

December 2022



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## DIRECTORY

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Administrator:	<b>IQEQ Financial Services B.V.</b> Hoogoorddreef 15 1101 BA Amsterdam The Netherlands
Legal Owner:	<b>Stichting Aescap Genetics</b> Hoogoorddreef 15 1101 BA Amsterdam The Netherlands
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Independent Auditor:	<b>Mazars N.V.</b> Delflandlaan 1 1062 EA Amsterdam The Netherlands
Custodian:	<b>Saxo Bank A/S</b> 15 Philip Heymans Allé 2900 Hellerup Denmark
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## **IMPORTANT NOTICE**

Capitalized terms and expressions in this Prospectus have the meaning ascribed to them in Section 2 (Definitions) of this Prospectus.

Potential Unit Holders should review this Prospectus and its ancillary documents carefully and consult their legal and financial advisers to ascertain possible legal, financial, tax or other issues related to the acquisition, holding, transfer or redemption of Units.

The contents of this Prospectus are not to be construed as an invitation to invest or as investment, legal or tax advice. The Units are an appropriate investment only for investors who are capable themselves of evaluating the merits and risks of an investment in the Fund.

Potential Unit Holders should review in particular the risk factors set out in Section 5 (Risk factors) of this Prospectus. The Fund carries a high degree of risk and is suitable only for persons who can assume the risk of losing their entire investment. There is no guarantee that the Fund will achieve its Fund Objective. The value of your investments may fluctuate. Returns on past investments are no guarantee as to the returns on future investments.

The Fund Manager accepts responsibility for the information contained in this Prospectus. To the best knowledge and belief of the Fund Manager (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the importance of such information.

The information herein is subject to change at any time. Neither the delivery of this Prospectus nor the offer, issue or sale of Units will, under any circumstances, constitute a representation that the information contained in this Prospectus and its ancillary documents is correct at any time subsequent to the date of this Prospectus as printed on the cover of this Prospectus.

No person has been authorised to provide any information or make any representation in connection with the Fund, other than the information and representations contained in this Prospectus and its ancillary documents. Any such other information or representations, if given or made, should not be relied upon as having been authorised by the Fund Manager.

The Fund Manager is in possession of an AIFM license as referred to in article 2:65(a) FSA issued by the AFM, and as a consequence may offer the Fund to professional and non-professional investors within the meaning of MiFID II within the Netherlands. The Fund Manager is subject to conduct of business and prudential supervision by the AFM and DNB, respectively.

The distribution of this Prospectus and the offer, sale and delivery of the Units in certain jurisdictions may be restricted by law. No action has been or will be taken to permit the distribution of this Prospectus in any jurisdiction where any action would be required for such purpose or where distribution of this Prospectus would be unlawful.

This Prospectus does not constitute an offer for, or an invitation to subscribe to or purchase, any Units in any jurisdiction to any person to whom it is unlawful to make such offer or invitation in such jurisdiction. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions.

This Prospectus will be published in English language only. This Prospectus will be governed by and construed in accordance with the laws of the Netherlands. Translations into English of Dutch legal terms used in this Prospectus are for convenience only and shall not influence the interpretation thereof.

# **1. FUND PROFILE**

## **1.1 The Market Opportunity**

Aescap Genetics (‘the Fund’) invests in publicly listed genetics biotech / life sciences companies. It invests in highly innovative companies that develop and market new genetics medical treatments such as gene, RNA and cell therapies. It can to a limited extent also invest in companies that develop and market medical genetics diagnostics.

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

The substantial growth of the life sciences market is driven by:

- a) 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 medical devices;
- b) A high unmet medical need for diseases such as Alzheimer, Arthrosis, Diabetes, MS, Obesity, Oncology, Parkinson and many other such as infectious diseases;
- c) Approximately 6,000 rare diseases with no treatment available at all today.

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 still often is the case in the treatment of cancer. And the development of precision medicine has only just started.

The sector the Fund is active and is known for its attractive premiums in case of takeovers. The large cash buffers of the bigger pharma / biotech companies create the potential for many future acquisitions of smaller biotech companies.

The number of publicly listed biotech / life sciences genetics companies the Fund can select from is over 100 in the EU and the US together.

## **1.2 Investment Policy**

The Fund aims to gain value by investing in publicly traded shares of (i) biotech companies and potentially also to a limited extent in (ii) diagnostics companies. It will typically invest in companies with the potential to (more than) double their share price over a period of maximum 4-5 years. Most investments will be made in companies listed on stock markets in Western Europe and North America. The Fund may also invest in warrants of such companies. These warrants give the right, but not the obligation, to purchase shares of a company against a predetermined share price before a specific date.

Often these warrants are received as part of an equity issue by a company.

The Fund has a focused portfolio, investing in approximately 18 companies, with a minimum of 10 companies and a maximum of 25. Within this focus it will ensure that the portfolio is diversified over different diseases, development phases and geographical areas as mentioned under Section 1.1. above.

## **1.3 Investment objective**

The Fund’s financial objective is to make an average minimum annual net return (after deduction of costs) of 20%+ over the mid-term (4-5 years).

In addition to its financial objective, the Fund also promotes a social characteristic. Details of which are available in chapter 4.6 and appendix D.

## **1.4 Investment Discipline**

The Fund aims to select those publicly listed genetics biotech / life sciences companies which are undervalued based on their growth potential. The value creation in which it aims to invest is typically based on:

- a significant potential growth in revenues/profit;
- the achievement of clinical study milestones; and/or
- the closing of a partnership or similar deal with a larger biotech / life sciences company in the field, one that most likely already has a sales force active in the disease area the licensing deal is representing.

The companies the Fund will invest in are typically acquisition targets for biopharmaceutical multinationals, which are known for their constant hunger to fill their pipelines.

Investment decisions are based on fundamental company analyses of the company's technology and/or products, product development risks, market entrée barriers, competition, financials and the expected market development as well as ethical behavior of the company. But maybe even more important, the Fund aims to make serious efforts to understand the strengths and weaknesses of management and their view on the future of the company and the markets they serve, in order to use this as an advantage when making investment decisions.

The Fund may, if the Fund 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 and/or to make use of one or more investment opportunities after new subscription orders have come into the Fund from Unit Holders.

## **1.5 Risk control**

The portfolio of companies of the Fund is expected to consist of a limited number of approximately 18 companies. It is this 'cherry picking' from a basket of over 100 publicly listed companies in the genetics biotech / life sciences 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.

## **1.6 Risk Profile**

Investing in biotech companies involves a high degree of risk and prices of the securities of such companies, especially of companies with a small market cap, may be volatile. Furthermore, there is concentration risk because of the genetics biotech focus and a relatively small portfolio of approximately 18 companies. Investments are also often made in a foreign currency like the US dollar and foreign currency exposures are not hedged back to the Euro, the base currency of the Fund. Please see Section 5 for an overview of all risk factors in relation to (an investment in) the Fund.

## **1.7 Investor Profile**

Investing in the Fund is principally only suitable for investors:

- who have considerable investing experience;
- who are willing and able to take the risk of a (significant) reduction in the value of their investment in the Fund;
- for whom their participation in the Fund represents only a limited percentage of their total investments;
- who do not require any income from their participation in the Fund;
- who accept that the liquidity of their investment is limited (redemption is – under normal circumstances - only possible on a weekly basis; under exceptional circumstances redemption may be suspended as provided in this Prospectus);
- and who accept a medium-term investment horizon (at least 4-5 years).

The value of a Unit in the Fund may fluctuate. Unit holders may not get back all they invested. Results achieved in the past offer no guarantee for the future.

For this product a Key Information Document has been produced with information about the Fund, the costs and risks. Please ask for it and read it before investing in the Fund. The document is available at: [www.aescap.com](http://www.aescap.com) and [www.priviumfund.com](http://www.priviumfund.com).

## 2. DEFINITIONS

Capitalized terms in this Prospectus shall have the following meaning:

<b>Administrator</b>	IQ EQ Financial Services B.V., part of the IQ-EQ Group.
<b>Aescap 1</b>	the closed-end venture capital fund managed by a different AIFM, namely Aescap Venture Management B.V.
<b>Aescap Life Sciences</b>	an open-end fund investing in public biotech/life sciences companies managed by the same Fund Manager.
<b>AFM</b>	the Dutch Authority for the Financial Markets ( <i>Autoriteit Financiële Markten</i> ).
<b>AIFM</b>	means alternative investment fund manager ( <i>beheerder van een beleggingsinstelling</i> ) within the meaning of the AIFM Directive.
<b>AIFM Directive</b>	means Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and amending directives 2003/41/EC and 2009/65/EC, as amended from time to time.
<b>AIFM Regulation</b>	Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision, as amended from time to time.
<b>Affiliate</b>	means a person directly or indirectly controlling or controlled by or under common Control with the party at issue; the term "Control" (and any derivative thereof) means -for the purpose of the definition of Affiliate -in respect of an entity the right to (i) exercise the majority of the voting rights in the meeting of shareholders (or similar meeting of investors, partners or other owners) of such entity, (ii) appoint the majority of the members of the body in charge of the day-to-day business of such entity; or (iii) determine the policy and strategy of such entity.
<b>Article 8 Fund</b>	means alternative investment funds that fall within the scope of article 8 (1) of the SFDR.
<b>Business Day</b>	means a day on which the NYSE Euronext Amsterdam and banks in The Netherlands are open for doing transactions in financial instruments.
<b>CM System</b>	has the meaning ascribed to it in Section 3.4 of this Prospectus.
<b>Custodian</b>	means Saxo Bank A/S.



<b>Depository</b>	means Darwin Depository Services B.V., a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated and existing under the laws of the Netherlands, or such other depository of the Fund as may be appointed from time to time in accordance with this Prospectus.
<b>DNB</b>	means the Dutch Central Bank (De Nederlandsche Bank).
<b>FSA</b>	means the Dutch Financial Supervision Act (Wet op het financieel toezicht).
<b>Dutch GAAP</b>	means generally accepted accounting principles in the Netherlands.
<b>First Closing Date</b>	means January 18, 2022
<b>Fund</b>	means Aescap Genetics, a fund for joint account (in Dutch: <i>een fonds voor gemene rekening</i> ) consisting of the aggregate of the Fund Assets and the Fund Obligations held (through the Legal Owner) for the account and risk of the Unit Holders, as governed by this Prospectus and managed by the Fund Manager'.
<b>Fund Assets</b>	all assets, including cash, that are acquired by the Legal Owner (or the Fund Manager, in the name of and on behalf of the Legal Owner) and held by the Legal Owner in its own name for the account and risk of the Unit Holders in connection with the Fund.
<b>Fund Documents</b>	this Prospectus and the Subscription Form.
<b>Fund Manager</b>	means Privium Fund Management B.V., a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated and existing under the laws of the Netherlands.
<b>Fund Manager Unit Class</b>	the Unit Class that is open for persons or parties (or investment companies controlled by them) who are associated with the Fund Manager (e.g. the Portfolio Manager and any advisors).
<b>Fund Obligations</b>	the obligations, which the Legal Owner (or the Fund Manager in the name of and on behalf of the Legal Owner) assumes and/or incurs in its own name for the account and risk of the Unit Holders in connection with the Fund.
<b>High-Water Mark</b>	means the highest peak in value of a particular Unit Class of the Fund since inception.
<b>Initial Units</b>	means the Units issued at the First Closing Date.
<b>Investor Advisory Committee</b>	means the committee with representatives of the Unit Holders.
<b>Investment Policy</b>	means the investment policy of the Fund, set out in Section 4.
<b>Key person</b>	means a person whose involvement in the business and affairs of the Fund is key for executing the Investment Policy.

<b>Key Person Event</b>	an event whereby the Key Person ceases to be actively involved in the business and affairs of the Fund.
<b>Legal Owner</b>	means Stichting Aescap Genetics, a foundation (stichting) incorporated and existing under the laws of the Netherlands, or such other legal owner of the Fund Assets and Fund Obligations as may be appointed from time to time in accordance with this Prospectus.
<b>Meeting of Unit Holders</b>	a meeting of Unit Holders.
<b>Net Asset Value</b>	(depending on the context) the intrinsic value of the Fund and/or per Unit Class, calculated in accordance to Section 14 of this Prospectus.
<b>Ordinary Consent</b>	means the written consent of Unit Holders, together representing more than fifty per cent (50%) of the issued Units.
<b>Performance Fee Calculation Period</b>	The first Performance Fee Calculation Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period for a Unit Class until the first Valuation Day. Thereafter each performance fee calculation period will run from any Transaction Day until the next Valuation Day. The performance fee calculation is subject to a full historic high-water mark.
<b>Portfolio Manager</b>	the primary portfolio manager of the Fund, currently Patrick Krol.
<b>Prospectus</b>	this Prospectus.
<b>Qualifying Investor Units</b>	the Unit Classes that have lower fee levels. The value of the Units held by such qualifying investor in the Fund exceeds the value of EUR 10 million, 20 million or 30 million.
<b>Register</b>	means the register in which in respect of each Unit Holder are entered its name, address and other contact details, the bank or securities account details on which the Unit Holder wishes to receive payments, its tax status and the number of its Units.
<b>Reporting Fund</b>	means a fund approved by the HM Revenue & Customs pursuant to Part 3 of the Offshore Fund (Tax) Regulations 2009 of the United Kingdom
<b>SASB</b>	the Sustainability Accounting Standards Board, an independent non-profit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.
<b>SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended, restated or supplemented from time to time.

<b>Subscription Form</b>	means the subscription form, a template of which is attached hereto as Appendix A.
<b>Transaction Day</b>	a day on which Units may be issued or redeemed, being every Thursday and the first Business day of every month. If such day is not a Business Day, the following Business Day.
<b>Unit</b>	a participation interest in the Fund reflecting the beneficial interest of a Unit Holder to the Net Asset Value of the Fund.
<b>Unit Class</b>	the various Unit Classes being offered to Unit Holders.
<b>Unit Holder</b>	the holder of one or more Units in the Fund.
<b>Valuation Day</b>	a day on which the Net Asset Value is calculated, being the last Business Day prior to a Transaction Day.
<b>Website</b>	the website of the Fund Manager ( <a href="http://www.priviumfund.com">www.priviumfund.com</a> ) and the website of the Fund ( <a href="http://www.aescap.com">www.aescap.com</a> ).

## **3. STRUCTURE, GENERAL INFORMATION**

### **3.1 The Fund**

#### 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, the Legal Owner and each Unit Holder. 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 held 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 receive ownership over the number of Units pro rata to their commitment to the Fund, and they are jointly entitled to the Fund Assets. 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 amount for a Unit is only an obligation towards the Fund represented by the Fund Manager and 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 of Units

A Unit Holder cannot transfer its Units, except if such Units are transferred to relatives in the straight line. Any such transfer requires the prior written approval of the Fund Manager. For the avoidance of doubt, in case a Unit Holder holds Units for a beneficial owner pursuant to a custody relationship between such Unit Holder and the beneficial owner, a change of custodian by such beneficial owner shall be subject to a prior approval of the Fund Manager, but shall not be deemed a transfer for the purpose of the transfer restrictions under this Prospectus. 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 anti-dilution levy.

#### Establishment, Term and Termination

The Fund is established as of the First Closing Date and shall continue to exist for an indeterminate period of time. The Fund shall terminate upon the occurrence of any of the events set forth in article 20 of the Prospectus.

#### Not listed

The Fund is not listed on any stock exchange.

### **3.2 Legal Owner**

The only statutory purpose of the Legal Owner is to act as legal owner of the Fund and to protect the interests of the Unit Holders, in respect of which purpose the Legal Owner has certain legal obligations as further described in Section 9.3 of this Prospectus.

