



ANNUAL REPORT
(FINANCIAL STATEMENTS)

AS PER DECEMBER 31, 2017
(FOR THE FIRST FINANCIAL EXTENDED BOOKYEAR 2016 / 2017)

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General Information

Business Address of the Fund

Aescap2.0
Hilversumseweg 2
1251 EX Laren

Fund Manager

Aescap Medical Investments BV
Hilversumseweg 2
1251 EX Laren
www.aescap.com

Legal Owner

Stichting Aescap 2.0
Hoogoorddreef 15
1101 BA AMSTERDAM
www.sgggroup.com

Administrator

SGG Financial Services B.V.
Hoogoorddreef 15
1101 BA AMSTERDAM
www.sgggroup.com

Accountant

Mazars Paardekooper Hoffman N.V.
Watermanweg 80
3067 GG ROTTERDAM

Custodian

Binck Bank N.V.
Barbara Strozziilaan 310
1083 HN AMSTERDAM

Aescap 2.0**Overview (Key figures) Aescap2.0**

	31-12-17	
Number of Outstanding Units		
Aescap2.0 Fund management	7,085	
Aescap2.0 Investors	19,431	
Aescap2.0 Investors 01-11-2017	84	
Aescap2.0 Investors 01-12-2017	3,319	
Net Asset Value per Unit (€)		
Aescap2.0 Fund management	1,283.4951	
Aescap2.0 Investors	1,174.4191	
Aescap2.0 Investors 01-11-2017	1,174.4190	
Aescap2.0 Investors 01-12-2017	1,174.4191	
Total Net Asset Value (x € 1,000)	35,911,566	
Maximum / Minimum Value per Unit (€)		
Maximum Value Aescap2.0 Fund management	1,412.2765	
Minimum Value Aescap2.0 Fund management	1,000.0000	
Maximum Value Aescap2.0 Investors	1,296.4721	
Minimum Value Aescap2.0 Investors	1,000.0000	
Maximum Value Aescap2.0 Investors 01-11-2017	1,295.5018	
Minimum Value Aescap2.0 Investors 01-11-2017	1,174.4190	
Maximum Value Aescap2.0 Investors 01-12-2017	1,180.5184	
Minimum Value Aescap2.0 Investors 01-12-2017	1,174.4191	
Result per Unit (€) * / ***		
Income from Investments	3.86	
Capital Gains/Losses	169.58	
Expenses	(58.50)	
Total Investment Result	114.94	
Return on Investment per Unit (%)		
Investment Result Aescap2.0 Fund management (%)	28.35%	***
Investment Result Aescap2.0 Investors (%)	17.44%	***
Investment Result Aescap2.0 Investors 01-11-2017 (%)	(9.35%)	
Investment Result Aescap2.0 Investors 01-12-2017 (%)	(0.52%)	
Ongoing Cost Figure (OCF) – previously Total Expense Ratio (TER) ** / ***		
OCF (Performance Fee excluded (%))	3.09%	(annually 1.77%) ****
OCF (Performance Fee included (%))	9.54%	

*) based on the total number of outstanding Units as per year end.

**) the OCF figures are valid for the investor shares, whereas the fund management shares do not have management fee charged.

***) figures are valid for the period equalizing the extended bookyear March 2016 – December 2017 (21 month period).

****) the figure on an annual basis has been calculated by dividing the reporting period figure by 21 and having multiplied this figure by 12.

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Profile

Start of the Fund

Aescap 2.0 ("the Fund") started activities as per March 28, 2016. The Fund has been established for an indefinite period of time.

Legal Form

The Fund is a fund for joint account (in Dutch: een fonds voor gemene rekening). It does not have a legal personality. It is formed by and comprises a contractual arrangement governed by the terms of this Prospectus between the Fund Manager ('Manager'), the Legal Owner ('Legal Owner') and each Unit Holder ('Participant'). Under this arrangement the Fund Manager is mandated to invest the contributions of the Unit Holders of the Fund for their collective risk and account in securities, which are safeguarded by the Legal Owner on behalf of the Unit Holders, in accordance with the Prospectus for the purpose of enabling the Unit Holders to share in the revenue from the investments in securities. The Unit Holders are proportionally matched with the number of Units owned, and they are jointly entitled to the assets of the Fund. The contractual agreement between the Fund Manager, the Legal Owner and each of the Unit Holders does not constitute a partnership or limited partnership and does not create any other agreement between the Unit Holders. The obligation of a Unit Holder to pay the subscription price for a Unit is only an obligation towards the Legal owner. The Units only constitute rights and obligations of the Unit Holders with respect to the Fund Manager and the Legal Owner and not to other Unit Holders.

Limited Transferability

The Fund has a private character, i.e. Units may only be transferred to the Fund upon a redemption. However, Units may be transferred to persons that are next of kin or direct in law of an Unit Holder. Units may not be pledged or otherwise encumbered.

Open End

Except in certain exceptional circumstances, the Fund is obliged to issue or to redeem Units on a Transaction Day at their Net Asset Value, minus the subscription or redemption fee.

Not listed

The Fund is not listed on any stock exchange.

Net Asset Value

The Net Asset Value is calculated at least once a month by the Administrator, as is described in section 14 of the Prospectus ('Determination of Net Asset Value').

Minimum subscription amount

The minimum amount for participation is € 500,000, although the Fund Manager at its discretion can make an exception for 'family & friends' to a minimum of € 100,000 (to be increased with the subscription fee). At the time of the foundation of the Fund, Units with a Net Asset Value of € 1,000 will be issued as part of the Initial Series.

