



Investing in
People and Medicine
that Make a Difference

February 2020

Unit Value per February 28, 2020: € 1.988,0241

Net Performance (from inception at March 28, 2016)

Since Inception	2020	1 month	1 year	2 years	3 years
+ 98,8%	- 11,3%	- 7,0%	+ 8,2%	+ 49.3%	+ 73,8%

Roller Coaster Month Ends with -7.0%

Despite being up +11% and reaching an all-time high for our NAV on our valuation day mid-February, the fund ended the month with a net performance of -7.0%. The negative performance was obviously caused by serious general market pressure on share prices in the last week of the month generated by concerns of the effects of COVID-19 (generally referred to as corona virus) outbreak. Though fundamentally there is hardly any direct correlation between these market conditions and the current results and outlook for our companies.

We can see COVID-19 potentially having an impact on the sourcing of ingredients to large pharma companies, but we have no exposure to this group. The same might be the case for manufacturers of generic medicines, to which we also have no exposure.

Undeniably, COVID-19 will temporarily impact the general economy and the supply chains of global commercial players across major industries

such as electronics, car manufacturing, and consumer goods. And as such, there might be a further overall downward trend in share prices.

However, due to this impact, we believe that the medicine (biotech) industry recently has become even more interesting as an asset class. The lower share price levels we experience on one hand and the fact that the biotech industry is fairly 'immune' to the consequences other sectors are facing, including a potential recession, on the other, makes the biotech industry an even more attractive investment opportunity under current general market conditions.

Biotech should be one of the sectors of choice during these uncertain times, since people will always continue to require their medicines, which are mostly paid for by their health insurances. Furthermore, the biotech industry is fairly independent, or in other words, not so reliant on other industries. And it has rightful priority over other market sectors from a governmental perspective in case choices need to be made.

How we have responded to the COVID-19 outbreak

- Portfolio is monitored and where necessary adjusted on potential exposure to future delivery issues of ingredients for the production of medicine;
- Portfolio is monitored and where necessary adjusted regarding a potential impact on clinical studies;
- Even though there are travel restrictions, applied by external parties or ourselves, we maintain our direct contacts with the management teams of our portfolio companies. Two of our analysts are currently in Boston at the Cowen biotech conference to gather insights from executives of current and potential future portfolio companies;
- Based on the increased general volatility of share prices, we will actively continue to make changes in the portfolio, fueled by our valuation models.

Outlook for the biotech industry

- Given medicine consumption is largely paid for through health insurances impact of COVID-19 and a potential recession on the biotech industry should be minimal;
- Historically, a reduction in share prices of public biotech companies boosts acquisitions by large (pharma) players;
- But most importantly, Aescap 2.0 invests in highly innovative medicine companies from which we are expecting multiple significant milestones within the next six months. These are high-growth companies, whose share price performance is mainly event-driven.

We look forward to reporting to you more extensively through our quarterly report next month.

Best regards on behalf of the Aescap 2.0 team,

Patrick J. H. Krol
Portfolio Manager Aescap 2.0

About Aescap 2.0

Aescap 2.0 is an open-end fund investing in public biotech companies that develop and market next generation medical treatments. Within its focused portfolio of around 18 companies it diversifies over different diseases, development phases and geographies. Companies are selected for their growth potential ('earning power') and limited risk (technological and financial). Investors can enter and exit the fund twice per month.

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

5-star Morningstar rating:

Morningstar has rated Aescap 2.0 as a 5-star investment fund, the highest possible rating given. Morningstar's rating has become the industry's leading standard for determining a fund's performance (risk/reward) relative to other funds. To rate a fund, Morningstar takes into account the long-term performance (3+ years) and only the top 10% best performing funds will receive a 5-star rating.



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Disclosures for Swiss Investors:

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

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