### **3.3 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 (including, but not limited to, making investment- and divestment decisions);
- to check the administration of the Fund executed by the Administrator;
- to assess whether the Administrator determines the Net Asset Value for the Fund and for each Unit Class correctly and on time;
- to ensure that the Fund complies with the relevant regulations and reporting obligations;

- to ensure that the Fund complies with the defined risk management framework as further described briefly below; and
- generally, to observe the interests of the Unit Holders in accordance with this Prospectus.

### 3.4 Risk Management Framework

Under the AIFM Directive, the Fund Manager is required to establish and maintain a permanent risk management function. This function should have a primary role in shaping the risk policy of each Alternative Investment Fund ("AIF") under management by the Fund Manager, risk monitoring and risk measuring in order to ensure that the risk level complies on an ongoing basis with the AIF's risk profile.

The risk management function performs the following roles:

- Implement effective risk management policies and procedures in order to identify, measure, manage and monitor risks;
- Ensure that the risk profile of an AIF is consistent with the risk limits set for the AIF;
- Monitor compliance with risk limits; and
- Provide regular updates to senior management concerning:
  - o The consistency of stated profile versus risk limits;
  - o The adequacy and effectiveness of the risk management process; and
  - o The current level of risk of each AIF and any actual or foreseeable breaches of risk limits.

To identify the risk profile and main risks, and ensure the right measurement, management and monitoring of these risks, the Fund Manager has a rigid 'Risk Onboarding Process'. It ensures that the investment process is properly documented and the product itself is properly reviewed.

As described by the AIFM Directive quantitative risk limits are, where possible, constructed for various risk categories: market risk, liquidity risk, credit risk, counterparty risk and operational risk. These risk limits should be in agreement with the risk profile of the Fund.

The risk management function is fully independent from the portfolio management function of the Fund Manager. The risk manager has full authority to close positions or the authorization to instruct the closing of positions on his behalf in case of a risk breach.

To ensure that all risk management tasks are executed correctly and timely, the Fund Manager uses an automated system (the "**CM System**") that registers all risk tasks, keeps a list of all pending risk tasks, and escalates risk tasks that have not been executed or report a violation of a risk rule. The CM System produces an audit log that can be verified by the internal auditor, the external auditor, the management board, the regulator or other stake holders. Not all risk variables have limits but to identify any new relevant risks, every variable that is reported in the CM system flows through a sanity check. The sanity check will raise an exception if the variable falls outside its "normal" boundaries. The risk manager is notified of these exceptions and will make an assessment whether the situation is stable or whether further escalation is needed.

The positions of the Fund are administered and reconciled using Arbor Financial Services and risk reports such as Value at Risk and Stress Scenarios are run using Bloomberg.

The CM System is responsible for monitoring of the pre-defined risk limits. The limits can either be configured as notification limits, soft limits or hard limits. In case of a breach of any of the limits, the escalation procedures are followed as described in the Risk Management Procedures (Annex 17) of the Privium Handbook.

The reoccurring risk tasks are:

- Monthly risk report by risk management, including Value at Risk;
- Monthly reporting by portfolio management;
- Monthly stress scenarios. On ad-hoc basis extra stress scenarios can be done.

The Fund Manager employs an appropriate liquidity risk policy and has adopted procedures which enable it to monitor the liquidity risk of the Fund and to ensure that the liquidity profile of the investments of the Fund complies with their underlying obligations. In particular, the Fund Manager can suspend redemptions on certain conditions as set out in this Prospectus.

The Fund Manager has further established a risk control framework. During the monthly risk meetings all relevant developments regarding risk management at the level of the investment funds under management by the Fund Manager, including the Fund, and the Fund Manager itself are being discussed.

On a monthly basis the Risk Committee of the Fund Manager meets to discuss the performances and risks of the Fund. Any breaches are discussed. On a yearly basis a risk evaluation and product review is being conducted.

### **3.5 Administrator**

The Fund Manager and Administrator have concluded an agreement (the 'Administration Agreement') setting out the duties of the Administrator and what the Fund Manager must do to enable the Administrator to perform those duties duly.

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 Unit Class; and
- keeping the register of Unit Holders of the Fund.

### **3.6 Depositary**

The Fund Manager and Depositary have concluded an agreement (the 'Depositary Agreement') setting out the duties of the Depositary and what the Fund Manager must do to enable the Depositary to perform those duties duly.

The most important tasks of the Depositary pursuant to the terms of the Depositary Agreement are:

- safekeeping of financial instruments in which the Fund has invested;
- ensuring that the Fund Manager acts in accordance with the Investment Policy; and
- monitoring of cash flows in respect of the Fund and ensuring that issue and redemption of Units and determination of the Net Asset Value is performed correctly.

Please refer to Chapter 10 of this Prospectus for more information on the Depositary.

### **3.7 Custodian**

The actual safekeeping of the Fund Assets is delegated to the Custodian. The Depositary has assigned Saxo Bank A/S as Custodian pursuant to the Custody Agreement.

Please refer to Section 11 of this Prospectus for more details regarding the Custodian.

### **3.8 Other third-party service providers**

#### Independent Auditor

Mazars N.V. has been appointed as independent auditor of the Fund. Mazars N.V. is a member of the Netherlands Institute of Chartered Accountants and is subject to AFM supervision pursuant to the Dutch Audit Firms (Supervision) Act (*Wet toezicht accountantsorganisaties*).

#### Prime Broker

The Fund Manager has not engaged a prime broker for the Fund. Saxo Bank A/S functions as the execution broker of the Fund. Other brokers may be appointed as well.

### **3.9 Unit Holders**

The Unit Holders are jointly economically entitled (each proportionally, according to the number of Units owned) to the net assets of the Fund. The combined assets of the Unit Holders invested in the Fund are intended for collective investment and for their own account and risk. (See Section 13, "Unit Holders").

### **3.10 Contractual arrangement between Unit Holders, Fund Manager and Legal Owner**

The Fund being the contractual arrangement between Unit Holders, the Fund Manager and the Legal Owner is governed by the Prospectus.

### **3.11 Minimum subscription amount**

The minimum amount for participation is € 500,000, although the Fund Manager at its discretion can make an exception and lower the minimum to € 100,000.

For the clients of wealth managers, family offices or private banks who have an executed discretionary portfolio management agreement or investment advisory services agreement with the wealth manager, family office or private bank, subscription amounts below EUR 100,000 can be accepted as the investment decision to invest in the Aescap Genetics is taken by or advised by the wealth manager, family office or private bank. Additionally, for family members of existing Unit Holders (being defined as first and second degree relatives), subscription amounts below EUR 100,000 can be accepted as well. Here the subscription will be linked to the size of the current investment of the existing Unit Holder.

At the time of the inception of the Fund, Units with a Net Asset Value of € 1,000 have been issued.

### **3.12 Net Asset Value**

The Net Asset Value is calculated on a weekly and at the end of the month basis by the Administrator, as is described in Section 14 of this Prospectus ("Determination of Net Asset Value").

### **3.13 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 an issue or redemption of Units. (See Section 15, "Subscription", and Section 16, "Redemption".)

### **3.14 Tax position of Fund**

Due to the limited transferability of the Units of the Fund, the Fund qualifies as a tax transparent fund for joint account for Dutch income tax purposes. Consequently, the Fund is not subject to Dutch (corporate) income tax. The fiscal elements relating to the Fund Structure are expressed in more detail in Chapter 18 of this Prospectus.

### **3.15 Conflicts of interests**

The Fund Manager maintains a Conflicts of Interests policy (including a conflicts of interests register). Here, it is the Fund Manager's policy to avoid any conflicts of interest as much as possible. Where a conflict is inevitable (i.e. cannot be prevented) which may have a negative impact on the Fund or the Unit Holders, the Fund Manager uses its best efforts to mitigate and manage the conflict in the best possible way whereby the interests of the Fund and the Unit Holders prevail. A conflict which cannot be mitigated fully to an extent that, with reasonable confidence, the Fund Manager can ensure that there will be no risks of damage to Unit Holders, will be disclosed to the Unit Holders. In this respect, the Fund Manager notes the following.

The Portfolio Manager of the Aescap Genetics, Patrick Krol, is also the Portfolio Manager of Aescap Life Sciences. Aescap Genetics and Aescap Life Sciences may have identical positions. An allocation policy has been created to manage (potential) conflicts of interests.

There is no relationship between Aescap Genetics and Aescap Venture 1, though the Portfolio Manager of Aescap Genetics, Patrick Krol, is still active for Aescap Venture 1 as its managing partner. Aescap Venture 1 is in its end-stage and will be liquidated in due term. Aescap Genetics will not invest in any prior or current portfolio company from the Aescap Venture 1 portfolio.

The Fund Manager has outsourced certain tasks to the Administrator (see Section 8 for the list of outsourced tasks). No conflicts of interests are expected to arise from such delegation, as the Administrator is not linked with the Fund Manager and/or the Depositary in any way.

### **3.16 Equal treatment**

The Fund Manager treats Unit Holders in comparable circumstances equally and ensures that each Unit Holder is treated fairly. The only difference between the Unit Classes is that the fee levels are different. This includes the management fee and performance fee as is described in greater detail in this Prospectus.



## **4. INVESTMENT PROPOSITION**

### **4.1 The Market Opportunity**

Aescap Genetics (‘the Fund’) invests in the shares of publicly listed genetics biotech / life sciences companies. It invests in highly innovative companies that develop and market new genetics medical treatments such as gene, RNA and cell therapies. It can to a limited extent also invest in companies that develop and market medical genetics diagnostics.

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

The substantial growth of the life sciences market is driven by:

- a) 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 medical devices;
- b) A high unmet medical need for diseases such as Alzheimer, Arthrosis, Diabetes, MS, Obesity, Oncology, Parkinson and many other such as infectious diseases;
- c) Approximately 6000 rare diseases with no treatment available at all today.

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 still often is the case in the treatment of cancer. The development of precision medicine has only just started.

The sector the Fund is active in is known for its attractive premiums in case of takeovers. The large cash buffers of the bigger pharma / biotech companies create the potential for many future acquisitions of smaller (listed) biotech companies.

The number of publicly listed genetics biotech / life sciences companies the Fund can select from is over 100 in the EU and the US together.

### **4.2 M&A Premium**

The biotech sector is known for its attractive premiums for takeovers. Over the period 2015-2020 the average premium for acquisitions of publicly listed biotech companies with a market cap above \$ 100 million was over 70% (source HBM Partners 2015-2019 and GlobalData 2020).

### **4.3 Investment Policy**

The Fund aims to gain value by investing in publicly traded shares of genetics biotech / life sciences companies. It invests in highly innovative companies that develop and market new genetics medical treatments such as gene, RNA and cell therapies. It can to a limited extent also invest in companies that develop and market medical genetics diagnostics. The Fund may also invest in warrants of such companies. Often these warrants are received as part of an equity issue by a company. It will typically invest in companies with the potential to (more than) double their share price over a period of maximum 4-5 years. The Fund aims to make investments in companies located globally, provided that most investments are likely to be made in companies located in Europe and Northern America given the innovation power in biotech in these markets.

The Fund has a focused portfolio, investing in approximately 18 companies. Within this focus it will ensure that the portfolio is diversified over different diseases, development phases and geographical areas.

The Fund will not enter into any investment, divestment or other business transaction with any other Funds managed by the Fund Manager or Affiliates of the Fund Manager or with related party funds.

### **4.4 Investment objective**

The Fund's objective is to make an average minimum annual net return (after deduction of costs) of 20%+ over the mid-term (4-5 years).

#### **4.5 Investment Discipline and Criteria**

The Fund aims to select those publicly listed genetics biotech / life sciences companies which are undervalued based on their growth potential. The value creation in which it aims to invest is typically based on:

- a significant potential growth in revenues/profit;
- the achievement of clinical study milestones; and/or
- the closing of a partnership or similar deal with a larger biotech / life sciences company in the field, one that most likely already has a sales force active in the disease area the licensing deal is representing.

The companies the Fund will invest in are typically acquisition targets for biopharmaceutical multinationals, which are known for their constant hunger to fill their pipelines.

Investment decisions are based on fundamental company analyses of the company's technology and/or products, product development risks, market entrée barriers, competition, financials and the expected market development. But maybe even more important by making serious efforts to understand the strengths and weaknesses of management and their view on the future of the company and the markets they serve.

The Fund may, if the Fund Manager has a good reason to do so, hold a substantial percentage of the Fund in cash.

The Fund can make limited use of borrowed money. A maximum of 10% of the Net Asset Value can be borrowed money:

- to bridge temporary liquidity shortages;
- to make use of one or more investment opportunities in anticipation of new subscription orders coming into the Fund from Unit Holders.

The Fund may obtain this leverage from its broker/custodian. The Fund may collateralize the Fund's assets in connection with such leverage. The associated risks of using leverage are included in Section 5 of this Prospectus. There are no other permitted borrowings. The Fund Manager is not allowed to lend any of the Fund Assets to a third party.

The Fund's goal is to maximize the investment return for its investors. In order to maximize its return, it will select approximately 18 best of breed companies in the genetics biotech / life sciences sector. The most important investment criteria will be:

- strengths of management
- technology/products (patent protection)
- development paths
- market (potential, growth, entry barriers, reimbursement)
- cash runway
- ability to generate cash from sales and/or licensing deals to fund development of proprietary products
- competition
- certain factors regarding the Environmental, Social and Governance behavior of the company

To limit the risks, investments will be made across different therapeutic areas and development stages as well as geographical areas.

#### **4.6 Sustainability**

### *Integration of sustainability risks*

Sustainability risks are categorized into Environmental, Social or Governance (ESG) issues that may pose a material risk to the value of an investment.

#### Policy on the integration of sustainability risks into investment decisions

Not all sustainability risks may have a material negative effect on the value of an investment. Also, the relevancy of each sustainability risk may differ based on the economic sector the investment is active in. Therefore, the Fund applies the Materiality Map of the Sustainability Accounting Standards Board (SASB) to determine which sustainability risks are material to consider in the investment decision-making process.

SASB has identified more than 25 sustainability risks divided across the E, S, and G topics. Dependent on the economic sector the investment is active in, these risks are marked either 1) not material, 2) not likely material, 3) likely material. For a risk to be classified as likely material, SASB has found that for over 50% of the companies active in that sector, the risk has a significant impact on the financial position or operational activities.

In each investment decision the relevant material sustainability risks are investigated using the following focus points:

- **Policy and practices:** Investigating if relevant sustainability risks to the investment are well covered by policies informs if all risks are sufficiently in scope and in control. If so, then the value of the investment may be less sensitive to the relevant sustainability risk than its peers.
- **Incidents:** If the sector or the investment experienced significant incidents regarding the relevant sustainability risk recently, this may inform the understanding of both the frequency of it occurring, as well as the investments readiness and quality of response. Better preparedness and a strong response mean the value of the investment may be less sensitive to the relevant sustainability risk than its peers.

The analysis will provide a low, average or high estimated sensitivity of the value of the investment to material sustainability risks and informs the Fund Manager in relation to investment decision making process. A high sensitivity does not automatically disqualify an investment from inclusion in the Fund, but this information will be included in the decision-making process by the Fund Manager.

Considering the sector focus of the Fund, the following sustainability risks are presumed to be likely material for the investments made by the Fund in the economic sector Biotechnology & Pharmaceuticals as defined by SASB. This list may be supplemented with any other SASB risks that the portfolio manager deems relevant in its analysis

- Human rights & community relations; Safety and quality of clinical trials and participants.
- Access & affordability; Access to medicines, affordability & pricing.
- Product quality & safety; Medicine safety, defects, inadequate disclosure of risks during pre-clinical studies and clinical trials.
- Customer welfare; Patient follow-up and support for marketed products and during clinical trials.
- Selling practices & product labeling; Ethical marketing to medical specialists and patients.
- Employee engagement, diversity & inclusion; recruitment, development & retention.
- Supply chain management; quality and safety of supply chain management.
- Business ethics; Excessive pricing and uncompetitive behavior.