Request for issue or redemption

Requests for the issue or redemption of Units may be made to the Administrator by means of the forms provided for this purpose on the Website. The Administrator will inform the Fund Manager. The Fund Manager is not obliged to honor a request for redemption of Units. (See section 15, "Subscription", and section 16, "Redemption" of the Prospectus)

Tax Position of Fund

Due to the limited transferability of the Units of the Fund, the Fund qualifies as a tax transparent mutual fund for Dutch income tax purposes. Consequently, the Fund is not subject to Dutch (corporate) income tax.

Distribution policy

The dividends and interest received by the Fund, as well as possible capital gains, will not be distributed but will be re-invested, unless distribution would be deemed appropriate by the Fund Manager in connection with the regulatory status of the Fund Manager.

Regulatory aspects

The EC Directive 2011/61/EU on the Alternative Investment Fund Managers (the "AIFM Directive") is implemented in The Netherlands in the Act on the Financial Supervision ("Wet op het Financieel Toezicht" or "Wft"). The "light regime" shall be applicable to the Fund Manager under the Wft (as foreseen in section 3 sub 2 of the AIFM Directive) and the Fund Manager will be registered as such with the Autoriteit Financiële Markten under section 2:66a Wft. By consequence, the Fund manager is not subject to the Supervision of the Autoriteit Financiële Markten. In case the subscription amounts received by the Fund will be higher than € 100 million or when the Net Asset Value of the Fund will be (consistently) higher than € 100 million, the Fund Manager will request for a full license under AIFM Directive and Wft. In case the Autoriteit Financiële Markten would deny the Fund Manager a license at such a time for whatever reason, then (i) the Fund Manager may deny accepting any subscription for Units as a result of which the Net Asset Value of the Fund will increase above € 100 million and (ii) the Fund Manager will make distributions to the Unit Holders in order to ensure that the Net Asset Value of the Fund will not be higher than € 100 million. In case the license is granted to the Fund Manager it will become subject to the supervision of the Autoriteit Financiële Markten.

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Investment Proposition

The Market Opportunity

Aescap 2.0 ('the Fund') invests in so called life sciences companies. It invests especially in those companies which are on the forefront of innovation, often around biotechnology, and develop new medicines and to a lesser extent diagnostics and/or medical devices.

The life sciences market is a large and fast-growing market where breakthrough innovations can be exploited in a very profitable manner.

Important drivers of the industry are:

1. A longer life expectancy (especially in the emerging markets) as well as an ageing population which are driving demand for improved and cost-effective medicine, diagnostics and devices

2. A high unmet medical need for diseases such as Alzheimer, Arthrosis, Diabetes, MS, Oncology, Parkinson and many infectious diseases as well as approximately 7000 rare diseases where there is even no treatment available at all today.

It is expected that these trends will boost the rapid growth of the biotech/life sciences market.

The rapidly growing healthcare costs, almost everywhere in the world, are increasing the demand for biotech / life sciences innovations. A good example of such an approach is the concept of precision medicine. The concept of precision medicine is based on the fact that people respond differently to the same treatment. Based on gene profiling and biomarker data a patient can be given the right treatment from the start, instead of following a trial and error approach as often is for example the case in the treatment of cancer. And the development of the precision medicine market has only just started.

The sector the Fund is active in is known for its attractive premiums in case of takeovers. Over the last five years the average premium on the share price in acquisitions of listed companies with a market capitalization of over \$100M was about 50%. And with the large cash buffers of the bigger pharma and biotech companies, and there constant need to fill up their pipelines given older medicines come of patent, the potential for many future M&A deals with innovative biotech companies is imminent.

The number of listed biotech / life sciences companies the Fund can select from is over 600, more than 25% of them got listed on stock exchanges in the EU or the US over the last 3 years.

Investment Policy and Objectives

The Fund aims to gain value by investing in publicly traded securities of biopharmaceutical companies and potentially also diagnostics and/or medical device companies. It will typically invest in companies with the potential to (more than) double the growth of their share price over a period of maximum 4 years. Given the particular innovation power in biotech in Western Europe and North America most investments will be made in these geographies.

The Fund will have a very focused approach investing in approximately 15–20 companies. Besides this focus it will ensure that the portfolio is diversified over different geographies, diseases and development phases.

The Fund has as its objective to make an average minimum annual net return of 20% over the mid-term (4 years) after deduction of costs.

Investment Discipline

The Fund aims to select those listed biotech / life sciences companies which are undervalued based on their significant growth potential. The value creation in which it aims to invest is typically based on a potential rapid growth in revenues and/or the achievement of clinical study milestones and/or the closing of a license / partnership or similar deal with a multinational in the sector. The companies the Fund will invest in are typically acquisition targets for the larger biopharmaceutical multinationals, which are known for their constant need to fill their product pipelines. In order to find the best in breed companies in the relevant markets the Fund will apply a thorough analyses of technology/products, product development risks, market entry barriers, competition as well as the expected market segment development. But maybe even more important it wants to understand the strengths and weaknesses of a company's management and their view on the future (for the company as well as the markets they serve). Accordingly, access to the management will be an essential factor in the evaluation process.

The Fund may, if the Manager has a good reason to do so, hold a substantial percentage of the Fund in cash. It can make limited use (no more than 10% of the Net Asset Value) of borrowed money:

- to bridge temporary liquidity shortages in case stock has to be paid for with the results of the sale of other stock;
- to solve a temporary cash need.

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Risk control

The portfolio of companies is expected to consist of a limited number of approximately 15 companies. It is this 'cherry picking' from a basket of over 500 listed companies in this sector which should drive the outperformance of the different biotech indexes / trackers. In order to reduce the risks of investing in this sector the Fund will diversify its portfolio over several disease areas, different phases of product development as well as geographical areas.

