Quarterly Report Q1, 2019

Net performance: +99% in 3 years since inception

At the end of March 2019 Aescap 2.0 ended its first 3 years of existence with a net performance of +99%. This is equal to an average annual compounded net performance (IRR) of +26%, well above our target of 20% per year.

Looking back at these three years, they feel like a good warming-up for the very fruitful years we are expecting across the biotech industry. The continuing value creation during the coming years is mainly driven by the replacement of old medicines by much more effective new ones. Better medicines that are based on completely new technologies and biological targets. In addition to this transition, the medicine market will continue to show exceptional strong growth, based on an ageing population on top off a significant growth of medicine consumption in the emerging markets.

In these first three years we saw five of our portfolio companies being acquired, while most others signed (regional) licensing agreements for one or more of their medicines on the market or in development. Our assets under management grew from 16 million at inception to around 130 million euro today. Our team of analysts was broadened, as did our investor base, which today comprises around 100 investors across Europe.

We would like to thank those investors that trusted us from the start of the fund and all our investors for their continuous support. We feel a great responsibility to stay focused, diligent and disciplined, and we realize that our current reputation and success can only be maintained by our future results, not our past.

Net Performance of +15% in Q1 2019

The net performance of Aescap 2.0 over the first quarter of 2019 was 15,2%. During this quarter the rising attention to RNA and gene therapies resulted in two acquisitions. One of these companies was Aescap 2.0 portfolio company Nightstar Therapeutics, which received an offer representing a 68% premium on top of their latest share price. As a reminder, gene and RNA therapies target the root cause of the disease and can therefore provide better treatment or even a cure for patients who otherwise have few or no therapy options.

The M&A appetite did not only increase in the gene therapy sector, it also increased in the biotech industry as a whole. Next to the two gene therapy companies, several other companies received an offer. Amongst those companies was Celgene, another Aescap 2.0 portfolio company, which received an offer with a 54% premium on top of the closing price of the previous day.

Value Update

Unit Value March 31, 2019:
€ 1.986,7928

Location (based on value):
Europe: 72%
US: 24%
China: 4%

Invested per Currency:
USD: 54%
EUR: 35%
DKK: 10%
SEK: 1%

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

Since Inception	2019	1 month	1 year	2 years	3 years
+ 98,7%	+ 15,2%	+ 8,2%	+ 56,9%	+ 66,3%	+ 96,9%

Top-5 Performers

1. Nightstar Tx	119%
2. AGTC	69%
3. Zealand Pharma	44%
4. Celgene	41%
5. NuCana	40%

Portfolio Highlights

CytomX (-29%)

Portfolio CytomX saw its share price decreasing with 29%. The company has a technology that should enable certain oncology medicines to act only on tumorous tissue which would be a great advancement versus standard of care that also acts on healthy tissue. Over the last years several very successful immuno-oncology medicines have entered the market, carrying however high risk for side-effects. The best performing one, called Keytruda, already generated around $7,2 billion in revenues over 2018. CytomX has developed a technology that is aiming to activate these medicines only when they reach a tumor. This should decrease side effects, and therefore enable the medicines to be given also to patients who are not fit enough to endure the side effects of the original treatments.

Although CytomX shows that their product is indeed safer, it has not yet convincingly shown that their activity against tumors is as good. This could be due to two reasons. First of all, each immuno-oncology medicine is unique and can differ from the others and we believe, although CytomX's targeting technology might work, that the company might just not have such a powerful medicine as Keytruda from pharma giant Merck&Co. Another reason could be that we are still comparing apples to oranges. Because these immuno-oncology medicines are already on the market, for ethical reasons, these approved medicines are given to patients in cancers where they have been proven to work. Therefore CytomX is only allowed to show the potential power of its medicine in unproven and potentially harder to treat cancers.

Given the size of the company and clinical studies it is performing, CytomX has a lot of money in the bank. Upon the release of positive preclinical data, the company closed massive collaboration agreements with big pharma companies like Amgen, BMS and AbbVie, that included large upfront payments. Moreover, CytomX's technology is applicable to multiple immuno-oncology therapies with different targets, and our focus is on the read-out of a clinical study that is ongoing with a safer version of YERVOY (revenues over 2018 of $1,3 billion). This product has an interesting potential given the severe side-effects of YERVOY. With this study we will be able to compare apples to apples. This study is performed by large pharma company BMS, the owner of YERVOY, which licensed CytomX's technology to be combined with their medicine.