#### Monitoring of sustainability risks in the Fund

On an ongoing basis, the sustainability risk analyses for the investments of the Fund are reviewed and updated if and when applicable. Here, material changes to the individual sustainability risks of an investment are not expected to occur often. An update of the estimated sensitivity of the value of the investment to a sustainability risk might be triggered by a change in the policies and practices of the investment, or by a significant incident regarding the sustainability risk.

The material sustainability risk exposures and the concentration of high sensitivity investments in the Fund are part of the risk management policy of the Fund Manager and are monitored on a monthly basis. In the Financial Statements of the Fund all relevant SFDR disclosures are taken into account.

#### Article 8 classification - promotion of social characteristics

In addition to its financial aim to gain value by investing in publicly traded shares of biopharmaceutical companies and potentially also diagnostics and/or medical device companies, the Fund promotes a social characteristic. In the context of the Sustainable Finance Disclosure Regulation (SFDR), the Fund is therefore classified as an Article 8 fund. As the Fund promotes social characteristics, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Researching, developing, or producing treatment/solutions for diseases with a high unmet medical need is the main focus point of the funds' investments. There is no universal definition of "unmet medical need" and the definition actually varies depending on the stakeholders involved (like payers, regulators, patients or medicines/solutions developers).

We considered this heterogeneity and defined that these types of diseases (for example Alzheimer's Disease, Arthrosis, Diabetes, Multiple Sclerosis, Obesity, Cancer, Parkinson's Disease) are characterized by: (inadequacy of) available treatments, severity of impact on the patient and severity of impact on the healthcare system, in the geographies in which the company currently or plans to market or distribute its current or future product(s). We believe those three items can encompass what an unmet medical need is in our industry.

Developing medicines and other solutions for diseases where there is a high unmet medical need has a tremendous positive impact at various levels of our society. The first and most obvious is for patients affected by such diseases. The wide ranges of disease types and severity can impact people in many ways. Some of these diseases are eventually fatal, but the unmet medical need does not lie solely on mortality. In fact, patient's lives can be disrupted by conditions that impair the senses (e.g., blinding diseases, that can be congenital, age-related, or trauma related), affect walking and physical function abilities (e.g., muscle wasting diseases, not always fatal but always limiting), disrupt the integrity of the skin (e.g., skin scarring and scaling diseases), challenge the mental status of the patient (e.g., mood disorders), as well as in countless other ways. A person's health should not be limited to assessing whether that person is alive, but the assessment should focus on the patient's overall wellbeing and the function of each organ system, including mental health. By alleviating or even curing any of the conditions, the quality and length of life for patients improves dramatically.

Improving people's health by developing medicines and other solutions, or enabling their development, has impacts that go beyond patients and their health. If patients' health improves, it can enable them to resume working, enjoying their social lives, and reduce the stress on family and friends, leading to an immediate contribution to the function of society as well as a relief on the healthcare system that was supporting them before, leading to reduced public and private spending as well as to lowered consumption of resources that can impact the environment.

#### Measurement of the social characteristics

By measuring and monitoring the alignment of the portfolio and Fund activities to the focus points above, the Fund provides insight into how its social characteristic is achieved. The Fund reports annually on the following:

- 1. Percentage of investee companies researching, developing or producing treatment for diseases with a high unmet medical need**

There is no universal definition of "unmet medical need" and the definition actually varies depending on the stakeholders involved (like payers, regulators, patients or medicines developers).

Considering this heterogeneity and the fact that these types of diseases (for example Alzheimer's Disease, Arthritis, Diabetes, Multiple Sclerosis, Obesity, Cancer, Parkinson's Disease) are characterized by:

1. (inadequacy of) available treatments,
2. severity of impact on the patient and
3. severity of impact on the health care system, in the geographies in which the company currently or plans to market or distribute its current or future product;

those three items can encompass what an unmet medical need is in the context of the healthcare sector.

A company qualifies to contribute on this characteristic among the Fund's investments if:

For a company with product(s) on the market that has been profitable in the past 3 years:

- $\geq 50\%$  of the products it markets are aimed at treating diseases with a high unmet medical need

For an unprofitable company with product(s) on the market or for a company without product(s) on the market:

- $\geq 50\%$  of its pipeline programs and products on the market are aimed at treating diseases with a high unmet medical need

If a company qualifies, then the actual % of pipeline programs and/or products on the market addressing a high unmet medical need will be used in the calculation of how much of fund's AUM is contributing to this characteristic, proportionate to that company's weight in the portfolio.

If a company does not qualify, then it counts for 0% to the fund's calculation of AUM contribution to the high unmet need goal.

## **2. Progress on ESG best-practice engagement following a sustainable investment strategy**

The companies the Fund invests in should not only have strong financials, good management and comply with the regulations, but they should also continue to improve their Environmental, Social and Governance (ESG) performance wherever possible. The Portfolio Manager has a long history of investing in- and engaging with biotech companies. Engagement with small-cap companies can be very effective and can have a concrete and direct impact on their policies and practices. This not only benefits the company, but all stakeholders and ultimately society at large.

Findings from the ESG material risk analysis and Do No significant Harm analysis are combined to inform the engagement priorities for a portfolio company.

Additional SFDR related disclosure regarding Article 8 can be found in annex D of this prospectus.

## **4.7 Risk control**

The portfolio of companies is expected to consist of a limited number of approximately 18 companies. It is this 'cherry picking' from a basket of over 100 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.

A Value at Risk limit (VaR) is used to ensure that the risk profile of the Fund is maintained.

The Fund Manager employs an appropriate liquidity risk policy and has adopted procedures which enable it to monitor the liquidity risk of the Fund. In particular, the Fund Manager can restrict redemptions on certain conditions as further described in Section 16 of this Prospectus.

As and when relevant, the Fund Manager shall quarterly disclose the following to the Unit Holders:

- The percentage of the Fund Assets which are subject to special arrangements arising from their illiquid nature;
- Any new arrangements for managing the liquidity of the Fund; and
- The risk profile of the Fund and the risk management systems employed by the Fund Manager to manage those risks.

The Fund Manager has established a risk control framework. During the monthly risk meetings all relevant developments regarding risk management at the level of the investment funds under management by the Fund Manager, including the Fund, and the Fund Manager itself are being discussed.

#### **4.8 Investor Profile**

Investing in the Fund is principally suitable for investors:

- who have considerable investing experience;
- who are willing and able to accept a (significant) reduction in the value of their investment in the Fund;
- for whom their interest in the Fund represents only a limited percentage of their total investments;
- who do not require any income from their investment;
- who accept that the liquidity of their investment is limited;
- and who accept a mid-term investment horizon (4-5 years).

#### **4.9 Fund Characteristics**

- Based on current projections the Fund can grow up to a maximum fund size of €300 million. However, with the genetics market growing at a very high rate the Fund could increase this cap to €500 million with the approval of the Investor Advisory Committee. The Aescap Genetics Manager Unit Class is excluded from this maximum fund size. If the other Unit Classes of the Fund size exceed that amount for more than two months, the excessive amount will be distributed to the Unit Holders on a pro rata basis as to the Units outstanding.
- Open-end;
- Dividends are in principle reinvested;
- Target IRR: an expected minimum net IRR of 20%;
- Weekly redemptions (max 5% of the Fund AUM per transaction day);

#### **4.10 Regulated markets**

The Fund can invest in quoted stocks that are traded on regulated markets anywhere in the world. Additionally, the Fund can invest in warrants.

#### **4.11 Short-term investments**

Depending on the market circumstances, any funds that are not invested may be deposited in a short-term savings account with one or more financial institutions that are under prudential supervision.

#### **4.12 Lending out securities**

The Fund will not lend out its securities.

#### **4.13 Investment restrictions**

The Fund will adhere to the following restrictions in executing its investment policy:

- The amount of the Net Asset Value of the Fund invested in one single publicly listed company may not exceed 15% of the Net Asset Value of the Fund calculated with reference to the cost price of the shares when acquired;
- Investments are only made in listed shares and in warrants;
- The minimum number of investments made by the Fund will be 10;
- The maximum number of investments made by the Fund will be 25;
- Borrowed money may not be held for longer than for one month and may not exceed 10% of the Net Asset Value of the Fund and can only be used;
  - o to bridge temporary liquidity shortages;
  - o to make use of one or more investment opportunities after new subscription orders have come into the Fund from Unit Holders.

There are no other permitted borrowings.

- The Fund will not utilize any short positions;
- There is no restriction on the level of cash the Fund may maintain.

The Fund Manager may only deviate from these investment restrictions and change the investment policy by amending this Prospectus in the way set forth in Section 22.4 of this Prospectus.

#### **4.14 Voting in meetings of shareholders of companies in which the Fund invests**

The Fund Manager is supposed to have at its disposal the shares and the voting rights attached thereto that the Legal Owner holds. In principle, the Fund Manager will use the voting rights attached to the shares held by the Fund. The Fund Manager will use these voting rights in such manner that can be conducive to realizing the Fund's investment objective. There is no obligation for the Fund Manager to use its voting rights.

If the Fund Manager determines that the use of its voting rights may be beneficial to the Fund's engagement with a company, it can apply them for this purpose.

### **5. RISK FACTORS**

#### **5.1 General**

There can be no assurance that the Fund's investment policy will be successful or that the Fund will achieve its investment objective. An investment in Units carries a high degree of risk and is suitable only for persons who can bear this risk. Potential Unit Holders should consider among others the risks mentioned below, review this Prospectus carefully and in its entirety, and consult with their professional advisors. Past performance offers no guarantee for future results. This Prospectus does not purport to identify, and does not necessarily identify, all of the risk factors associated with investing in the Units and certain risks not identified herein may be substantially greater than those that are identified. Accordingly, each prospective Investor, prior to making any investment decision, must conduct and subsequently rely upon its own investigation of risk factors associated with the proposed investment. The value of the investments may fall or rise. Investing in the Fund should therefore be regarded as long-term and should only form part of a diversified investment portfolio.

Units of the Fund are suitable for purchase only by sophisticated investors and which fully understand, are willing to assume and have the financial resources necessary to withstand the risks involved in the Fund's investment program, and which are able to bear the potential loss of their entire investment. Prospective Unit Holders should maintain investment holdings with risk characteristics different than those of the Fund. Each prospective Unit Holder is urged to consult with its own professional advisors to determine the suitability of an investment in the

Fund and the relationship of such an investment to the prospective Investor's overall investment program and financial and tax position. There can be no assurance that the investment objective of the Fund will be achieved. A Unit Holder cannot lose more than the amount invested in the Fund by that Unit Holder.

## **5.2 Risks**

Certain risks must be considered that are common with an investment fund of this nature. These include, among others:

### **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 where governmental regulations and/or technology risks can have a significant impact on a company's value. 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.

### **Market Risk**

Markets may rise and fall and the prices of financial instruments and other assets on the financial markets can rise and fall. In general, and more specifically the prices of assets of the nature and type the Fund may invest in and hold, can rise and fall. A careful selection and spread of investments does not provide any guarantee of positive results. In the biotech / life sciences market governmental measures related to medicine approvals and pricing as well as technology risks can have a large impact on the value of one single company or the market as a whole. There may be various reasons why markets fall like recessions caused by a change in the economic business cycle or a pandemic.

### **Currency risk**

The Fund does not hedge currency positions. Investments other than in Euros can therefore cause fluctuations. The Net Asset Value of the EUR denominated Unit Classes may therefore be affected by exchange rate fluctuations, positive as well as negative.

### **Leverage**

The Fund may, but does not intend to on a systematic basis as a means of enhancing performance, employ leverage in connection with its investment strategies and/or for any other purpose deemed necessary, desirable or appropriate at such times, in such amounts and subject to such terms and conditions as the Fund Manager may determine in its sole and absolute discretion. The use of leverage increases both the possibility for gain and the risk of loss. Leverage employed by the Fund may be secured by the assets of the Fund. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if the Fund is unable to provide additional collateral, the lender could liquidate assets of the Fund to satisfy such obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Fund's borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on the Fund's profitability.

### **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 made by the Fund;
- 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 18 different companies, there may be stronger fluctuations in the Net Asset Value of the Fund in case one or more particular investments by the Fund would decrease in value, 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 global equity indices, positively and 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.

### **Sustainability risk**

Sustainability risk in the context of the Fund is defined as the risk of a decrease in the value of an investment of the Fund due to an environmental, social or governance (ESG) related event. Such an event may have a direct negative impact on the financials of the investment or a longer-term impact on the operations or earnings capacity of the investment. The Fund has identified multiple sustainability risks which may impact the value of its investments to a varying degree.

### **Cyber security risk**

The Unit Holders are exposed to the risk of a cyber-attack or data breach at the level of the Fund Manager or at the level of the service providers. The Fund Manager and service providers have implemented measures to mitigate this risk as much as possible.

### **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 a Unit Holder). The Fund is in principle obliged to purchase Units on a Transaction Day. Under certain circumstances the Manager is authorized to delay redemption or honor redemption requests only partially (see Section 16: "Redemption"). In those cases the Unit Holder is not able to redeem, or redeem only partially, its Units. This may (also) have a negative effect on the price of the Units.

### **Indemnification risk**

The Fund Manager and the Legal Owner are entitled to be indemnified out of the Fund Assets against costs, losses and expenses which they may incur or become liable in connection with the execution of their duties. In addition, the Depositary, the Administrator and other service providers also are entitled to an indemnity under the terms of their respective agreements for the services they provide. These obligations could require substantial indemnification payments

out of the Fund Assets, provided however that the Depository shall not be so indemnified with respect to any matter resulting from its negligent or intentional failure to properly fulfil its obligations in accordance with article 21(12) of the AIFM Directive, and no other person shall be so indemnified with respect to any matter resulting from its attributable breach (*toerekenbare tekortkoming in de nakoming*).

### **Counterparty risk**

The Fund will be subject to the risk of the inability or refusal of payment or clearing institutions, principals or other service providers or other counterparties to its transactions, to perform or to perform in time under such services or transactions. Any such failure, refusal or delay, whether due to insolvency, bankruptcy or other causes, could subject the Fund to substantial losses. The Fund Manager will seek to mitigate these risks by reviewing the creditworthiness and reliability of all service providers and counterparties and only entering into transactions with those parties that the Fund believes to be creditworthy and reliable.

### **Liquidity risk**

If, due to unforeseen circumstances, normal liquidity conditions do not apply, the Fund could face liquidity risk. This could imply that financial instruments cannot be sold or bought under normal market conditions, leading to significant direct and indirect transaction costs. It may also mean that positions cannot be sold at the anticipated price as established and deemed to be the fair value at the date of deciding to liquidate/sell those positions. This may have a negative effect on the Net Asset Value of a Unit.

### **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.

### **Delegation risk**

The risk of delegating activities is that a delegated party may not comply with its obligations, notwithstanding existing agreements. The Fund Manager and the delegates have implemented measure to mitigate this risk as much as possible.

### **Risk of changing and/or unclear (fiscal) laws**

This is the risk that (fiscal) legislation changes or that new legislation comes into force that negatively affects the fiscal treatment of Fund or its Unit Holders or the risk that unclear rules and regulations and conflicting advice may result in a breach of rules and regulations applicable to the Fund. Resulting fines and other sanctions and possible damage to the reputation of the Fund, the Fund Manager and other connected persons may result in a negative impact on the Net Asset Value of the Fund and the Units.

### **Key Person risk**

Patrick Krol has been assigned by the Fund Manager as Portfolio Manager of the Fund. Unit Holders are exposed to the risk that Patrick Krol ceases to be involved with the Fund Manager.

### **Regulatory supervision and compliance risk**

The regulatory rules keep evolving and changes therein may adversely affect the functioning of the Fund and/or the Fund Manager's ability to pursue the investment policy for the Fund.