Risks

Investing in medical biotech companies involves a high degree of risk and stock prices of these companies, especially of small / mid cap companies, may be very volatile. There is no guarantee the Participant will receive its money back. Investments by the Fund may also be made in a foreign currency like the US dollar and if done so are not backed back to the Euro, the base currency of the Fund. Changes in exchange rates may therefore adversely affect the value of the investments.

For investment criteria and investment restrictions as well as the fund characteristics and investor profile more in detail we refer to the Prospectus.

Most important risks and uncertainties

A Unit Holder cannot lose more than the amount he invested in the Fund.

The most important risks involved in investing in the Fund are the following:

Volatility risk

There are financial risks involved with investing in Units of the Fund. Unit Holders have to realize that the stock market value of underlying investments of the Fund may significantly fluctuate, especially in the biotech / life sciences market. In the recent past, the markets have shown positive results. This implies no indication or guarantee for future results. As a result of fluctuations of the biotech / life sciences stock markets, the Net Asset Value of the Fund may also fluctuate, which means that it is possible that Unit Holders, when redeeming, may not receive the full amount invested in the Fund.

Currency risk

The Fund does not hedge currency positions. Investments other than in Euros can therefore cause fluctuations, positive as well as negative, in the Net Asset Value of the Fund.

Risk that investments do not develop as expected

The Fund aims for an average yearly mid-term minimum net return of 20% per annum, after deduction of all costs. There is however no guarantee that this return will be achieved. Moreover, no guarantee can be given that the analyses of the Fund Manager concerning the expected development of the portfolio of companies are correct.

Risks related to the sector the Fund invests in

The sector the Fund is investing in comes with certain specific risks such as:

- Potential weakening of the patent protection environment in one or more jurisdictions;
- Financing risk, given the fact that many biotech companies are loss making and therefore are in need of further financing to develop their products;
- Major technology breakthroughs outside of the Fund's portfolio;
- Legal or regulatory developments influencing the life sciences industry and/or the Investments;
- Changes in projections by securities analysts of a company;
- Biotech stock market fluctuations;

Risks of a general economic and political nature

Investments made by the Fund are subject to general economic risks, for instance, reduced economic activity, rising interest rates, inflation and rising prices of commodities. The value of the Fund can also be influenced by political developments, wars and other global trends and events.

Concentration risk

Because of the limitation of investments to approximately 10 to 20 different companies, there may be a stronger fluctuations in the Net Asset Value of the Fund than it would normally be the case if the investments were more spread. As a result of the strategy of the Fund, the returns of the Fund can deviate significantly from the returns of a world equity index. As a consequence thereof, specific risks arise that are reflected in differences in performance between the Fund and the world index, positively as well as negatively.

Systemic risk

Certain events in the world or certain activities from one or more important parties in the financial markets can lead to a disturbance in the normal functioning of the financial markets. As a result of this, substantial losses may arise, caused by liquidity and counterparty risks following from such a disturbance.

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Inflation risk

There may be a risk that the purchasing power of the amount invested by the Unit Holder in the Fund decreases as a result of inflation.

Risk of limited redemption

Units can only be transferred to the Fund (except for transfers to persons that are next of kin or direct in law of an Unit Holder). The Fund is in principle obliged to purchase Units once a month, on a Transaction Day. Under certain circumstances the Manager is authorized to delay redemption or honor redemption requests only partially (see section 16: "Redemption" of the Prospectus).

Counterparty risk

There is a risk that an issuer of securities or a counter party is not able to fulfil its obligations. The Fund Manager will limit this risk by doing business with well-established parties.

Liquidity risk

This is the risk that a certain position cannot be liquidated in time at a fair price.

Settlement risk

This is the risk that settlement through a payment system does not take place as expected, because the payment or delivery of the financial instruments by a counter party does not take place, or does not take place on time, or is not as expected.

Risk of change in (fiscal) laws

This is the risk that fiscal legislation changes or that new legislation comes into force that negatively affects the Fund or its Unit Holders.

Legal Owner

The Legal Owner of the Fund is Stichting Aescap 2.0, having its office at Hoogoorddreef 15, 1101 BA Amsterdam. The Legal Owner is a foundation established under the laws of The Netherlands on 17 August 2011 in Amsterdam, which is registered in the Trade Register at the Chamber of Commerce in Amsterdam under number 53362802. The Legal Owner's statutory purpose is to act solely as Legal Title holder of the Fund and to conduct no other business.

The most important task and power of the Legal Owner is the following:

- to act as legal owner of the assets of the Fund on behalf of the Unit Holders.

Fund Manager

The most important tasks and powers of the Fund Manager are the following:

- to determine and execute the investment policy of the Fund;
- to check the administration of the Fund executed by the Administrator;
- to see the Administrator determines the Net Asset Value for the Fund and for each Series correctly and on time;
- to ensure that the Fund complies with the relevant regulations;
- generally observing the interests of the Unit Holders in accordance with the Prospectus.

Administrator

SGG Financial Services B.V. established in Amsterdam, The Netherlands, has been appointed by the Fund as the administrator.

The most important tasks of the Administrator, under responsibility of the Fund Manager, are:

- conducting the financial and investment administration of the Fund;
- calculating the Net Asset Value of the Fund and for each Series;
- keeping the register of Unit Holders of the Fund;
- to verify at NAV date that the assets of the Fund are managed within the investment restrictions as mentioned in the Prospectus;
- to verify that Unit Holders who redeem Units receive the correct redemption amount;
- to verify that Unit Holders receive the correct number of Units and;
- to verify that invoices are in line with the Fund costs according to the Prospectus.
- to prepare financial & investment records and statements; and
- paying the fees and the costs.

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Management report

Having built a solid foundation for a successful future

This is the first official financial report for Aescap 2.0, as it represents an extended book year since the fund's inception in March 2016 until the end of 2017.

