
US: 50,3%

Invested per Currency:
USD: 81,6%
EUR: 7,1%

Asia:	**11,2%**	**DKK:**	**4,4%**
		SEK:	**0,4%**
		GBP:	**6,5%**

Top-5 Performers

1. **Dicerna Pharmaceuticals** **+ 46%**
2. **Oxford Biomedica** **+ 37%**
3. **Zai Lab** **+ 33%**
4. **Arrowhead Pharmaceuticals** **+ 25%**
5. **Alnylam Pharmaceuticals** **+ 20%**

Portfolio Highlights

Arrowhead Pharmaceuticals (+25%)

For Arrowhead Pharmaceuticals the second quarter was rich of important milestones. In mid-April the company announced its newest addition to the pipeline, a medicine candidate targeted to treat a form of muscular dystrophy, known as Facioscapulohumeral muscle dystrophy. Though Arrowhead started by targeting diseases of the liver, it has been steadily broadening its R&D in RNA based medicines to diseases of the lung, muscle and for the treatment of cancer. This ever-expanding reach towards other organs and tissues is a testament to the broad high-growth potential Arrowhead has. At the same time, the company keeps on being a leader in liver targeted therapies, as highlighted by the decision of pharma partner Johnson & Johnson to exercise its option to in-license another liver-directed medicine on top of the already advanced hepatitis B therapy, now in phase 2b clinical trials. This decision triggered a $ 10 million milestone payment for Arrowhead.

Later in the quarter, Arrowhead announced 48-week data from its ongoing clinical trial for the treatment of a rare liver disease. Besides confirming the very positive clinical benefits already noticed at 24 weeks of treatment, the company announced that the novel therapy also caused

an improvement in liver fibrosis, the ultimate goal in the treatment of this disease.

Towards the end of June, the California-based company received further validation of the value of its research engine, when it announced that it had out-licensed a medicine to Horizon Therapeutics to treat people affected by uncontrolled gout. The deal came with a $ 40 million upfront payment to Arrowhead, as well as eligibility to receive up to $ 660 million in potential milestones and to earn low to mid-teen royalties on net product sales. After the already impressive license deals with Johnson & Johnson and Takeda, this new collaboration confirms the value of Arrowhead's technology and the management's skill to close important deals while executing on its proprietary pipeline.

Dicerna Pharmaceuticals (+46%)

Dicerna delivered many milestones throughout the second quarter of 2021. In early April, the company announced the sale of the royalty stream coming from the revenues of Alnylam's medicine called Oxlumo to Royalty Pharma in exchange of an upfront cash payment of $ 180 million and up to $ 60 million in contingent sales-based milestone payments. This upfront payment and the potential milestone payments further consolidate the already strong financial position of the company.

From its extensive list of license partners, Dicerna provided an update on its collaboration with pharma company Boehringer Ingelheim. The pharma partner exercised its option to in-license a medicine that will be tested in clinical trials for the treatment of non-alcoholic steatohepatitis (NASH), a chronic liver disease caused by the accumulation of fat in the liver, which is often seen in people who are overweight. Later in the same month, the company also announced that a second medicine from its collaboration with pharma company Eli Lilly was accepted by the FDA to start clinical testing. Both these events triggered milestone payments combining for more than $ 10 million dollars.

Dicerna is about to release registrational data by mid-2021 for its lead proprietary product. This value inflection point, as well as more announcements from its pipeline and collaborations, make up a news-rich second half of the year.

Alnylam Pharmaceuticals (+20%)

Alnylam showed continued progress on all fronts during this year's second quarter. It started by sharing clinical data from its promising anti-hypertensive (blood pressure-lowering) medicine, Zilebesiran. In this placebo-controlled study, a single subcutaneous Zilebesiran dose achieved

sustained reductions of the target protein, known as angiotensinogen, in the blood stream. Furthermore, substantial drops in blood pressure were achieved in patients receiving the medicine versus those receiving placebo. Though these are just early signals, the entity of the target-protein knockdown and of the drop in blood pressure based on single dose bode well for future applications of this medicine in the large hypertension market.

More positive news came from a late-stage asset in Alnylam's pipeline, a medicine known as Vutrisiran. This medicine is an improved, easier to administer version of Alnylam's already marketed medicine, called Onpattro, for the treatment of a disease in which accumulation of a protein leads to severe neurologic dysfunctioning. The results from the phase 3 trial evaluating Vutrisiran highlighted an equally impressive efficacy to Onpattro and good safety profile, while also allowing for subcutaneous dosing once every three months, instead of the intravenous infusion once every 3 weeks for the currently marketed Onpattro. While dosing convenience may not seem very important, it will allow for greater benefit to patients and substantially higher value generated for the company. Based on this result, the company has filed for approval in the US and plans on doing the same for Europe by the end of this year, paving way to further consolidating its leadership position in this therapeutic area.

Continued commercial execution and more pipeline news are expected in the second half of the year, as Alnylam continues to establish itself as a leader in RNA Interference therapeutics.