Unclear rules and regulations and conflicting advice may result in a breach of rules and regulations applicable to the Fund, Resulting fines and other sanctions and possible damage to the reputation of the Fund, the Fund Manager and other connected persons may result in a negative impact on the Net Asset Value of the Fund and the Units.

### **Risks Relating to the Fund Manager**

Due to the insolvency, negligence or fraudulent actions of the Fund Manager, its officers or employees or third parties used for the custody of Fund Assets, the value of Units may decline.

## **Risks Relating to the Legal Owner and the Depositary**

Due to the insolvency, negligence or fraudulent actions of the Legal Owner and/or the Depositary, their officers or employees or third parties used for the custody of Fund Assets, the value of Units may decline and the Fund Assets may be lost.

## **Limited rights of Unit Holders**

The Fund Manager has exclusive authority for managing all operations of the Fund. Unit Holders cannot exercise any management or control functions with respect to the Fund's operations, although they have limited voting rights in certain organisational respects.

## **Risks Relating to Conflicts of Interests**

### Other Clients

The Fund Manager and/or Affiliates of the Fund Manager may or will manage or advise clients other than the Fund. The Legal Owner may or will hold the legal ownership of assets other than the Fund Assets. There can be no assurance that such services do not conflict with the interests of the Fund. Although the Fund Manager and the Legal Owner are managing potential and actual conflicts of interest issues in good faith in compliance with the Fund Manager's conflicts of interests policy, there can be no assurance that such conflicts of interest may be resolved in the best interests of the Fund should they arise.

### Diverse Unit Holders

Unit Holders may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests may relate to, among other things, the nature of Fund Assets, the structuring of Fund Assets and the timing of disposition of Fund Assets. As a consequence, conflicts of interest may arise in connection with decisions made by the Fund Manager that may be more beneficial for one Unit Holder than for another Unit Holder, especially with respect to Unit Holder's individual tax situations. The Fund Manager will consider the investment, tax and other interests of the Fund and its Unit Holders as a whole, not the investment, tax or other interests of any Unit Holder individually.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and considerations involved in investing in the Fund. In particular, the Fund's performance may be affected by changes in market conditions, and legal, regulatory and tax requirements. The Fund will be responsible for paying the fees, charges and expenses referred to in this document regardless of the level of profitability.

Potential Unit Holders who are in any doubt as to the risks involved in investing in the Fund are recommended to obtain independent financial advice before making an investment.

## **6. THE FUND MANAGER**

### **6.1 General**

The Fund will be managed by Privium Fund Management B.V. as Alternative Investment Fund Manager of the Fund. The Fund Manager is responsible for the entire management of the Fund in accordance with the provisions of the Fund Documents and applicable laws. The Fund Manager is also responsible for maintaining records and furnishing or causing to be furnished all required records or other information of the Fund to the extent such records, reports and other information are not maintained or furnished by the Administrator, the Legal Owner, the Depository or other service providers.

Privium Fund Management B.V. is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands having its official seat (*zetel*) in Amsterdam, the Netherlands and its principal offices at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, the Netherlands. The Fund Manager is registered in the Dutch trade register (*handelsregister*) under file number 34268930.

The Fund Manager performs its services in accordance with the Prospectus. Pursuant to the Prospectus the Fund Manager has the full and exclusive power, discretion and authority to invest and manage the assets of the Fund.

The statutory management board (*bestuur*) of the Fund Manager consists of Mr C.H.A. Heijman, Mr M. Baak and Mr R.J. van Hoorn who are the (daily) policy makers of the Fund Manager. Clayton Heijman is ultimately responsible for compliance and risk management. Mark Baak is ultimately responsible for the investment management activities at the Fund Manager. The Fund Manager deems Mark Baak suitable for this role as Privium Fund Management B.V. has, under responsibility of Mark Baak, inter alia been managing investments funds that invest in financial instruments (including listed shares and investment funds) since 2012.

The Fund Manager holds an AIFM license issued by the AFM within the meaning of article 2:65(a) FSA and is subject to conduct of business and prudential supervision by the AFM and DNB respectively.

### **6.2 Delegation of Duties**

The Fund Manager may delegate certain financial, accounting, administrative and other services to the Administrator and one or more other external service providers.

The Fund Manager will not delegate its portfolio management function or risk management function with respect to the Fund. As detailed below, the Fund Manager has currently engaged the Administrator to provide, subject to the overall direction of the Fund Manager, certain financial, accounting, administrative and other services to the Fund. No conflicts of interest is expected to arise from such delegation, as the Administrator is not linked with the Fund Manager and/or the Depository in any way. As at the date hereof, the Fund Manager has not delegated any other functions to a service provider.

### **6.3 Resignation and removal of the Fund Manager**

6.3.1 Subject to Section 6.3.3 the Fund Manager shall resign:

6.3.1.1 upon the Fund Manager having been granted suspension of payments (*surséance van betaling*).

6.3.1.2 upon the Fund Manager's bankruptcy (*faillissement*) or dissolution (*ontbinding*).

6.3.1.3 upon the provision of sixty (60) calendar days' notice to the Fund, the Depository and the Unit Holders.

6.3.2 The Unit Holders may, no later than forty-five (45) calendar days after: (i) the date of occurrence of the event causing the resignation of the Fund Manager by resolution taken by Ordinary Consent (ii) and the consent of the Investor Advisory Committee, appoint a substitute Fund Manager.

6.3.3. The Fund Manager can only: (i) resign in accordance with Section 6.3.1; after the appointment of a successor Fund Manager. An entity can only be appointed as successor Fund

Manager in case it has obtained a regulatory license to manage investment funds (including the Fund) or makes use of a regulatory registration to do so. The successor Fund Manager will commence its activities on the date that the current Fund Manager resigns.

6.3.4 Upon the effective date of the resignation or removal of the Fund Manager, any rights and obligations of the Fund Manager shall immediately cease to exist (it being understood that the Fund Manager remains entitled to its Management Fee, Performance Fee and its reimbursements referred to in Section 16 to the extent allocable to an already expired period of time).

6.3.5 The Fund Manager hereby commits itself to cooperate fully in the transfer of its contractual position with the Unit Holders, the Fund and the Depositary to a successor Fund Manager.

6.3.6 The Investor Advisory Committee may, on behalf of the Unit Holders, remove the Fund Manager as the Fund Manager of the Fund. Any such removal will become effective after three (3) months from the date notified in writing to the Fund Manager. In case of removal of the Fund Manager, the Investor Advisory Committee shall, on behalf of the Unit Holders, appoint a substitute Fund Manager if and once in compliance with this Section 6.3.

#### **6.4 Liability of the Fund Manager**

The Fund Manager shall only be liable towards the Unit Holders for a loss suffered by them in connection with a breach of the Fund Manager's duties and responsibilities under the Fund Documents that is attributable to it (*toerekenbare tekortkoming in de nakoming*) if and to the extent that such loss is determined by court order or final adjudication to be directly caused by the breach of the Fund Manager. The Fund Manager shall not be liable towards the Unit Holders for any loss suffered by any Unit Holder as a result of any act or omission of a third party or as a result of any act or omission by the Fund Manager arising from the Fund Manager's reliance upon any representation or warranty by an Unit Holder.

#### **6.5 Indemnification**

The Fund Manager and any of its respective (former) directors, employees and advisors (each of them in this article 6.5 referred to as "Indemnified Person") will be indemnified out of the Fund Assets against any and all liabilities, actions, proceedings, claims, costs, demands or expenses incurred or threatened by any of them arising out of or in connection with the capacity or former capacity of such Indemnified Person in the exercise of powers, provision of services or performance or omission if any activities on behalf of or in respect of the Fund within the framework of this Prospectus, provided however that no Indemnified Person shall be so indemnified with respect to any matter determined by court or final adjudication as resulting from a breach under the Fund Documents of such Indemnified Person.

If an Indemnified Person becomes involved in any capacity in any action, proceeding or investigation in connection with any matter arising out of or in connection with the services provided by the Indemnified Person to the Fund, the Indemnified Person shall be reimbursed out of the Fund Assets for its reasonable legal and other expenses (including the cost of investigation and preparation) as such legal and other expenses are incurred: provided that the Indemnified Person shall provide the Fund Manager with a written undertaking to promptly repay to the Fund the amount of such reimbursed expenses paid if it shall ultimately be determined by a court of final adjudication that there was no entitlement to indemnification pursuant to this Article.

The rights of the Indemnified Persons to be indemnified in accordance with this Article shall survive the termination of the Fund.

#### **6.6 Insurance**

To cover potential professional liability risks resulting from activities the Fund Manager carries out with respect to the Fund, the Fund Manager holds a professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered.

#### **6.7 Funds Managed by the Fund Manager**

As at the date of this Prospectus, the Fund Manager is also managing the following investment funds:

- FMO Privium Impact Fund
- Windmill Trend Evolution Fund
- Principia Fund N.V.
- Privium Sustainable Impact Fund
- Privium Sustainable Impact Fund Luxembourg
- Still Equity Fund
- Strategy One Fund
- Multi Strategy Alternatives Fund
- Supermarkt Vastgoed FGR
- Dutch Mezzanine Fund II
- Dutch Mezzanine Fund III
- Dutch Mezzanine Fund IV
- Global Allocation Fund
- Westermeerwind Aandelenfonds
- Westermeerfonds Leningenfonds
- Aescap Life Sciences
- Digital Silk Road Industrial Investment Fund C.V.
- Savin Multi-Strategy Arbitrage Fund N.V.
- Guardian Fund
- Knight Tech Fund
- Deeptech Equity NL Fund Coöperatief U.A.

## **6.8 Remuneration at the level of the Fund Manager**

The Fund Manager has a careful, controlled and sustainable remuneration policy which meets all the requirements included in the AIFM Directive and the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines) and the SFDR.

An extensive and up to date description of this remuneration policy, including (but not limited to) a description of the method of calculation of the remuneration and the distributions and the identity of the persons who are responsible for awarding the remuneration and the distributions are set out on the Fund Manager's website. At the request of a Unit Holder the Fund Manager will provide the remuneration policy to the Unit Holder without any costs to the Unit Holder. A summary of the remuneration policy of the Fund Manager may be found below.

Remunerations at the Fund Manager may consist out of a fixed salary (this may include a payment to cover certain expenses of staff members) and a variable remuneration. The Fund Manager may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event of fraud by the employee, (iii) in the event of serious improper behaviour by the employee or serious negligence in the performance of his tasks, or (iv) in the event of behaviour that has resulted in considerable losses for the Fund or the Fund Manager.

## **6.9 The Portfolio Manager and founder**

The portfolio of the Fund is managed by Mr. Patrick J.H. Krol (1963) who is supported by several analysts. Additionally, advisors and industry/medical experts may be used. The advisors and industry/medical experts will not provide any investment advice for which an investment advisory license is needed but may be asked to provide their knowledge on a certain disease,

medicine, market segment, etc. The advisors or industry/medical experts shall not make any investment decisions either.

Patrick Krol is a biotech investment and business development specialist. Patrick joined biotech venture capital fund Aescap Venture 1 as an Investment Partner at its start in 2005 and in 2009 became the fund's Managing Partner. In 2015 he took over the Aescap name to launch Aescap Life Sciences, a fund for joint account investing in public biotech companies based on Patrick's successful track record as a private investor in public biotech. From 1995 to 2005, Patrick guided over 35 public pharma and biotech companies to successfully launch or grow their products. As a Founder and Managing Director at consultancy company Firm United Healthcare from 1997 to 2004, Patrick was responsible for growing the company to become a market leader. During this period, he also co-founded Interactive Healthcare and the Healthcare Management School. In 2004 he sold his share in all three companies to become a biotech investment professional. Since 2004 he has gained experience on board level in the life sciences sector as the chairman of the supervisory boards of i-Optics B.V. and to-BBB technologies B.V. and as a Board Director of Aquapharm Biodiscovery Ltd, EasyScan Holding BV, Cassini Holding BV, Shire International Licensing BV (a subsidiary of top-20 biopharma company Takeda Pharmaceutical Company Ltd Plc F-star GmbH, F-Star Alpha Ltd, F-Star Beta Ltd, F-Star Gamma Ltd, F-Star Delta Ltd Orphazyme Aps, and Sairopa B.V.. In 2003, he became a visiting teacher of the business school of the University of Wageningen teaching 'Strategy in the pharmaceutical Industry'. He published several articles on biopharma marketing strategy and has been a speaker and moderator at life sciences seminars and congresses. Patrick studied physiotherapy followed by business economics and later in his career concluded an M.B.A. in Executive Management and Consultancy at LMS.

## **6.10 Key Person**

Patrick Krol will be the Key Person of the Fund and a Key Person Event means the situation occurring when the Key Person ceases to be actively involved in the business and affairs of the Fund as a Portfolio Manager.

The Fund Manager shall without delay give notice to the Investor Advisory Committee and the Unit Holders of the occurrence of a Key Persons Event. In case of a Key Person Event the Investor Advisory Committee, in consultation with the Fund Manager and the Legal Owner, will decide on how to continue with the Fund or potentially how to liquidate the portfolio of the Fund and put it to an end.

# **7. THE INVESTOR ADVISORY COMMITTEE**

## **7.1 Role**

The Fund has an Investor Advisory Committee that:

- Approves any material changes to the Prospectus. In this respect 'materially' means affecting the rights of the Unit Holders, including changes to the (legal) structure of the Fund, and any other changes relating to the fees and other expenses charged to the Fund, as described in the Prospectus;
- Advising the Fund Manager and/or Portfolio Manager on any relevant matters, whether it is requested or not;
- Advising the Fund Manager in situations of possible conflicts of interest;
- Approving any proposals from the Fund Manager for the replacement of the Portfolio Manager, Administrator, Depositary and/or the management of the Legal Owner;
- Removing the Fund Manager of the Fund and appoint a new Fund Manager if there are good reasons to do so, for example as a result of poor execution and/or disproportionate charging of expenses;
- Reviewing and advising the Fund Manager and/or the Portfolio Manager with respect to any (financial) reporting to the unit holders, including the formal annual accounts;
- Advising the Fund Manager and/or Portfolio Manager in the case of exceptional market conditions and other special circumstances in which the interest of Unit Holders may be

negatively impacted, for instance in the case of a low liquidity in the market or extraordinary events relating to portfolio companies. Any decision to suspend redemptions in the Fund to protect existing investors need to be approved by the Investor Advisory Committee before the Fund Manager suspends redemptions.

In fulfilling its tasks, the Investor Advisory Committee focuses on the interest of the Unit Holders. Meetings of the Investor Advisory Committee will take place at least twice a year. The tasks of the Investor Advisory Committee are guided by the Investor Advisory Committee manual

## **7.2 Composition**

The Investor Advisory Committee consists of 3 - 5 Unit Holders in the Fund. Any new members of the Investor Advisory Committee will be invited by the existing Investor Advisory Committee and will be chosen out of the Unit Holders in the Fund and selected on the basis of their knowledge and experience to adequately full fill the role of an Investment Advisory Committee member for the Fund and its Unit Holders.

The Investor Advisory Committee currently consists of Peter Jan Rubingh (chairman), Fred Oudshoorn and Henk Broeders.

## **7.3 Responsibility**

The Fund Manager is solely responsible for complying with the Prospectus. The members of the Investor Advisory Committee are in no way to be held liable for their actions on behalf of the Unit Holders, supervision and their advice. Unit Holders agree by subscribing to the Units that they will never hold the members of the Investor Advisory Committee liable.

# **8. THE ADMINISTRATOR**

IQ EQ Financial Services B.V is appointed to provide certain financial, accounting, administrative and other services to the Fund, as further specified below. The Administrator prepares and maintains the financial and investment records and statements of the Fund. Furthermore, the Administrator calculates the Net Asset Value and maintains the register of Unit Holders.

