Update on Current Market Developments

Given the recent significant set-back of share prices of public equity we deemed it appropriate to share our view on the impact of the corona virus and a possible recession on the companies in our portfolio.

A possible threat could be the sourcing of medical ingredients in case of supply chain issues. We are monitoring this closely throughout our portfolio of companies and have not come across any issues so far. We will make changes in our portfolio when necessary. In any case, we can safely conclude that the continuation of production of medicines and its supply to patients is of the highest priority to companies and governments globally.

Another issue biotech companies might face are delays in recruitment of clinical trials in case hospitals would no longer make personnel available to continue conducting them. Only in one company this seems to be a minor issue and we don’t expect this be a widespread problem, given that for many patients the disruption of a clinical trial could mean the difference between life and death, and doctors are therefore very willing to continue with the clinical trials as planned. There might be delays in the start of new clinical studies in areas where the corona virus is going to spread in an aggressive manner. But given clinical trials are typically performed in many different hospitals and countries, this effect can be largely mitigated.

We will continue to discuss potential threats and opportunities with the management of portfolio companies.

Even in a recession the use of medicines is not impacted given they are mostly paid for by health insurances.

More importantly, our portfolio companies have been selected because of their highly innovative product pipeline and the fact that each of them is going to announce major news related to one or more products within the coming six months.

Although also biotech share prices have been hit hard, we think they will be the ones to bounce back to normal levels first because of the non-cyclical characteristics of our industry, as was the case after the market correction in 2008. We see that in the midst of turmoil in the markets interesting investment opportunities are arising, not only for the fund but also from an M&A perspective to our portfolio companies. Fundamentals for the biotech industry remain solid and its underlying value is untouched.

Our portfolio companies are in a strong position to profit from a market trend reversal as well as to benefit from the many upcoming value inflecting events ahead of them.

In case we leave you with any question feel free to call me at +31615071415.

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 a 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.