



Investing in
People and Medicine
that Make a Difference

July 2020

Unit Value per July 31, 2020: **€ 1.977,0111**

Net Performance (from inception at March 28, 2016)

Since Inception	2020	1 month	1 year	2 years	3 years
+ 97,7%	- 11,8%	- 8,8%	- 2,2%	+ 27,4%	+ 62,5%



Investors' Attention to Covid-19 Vaccines, July -8.8%

With a full swing of (biotech) investors towards companies that are developing vaccines for Covid-19, most of our portfolio companies have not received much attention lately. Although there are more than 150 companies active in the competitive race to develop such a vaccine, none of them have generated data yet that prove their product is commercially viable. We are not amongst those that are making a bet.

Our strategy is to invest in high-growth companies that are seriously undervalued, have a solid competitive edge, a strong earning-power and are well managed. We believe this approach is much more rewarding in the long term than gambling on stock picking from a pool of over 150 overvalued Covid-19 focused companies. There will be only a few winners and so far, nobody can tell with a high conviction which companies are going to win the race.

Another factor causing the negative performance over July is that a few companies in our portfolio announced clinical study delays of 1-2 quarters. Many US hospitals have closed or slowed down their clinical trial activity due to the local increase in Covid-19 patients. Our portfolio companies often perform over 50% of their clinical research in hospitals in the US, in addition to hospitals in Europe, and for example Canada and Asia.

The companies involved have taken measures to bring their clinical trials back on track. They are, for example, recruiting more patients in other less affected states in the US or in other countries and, when possible, visit patients at home or set up reliable virtual doctor visits instead of patients having to go to the hospital. One of our portfolio companies is using special vans with equipment to measure the disease progression of patients. This is convenient for patients who are less ambulant or run an unnecessary risk in a hospital, like those whose immune system is weakened or suppressed.

The weakening of the dollar against the euro also had a negative influence on our fund performance. Since 58% of our assets under management are invested in Nasdaq listed companies and therefore trading in dollars, this has generated a negative effect of -3% over the month of July. But ultimately most companies are active globally and therefore, from a revenue perspective, are hedged in relation to the fluctuation of the dollar.

Following news on two of our portfolio companies they reached our price target and have been divested. We are looking to top-up in companies that are even more undervalued given the trends described above and might also add new undervalued companies to the portfolio.

Many value inflection events across our portfolio are still scheduled for the remainder of this year, however the handful of companies that announced the delays in clinical studies will report on those one or two quarters later than planned.

The fund started August upward gaining 3,4% on the first day.

Furthermore, we would like to share a short video of a man who was legally blind and has benefited tremendously from joining a clinical study of our portfolio company ProQR, please find the video [here](#).

Webcast with Fund Update and Outlook on August 11

On the 11th of August at 15.00 CEST we will host a webcast to provide an update as well as to give an outlook for the remainder of 2020. If you are interested in joining the webcast, please sign up through the following link: [register](#).

Upon subscribing, you will receive an email with a link to the webcast which will open 10 minutes before the start.

If you experience any difficulties in subscribing, please contact Tristan Maguet via tmaguet@aescap.com

We are 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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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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