Pursuant to an agreement in writing (the 'Administration Agreement') between the Administrator and the Fund Manager, the Administrator is, under supervision of the Fund Manager, responsible for:

- maintaining the register of Unit Holders;
- administrative processing of subscriptions and redemptions;
- preparing and maintaining the Fund's financial and investment records and statements;
- determining the Net Asset Value of the Fund and the Units on a periodic basis;
- paying the fees and the costs;
- performing know your customer and anti-money laundering procedures on (prospective) Investors
- the provision of information to the Fund Manager to enable the Fund Manager to comply with financial and regulatory reporting obligations

IQ EQ Financial Services B.V. forms part of the IQ-EQ Group, a leading multi-jurisdictional provider of financial services in Europe and beyond. One of the Administrator's core activities is to act as an Administrator of investment funds.

The Administrator shall not, in any way or at any time, be involved with any investment decision to be made on behalf of the Fund, nor with the execution thereof (all of which will be made by the Fund Manager), nor with the effect of such investment decisions on the performance of the Fund. Although the Administrator is responsible for the administration of the Fund, the Administrator shall have no obligation to review, monitor or otherwise ensure compliance by the Fund with the investment policies, any side letters, restrictions or guidelines or any other term or condition applicable to it. The Administrator is not involved directly or indirectly with the business affairs, organization, sponsorship or management of the Fund. The Administrator is a service provider to the Fund and is not responsible for the preparation of this Prospectus or the



activities of the Fund and therefore accepts no responsibility for the accuracy or adequacy any information contained in this Prospectus. The Administrator is not responsible for any trading decisions of the Fund, the Fund Manager (or the monitoring thereof) nor any matter other than as specified in the Administration Agreement. The Administrator does not act as guarantor or offer or of the Units. The Administrator shall not be responsible for tax basis reporting to Unit Holders.

In accordance with the Administration Agreement entered between the Fund Manager and the Administrator, the Administrator (including its directors, officers, employees, and agents) will not be liable to the Fund or its shareholders for, and will be indemnified against, any loss or damage suffered by the Fund or the Administrator in the absence of gross negligence, bad faith, willful default, fraud or dishonesty of the Administrator. Moreover, as the Administrator is not responsible for the safekeeping or the custody of the Fund Assets, the Administrator will not be liable for any loss, liability, claim, demand or expense which may be suffered or incurred by the Fund to the extent that the loss, liability, claim, demand or expense was suffered or incurred by the acquisition and/or the custody of any warrants.

## **9. THE LEGAL OWNER**

### **9.1 The Legal Owner**

The Legal Owner of the Fund is Stichting Aescap Genetics. It is registered in the Trade Register of the Chamber of Commerce in Amsterdam under registration number 84469064.

The Legal Owner's only statutory purpose is to act as Legal Owner of the Fund and to protect the interests of the Unit Holders. It will have access to all reports from the Administrator.

### **9.2 Liability of the Legal Owner and Indemnification**

The Legal Owner is liable to the Fund and its Unit Holders for any damage they suffered insofar as the damage is the result of breach of the Legal Owner's duties and responsibilities under the Fund Documents that is attributable to it (*toerekenbare tekortkoming*).

Subject to certain restrictions set forth in the agreement between the Fund Manager and the Legal Owner, the Legal Owner will be indemnified out of the Fund Assets against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

### **9.3 Obligations of the Legal Owner**

The Legal Owner holds legal title to the Fund Assets and the Fund Obligations. The key obligations of the Legal Owner are:

- a) to perform its duties in the interest of the Unit Holders of the Fund;
- b) to hold legal title to all assets and rights of the Fund, for the account and risk of the Fund and the Unit Holders in the Fund;
- c) to assume obligations and liabilities of the Fund; and
- d) to be contracting party for all agreements entered into on behalf of the Fund.

The Legal Owner will do so at the instruction of the Fund Manager, but will not engage actively in the management of the Fund. The Legal Owner will be fully and exclusively dedicated to the Fund and will not perform any other activities for the Fund than those referred to above and as are allowed pursuant its object clause.

The Legal Owner shall only dispose of the assets held by it in custody following receipt of a statement from the Fund Manager that such delivery is required in connection with the regular performance of management duties.

The Legal Owner shall only dispose of the assets held by it in custody with the cooperation of the Fund Manager; for this purpose the Legal Owner hereby grants a power of attorney to the Fund Manager, with full powers of substitution, to perform all custody and asset management activities pursuant to the Prospectus.

The obligations of the Legal Owner towards the Fund have been agreed between the Legal Owner and the Fund Manager on behalf of the Fund in an agreement.

#### **9.4 Annual reports, articles of association**

The financial year of the Legal Owner is the calendar year. The annual report and annual accounts of the Legal Owner will be produced, checked by an accountant, and then deposited at the Chamber of Commerce within four (4) months after the close of the financial year. The articles of association of the Legal Owner are deposited at its offices and copies will be sent on request to Unit Holders, free of charge. The same applies for the most recent annual report of the Legal Owner.

#### **9.5 Legal Owner not affiliated with the Fund Manager**

Because the Legal Owner is not in any way affiliated to the Fund Manager, the independency of the Legal Owner vis-à-vis the Fund Manager is ensured.

#### **9.6 RESIGNATION OF THE LEGAL OWNER**

The Legal Owner shall resign, without any further action of any party being required:

with immediate effect upon its bankruptcy (*faillissement*) or dissolution (*ontbinding*) or upon the Legal Owner having been granted suspension of payments (*surséance van betaling*); and

upon the provision of sixty (60) calendar days' notice to the Fund Manager and Administrator, it being understood that no resignation of the Legal Owner shall be effective before the appointment of a successor legal owner, whether or not on a temporary basis.

Following or in anticipation of the resignation of the Legal Owner, the Unit Holders shall no later than ten (10) Business Days after the date of occurrence of the event causing the resignation by resolution taken by Ordinary Consent appoint a substitute legal owner. As long as no successor legal owner has been appointed, the person or entity designated for that purpose by the Fund Manager shall temporarily act as legal owner of the Fund.

The Legal Owner hereby commits itself to cooperate fully in the transfer of its contractual position and all Fund Assets and Fund Obligations held by or registered in the name of the Legal Owner to a successor legal owner. In particular, the Legal Owner hereby (i) commits in advance to transfer all Fund Assets and Fund Obligations to the successive legal owner and to carry out all necessary in rem acts and other acts, and (ii) grants irrevocable power of attorney to the Fund Manager to in its name perform all acts referred to in or conducive to what is stated in this paragraph.

Unit Holders waive their right to take recourse on any assets, other than the Fund Assets, held in the name of the Legal Owner in its capacity of holder of legal ownership of assets of funds other than the Fund.

## 10. THE DEPOSITARY

### 10.1 The Depositary

The Fund Manager has engaged Darwin Depositary Services B.V. as Depositary of the Fund.

Darwin Depositary Services B.V., a limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands, having its official seat (*zetel*) in Amsterdam and its registered office at Barbara Strozziilaan 101, 1083HN Amsterdam, the Netherlands, and registered with the Trade Register of the Chamber of Commerce of the Netherlands under registration number 59855622. The Depositary holds a license from the AFM to act as a depositary for alternative investment funds in accordance with article 2:3g DFSA.

### 10.2 Duties of the Depositary

Pursuant to a depositary agreement entered into among the Fund Manager, the Legal Owner and the Depositary (the "Depositary Agreement"), the key responsibilities of the Depositary are:

- a) to monitor the cash flows of the Fund (ensuring in particular that all payments made by or on behalf of Unit Holders upon the subscription for Units have been received and that all cash of the Fund has been booked in cash accounts opened in the name of the Legal Owner on behalf of the Fund or in the name of the Fund Manager acting on behalf of the Fund or in the name of the Depositary acting on behalf of the Fund with the proper entity);
- b) to provide safe-keeping of the Fund Assets (i.e. custody for financial instruments that can be held in a financial instruments account or that can be physically delivered to the Depositary, and verification of the ownership by the Legal Owner of all other assets);
- c) to verify the compliance of the Fund Manager with the Fund Documents and applicable rules and regulations;
- d) to ensure that transactions involving the Fund Assets, any consideration is remitted to the Fund within the usual time limits;
- e) to verify that appropriate procedures are established and applied for the valuation of the Fund Assets; and
- f) to perform various oversight duties with regards to issue and redemption of Units, remission of consideration for transactions by the Fund, application of income by the Fund.

The Depositary Agreement contains no option for the Depositary to transfer or re-use the Fund Assets, without the prior consent of the Fund Manager.

The Depositary may delegate the safekeeping of financial instruments that can be held in custody in accordance with art 21(11) of the AIFM Directive to the Custodian (currently Saxo Bank A/S).

No conflicts of interest is expected to arise from such delegation, as there is no link between the Depositary and the Custodian which would give rise to any such conflict of interest.

The Depositary shall act solely in the interests of the Unit Holders. The Depositary will not be exclusively dedicated to the Fund and may perform any other depositary duties for other funds or fund managers.

### **10.3 Powers of the Depositary**

If the Depositary finds in the course of performing its duties that the provisions of the Prospectus are not being observed, the Depositary may instruct the Fund Manager to rectify the adverse consequences to the Fund. Unless the limitation of the Fund Manager's liability as stated in Section 6 applies, the remedial costs involved, and any profits or losses made in the course of rectifying them, will be for the Fund Manager's account.

The Depositary must follow the Fund Manager's instructions unless they are contrary to the law or the Prospectus.

### **10.4 Depositary Liability**

The Depositary shall only be liable towards the Fund or the Unit Holders for a loss suffered by them resulting from:

- a) Loss of financial instruments in custody with the Depositary within the meaning of article 21(8)(a) AIFM Directive, unless the Depositary can demonstrate that such loss has arisen as a result of an external event beyond the Depositary's reasonable control, the consequence of which would have been unavoidable despite all reasonable efforts to the contrary; or
- b) the Depositary's negligent or intentional failure to properly fulfil its obligations in accordance with article 21(12) AIFM Directive.

Subject to certain restrictions set forth in the Depositary Agreement, the Depositary will be indemnified out of the Fund Assets against liabilities and charges incurred in connection with the performance of its duties and services to the Fund.

The Depositary has in accordance with article 21(13) AIFM Directive, transferred the liability for loss of financial instruments to the Custodian. This was explicitly agreed with the Fund Manager. In a written agreement between the Depositary and the Custodian, the Custodian accepts liability towards the Unit Holders for loss of financial instruments the custody of which has been delegated by the Depositary to the Custodian in accordance with article 21(11) AIFM Directive. The Depositary, acting in its capacity as depositary of the Fund, and the Fund, or the Manager acting on behalf of the Fund, are entitled to make a claim against the Custodian in respect of such loss by the Fund.

The Fund Manager reserves the right to, at its own discretion, but with due observance of any applicable terms of the Prospectus and the Depositary Agreement, terminate the Depositary Agreement provided that it appoints a substituting depositary.

### **10.5 Resignation of the Depositary**

If the Depositary announces that it wishes to cease acting as depositary, or if the Fund Manager finds that the Depositary is no longer able to perform the duties of the depositary, the Fund Manager will appoint a new depositary as soon as possible and prior to the Depositary actually ceasing its depositary activities for the Fund. If this has not been done within 3 months, the Fund will be liquidated automatically unless the Meeting of Unit Holders resolves to extend that period of time. If the Fund is wound up, it will be liquidated as laid down in Section 20 of this Prospectus.

## 11. THE CUSTODIAN AND THE PRIME BROKER

The Depositary has delegated to Saxo Bank A/S the safekeeping of the relevant Fund Assets pursuant to the Custody Agreement.

The Fund Manager has not engaged a prime broker for the Fund. Saxo Bank A/S functions as the execution broker of the Fund. Other brokers may be appointed as well.

## 12. INDEPENDENT AUDITOR

Mazars N.V. has been appointed as independent auditor of the Fund. Mazars N.V. is a member of the Netherlands Institute of Chartered Accountants and is subject to AFM supervision pursuant to the Dutch Audit Firms (Supervision) Act (Wet toezicht accountantsorganisaties).

## 13. UNIT HOLDERS

### 13.1 Entitlement Unit Holders to the Fund Assets

A Unit Holder is beneficially entitled to the Fund Assets taking into account (i) his number of Units in the Fund versus the number of Units outstanding; (ii) the Fund Manager Related Units and the Qualifying Investor Units.

All Unit Classes provide exposure to the same Investment Objective and Investment Policy. The Fund Manager Related Units, called AESCAP GENETICS Manager, are not charged with a performance fee and a management fee and therefore they may have a different Net Asset Value per Unit Class.

The Qualifying Investor Units may be charged a lower performance fee and management fee and therefore they may have a different Net Asset Value per Unit compared to other Unit Classes.

Currently the Fund is offering the following Unit Classes:

- AESCAP GENETICS Manager
- AESCAP GENETICS Investors
- AESCAP GENETICS Investors 10M+
- AESCAP GENETICS Investors 20M+
- AESCAP GENETICS Investors 30M+

Different Unit Classes are issued to enable the computation of the management fee and performance fee. Accordingly, Unit Classes may have a different Net Asset Value. (see Section 17 – Fees and Expenses). The initial Unit Classes will be issued at € 1,000.

The terms of the Unit Class are in the below table:

Unit name	Class	Minimum Initial Investment	Minimum Additional Investment	Anti-dilution levy	Management Fee	Performance Fee
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Aescap Genetics Manager	EUR 100,000	EUR 10,000	0.05%	0%	0%
Aescap Genetics Investors	EUR 500,000*	EUR 10,000	0.05%	1.50%	20%
Aescap Genetics Investors 10M+	EUR 10,000,000	EUR 10,000	0.05%	1.35%	18%
Aescap Genetics Investors 20M+	EUR 20,000,000	EUR 10,000	0.05%	1.20%	16%
Aescap Genetics Investors 30M+	EUR 30,000,000	EUR 10,000	0.05%	1%	15%

\* The minimum initial investment amount might be lowered in accordance with paragraph 15.1

### **13.2 Register of Unit Holders**

The Unit Holders and the Units issued are registered in the register of Unit Holders. This register is kept by the Administrator. The register shall include the bank account details of the Unit Holder to which any payment hereunder shall be affected. A Unit Holder is entitled to an extract of its registration in the register without costs, though only with regard to his own registration. A request for such extract should be made with the Fund Manager. A Unit Holder shall inform the Administrator promptly on any changes to the registered information. The Register will be updated by the Administrator after each issue and redemption of Units.

### **13.3 Fractions**

Since subscription takes place by means of payment of an amount in €, fractions of Units (up to four (4) decimals) can also be issued.

### **13.4 Rights and obligations**

Unit Holders are not liable for the obligations of the Fund Manager or the Legal Owner and shall bear the losses of the Fund no further than up to the amount they paid into the Fund in return for the Units they hold.

Participating in the Fund only creates rights and obligations of the Unit Holders towards the Fund, not towards other Unit Holders.

### **13.5 Meeting of Unit Holders, voting rights**

(Prospective) Unit Holders should realize that they are not permitted to engage in the investment operations of the Fund. Unit Holders have certain information rights vis-à-vis the Fund Manager and the Legal Owner and can participate in the decision-making process related to certain key aspects of the organization of the Fund set forth in this Prospectus.

Meetings of Unit Holders will be convened, when the Fund Manager and the Legal Owner are convinced that this is in the interest of the Unit Holders or upon such occasions as described in this Prospectus (including the occurrence of a Key Person Event). Meetings of Unit Holders will be held in The Netherlands at such place to be decided by the Fund Manager. Notices for a meeting will be published on the website of the Fund and the Fund Manager's website and sent to the (e-mail) address of the Unit Holders, at least fourteen (14) days in advance, via email on the email address specified by the Unit Holder upon subscription to the Fund or as amended afterwards by notification of the Unit Holder to the Fund Manager or Administrator.