The medicine market in which Aescap 2.0 is active, is going through a very interesting transition phase. On the one hand, there is a push back on the ever-increasing prices of certain medicine, on the other hand there hasn't been a time, during which so many new technologies have been applied to develop new ground-breaking medicine. We are at a point where many new medicines 'of a new generation' are coming to the market. Last year already showed a 19-year record in approvals of new medicines by the FDA. With nowadays more than 700 public biotech companies, in just the EU and the US alone, and hundreds of different new technologies being used to develop better treatments to thousands of diseases, a tsunami of new medicine are coming to the market over the coming years.

This does not automatically mean that in 20 years from now most of today's medicines will be replaced. Since the prices of patented and generic medicines still differ a lot from each other, health insurers and (indirectly) governments are trying harder and harder to get a grip on the prescription behavior of doctors, even though this is not always for the benefit of the patient. At the same time, it would be impossible to only use the newest medicines, which often come with a much higher price tag than the generic (off-patent) medicines. The high price tags of new medicines are a result of a very high failure rate in the development of medicine and high costs involved in the lengthy development and approval process.

In our view, the progress we are going to see during the coming 10 years in the treatment of diseases, is much bigger than we have seen in the last 10 years. From an investment perspective this is extremely interesting, especially given the biotech investment case is supported by a strong fundamental demographic trend (an increasingly ageing population), and simultaneously a substantial increase of spending power in the emerging markets' and their need to catch up on their access to modern healthcare solutions. In today's world the stock markets in which we operate are highly volatile. This is mainly caused by 'fear & greed' among often speculative and short-term oriented investors, in combination with media feeding market sentiment. As a result, this often leads to 'herd behavior': everybody chasing or selling the same companies, leaving many interesting and seriously undervalued companies overlooked. It is at this crossroad Aescap 2.0 invests. Given the fact that we invest based on a company's fundamentals, its management team, its earning power and its undervaluation, it might very well be that such a company is not on the radar of mainstream investors yet. It is often only a matter of time (and some patience) before they will be.

The performance during the first 21 months of the fund's existence can be summarized as follows. Although we managed to generate our target annual net performance of 20% during the first 12 months of the existence of our fund, the overall performance went down to about 17.4% during the nine months following this first twelve months period. But, while we are writing this management report, the first two months of 2018 generated a nice 'catch-up return' bringing the fund's overall net return to 33% since inception.

Our performance goal is a 20% net result in the medium term (4 years). The reason why we have not met this goal in the first 21 months of the existence of the fund is, in hindsight, mainly due to the fact that we have been too much ahead of the market with some of our investments in 2017. Of course, the nature of successful investing is: getting in ahead of the market before everybody else recognizes the earnings potential of a company.

Looking at the future of the fund, the most important to us is that we have been able to build a great team. A knowledgeable, energetic and focused team, which we deem to be our most important asset. A team with a substantial amount of 'skin in the game', being a total combined team investment in the fund of about EUR 10 million. Assets under management have almost tripled since the start, from EUR 15,5 million to over 45 million at the time we write this report.

Outlook for the industry and Aescap 2.0

Looking at the future of the medicine industry, we continue to see an industry with a tremendous growth potential. This is not only based on an increasingly ageing worldwide population and very attractive valuations, but much more important, the abundance of new technologies being applied and, with that, a tsunami of new products coming to the market. This is the result of decades of hard work, intense research and huge investments in gene and cell therapies, immuno-oncology, and so on. On top of that, therapies are going to be much more geared to someone's 'personal' DNA or body 'condition', instead of the 'one pill fits all' approach, we have been used to so far. This new approach of so called precision medicine creates an opportunity to replace many of the existing medicines by new medicines, which are not only much more effective, but often also come with less side-effects.

For Aescap 2.0 this means we have a bright and promising outlook with many high growth companies out of which we can select those that are significantly undervalued, have a limited downside risk profile, and have significant future earning power. This together with an energetic, experienced and well networked team in place, we should be able to generate good, above average, returns. Next to that, the creation of new game changing therapies will help millions of people to survive, live longer and/or improve their quality of life.

Management report

For Aescap 2.0 this means we have a bright and promising outlook with many high growth companies out of which we can select those that are significantly undervalued, have a limited downside risk profile, and have significant future earning power. This together with an energetic, experienced and well networked team in place, we should be able to generate good, above average, returns. Next to that, the creation of new game changing therapies will help millions of people to survive, live longer and/or improve their quality of life.

Looking forward to a long-lasting and rewarding partnership.

Amsterdam, 21 March 2018

Aescap Medical Investments BV

Patrick J. H. Krol
Fund Manager Aescap 2.0

Aescap 2.0

Financial Statements (for the first financial extended bookyear 2016 / 2017)

Annual Report as per December 31, 2017

Aescap 2.0**Balance Sheet as per 31 december 2017**
(before profit appropriation)

		31-12-17	
		Notes	EUR
Investments			
Securities	4	32,049,232	
			32,049,232
Receivables and current assets			
Cash at Banks	5	7,205,690	
Other Receivables	6	-	
Intangible Assets – Formation expenses	7	21,320	
			7,227,010
Total Long Term and Current Assets			39,276,242
Current Liabilities (Due within One Year)			
Payables to the Fund Manager	8	34,208	
Payables for administration- and directorfees	8	8,602	
Payables to Unit Holders	8	3,300,000	
Other payables	8	21,866	
			3,364,676
Total Current Liabilities			3,364,676
Total of Receivables and Other Assets			3,862,334
Less Current Liabilities			
TOTAL ASSETS LESS CURRENT LIABILITIES			35,911,566
Shareholders' Equity			
Issued Capital	9.1	32,472,556	
General Reserve	9.2	-	
Legal Reserve	9.3	21,320	
Undistributed Result Current Year	9.4	3,417,690	
TOTAL SHAREHOLDERS' EQUITY			35,911,566
Net Asset Value per Unit			
Aescap2.0 Fund management		9,094,008	
Aescap2.0 Investors		22,820,447	
Aescap2.0 Investors 01-11-2017		98,658	
Aescap2.0 Investors 01-12-2017		3,898,453	
		35,911,566	
Net Asset Value per Unit			
Aescap2.0 Fund management		1,283.4951	
Aescap2.0 Investors		1,174.4191	
Aescap2.0 Investors 01-11-2017		1,174.4190	
Aescap2.0 Investors 01-12-2017		1,174.4191	