Merck (+1%)

Blockbuster medicine Keytruda continued to deliver positive news this quarter with regards to its efficacy in several oncology indications. Mid-April, the company announced positive results from a phase 3 clinical study evaluating Keytruda as an adjuvant treatment for kidney cancer.

In early May, Merck announced that the FDA approved Keytruda in combination with Trastuzumab and chemotherapy as a first-line treatment in a subset of advanced gastric cancers. This approval came under an accelerated pathway based on tumor response rate and durability of response better than the currently approved treatment in this indication.

In mid-May, the company announced positive results from a phase 3 study in which Keytruda was administered as a first treatment before surgery and subsequent medical treatment in patients suffering from a specific type of high-risk early-stage breast cancer. The medicine showed an improvement in event-free survival and pathological complete

response and Merck is now set to engage with regulatory authorities on next steps to bring Keytruda to patients in this indication.

In the end of June, Merck disclosed positive results from a phase 3 study in patients with persistent, recurrent or metastatic cervical cancer. Keytruda was evaluated in combination with other treatments currently used in this indication and the study met its primary endpoints, showing improvement in overall survival and progression-free survival compared to the standard of care alone.

As we outlined during our Annual Meeting, Keytruda has become the backbone treatment of many types of cancers and is continuing to deliver meaningful results for patients in additional indications.

Merck also has an existing partnership with fellow big pharma company AstraZeneca regarding the development and commercialization of Lynparza in a range of cancers. The two companies are equally sharing gross profits from the sale of the medicine alone or in combination therapies. Early June, Merck and AstraZeneca announced that Lynparza showed a statistically significant reduction of 42% in the risk of invasive disease recurrence or death compared to placebo in a phase 3 trial targeting a specific subset of high-risk early breast cancer.

End of June, the two companies announced that Lynparza received a conditional approval in China for the treatment of certain patients with mutated metastatic castration-resistant prostate cancer who have progressed in their disease although receiving prior treatment.

On a final note, and as announced in Q1 2021 by the company, CEO Kenneth Frazier transitioned to an Executive Chairman position end of June while Robert Davis took over the CEO role from his former CFO and EVP Global Services position at Merck.

Zai Lab (+33%)

Early in April, portfolio company Zai Lab received $ 858 million from investors, increasing their cash at hand to nearly $ 2 billion.

Shortly after this successful transaction, Zai Lab struck yet another partnership, this time with Mirati Therapeutics concerning the development and commercialization of Adagrasib, a very promising anti-cancer treatment expected to be used in lung, pancreatic and colorectal cancer patients in China.

Zai Lab’s licensor Novocure announced its large registrational Phase 3 clinical study with Tumor Treating Fields - an innovative device pulsating

mild electrical fields through the skin interrupting cancer cells' ability to divide - received a favorable recommendation from the data monitoring committee justified by the favorable trend seen in enrolled patients affected by Non-Small Cell Lung Cancer. This means the clinical trial only needs to be conducted in a lower number of patients and for a shorter duration, which translates to a trial readout a year sooner than expected. In a goal to expand its footprint in cancer, Zai Lab also initiated a new trial with the same device, in patients suffering from brain metastasis of lung cancer. The first patient was enrolled in May, and we expect to see data from this trial in 2022.

Zai Lab closed the second quarter with the broadening of their collaboration with MacroGenics, which now includes four more promising early-stage bispecific antibodies to be developed to treat different types of cancer.

We expect a catalyst rich second half of 2021 from Zai Lab, where product approvals and significant clinical trial readouts are expected, as well as one or more additional licensing deals to be closed.

Outlook

Since the start of the year, we did not apply many changes to our portfolio since we have a high conviction on the earning power as well as competitive edge and strong management of the companies we are invested in. As you have read in this newsletter, these companies are delivering on their promise. With most of them expected to generate more positive news over the remainder of 2021, we are looking forward to being part of another exciting year in the development of groundbreaking medicine.

Best regards on behalf of the Aescap team,

Patrick J. H. Krol
Portfolio Manager Aescap Life Sciences

About Aescap Life Sciences

Aescap Life Sciences is an open-end fund investing in public biotech companies that develop and market next generation medical treatments. Within its focused portfolio of around 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). Investors can enter and exit the fund twice per month.

The selection of companies in our portfolio 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 very 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)

5-star Morningstar rating:

Morningstar has rated Aescap Life Sciences as a 5-star investment fund, the highest possible rating given. Morningstar's rating has become the industry's leading standard for determining a fund's performance (risk/reward) relative to other funds. To rate a fund, Morningstar takes into account the long-term performance (3+ years) and only the top 10% best performing funds will receive a 5-star rating.

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Disclosures for Swiss Investors:

The Fund has appointed ACOLIN Fund Services AG, succursale Genève, 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 Aescap Life Sciences 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 Aescap Life Sciences distributed in or from Switzerland is the registered office of the Representative.

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