The Fund Manager will in any event call a Meeting of Unit Holders whenever (i) the Investor Advisory Committee or (ii) one or more Unit Holders alone or jointly hold at least 50% of the

total number of Units in the Fund, request the Fund Manager in writing to do so, mentioning the matters for discussion. The Legal Owner has the right to attend Meetings of Unit Holders.

There will be at least one annual Meeting of Unit Holders. The annual Meeting of Unit Holders is held once the annual accounts, having been investigated by the accountant, are available. This annual Meeting of Unit Holders will be held within six (6) months of the end of the financial year. Unit Holders will receive an invitation for this meeting via email at least six weeks in advance.

A Unit Holder may have himself represented at the Meeting of Unit Holders, subject to written authorization. The Fund Manager will always have the right to attend a Meeting of Unit Holders. The Meeting of Unit Holders will be chaired by an individual from the Investor Advisory Committee. Each Unit shall have one vote, if on any item a voting would be necessary under the terms of this Prospectus. The manner of voting will be decided upon by the chairman of the Meeting of Unit Holders.

## **14. VALUATIONS: DETERMINATION NET ASSET VALUE**

### **14.1 Weekly determination by the Administrator**

The Net Asset Value of the Fund and the Net Asset Value per Unit Class in Euro will be calculated by the Administrator and determined by the Fund Manager every Thursday and the first Business day of each month or, if such day is not a Business Day, the following Business Day. This will be based on the closing market prices on the Valuation Day. Here, prepaid expenses, accrued (but not paid) expenses, a reservation for the performance fee, and other fees are taken into account.

The most recent Net Asset Value of each Unit Class will be published on the website of the Fund Manager and the Fund.

### **14.2 Valuation of assets and liabilities**

The assets and liabilities of the Fund will be valued in accordance with Dutch GAAP and with the following policies and principles:

- a) listed securities (shares) 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).
- b) liquidities and deposits which are immediately payable are valued at their nominal value;
- c) The preferred methodology to value the warrants is to value them at their latest price. If not available these warrants will be valued at a theoretical valuation model such as Black Scholes ("fair value");
- d) assets and liabilities in a foreign currency will be calculated into Euro at the exchange rate on the last Business Day preceding the Valuation Day;
- e) other assets and liabilities are valued at their nominal value.

The valuation shall be performed in accordance with article 19 of the AIFM Directive.

### **14.3 Suspension of the calculation of the Net Asset Value**

The Fund Manager may decide to temporarily suspend the determination of the Net Asset Value for the following reasons:

- one or more of the stock exchanges or markets on which a significant part of the Fund's investments are listed or are traded are closed, or the trade in the Fund's investments is limited or suspended;
- circumstances arise (outside the influence of the Fund Manager) which are directly or indirectly associated with political, economic, military or monetary conditions which prevent the determination of the value of the Fund;
- the means of communication or the calculation facilities which are normally used in determining the value of the Fund are no longer functioning, or the value cannot be determined quickly or accurately enough by the Administrator for another reason;

- according to the Fund Manager there is an emergency situation, as a result of which it is not appropriate or possible to value the investments without seriously damaging the interests of the Unit Holders.

#### **14.4 Compensation Unit Holders in case of calculation error of Net Asset Value**

In case of errors in the calculation of the Net Asset Value, the Fund Manager will as soon as possible prepare a report on the errors that were made and which correction will need to be made to the Net Asset Value. If a correction is required of more than zero point five per cent. (0.5%) of the Net Asset Value, and a Unit Holder incurred a loss by an allocation or redemption against the erroneously calculated Net Asset Value, the Fund will at the request of such Unit Holder provide compensation (in cash or in Units) for the relevant Unit Holder for the actual loss incurred. The compensation will be paid out of the Fund Assets.

## **15. SUBSCRIPTION**

### **15.1 Minimum subscription amount**

Currently the Fund is offering the following Unit Classes to Unit Holders:

- AESCAP GENETICS Manager: Minimum investment is EUR 100,000
- AESCAP GENETICS Investors: Minimum investment is EUR 500,000
- AESCAP GENETICS Investors 10M+: Minimum investment is EUR 10,000,000
- AESCAP GENETICS Investors 20M+: Minimum investment is EUR 20,000,000
- AESCAP GENETICS Investors 30M+: Minimum investment is EUR 30,000,000

The Fund Manager can accept a lower minimum subscription amount for the Aescap Genetics Investors Unit Class. This minimum can be lowered to EUR 10,000.

Clients of wealth managers, family offices or private banks, who have an executed discretionary portfolio management agreement or investment advisory services agreement with the wealth manager, family office or private bank, are accepted when the investment decision to invest in the Aescap Genetics is taken or advised by the wealth manager, family office or private bank. This will only be possible for the Aescap Genetics Investors Unit Class.

Additionally, for family members (being defined as first and second degree relatives) of existing Unit Holders, subscription amounts below EUR 100,000 can be accepted as well. Here the subscription will be linked to the size of the current investment of the existing Unit Holder.

Existing Unit Holders can make applications for further Units in amounts of € 10,000 or more.

### **15.2 Issue of Units**

The Fund may issue new Units of a particular Unit Class on each Transaction Day at the Net Asset Value per Unit in such Unit Class on the preceding Valuation Day. The Units shall be issued in Amsterdam.

An anti-dilution levy will be charged, with a maximum of 0.05% of the subscription amount during normal market circumstances. This in order to meet any costs and expenses of the Fund incurred for the acquisition of Fund Assets in order to issue the Units. The anti-dilution levy is for the benefit of the Fund. The anti-dilution levy may be higher than 0.05% during times of severe market stress. The Fund Manager shall determine the anti-dilution levy for every Transaction Day based on the pending subscriptions and redemptions on that particular Transaction Date.

### **15.3 Subscription requests (latest 1 business day prior to the Transaction Day)**

Applications for the subscription of Units should be submitted to the Administrator latest one Business Day prior to the desired Transaction Day. In order to subscribe, a subscription form must be filled out (see Appendix A). The subscription request should indicate the amount for the size of subscription which is requested.

### **15.4 Payment (latest 1 business day prior to the Transaction Day)**



Payment is possible only through a bank account in the name of the Unit Holder. The subscription amount must be received in the account of the Legal Owner ultimately one Business Day prior to the relevant Transaction Day. No interest will be paid over the subscription amount for the period between the payment of the subscription amount and the issuance of Units. The interest which is accrued is for the benefit of the Fund.

If the amount and/or forms are not received within the required timeframe, the subscription will take effect at the first business day of the following month.

The Fund will make no adjustment or compensation for interest received over this period.

### **15.5 Number of Units issued, fractions**

The number of Units issued equals:

- the sum paid by the Unit Holder; divided by
- the Net Asset Value of a Unit Class on the Transaction Day

Fractions of Units may be issued, up to four (4) decimals. Fractions will not bear any voting rights (normal rounding conventions will apply).

The Administrator sends Unit Holders a confirmation of the number of Units issued within five (5) Business Days after determination of the Net Asset Value.

### **15.6 Confirmation**

The Administrator will send the Unit Holder a confirmation of the allocated number of Units (accurate to four decimal points).

### **15.7 Rejection of subscription**

The Fund Manager may at all times reject a subscription, without stating his reasons.

In case of rejection, the Fund Manager will inform the respective (legal) person hereof within a reasonable period and any payments already received will be returned promptly.

### **15.8 Representations and warranties**

The Subscription Form requires each investor, subscribing for Units to make certain representations and warranties to the Legal Owner and the Fund Manager.

Persons subscribing on behalf of others, such as nominees, securities giro's and feeder and custody entities or other potential Unit Holders, upon reasonable request by the Fund Manager, shall need to represent to the Fund Manager and the Legal Owner in an addendum to the Subscription Form certain additional representations, including but not limited to compliance with know-your-customer (KYC) and anti-money laundering and combating financing of terrorism (AML/CFT) rules.

## **16. REDEMPTION**

### **16.1 Redemption**

Unless redemption is suspended (see "Suspension of redemption" below), the Fund will accept redemptions of Units on each Transaction Day at the Net Asset Value thereof in the applicable Unit Class on the preceding Valuation Day (the "redemption value"), after deducting an anti-dilution levy of 0.05% of the redemption sum during normal market circumstances.

The anti-dilution levy is to cover the transaction and other costs made in connection with the redemption and will be for the benefit of the Fund. This fee will be deducted from the amount to be received by the Unit Holder. The anti-dilution levy may be higher than 0.05% during times of severe market stress. The Fund Manager shall determine the anti-dilution levy for every Transaction Day based on the pending subscriptions and redemptions on that particular Transaction Date and will inform the Unit Holders of such determined anti-dilution levy.

### **16.2 Redemption requests**

Redemption requests have to be received by the Fund Manager at least five (5) Business Days before the desired Transaction Day.

The redemption request should indicate the amount in number of Units, up to four (4) decimals, for which redemption is requested. Partial redemption is only allowed if after redemption the Unit Holder is still holding Units with an aggregate Net Asset Value of at least € 100,000. Here reference is being made to the exceptions noted in Section 15.1. The Fund Manager will check this upon receiving the redemption request. The Net Asset Value of the Units offered for redemption needs to amount to at least € 10,000.

To request for redemption, Unit Holders must use a special form, which can be downloaded from the Website.

### **16.3 Payment redemption amount**

Redemption sums (Net Asset Value per Unit minus the anti-dilution levy) will be paid within five (5) Business Days of redemption to the bank account of the Unit Holders as mentioned in the register of Unit Holders. Payment on this bank account constitutes a discharge of the Fund towards the respective Unit Holder of the obligation to pay the redemption amount.

### **16.4 Suspension of redemption**

The Fund Manager may suspend the granting of a request for redemption if:

- a) the calculation of the Net Asset Value is suspended by the Administrator (see Section 14, "Suspension of the calculation of the Net Asset Value"); or
- b) the relevant exchanges are not open for business or the sale of Fund Assets is otherwise restricted or suspended; or
- c) the Fund Manager believes in its sole discretion that redemption would be contrary to a legal provision; or
- d) the total amount of the redemption requests would exceed 5% per transaction day of the Net Asset Value of the Fund. The Fund Manager's aim is to avoid any suspension of redemptions and has the flexibility to accommodate redemption requests that exceed 5% per transaction day; or
- e) the Fund Manager believes in its sole discretion that the redemption of Units could lead to disproportional damage to the interests of the majority of the existing Unit Holders. Such an occasion might be the necessary sale of investments to allow redemption, taking market conditions into account, which would be irresponsible towards the remaining Unit Holders or impossible.

Any decision to suspend redemptions in the Fund to protect existing Unit Holders need to be approved by the Investor Advisory Committee before the Fund Manager suspends redemptions.

### **16.5 Sufficient safeguards for fulfilment of obligations following redemption**

The Fund Assets will mostly be sufficiently liquid to, under normal circumstances, allow the Fund to redeem Units as requested by its Unit Holders for at least 10% of the Fund Assets. The exception will be in case of statutory provisions prohibiting the redemption, or when redemption has been suspended as foreseen in this Prospectus.

If, due to unforeseen circumstances, normal liquidity conditions do not apply, the Fund could face liquidity issues. This could imply that financial instruments cannot be sold or bought under normal market conditions, leading to significant direct and indirect transaction costs. It may also mean that positions cannot be sold at the anticipated price as established and deemed to be the fair value at the date of deciding to liquidate/sell those positions.

### **16.6 Unilateral decision to redemption (Mandatory redemptions)**

The Fund Manager can unilaterally decide to redeem all Units held by a Unit Holder, if his acting constitutes a breach of legal provisions, the Prospectus, or if, taking into account the Funds interest, continuation of the relationship cannot be reasonably expected of the Fund Manager.

In the case the Administrator has not received all the requested KYC requirements, even though the redemption request will be processed, redemption proceeds will be held in the name of the

redeeming Unit Holder at the Fund's bank account without any interest accruing in favour of the Unit Holder and the Unit Holder will bear all associated risks until such time as the Administrator receives the outstanding KYC requirements.

## **17. FEES AND EXPENSES**

In this Section all costs and expenses related to the organisation, management and transactions of the Fund which will be paid by or charged to the Fund and accordingly result in a reduction of the Fund's Net Asset Value are described.

All costs referred to in this Section will be allocated to the period to which they relate. Unless indicated otherwise, all costs will be brought at the charge of the Fund's profit and loss account.

### **17.1 Non-recurring costs**

Anti-dilution levy (compensation by the Unit Holder to the Fund)

To cover the costs of redemption, 0.05% is deducted from the subscription amount or redemption value. This anti-dilution levy is for the benefit of the Fund.

### **17.2 Recurring costs (charged to the Fund)**

#### a) Management fees

The following annual management fee applies per Unit Class:

- AESCAP GENETICS Manager: 0%
- AESCAP GENETICS Investors: 1.5%
- AESCAP GENETICS Investors 10M+: 1.35%
- AESCAP GENETICS Investors 20M+: 1.2%
- AESCAP GENETICS Investors 30M+: 1%

The mentioned fees are calculated on a weekly basis based on the Net Asset Value of the Fund, to be paid monthly in arrears.

The minimum management fee will at all times be at least EUR 75,000 per annum (net of any VAT). In case the management fee falls below this level the Fund will be liquidated.

#### b) Performance fees

The following performance fee applies per Unit Class:

- AESCAP GENETICS Manager: 0%
- AESCAP GENETICS Investors: 20%
- AESCAP GENETICS Investors 10M+: 18%
- AESCAP GENETICS Investors 20M+: 16%
- AESCAP GENETICS Investors 30M+: 15%

The performance fee will be calculated and measured on each Valuation Date and payable monthly or at redemption.

The Fund Manager is entitled to a performance fee if the individual Unit Classes have appreciated in value and have exceeded the High-Water Mark of that particular Unit Class during the Performance Fee Calculation Period. The performance fee calculation is subject to a full historic high-water mark. All Units of the relevant Unit Class have the same NAV per Unit and High-Water Mark.

The first Performance Fee Calculation Period will be the period commencing on the Business Day immediately following the close of the Initial Subscription Period for a Unit Class until the first Valuation Day. Thereafter each performance fee calculation period will run from any Transaction Day until the next Valuation Day. See also Appendix C.

The performance fee is calculated on the basis of the NAV after deduction of all expenses, liabilities, including the Management Fee (but not performance fee) and is adjusted to take account of all subscriptions and redemptions.

c) Fee Legal Owner

The Legal Owner receives an annual fee of € 10,500 (excluding VAT) for its services as Legal Owner.

d) Fee Administrator

The Administrator receives a yearly fee which equals 0.04% of the Net Asset Value with a minimum of € 40,000 (excluding VAT, but not applicable), plus € 12,500 (excluding VAT) for the Unit Holders administration plus € 100 (excluding VAT) for each Unit Holder in the Fund.

e) Costs involved with the execution of the investment policy

Transaction costs inter alia include all costs of sourcing, evaluating, making, holding or disposing of Investments, including, but not limited to, brokerage fees, (other) transaction costs and expenses

The Fund Manager will select transactional service providers on the basis of various considerations, like quality, promptness of performance of services and fee rates. Fee rates may not exceed market standard rates. The total amount of transaction costs from time to time is variable and depends on the number and size of transactions and applicable rates.