Aescap 2.0**Profit & Loss Account for the period March 28, 2016 – December 31, 2017**

		28-03-16 / 31-12-17	
	Notes	EUR	EUR
Direct Income from Investments			
Dividends	10.1	113,923	
Interest Income	10.2	1,669	
			115,592
Indirect Income from investments			
Unrealised Price Gains/Losses on Investments	11.1	(509,996)	
Unrealised Currency Gains/Losses on Investments		(1,025,877)	
Realised Price Gains/Losses on Investments	11.2	6,914,257	
Realised Currency Gains/Losses on Investments	11.3	(259,078)	
			5,119,306
Other Income			
Exchange Differences on Cash (including FX)		(45,420)	
Subscription and redemption fees	10.3	-	
			(45,420)
Total income			5,189,478
Expenses			
Management Fee	12.1	484,452	
Performance Fee	12.1	1,165,227	
Administration Fee	12.2	35,986	
Audit Fee	12.2	14,562	
Legal Owner Manager Fee	12.2	21,247	
Legal Fee	12.2	-	
Other Expenses	12.2	17,556	
			(1,739,030)
Depreciation			
Amortisation Intangible Assets	7	11,438	
			(11,438)
Total expenses			(1,750,468)
NET PROFIT FOR THE EXTENDED BOOKYEAR			3,439,010

Aescap 2.0**Statement of Cash Flows for the period March 28, 2016 – December 31, 2017**

	28-03-16 / 31-12-17	
	EUR	EUR
Cash Flow from Investing Activities		
Total Investment Result	3,439,010	
Realised Price and Currency Results	(6,609,759)	
Unrealised Price and Currency Results	1,535,873	
Intangible assets	(21,320)	
Purchase of Investments	(74,540,669)	
Sales of Investments	47,610,743	
Change in Short Term Receivables	-	
Change in Current Liabilities	3,364,676	
		(25,221,446)
Net Cash Flow from Investing Activities		(25,221,446)
Cash Flow from Financing Activities		
Subscriptions	33,326,952	
Redemptions	(854,396)	
Net Cash Flow from Financing Activities		32,472,556
Net Cash Flow		7,251,110
Exchange Differences on Cash		(45,420)
Change in Cash and Cash Equivalents		<u>7,205,690</u>
Change in Cash and Cash Equivalents		
Cash and Cash Equivalents at the Start of the reporting period		-
Cash and Cash Equivalents at the End of the reporting period		7,205,690
Change in Cash and Cash Equivalents		<u>7,205,690</u>

Aescap 2.0**Notes****1. General**

The Fund is a mutual Fund ("fonds voor gemene rekening") under the laws of the Netherlands. It does not have legal personality.

The Fund's financial year runs from January 1 up to and including December 31. The financial statements are reported in Euros and are published within four (4) months after the end of the financial year. The annual report is prepared in accordance with Part 9 Book 2 of the Dutch Civil Code. The Fund started its activities as per March 28, 2016. This annual report includes the period until December 31, 2017 as the first (extended) financial bookyear 2016 / 2017.

Tax Position of the Fund***Corporate income tax***

The Fund is tax transparent for Dutch corporate tax purposes, as a consequence of which the Fund is not subject to Dutch corporate income tax. From a Dutch tax perspective, the returns on the investments received by the Fund directly influence the tax position of the Unit Holder.

Dividend tax

Dividend proceeds from in the Netherlands established corporate companies received by the Fund may be subject to deduction of Dutch dividend tax. For Dutch tax legislation these proceeds will be allocated to the Unit Holder, which Unit Holder may possibly be entitled for tax refund and or tax settlement for dividend taxes deducted at the level of the Fund as far as the Unit Holder is the ultimate beneficiary of these proceeds.

For the reporting period the fund did not receive any (dividend)tax refunds.

2. Principles of Valuation***2.1 Investments***

The investments are valued based on the following principles:

listed securities will be valued at its last official traded price ("closing price") of the Business Day preceding the Valuation Day (or, if a stock exchange was not open for business, the previous Business Day).

- liquidities and deposits which are immediately payable are valued at their nominal value;
- all other investments are, lacking a stock exchange price, valued by the Fund Manager on the basis of valuation methods customary and accepted in the market ("fair value").

Expenses related to the purchase of investments are included in the cost of investments. Sales charges, if any, are deducted from gross proceeds and will be expressed in the capital gain/losses.

2.2. Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into EUR at the rate of exchange as at the balance sheet date. All exchange differences are taken to the profit and loss account. Income and expenses in foreign currencies are translated at the exchange rate as per transaction date.

Rates of exchange used in this final report as at December 31st, 2017 :

EUR / DKK	7.44525
EUR / SEK	9.8422
EUR / USD	1.1998

2.3 Other Assets and Liabilities

Other assets and liabilities are recorded at fair value and then valued at amortised cost.