Galapagos (+29%)

Galapagos together with its license partner Gilead presented the results of two phase 3 studies, Finch 1 and 3, of Galapagos' lead product filgotinib. The results from the study in people suffering from rheumatoid arthritis (RA) showed a superior safety profile and efficacy as good as its best competitor upadacitinib, developed by big pharma AbbVie. Given that RA is a chronic disease and therefore requires chronic treatment, we deem the safer side effect profile of filgotinib to be an important USP. The medicine is also being tested in 10 other inflammatory diseases such as Crohn's disease, ulcerative colitis and ankylosing spondylitis. Another positive trait of filgotinib and its class of so called JAK inhibitors is that they come in the form of a pill and not as an injection like several other RA medicines that are used today.

Although filgotinib seems to be one of the best options for people suffering from RA, a $20 billion market, Galapagos is already developing several potential follow-on products based on a new medical target that the company has discovered. The target of these products, under the working name Toledo, is for now being kept secret to gain a big head start on potential future competitors.

Other medicine in development by Galapagos across different clinical stages aim at treating large underserved diseases such as arthrosis and fibrosis.

Amarin (+14%)

Amarin is a Nasdaq listed company focusing on lowering cardiovascular risks. Since 2012 the company has a product on the market, called Vascepa, which is so far only approved for a small market: people suffering from very high triglycerides levels, which can cause cardiovascular diseases. Vascepa is only on the market in the US and sales over 2018 amounted to around $250 million. But Vascepa has a

much larger revenue potential than it has shown so far. Over the last seven years Amarin pursued a clinical study involving almost 9.000 patients with a high cardiovascular risk profile and that therefore already used a cholesterol lowering medicine, so called statins. All people in the study used Vascepa for almost five years and the medicine showed to lower major adverse cardiac events such as heart attacks by 31% and strokes by 28%. The company has already spent over $500 million on clinical studies with Vascepa and in hindsight this looks to be a very good investment. There is no other medicine on the market that shows such a significant decrease in cardiovascular risks and at the same time doesn't show any side effects other than those that were also reported in the placebo arm of the clinical study. The company will file for approval of Vascepa for this broader indication shortly and, when approved, we believe this medicine will have a multi-billion dollar revenue potential. In anticipation of this FDA approval, the company recently already enlarged its sales force in the US from 150 to 400 sales representatives and is pursuing out-licensing discussions with pharma companies for commercialization outside of the US.

Zealand Pharma (+44%)

Despite the unforeseen departure of both CEO and CFO, with recruitment for both positions ongoing, Zealand Pharma is doing well. We were happy to see that the company's Chief Medical Officer (CMO) stepped up to the plate as interim CEO. Given the many clinical studies ongoing, his expertise and very good communication skills are of great value to the company. Moreover, Zealand Pharma closed a licensing deal in Q1 with Alexion Pharmaceuticals, a company valued at $31 billion. The product involved has not been tested in the clinics yet but is active against a target that is drawing increasing attention, which is probably why it triggered the $25 million upfront payment by Alexion. Zealand is still eligible to receive an additional $610 million in potential future milestone payments and royalties. The product is targeting the so called complement system. The complement system is a part of the immune system, and it enhances (complements) the ability of antibodies and other immune cells to clear microbes and damaged cells, promotes inflammation, and attacks the pathogen's cell membrane. Targeting this part of the immune system is anticipated to provide more effective treatment for a broad variety of diseases, some of which have almost no therapeutic options.

Outlook

Share prices of biotech companies are often driven by events such as strong clinical study data, approval of a medicine, licensing transactions and/or M&A activity. Therefore, we keep track of a list of all known future events for the companies in our working universe, which includes our portfolio companies. For our current portfolio, many events are going to take place over the remainder of 2019. So we expect a further serious value increase over the rest of this year.

Looking forward to report to you again next month.

Kind regards on behalf of the Aescap 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 on a monthly basis.

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)

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Disclosures for Swiss Investors:

The Fund has appointed Hugo Fund Services SA, 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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