The transaction costs to execute the investment policy of the Fund are projected to be around 0.03% of the Net Asset Value on a yearly basis.

f) Custody costs, costs of money transfers

The custody costs are 0.006% of the Net Asset Value.

g) Depositary costs

For the Depositary Services an annual amount equal to:

- (i) 0.014% of the Net Asset Value of the Fund for the Fund having a Net Asset Value of up to EUR 225 million and;
- (ii) 0.012% of the Net Asset Value of the Fund for the Fund having a Net Asset Value above EUR 225 million;

When exceeding a layer threshold, the calculated amount can never be less than the total amount calculated in the previous layer. The minimum annual fee is EUR 26,000 (excluding VAT), payable quarterly in advance. In case the Net Asset Value of the Fund is lower than EUR 50 million, the minimum annual fee will be EUR 22,000.

h) Audit costs

The costs will amount to approximately € 15,250 (excluding VAT) on a yearly basis.

i) Swiss Representative fees and Swiss Paying Agent fees

The annual fees of the Swiss Representative are CHF 4,000 (including VAT and disbursements). The annual fees of the Swiss Paying Agent are CHF 1,500 (including VAT and disbursements). The set-up fees of the Swiss Paying Agent are CHF 1,000 (including VAT and disbursements).

j) Formation costs

The Fund Manager shall charge establishment costs (other than the costs otherwise described in this Prospectus) to the Fund Assets. Expenses in connection with the establishment of the Fund, will be paid out of the Fund Assets, including (but not limited to) legal, accounting and tax advisory fees and incorporation expenses. These costs are estimated to be € 45,000 (excluding VAT) and amortized over a period of five years. Establishment costs are subject to a maximum of EUR 60,000. Any costs in excess of this maximum shall be borne by the Fund Manager.

#### k) Miscellaneous costs

This involves costs that are linked to, among others: all costs of communication with and organizing Unit Holder meetings and potential costs of legal and fiscal advice. Plus the costs of supervision by the regulator(s) and costs of money transfers and the amortized formation costs and transition costs, all listed above.

All the aforementioned costs are subject to future increases related to generally applicable price indices.

#### **Reservation for costs**

All the above-mentioned costs and fees will be reserved on a weekly basis in line with the calculation frequency of the Net Asset Value.

#### **17.3 Ongoing Charges Figure (OCF)**

The ongoing charges figure (OCF) is the total amount of the costs of the Fund incurred in a year - except for transaction costs, interest costs and costs related to the issue and redemption of Units that are chargeable to the net assets of the Fund - expressed as a percentage of the Fund's average Net Asset Value for the year concerned. The OCF will be calculated at the end of each financial year and published annually in the Fund's annual reports and in the semi-annual accounts.

Assuming a constant Net Asset Value of the Fund of € 50 million, and of € 150 million respectively, the recurring costs are expected to be, as a percentage of such Net Asset Value, on a yearly basis approximately (including VAT, if applicable):

<b>Fund's Net Asset Value</b>	<b>€ 50 million</b>	<b>€ 150 million</b>
Fixed management fee (excl. VAT)	1.50%	1.50%
Legal Owner fee (incl. VAT)	0.03%	0.01%
Administrators fee (excl. VAT)	0.11%	0.05%
Depositary fee (excl. VAT)	0.06%	0.02%
Audit costs (incl. VAT)	0.04%	0.01%
Swiss Representative fees and Swiss Paying Agent fees, Formation costs and transition costs and Miscellaneous costs (incl. VAT)	0.01%	0.002%
Custody costs	0.004%	0.004%
Formation costs (incl. VAT)	0.02%	0.01%
Miscellaneous costs	pm	pm
<b>Total</b>	<b>1.77%</b>	<b>1.61%</b>

As tabled above the Ongoing Charges Figure will be around 1.77% at a fund size of € 50 million and for example around 1.61% at a fund size of € 150 million. The above projected OCF numbers are for the AESCAP GENETICS Investors Unit Class.

It is expected that the transaction costs of the Fund will be 0.03% per annum when the Fund size is € 50 million and is expected to be 0.02% per annum when the Fund size is € 150 million.

#### **17.4 Costs that are borne by the Fund Manager**

The following costs are borne by the Fund Manager:

- costs of personnel Fund Manager;
- costs of congresses;
- costs of travelling / hotels;
- costs of market data;
- costs of IT and data-systems;
- costs of housing;
- fees of the advisors
- fees of the medical / industry experts;
- marketing costs;
- all other costs that are necessary for the Fund Manager to function properly.

### **17.5 VAT**

All amounts and percentages mentioned in this Section are exclusive of Dutch or foreign value added tax (VAT), if due. Under present legislation, the Fund cannot deduct VAT charged to the Fund.

Some fees and costs are not subject to VAT (such as the Fund Managers fee and the Administrators fee). If in the future VAT becomes applicable to those fees, this will be borne by the Fund.

## **18. FISCAL ASPECTS**

### **18.1 The Fund**

The Fund qualifies as a transparent or “closed” fund for joint account Dutch tax purposes, since, Units can only be transferred to the Fund itself and Units can only be redeemed by 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.

#### Withholding Taxes

Distributions by the Fund are not subject to Dutch dividend withholding tax as a consequence of its transparency for tax purposes. Due to its transparency, the Fund itself is not entitled to any credit or refund of Dutch dividend withholding tax or (non-reclaimable) foreign withholding taxes withheld on dividends and interest received, nor can the Fund claim any benefits under a tax treaty concluded by the Netherlands with other states.

The tax transparency of the Fund also implies that any dividend withholding tax and foreign withholding taxes withheld on its investments are allocated to the Unit Holders, i.e., on a pro rata basis. In principle, such withholding taxes may be set off by the Unit Holders, whereby the conditions that apply are the same as would be the case for a direct investment (pro rata) by the relevant Unit Holder.

### **18.2 The Unit Holders- general**

Unit Holders in the Fund are urgently advised to consult their tax advisers about the fiscal management of the Units to be held by them, prior to participating.

### **18.3 Annual statement**

After every calendar year, each Unit Holder will receive, within two months, a statement from the Administrator, containing information relevant for his tax declaration.

## **19. 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. Any distribution will take place on a pro rata basis.

Any distribution (including profit distributions) to the Unit Holders, including the amount, composition and manner of payment, shall be published on the Website.

## **20. DURATION OF THE FUND, TERMINATION AND LIQUIDATION**

### **20.1 Duration of the Fund**

The Fund has been established for an indefinite period of time.

### **20.2 Liquidation and settlement**

The Fund shall be dissolved upon the happening of any of the following events:

1. The resignation of the Fund Manager, without a successor fund manager having been appointed in time in accordance with Article 6.3;
2. Upon the proposal made by the Fund Manager and subject to the approval of the Investor Advisory Committee, the Fund Manager may decide to liquidate the Fund if the Net Asset Value is below € 10 million for a consecutive period of at least twelve months and when the

management fee falls below EUR 75,000 per annum. When liquidating the Fund a reasonable time will be taken into account to liquidate the portfolio of companies.

3. Notice served by the Fund Manager and the Legal Owner on the Unit Holders following any change in the law as a result of which, in the reasonable opinion of the Fund Manager and the Legal Owner, the continuation of the Fund becomes unlawful;
4. The Fund Manager can decide to dissolve the Fund if such dissolution and liquidation is deemed to be in the interest of the Unit Holders, as determined by the Fund Manager at its sole discretion. Such dissolution shall for the purposes of this Article be deemed to be effective on the date of any such resolution having been taken by the Fund Manager.

Any dissolution of the Fund shall be effective on the date the event giving rise to the dissolution occurs, but the existence of the Fund shall not be terminated unless and until all its affairs have been liquidated as provided in the further provisions of this Article.

Upon dissolution of the Fund, no further business shall be conducted except for such action necessary for the liquidation of the affairs of the Fund in accordance with the applicable provisions of the law and this Prospectus, including the sale or realisation otherwise of any remaining Fund Assets and payment of any remaining Fund Obligations and the distribution of any Fund Assets remaining after payment of the Fund Obligations to the Unit Holders. During the liquidation period this Prospectus shall, to the extent possible, remain in full force and effect. For the avoidance of doubt, upon dissolution and for the duration of the liquidation, Unit Holders cannot request for redemption of their Units.

A liquidation report shall be prepared in connection with the liquidation. The balance left after the liquidation shall be paid in cash to the Unit Holders (pro rata to the numbers of Units held by them, against cancellation of these Units). The Fund Manager takes care of the settlement of the Fund and will account to the Unit Holders, before he pays out.

## **21. REPORTING**

### **21.1 Prospectus**

A copy of the Prospectus is distributed free of charge to anyone upon request. It is also available on the Website.

### **21.2 Annual report**

The Fund's financial year runs from January 1 up to and including December 31. The first financial year of the Fund will commence on the nineteenth day of January 2022 and end on the thirty first day of December 2022. The financial statements will be made up in accordance with Title 9 of Book 2 of the Dutch Civil Code. The financial statements are reported in Euros and are published within four (4) months after the end of the financial year. The financial statements consist of a report from the Fund Manager together with the annual accounts. The annual accounts consist of the balance sheet, the profit and loss account and the explanation thereof. The explanation will include at least an overview of the evolution of the Fund's value over the financial year and the composition of the investments of the Fund at the end of the financial year concerned. The annual accounts are audited by Mazars N.V. The financial statements shall be made available to the Unit Holders via email. The Auditor's report shall be added to the annual accounts. The annual accounts shall be published on the Fund Manager's Website, Website of the Fund and are available for Unit Holders free of charge at the offices of the Fund Manager.

### **21.3 Semi-annual reporting**

Within nine (9) weeks after the end of the first half of each financial year of the Fund, the Fund Manager shall, in accordance with the applicable legal requirements, prepare and publish semi-annual accounts in relation to the first half of the relevant financial year consisting of at least a balance sheet and profit and loss account. The semi-annual accounts shall be drawn up in accordance with the provisions of Title 9 of Book 2 of the Dutch Civil Code. The semi-annual accounts shall not be audited. The semi-annual accounts shall be published on the Fund



Manager's Website and are available for Unit Holders free of charge at the offices of the Fund Manager.

#### **21.4 Quarterly reports**

A quarterly report will be sent by email to every Unit Holder within two weeks after the end of each quarter. This report will specify at least:

- the value of the Fund's portfolio;
- the Net Asset Value per Unit Class at the end of the quarter which the Unit Holder holds;
- general information about the Fund's portfolio.

#### **21.5 Monthly reports**

Within two weeks after the end of each calendar month, the Fund Manager shall prepare a monthly report stating the total value of the Fund Assets, the Fund's asset mix, the number of outstanding Units per Class and the most recently calculated Net Asset Value per Unit and the date on which the calculation was made. The monthly report shall be published on the Fund Manager's Website and is available for Unit Holders free of charge at the offices of the Fund Manager.

#### **21.6 Reporting on Net Asset Value**

The Fund Manager shall after each Valuation Date without delay publish the Net Asset Value and the Net Asset Value per Unit Class as per such Valuation Date on the Fund Manager's Website.

#### **21.7 Miscellaneous interim reporting**

The Fund Manager shall periodically disclose to the Unit Holders:

- The percentage of the Fund Assets which are subject to special arrangements arising from their illiquid nature;
- Any new arrangements for managing the liquidity of the Fund; and,
- The current risk profile of the Fund and the risk management systems employed by the Fund Manager to manage those risks.

The Fund Manager shall on a regular basis disclose to the Unit Holders:

- Any changes to the maximum level of Fund-level leverage which the Fund Manager may employ on behalf of the Fund as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement; and,
- The total amount of leverage employed by the Fund.

#### **21.8 Information available at the offices of the Fund Manager**

The following information is available at the offices of the Fund Manager (and a copy of it can be obtained from the Fund Manager free of charge by e-mail):

- all information mentioned in this reporting section of the Prospectus; and
- all information concerning the Fund, the Fund Manager, Legal Owner and the Depositary, pursuant to applicable laws and regulations.

## **22. REGULATORY CONSIDERATIONS**

### **22.1 License**

The Fund Manager is in possession of an AFM license as referred to in article 2:65(a) FSA, and as a consequence (and subject to compliance with the other requirements applicable pursuant to the FSA) may offer the Fund to professional and non-professional investors within the Netherlands.

The AFM license of the Fund Manager has been issued prior to the implementation of the AIFM Directive in the Netherlands and was automatically converted into an AIFM Directive license by the AFM on 22 July 2014, in accordance with the Netherlands AIFM Directive implementation schedule. This Prospectus is prepared in conformity with the FSA as in force on the date of this Prospectus.

A copy of the Fund Manager's license shall be provided by the Fund Manager upon request at cost price.

### **22.2 Regulatory changes**

The regulatory environment for investment funds continues to evolve. In the light hereof, during the existence of the Fund, additional and/or amended legislation and regulations affecting the Fund, the Fund Manager, the Legal Owner, the Depositary and the Administrator may come into force.

The Fund Manager may amend the Fund Documents if the Fund Manager reasonably determines that a regulatory change has a material adverse effect on the Fund and/or the Legal Owner and/or the Fund Manager, such that (i) the material adverse effect of the applicable change is removed or mitigated, and (ii) the Fund shall bear its reasonable allocable portion of the costs in relation to the implementation of and compliance with the change (it being understood such allocation is in principle determined on the basis of the number of funds managed by the Fund Manager that fall within the scope of such change).

### **22.3 Supervision by AFM and DNB**

The Fund Manager operates under the supervision of the AFM and DNB as foreseen in the applicable provisions of the FSA. For the sake of an adequate functioning of the financial markets and the position of investors, investment funds have to comply with demands with regard to professionalism and reliability of its managers, financial safeguards, (operational) management and the providing of information to Unit Holders, the public and the supervisors.

### **22.4 Change of conditions or investment policy and investment objective**

An amendment to the Prospectus, including a change to the investment policy or investment objective, can be made by the Fund Manager with the written approval of the Investor Advisory Committee. A proposed change to the Prospectus of the Fund will be announced on the Website. In addition, an explanation to the proposed change will be published on the Website.

Notice of effected amendments made will also be made on the Website. In addition, an explanation to the amendments will be published on the Website.

### **22.5 Implementation of amendments to the conditions or investment policy**

Any amendments to the Prospectus causing a change to the investment policy or resulting in a decrease of the rights or safeguards of the Unit Holders or increasing burdens laid upon them, may only come into force one (1) month after the intended amendments have been approved by the Investor Advisory Committee and have been announced on the Website. During this period, Unit Holders may redeem their Units under the usual conditions.

### **22.6 Withdrawal of license at request of Fund Manager**

In case the Fund Manager decides to request the AFM to withdraw its license, the Unit Holders will be informed thereof by notice to their e-mail address and publication on the Website.

### **22.7 Prevention of Money Laundering and Financing of Terrorism**

The Fund Manager shall ensure that the Fund meets its requirements pursuant to the AMLIV Directive and AMLV Directive, the Dutch Act on prevention of money-laundering and combating terrorism financing (*Wet ter voorkoming van witwassen en financieren van terrorisme, Wwft*) and the Dutch Implementing Decree on prevention of money-laundering and combating terrorism financing (*Uitvoeringsbesluit Wwft*) and Sanctions Act 1977 (*Sanctiewet 1977*), including the *Regeling toezicht Sanctiewet 1977*, each as may be amended, restated or supplemented from time to time. in respect of the Fund (hereinafter for the purpose of this Section, the '**AML Laws**'). In this respect, the Fund Manager has delegated part of its obligations under the AML Laws to the Administrator.

The measures aimed at the prevention of money laundering and financing of terrorism will require each applicant for Units to evidence its identity to the Administrator ("KYC requirements"). The procedure used by the Administrator is stated in the subscription form and is compliant with the Dutch Act on the Prevention of Money Laundering and Financing of Terrorism ("*Wet ter voorkoming van witwassen en financieren van terrorisme*"). Each Unit Holder acknowledges that the Fund Manager and/or the Fund are required by law to process personal data of the Unit Holders, their authorized representatives and ultimate beneficial owners for purposes of preventing money laundering and/or terrorist financing.

The Administrator reserves the right to request such other information as is necessary to verify the identity of an applicant. Pending the provision of evidence satisfactory to the Administrator as to the identity, the evidence of title in respect of interests may be retained at the absolute discretion of the Administrator. If, within a reasonable period of time following a request for verification of identity, the Administrator has not received evidence satisfactory to it as mentioned above, the Fund Manager may, in its absolute discretion, refuse to allot the Units applied for in which event the subscription proceeds will be returned without interest and/or less any other costs incurred by the Fund relating to the transaction of the applicant to the account from which such proceeds were originally debited.