2.4 Income Recognition Principles

The result is determined by deducting expenses from the proceeds of dividend, interest and other income in the period under review. The realised revaluations of investments are determined by deducting the purchase price from the sale proceeds. The unrealised revaluations of investments are determined by deducting the purchase price or the balance sheet value at the start of the period under review from the balance sheet value at the end of the period under review. Brokerage fees payable on the acquisition of investments, if any, are considered to be part of the investments costs, and as a result, are not taken to the profit and loss account.

2.5 Cash Flow Statement

The cash flow statement is prepared according to the indirect method. The presentation of the cash flow is derived from the investment result. In accordance with RJ 615.310 the cash flow statements consists of cash flows from investing and financing activities.

Cash flows in foreign currencies during the year are translated at the exchange rate prevailing at the transaction date. Exchange rate differences are separately included in the cash flow statement between the net cash flow and the change in cash.

Aescap 2.0**Notes****2.6 Subscription and Redemption of Units****Subscription**

The minimum subscription amount is € 500,000 for investors who participate directly in the Fund. Under a 'Friends & Family' program the Fund Manager can decide to allow investments with a minimum of € 100,000 (excluding subscription fee). Existing Unit Holders can make applications for further Units in amounts of € 50,000 or more. The Fund may issue new Units on each Transaction Day at the Net Asset Value per Unit on the preceding Valuation Day. From the deposited amount, the subscription fee of 1% will be applied to cover the costs incurred by the Fund for entry and potential placement agent cost following the issue. This deduction is to the benefit of the Fund Manager. The Fund Manager is entitled to waive the subscription fee for an individual investor. Units will be issued for the remaining amount in the Series applicable on the Transaction Day.

Redemption

Unless redemption is suspended, the Fund will accept redemptions of Units on each Transaction Day at the Net Asset Value thereof in the applicable Series on the preceding Valuation Day (the "redemption value"), after deducting a redemption fee of 0.2% of the redemption sum (and if, applicable an early redemption fee). The redemption fee is to cover the transaction and other costs made in connection with the redemption, the remainder is to the benefit of the Fund. This fee will be deducted from the amount to be received by the Unit Holder.

3. Risk Factors

For a description of the most important risks a Unit Holder of the Fund is exposed to, we refer to page 6 Profile of the Fund, paragraph : "Most important risks and uncertainties".

Aescap 2.0**Notes to the Balance Sheet**

				31-12-17	
4. Investments					
4.1 Statement of Changes in Securities					
Position as at the Start of the Year				-	
Purchases				74,540,669	
Sales				(47,610,743)	
Gains/Losses on Investments				5,119,306	
Position as at the End of the Year				32,049,232	
	Position 28-03-16	Purchases	Sales	Gains/Losses	Position 31-12-17
Equity (including warrants)	-	74,540,669	(47,610,743)	5,027,206	31,957,132
Warrants	-	-	-	92,100	92,100
Totaal	-	74,540,669	(47,610,743)	5,119,306	32,049,232

Kiadis Pharma issued 5 year maturity warrants as per June 15, 2022 with exercise price of EUR 7.307. The Fund was entitled for 150,000 warrants in this issue. Fair value for these warrants is determined by the Fund Manager as per 2017 year end at its intrinsic value (the determined value of the warrant equals the difference between market value of Kiadis Pharma shares less the exercise price of the warrants).

4.2 Transaction Costs

Transaction costs for the purchase of investments are capitalized within the historical cost price and for sales the transaction costs are discounted from the sales price. Transaction costs in the period under review amounts to € 36,311.

5. Cash at Banks

Cash comprises cash on hand and demand deposits with no usage restrictions.

6. Receivables

	31-12-17
Receivable Dividends and interest	-
Sale transactions to be settled	-
Total Receivables	-

7. Intangible assets

	31-12-17
Formation expenses	32,758
Write off formation expenses	(11,438)
Bookvalue formation expenses	21,320

8. Current Liabilities (Due within One Year)

	31-12-17
Management Fee payable	34,208
Performance Fee payable	-
Administration / Legal Owner Manager Fee payable	8,602
Audit Fee payable	7,260
Other Expenses payable	14,606
Liabilities to Unit Holders	3,300,000
Total Current Liabilities (Due within One Year)	3,364,676

The Liabilities to Unit Holders for an amount of EUR 3,300,000 comprises subscription amounts paid in advance by Unit Holders, which amounts are invested into Units of the Fund as per January 1st, 2018.

Aescap 2.0**Notes to the Balance Sheet**

			31-12-17
9. Shareholders' Equity			
9.1 Issued Capital			
Position as at the Start of the reporting period			-
Subscriptions			33,326,952
Redemptions			(854,396)
Position as at the End of reporting period			32,472,556
9.2 General reserve			31-12-17
Position as at the Start of the reporting period			-
Transferred from Undistributed Result			-
Position as at the End of the reporting period			-
9.3 Legal reserve			31-12-17
Position as at the Start of the reporting period			-
Transferred from General reserve			21,320
Position as at the End of the reporting period			21,320
Legal reserve has been formed for the activated formation expenses (See note 7 Intangible Assets).			
9.4 Undistributed Result			31-12-17
Position as at the Start of the reporting period			-
Transferred to/from General Reserve			-
Transferred to/from Legal Reserve			(21,320)
Total Profit for the (extended) bookyear			3,439,010
Position as at the End of the reporting period			3,417,690
9.5 Shareholders' Equity (Fund Net Asset Value)	Net Asset Value per unit	number of units	Shareholders' equity
			31-12-17
Aescap2.0 Fund management	€ 1,283.4951	7,085.3465	9,094,008
Aescap2.0 Investors	€ 1,174.4191	19,431.2623	22,820,447
Aescap2.0 Investors 01-11-2017	€ 1,174.4190	84.0062	98,658
Aescap2.0 Investors 01-12-2017	€ 1,174.4191	3,319.4737	3,898,453
Total Shareholders' Equity (Fund Net Asset Value)			35,911,566

Subsequent events

No relevant subsequent events occurred from balance sheet date until the date of this report.

