



January 2020

Unit Value per January 31, 2020: **€ 2.138,2790**

Net Performance (from inception of the fund at March 28, 2016)

Since Inception	2020	1 month	1 year	2 years	3 years
+ 113,8%	- 4,6%	- 4,6%	+ 15,0%	+ 56,1%	+ 99,6%

Coronavirus Does not Affect Biotech Investment Case

January was a rollercoaster month for the fund. During the month the fund peaked at more than +4%, but ended at -4.6%. It is probably needless to say that the general market conditions, due to the fear for the economic effect of the coronavirus, was the cause of downturn. Although the virus so far seems to be not more deadly than an average flu virus, from which around 60,000 people die annually just in the US, we have learned that the amount of people who have died from it is higher than what has been reported so far. The reason for the mismatch between the number of deaths that have been reported and the real number is driven by the fact that there were not enough diagnostic kits for the coronavirus available at the start of the outbreak, though currently supply seems to meet demand. Due to this lack of diagnostic kits, doctors had to send patients with coronavirus disease-like symptoms home without being able to diagnose. Those people who subsequently died from the disease have later not been diagnosed and as such are not reported as victims of the virus.

The question is how the virus might mutate during this outbreak and how these mutations may weaken or strengthen it. It is worrisome that the response of China to the outbreak has been so slow. The first patient with the coronavirus was diagnosed

early December, but a report on the infected humans by the virus did not come out until over a month later.

There was no medicine in development against this form of coronavirus but a first patient has been treated in the US with a medicine that in the past was under development to treat ebola, called remdesivir. In this first patient based in Seattle, this medicine seems to have contributed to his cure. Gilead, the company that was developing remdesivir as a treatment for ebola, has already offered the medicine to several doctors to use the medicine when needed and is setting up a clinical trial in China.

A good way to keep track of the state of the coronavirus outbreak is to monitor the number of new infections per infected person. As soon as that number is going to get below 1, we will be heading in the right direction. At the moment it still seems to be above 2.

We don't see any negative influence from the coronavirus over our portfolio of companies. Revenues of our portfolio companies are for over 95% generated outside of China and in China itself pharmacies are open and people are mostly able to get their medicines as they usually do. Despite a healthy level of alertness by the WHO towards the virus is justified, we do not see these developments as a threat to the biotech industry. In fact, with the overall markets going down we see new opportunities arise and over January we have again added new undervalued companies in our portfolio after we sold companies that reached their price targets.

We would like to conclude by informing you the fund's management has increased their investment in the fund this month, now being over EUR 29 million.

Looking forward to reporting to you again next month.

Best regards on behalf of the Aescap 2.0 team,

Patrick J. H. Krol
Portfolio Manager Aescap 2.0

About Aescap 2.0

Aescap 2.0 is an open-end 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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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.