In the event that changes in KYC requirements occur either in policy or in legislation after an investor's have been allotted, investors will be obliged to provide additional KYC documentation to satisfy such changed requirements within a reasonable period of time following a request for such additional documentation. Any investor who does not or cannot provide the additional KYC documentation may be forcibly redeemed from the Fund in accordance with the mandatory redemption provisions as set forth in this Prospectus.

Unit Holders should be aware that the total subscription amount will be at risk once it has been invested in the Fund. An Investor's failure to comply with applicable KYC requirements may result in the return of an amount lower than the invested amount.

## **22.8 The U.S. Foreign Account Tax Compliance Act**

Under the U.S. Foreign Account Tax Compliance Act ("FATCA"), the United States will impose a withholding tax of 30 percent on certain U.S. sourced gross amounts not effectively connected with a U.S. trade or business paid to certain "Foreign Financial Institutions", including the Fund, unless some information reporting requirements are complied with.

The Fund will use reasonable efforts to satisfy any obligations imposed on it in order to avoid the imposition of this withholding tax (except with respect to the interest of "recalcitrant account holders" as described in §1.1471-5(g)(2) of the Foreign Account Tax Compliance Act). A fund's ability to satisfy its obligations under an agreement with the U.S. Internal Revenue Service ("IRS") will depend on each Unit Holder of such fund providing the fund with any information, including information concerning the direct or indirect owners of such Unit Holder, that the fund determines is necessary to satisfy such obligations. Any such information provided to a fund will be shared either with the local tax authority or the IRS, depending on the Model of the Intergovernmental Agreement. An investment fund that is classified as subject to FATCA requirements will be required to register with the IRS and obtain a Global Intermediary Identification Number ("GIIN") and agree to have policies and procedures in place to identify certain direct and indirect U.S. account holders or equity holders. For these purposes the Fund would fall within the definition of a foreign financial institution ("FFI") for the purpose of FATCA.

Each prospective Unit Holder agrees by signing the subscription form to provide such information upon request from the Fund Manager or the Administrator. If a fund fails to satisfy such

obligations or if a Unit Holder of a fund fails to provide the necessary information to such fund, as applicable, payments of U.S. source income and payments of proceeds will generally be subject to a 30 per cent withholding tax.

The Fund may exercise its right to completely redeem a Unit Holder that fails to provide the Fund or the Administrator with the requested information in order for the Fund to satisfy its FATCA obligations, and the Fund may take any other action deemed necessary in relation to a Unit Holder's shares or redemption proceeds to ensure that such withholding is eventually borne by the relevant Unit Holder whose failure to provide the necessary information gave rise to the withholding tax. Each prospective Unit Holder in the Fund should consult their own tax advisor regarding the requirements under FATCA with respect to their own situation.

The Fund will endeavour to satisfy the requirements imposed on the Fund by FATCA to avoid the imposition of FATCA withholding tax. However, there can be no guarantee or assurance that the Fund will comply with all the requirements imposed by FATCA. In the event that the Fund is not able to comply with the requirements imposed by FATCA and the Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value may be affected and the Fund may suffer loss as a result.

## **22.9 FATCA and the Common Reporting Standard**

The Netherlands is one of multiple jurisdictions which have agreed to the automatic exchange of financial account information on the basis of the standard published by the Organisation for Economic Co-operation and Development (the "Common Reporting Standard" or the "CRS"). Financial institutions resident in jurisdictions which have agreed to the CRS, should report certain account holder information to their local tax authorities who will then exchange such information with countries where account holders are tax residents. It can provide timely information on non-compliance where tax has been evaded, particularly where tax administrations have had no previous indications of non-compliance.

For the purposes of efficiency, the CRS was deliberately built on the framework of FATCA and replicates many of its principles, although there is no withholding tax regime or requirement for reporting financial institutions to register with Foreign Tax Authorities (as defined below). Furthermore, certain CRS client classification, due-diligence and reporting requirements differ from or are more expansive to those deriving from FATCA. Further inter-governmental agreements will therefore be entered into with other third countries by the Dutch government from time to time to enable reporting to such third countries' tax authorities ("Foreign Tax Authorities") as provided in the CRS.

By investing or continuing to invest in the Fund, Unit Holders shall be deemed to acknowledge that:

- a) the Fund is considered to (i) be a reporting financial institution under the CRS and the Fund (or its agent) will be required to disclose to the competent tax authority of the Netherlands certain confidential information in relation to the Investor, including but not limited to the Investor's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Investor's investment;
- b) the competent tax authority of the Netherlands will be required to automatically exchange information as outlined above with the Foreign Tax Authorities;
- c) the Fund (or its agent) will be required to disclose to the Foreign Tax Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
- d) the Fund may require the Unit Holder to provide additional information and/or documentation which the Fund will be required to disclose to the competent tax authority of the Netherlands;
- e) in the event an Unit Holder does not provide the requested information and/or documentation, whether or not that actually leads to breach of the applicable laws and regulations by the Fund, a risk for the Fund or the Fund's Unit Holders being subject to withholding tax or penalties under the relevant legislative or inter- governmental regimes, the Fund reserves the right to take any action and/or pursue all remedies at its disposal

including, without limitation, compulsory redemption or withdrawal of the Unit Holder concerned;

- f) no Unit Holder affected by any such action or remedy shall have any claim against the Fund (or its agent, including the Administrator) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with the CRS, any further inter-governmental agreements or any of the laws and regulations related to the CRS; and
- g) all information to be reported under CRS will be treated as confidential and such information shall not be disclosed to any persons other than the competent tax authority of the Netherlands and the Foreign Tax Authorities or as otherwise required by law.

Unit Holders should ensure that their tax affairs are compliant with the laws and regulations applicable in their jurisdiction(s) of residence and/or citizenship (as applicable).

### **22.10 General Data Protection Regulation**

Pursuant to and in compliance with the Regulation (EUR) 2016/679 of the European Parliament and of the Council dated 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the "Regulation") and the Dutch implementing laws and regulations (including, but not limited to, the Dutch Implementing Act GDPR (Uitvoeringswet Algemene Verordening Gegevensbescherming) (the "Data Protection Laws"), the Fund Manager, qualifying as a controller within the meaning of the Regulation, shall ensure to act in accordance with the Data Protection Laws at all times and will at all times act in accordance with and pursuant to the Fund Documents and the provisions of the Regulation applicable to it, having special notice for the obligations with respect to the principles relating to processing of personal data, the accountability obligation, the registration obligation and the obligations relating to the processing of the personal data.

The Administrator, qualifying as the processor within the meaning of the Regulation, will at all times act in accordance with and pursuant to the provisions of the Data Protection Laws as applicable to it.

To the extent that any amendments to the Data Protection Laws or the implementation of new data protection legislation, European or domestic guidance is published in respect of the provisions of the Data Protection Laws, including but not limited to the interpretations on the qualification of the parties involved in the processing of personal data within the meaning of the GDPR, the Fund Manager, in good faith discussions with the Administrator, shall reassess the currently stated qualifications as controller and processor within the meaning of the GDPR and alter the wording to the extent necessary.

By means of the subscription form, the Fund Manager provides the Unit Holder with the relevant obligatory information to be mandatorily provided to the Unit Holder in accordance with and pursuant to Article 13 of the Regulation. The Fund Manager will provide the Unit Holder with the relevant information that the Unit Holder may request in accordance with the provisions of the Regulation.

## 23. SELLING RESTRICTIONS

The following restrictions are to be observed in the marketing of the Fund.

### **Switzerland- Additional information for Swiss investors**

The minimum subscription amount for Swiss investors shall be EUR 500,000 for each Class, both for initial and subsequent subscriptions. Only the following Unit Classes will be distributed in Switzerland:

- AESCAP GENETICS Investors
- AESCAP GENETICS Investors 10M+
- AESCAP GENETICS Investors 20M+
- AESCAP GENETICS Investors 30M+

The shares of the Fund shall be distributed in Switzerland exclusively to qualified investors as defined by Article 10 § 3 of the Collective Investment Scheme Act 2006, as amended, (CISA) and Article 6 of the Collective Investment Scheme Ordinance 2006, as amended, (CISO) (Qualified Investors). The Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority (FINMA).

The representative of the Fund in Switzerland is ACOLIN Fund Services AG, succursale Genève (the "**Representative**"). The offering documents, articles of association and audited financial statements can be obtained free of charge from the Representative. The place of performance for the shares of the Fund offered or distributed in or from Switzerland is the registered office of the Representative. The courts of the canton of Geneva shall have jurisdiction in relation to any disputes arising out of the duties of the Representative. Any dispute related to the distribution of shares of the Fund in and from Switzerland shall be subject to the jurisdiction of the registered office of the distributor.

The paying agent in Switzerland is Banque Heritage SA, 61 Route de Chêne, CH-1207 Geneva, Switzerland (the "**Paying Agent**"). Shares may be subscribed and/or redeemed with the Paying Agent. A handling commission will be charged by the Paying Agent. If a subscription or redemption is made through the Paying Agent, instructions and money must be received by the paying agent at least 24 hours before the appropriate dealing cut-off time.

The fees and expenses associated with the representation, paying agency and other distribution items may be charged to the Fund. As applicable, the actual amount of such fees and expenses will be disclosed in the audited financial statements.

The Fund Manager does not pay retrocessions for distribution. In respect of distribution in or from Switzerland, the Fund Manager does not grant rebates to investors.

## **24. ADDITIONAL INFORMATION**

### **24.1 Delegation of core tasks**

The Fund Manager has delegated the financial administration and calculation of the Net Asset Value to the Administrator. The Administrator only serves an administrative and operational role in favour of the Fund and is not responsible for carrying out the investment policy or other management tasks.

The Fund Manager has furthermore delegated the administration of Unit Holders to the Administrator.

The delegation arrangements have been documented in an agreement (the Administration Agreement) which complies with the FSA (including the terms that form the implementation of the AIFM Directive) and the AIFM Regulation.

There are no conflicts of interest between the Fund Manager and the Administrator, or the Legal Owner and the Administrator.

### **24.2 Marketing of the Fund – distribution channels**

The Fund Manager may use external distribution channels for marketing of the Fund. In such case, these distributors may receive a fee in the form of a percentage of the funds which they have attracted, or a part of the annual fee the Fund Manager receives from these funds. In all cases, these fees are paid by the Fund Manager and are therefore not borne by the Fund. Payment of any such fees will be made in accordance with the inducement rules set out in the FSA (including the terms that form the implementation of the AIFM Directive) and the AIFM Regulation.

The Fund Manager shall ensure to apply the provisions of the Cross-Border Distribution of Fund Directive, as implemented in the DFSA, in respect of the marketing of the Fund and the ESMA Guidelines regarding marketing communications, each to the extent applicable.

### **24.3 Complaints**

Complaints regarding the Fund, the Fund Manager, the Depositary, the Legal Owner or the Administrator may be submitted in writing or by e-mail to the Fund Manager. The Fund Manager will confirm the receipt of a complaint within five (5) Business Days and will inform the complainant about the procedure that will be followed.

### **24.4 Governing law and venue**

Dutch law shall be applicable to the Fund. The competent court of Amsterdam and its appellate courts, The Netherlands shall have exclusive jurisdiction to decide on any disputes regarding the Fund, the Fund Documents or any documents entered into by or on behalf of the Fund.

## **25. DECLARATION OF THE FUND MANAGER**

The Fund Manager declares that the Fund Manager, the Fund, the Legal Owner and the Prospectus are compliant with (to the extent not exempted) and will comply with the rules and regulations laid down by and pursuant to the FSA (including the terms that form the implementation of the AIFM Directive) and the AIFM Regulation.

Amsterdam, 1 December, 2022

## **26. ASSURANCE REPORT OF THE INDEPENDENT AUDITOR**

To: To the manager of Aescap Genetics

### **Our opinion**

In accordance with Section 115x, subsection 1, under e, of the Besluit Gedragstoezicht financiële ondernemingen Wft (BGfo Wft, Decree on the Supervision of the Conduct of Financial Undertakings pursuant to the Act on Financial Supervision ), we have examined the prospectus of Aescap Genetics at Amsterdam.

In our opinion the prospectus dated 1 December, 2022 of Aescap Genetics contains, in all material respects, at least the information required by or pursuant to the Wet op het financieel toezicht (Wft, Act on Financial Supervision) for a prospectus of an alternative investment fund.

### **Basis for our opinion**

We performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain reasonable assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the examination of the prospectus' section of our report.

We are independent of Aescap Genetics 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 requirements in The Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

### **Relevant matters relating to the scope of our examination**

Our examination consists of determining whether the prospectus contains the required information, which means we did not examine the accuracy of the information included in the prospectus.

Section 115x, subsection 1 under c of the BGfo Wft requires that the prospectus of an alternative investment fund contains the information which investors need in order to form an opinion on the alternative investment fund and the costs and risks attached to it.

Based on our knowledge and understanding, acquired through our examination of the prospectus or otherwise, we have considered whether material information is omitted from the



prospectus. We did not perform additional assurance procedures with respect to Section 115x, subsection 1, under c, of the BGfo Wft.

Our opinion is not modified in respect of these matters.

### **Responsibilities of the manager for the prospectus**

The manager is responsible for the preparation of the prospectus that contains at least the information required by or pursuant to the Wft for a prospectus of an alternative investment fund.

Furthermore, the manager is responsible for such internal control as it determines is necessary to enable the preparation of the prospectus that is free from material omission, whether due to fraud or error.

Our responsibilities for the examination of the prospectus

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate assurance evidence for our opinion.

Our examination has been performed with a high, but not absolute, level of assurance, which means we may not detect all material omissions in the prospectus due to error and fraud.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our examination included among others:

- identifying and assessing the risks of material omissions of information required by or pursuant to the Wft in the prospectus, whether due to errors or fraud, designing and performing assurance 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 omission resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the examination in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the manager of the alternative investment fund.

Amsterdam, 1 December 2022

Mazars N.V.

Original was signed by L. Zuur MSc RA

**Appendix A – Subscription form**

## **Appendix B: Historical performance, Net Asset Value and annual report**

### **a) HISTORICAL PERFORMANCE**

There is no historical performance. The performance of the Fund will be made available on the website of the Fund Manager.

### **b) LATEST NET ASSET VALUE**

The latest Net Asset Values per Unit Class will be made available on the website of the Fund Manager.

### **c) LATEST ANNUAL REPORT**

The latest annual report will be published on the website of the Fund Manager.

## Appendix C: Explanation High-Water Mark Formula

Aescap Genetics applies a full historic high-water mark instead of an often used '12 months rolling' high-water mark. Below please find an example of the two formulas and why the Fund Manager believes the Aescap Genetics formula is more favorable for investors than the '12 months rolling' formula. Please note that the references date as used are only used as an example for reason that the performance fee will commence to be calculated as of subscription for the Units taking into account a calculation on a weekly basis. In addition, the example is based on the Aescap Genetics Investors Unit Class.

Traditional 12 months rolling High-Watermark:

Net Asset Value Dec 31, 2018: 100

Net Asset Value Dec 31, 2019: 160->  $0.2 \times 60 = 12$  to Fund Manager

Net Asset Value Dec 31, 2020: 120

Net Asset Value Dec 31, 2021: 200->  $0.2 \times 80 = 16$  to Fund Manager

Total to Fund Manager = 28

Aescap Life Sciences full historic High-Watermark:

Net Asset Value Dec 31, 2018: 100

Net Asset Value Dec 31, 2019: 160->  $0.2 \times 60 = 12$  to Fund Manager

Net Asset Value Dec 31, 2020: 120

Net Asset Value Dec 31, 2021: 200->  $0.2 \times 40 = 8$  to Fund Manager

Total to Fund Manager = 20

**Appendix D: Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**