Result appropriation

The balance sheet in this annual report (financial statements) has been drawn up before profit appropriation. The result for the (extended) reporting period which includes the 21 months Fund's active period will be added to the General Reserve.

Aescap 2.0

Notes to the Profit & Loss Account

10. Income from Investments

10.1 Dividends

This refers to net cash dividends including withholding tax.

10.2 Interest Income

This amount was received / paid on outstanding cash balances.

10.3 Other Income

This refers to the charges received on units issued and repurchased. These costs are to cover transaction costs in relation with the purchase and sale of units and are booked as an income for the Fund.

11. Capital gains / losses

11.1 Unrealised price gains / losses on investments

This refers to unrealised gains on securities (€ 4,639,967) and unrealised losses on securities (– € 5,149,963).

11.2 Realised price gains / losses on investments

This refers to realised gains on securities (€ 9,372,514) and realised losses on securities (– € 2,458,257).

11.3 Realised currency gains / losses on investments

This refers to realised gains on securities (€ 234,334), realised losses on securities (– € 493,412).

12. Expenses

12.1 Management Fees

(1) Management Fee

28-03-16 /
31-12-17

484,452

(2) Performance Fee

1,165,227

1,649,679

Management fees

(i) a fixed management fee amounting to 1.5% on a yearly basis (based on fund assets), calculated on a monthly basis of the Net Asset Value on the last day of the preceding month, to be paid monthly in arrears;

(ii) a performance fee which will be determined (per the last day of) each quarter. This fee equals 20% of:

(a) the increase in the Net Asset Value per Series (Net Asset Value per Series before performance fee) during the particular quarter commencing as of the moment of subscription

minus:

(b) the number of outstanding Units in that Series at the end of the quarter (corrected by issues and redemptions during that quarter).

The calculated performance fee will not be due, in case the Net Asset Value per Series on the date on which the calculation is made is lower than the "High Watermark" (the highest Net Asset Value per Series in the preceding existence of the Fund – see Appendix A of the Prospectus). Accordingly, performance fees (and reservations made in respect thereof) may differ depending on the moment an investor has invested in the Fund. In order to prevent these inequities Series are issued. A specific Series may be converted into other Series if the inequities for performance fee in relation to the historic high watermark calculation have been balanced out. A reservation for the performance fee is made in the monthly calculation of the Net Asset Value of the respective Series.

The Fund Manager is entitled to adapt the percentage of the fixed management fee and/or the performance fee to the market and changed circumstances with the prior approval of the Investors' Committee. An increase of those fees can only be effectuated one (1) quarter after the modification has been made known to the email addresses of the Unit Holders. During this period Unit Holders can redeem under the applicable conditions without having to pay the early redemption fee where applicable (in case an investor is exiting the Fund within four years after entering it).

It is explicitly noted that the persons (or investment companies controlled by them) who are associated with the Fund Manager (e.g. the members of its management team and the Fund Advisors) will not pay any management fee or performance fee over the net asset value or any increase thereof relating to the Units in the Fund they have invested in at any time (the Fund Manager Related Units). Accordingly, the calculation of the management fee and the performance fee shall ignore the Fund Manager Related Units held by such persons.

Aescap 2.0**Notes to the Profit & Loss Account****12.2 Other expenses**

	28-03-16 / 31-12-17
Administration Fee	35,986
Audit Fee *	14,562
Legal Owner Manager Fee	21,247
Legal fee	-
Other	17,556
	<u>89,351</u>

* The audit fees fully relate to the audit of the financial statements of the fund. The auditor provides no other services.

Ongoing Cost Figure (OCF)

The OCF is calculated by dividing the total expenses (performance fee excluded) by the Average Net Asset Value. The Average Net Asset Value is based on the number and frequency of NAV Calculation. The Average Net Asset value for the reporting period for investor shares equal to € 18,078,122 and the management fee for the reporting period equal to € 484,452 resulting in 2.68% for management fees. The Total Average Net Asset value for the reporting period for all shares equal to € 24,488,910 and the other expenses for the reporting period equal to € 100,789 resulting in 0.41% for other expenses. This results in a total OCF figure of 3.09% for the reporting period.

For the (extended) reporting period the OCF of the fund is equal to: 3.09% (annually 1.77%).

For the (extended) reporting period the OCF (including performance fee) of the fund is equal to: 9.54% (annually 5.45%).

In the prospectus the OCF of the fund is estimated to be 1.76% per annum, assuming an average Net Asset Value of the fund of € 20 million. The OCF figures are valid for investor shares whereas the fund management shares do not have management fee charged.

Portfolio Turnover Ratio (PTR)

The portfolio turnover ratio is calculated as follows: the total sum of purchases plus sales minus subscriptions minus redemptions divided by the average Net Asset Value. The average Net Asset Value of the Fund for the reporting period is calculated as described in the Ongoing Cost Figure paragraph.

PTR of the fund for the (extended) reporting period equals to: 362.71% (annually 207.26%).

Note : in this paragraph the extended reporting period relates to a 21 months period, the fund's active period. For presentation purposes, please find in parentheses figures on an annual basis which are calculated by dividing the reporting period figures by 21 and having multiplied these figures by 12.

Comparison of Real Cost with Cost According to Prospectus

	According to prospectus *	Actual costs	
Management Fee	2.625%	484,452	2.680%
Incentive Fee	PM	1,165,227	PM
Legal Owner Manager Fee	0.088%	21,247	0.087%
Administration Fee	0.175%	35,986	0.147%
Accountancy costs	0.088%	14,562	0.059%
Miscellaneous costs (including write off formation expenses)	0.105%	28,994	0.118%
	<u>3.080%</u>	<u>1,750,468</u>	<u>3.091%</u>

* As tabled in the Prospectus, OCF will be around 1.76% on an annual basis at a fund size of € 20 million, for the (extended) reporting period the actual OCF was more or less in line with this percentage (taken into account a twenty-one month active period). The percentages in above table are calculated as the cost% taken into account in the Prospectus table on page 32 divided by 12 and multiplied by 21 (the extended reporting period equals 21 months). The average net asset value for the reporting period was approx. 22% higher as the average assumed in the Prospectus. As at 2017 year end the net asset value significantly exceeded the € 20 million which will have a positive impact on the OCF figure for the next reporting period. The OCF figures are valid for investor shares, whereas the fund management shares do not have management fee charged.

13. Employees

The Fund has no employees.

Amsterdam, 21 March 2018

Fund Manager

Aescap Medical Investments BV

Legal owner

Stichting Aescap 2.0

Aescap 2.0**Other Information****Distribution Policy**

The dividends and interest received by the Fund, as well as possible capital gains, will not be distributed but will be re-invested, unless distribution would be deemed appropriate by the Fund Manager in connection with the regulatory status of the Fund Manager.

The balance sheet in the annual account has been drawn up before profit appropriation.

Fund managers interests in fund

The Managing Partner of the Fund (Patrick Krol) has an investment participation in the Fund consisting of 500.6560 Aescap2.0 Fund management shares and also an investment participation in the Fund through Inspirational Visions B.V. consisting of 500.31 Aescap2.0 Fund management shares. Fund advisor Fred Oudshoorn has an investment participation in the Fund consisting of 2,396.3103 Aescap2.0 Fund management shares through Jonghoud International B.V., fund advisor Bo Jesper Hanssen has an investment participation in the Fund consisting of 2,445.2612 Aescap2.0 Fund management shares through Julius Baer and fund advisor Gert Hoogland has an investment participation in the Fund consisting of 868.4060 Aescap2.0 Fund management shares through WoLa Holding AG.

The Managing Partner of the Fund (Patrick Krol) holds following positions through Inspirational Visions B.V. as per December 31, 2017 in investments in company's in which the Fund has been invested :

Name	Currency	Number of shares
ContraVir Pharmaceutical	USD	7,300
PROQR Therapeutics NV	USD	16,078
Redhill Biopharma Ltd	USD	16,999

Independent Auditor's report

Find enclosed the Independent Auditor's report on next page.

Aescap 2.0**INDEPENDENT AUDITOR'S REPORT**

To: the Unit Holders and the Manager of Aescap 2.0

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL REPORT***OUR OPINION***

We have audited the financial statements for the extended financial period ending 31 December 2017 of Aescap 2.0, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Aescap 2.0 as at 31 December 2017, and of its result from 28 March 2016 until 31 December 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at 31 December 2017;
2. the profit and loss account for the period from 28 March 2016 until 31 December 2017; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Aescap 2.0 in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the general information, profile, overview (key figures) Aescap 2.0 and management report;
- other information; and
- Annex: Investment portfolio as per 31 December 2017.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS***RESPONSIBILITIES OF MANAGER FOR THE FINANCIAL STATEMENTS***

The manager is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager is responsible for such internal control as he determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the manager is responsible for assessing the investment fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the investment fund or to cease operations, or has no realistic alternative but to do so.

The manager should disclose events and circumstances that may cast significant doubt on the investment fund's ability to continue as a going concern in the financial statements.

Aescap 2.0**OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager;
- concluding on the appropriateness of the manager's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the investment fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an investment fund to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Amsterdam, 21 March 2018

MAZARS PAARDEKOOPEL HOFFMAN N.V.

w.g. drs. P.A.B. Schutjens RA

Aescap 2.0**Annex : Investment Portfolio as per December 31, 2017**

Name	Currency	Holding	Market value (EUR)	Percentage
Zealand Pharma	DKK	377,508	€ 4,309,886	12.00%
Ablynx NV	EUR	24,708	€ 511,950	1.43%
Erytech Pharma	EUR	49,384	€ 913,604	2.54%
Galapagos NV	EUR	86,269	€ 6,813,525	18.96%
Kiadis Pharma	EUR	170,000	€ 1,346,570	3.75%
Kiadis Pharma Warrant	EUR	150,000	€ 92,100	0.26%
MorphoSys AG	EUR	68,089	€ 5,214,256	14.52%
Hansa Medical	SEK	24,521	€ 621,608	1.73%
Moberg Pharma AB	SEK	162,198	€ 313,117	0.87%
ContraVir Pharmaceutical	USD	729,509	€ 218,889	0.61%
Egalet Corporation	USD	296,023	€ 246,727	0.69%
Gilead Sciences	USD	40,000	€ 2,388,398	6.65%
Horizon Pharma	USD	185,565	€ 2,258,084	6.29%
Intra-Cellular Therapies	USD	10,600	€ 127,928	0.36%
Merus BV	USD	19,946	€ 322,514	0.90%
PROQR Therapeutics NV	USD	1,339,499	€ 3,600,504	10.03%
Redhill Biopharma Ltd	USD	476,403	€ 2,040,933	5.68%
Uniqure BV	USD	43,401	€ 708,639	1.97%
TOTAL INVESTMENTS			€ 32,049,232	89.24%
CASH AT BANKS, RECEIVABLES AND CURRENT LIABILITIES			€ 3,862,334	10.76%
TOTAL NET ASSET VALUE			€ 35,911,566	100.00%

Currency exposure investments

DKK	13.45%
EUR	46.46%
SEK	2.92%
USD	37.17%
	<u>100.00%</u>