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Telescope Biotech Fund

Telescope Biotech Fund, FIL

INVESTMENT REPORT: FEBRUARY-APRIL 2025

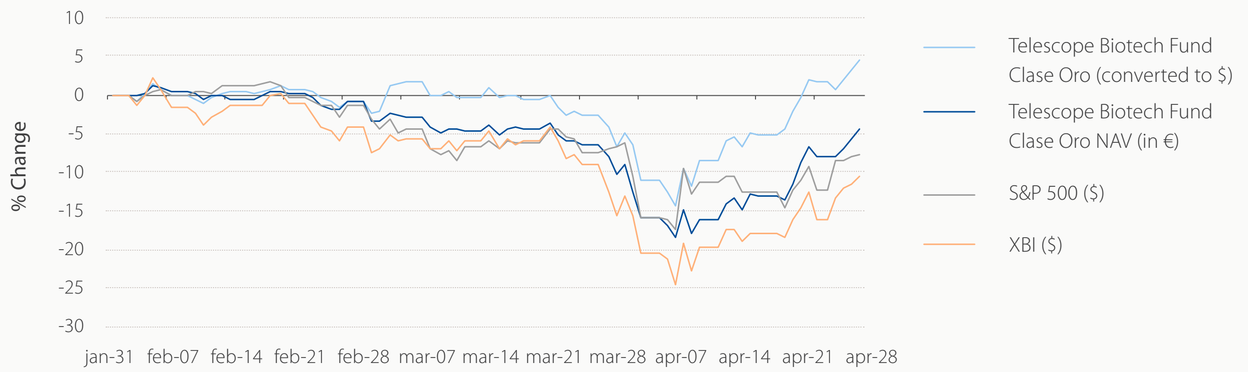
Telescope Biotech Fund was registered in December 2024 and began investing on February 1, 2025. April marks the completion of the fund's first full three-month period of operation. Focused on innovative life sciences firms primarily trading in the United States, Telescope delivered robust performance during this period despite the challenging macroeconomic environment.

Benchmark to Index Funds

		Starting value 31/01/25	Value 30/04/2025	% Change overall
Telescope Biotech Fund	Clase Oro in €	9.96	9.51	-4,52%
	Clase Oro in $	10.35	10.81	+4.44%
Benchmark	XBI ($)	92.67	82.95	-10.49%
US Stock Market	S&P500 ($)	6,040.53	5,569.06	-7.81%
Currency exchange	USD/EUR	0.96	0.87	-8.55%

XBI-SPDR S&P Biotech ETF – equal-weighted, includes a broad range of biotech companies.

Performance over time



The net return for Clase Oro during this period was -4.52% (in Euros). However, since the fund invests primarily in US Dollars (USD), adjusting the calculation to USD to offset currency exchange fluctuations results in a return of +4.4%, significantly outperforming key benchmarks such as the S&P 500 (-7.81% return) and the biotech-focused ETF, XBI (-10.49% return).

The fund's portfolio is composed of pharmaceutical and biotech investments selected for their potential to deliver transformative new medicines to patients in need. Although Telescope maintains a mid-term investment horizon of around 2-3 years to fully capture the value from ongoing clinical innovation, the portfolio is actively managed to optimize returns by responding to shorter-term events.

Macroeconomic Environment and Sector Overview

The start of 2025 has been marked by macroeconomic uncertainty at levels not seen since the COVID-19 crisis in 2020, primarily driven by tariff policies introduced by the incoming US administration. Three different factors had a significant impact on financial markets and the fund:

1. A risk-off environment in US equity markets, with increased volatility peaking in the second week of April.
2. Reduced foreign exposure to US assets, resulting in a weaker US dollar.
3. Persistent inflation concerns, keeping interest rates in the US elevated—a situation generally negative for highly capital-intensive businesses such as biotechnology companies.

Moreover, the biotech industry itself faced additional challenges at the start of 2025:

- Layoffs at the Food and Drug Administration (FDA) and vaccine skepticism within the Department of Health and Human Services (HHS), which could impact regulatory oversight and drug development timelines.
- China emerging as a strong competitor for American and European drug development companies, evidenced by the focus of pharmaceutical licensing deals temporarily shifting to Asia.
- Potential pharmaceutical tariffs, still unannounced, which could disrupt supply chains and negatively impact profit margins for firms with non-US-based manufacturing.

Despite these pressures, several factors support an optimistic outlook moving forward:

- The new FDA commissioner, Dr. Marty Makary, is a highly accomplished physician and has indicated a pro-science stance, suggesting possible regulatory reforms to accelerate new drug approvals.
- Major pharmaceutical companies (Pfizer, Bristol Myers Squibb, Merck Sharp & Dome, and Novo Nordisk, for instance) face very significant patent cliffs over the next five years and will need to acquire companies with advanced clinical assets—largely unavailable from China. The recent acquisition of Springworks Therapeutics by Merck KGaA for $3.9B, announced on April 28, is a good example of this.
- Innovation in drug development continues to deliver practice-changing results across therapeutic areas.
- Biotechnology remains a strategic priority for the US amid geopolitical competition with China. The current administration has signaled its intention to act by promoting domestic manufacturing of pharmaceuticals, rather than by hindering innovation.

In conclusion, we believe that the depressed valuations in biotech driven by macroeconomic conditions provide a very compelling investment opportunity. Innovation will continue to be rewarded: biotechnology is a sector with a strong correlation between positive impact for patients and long-term returns, despite short-term fluctuations in volatility.

Portfolio Composition

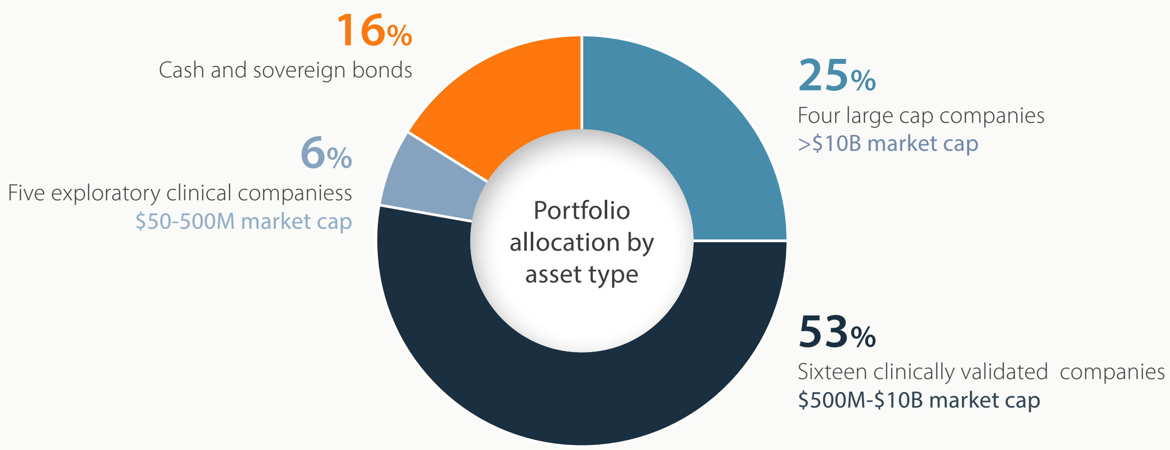
The Telescope advisory team analyzed over two hundred biotech opportunities during more than 1.5 years and carefully crafted a portfolio of twenty-five companies at the forefront of innovation in drug development. Beyond our focus on innovation, we applied different strategies to navigate the macroeconomic environment, which helped the fund outperform the benchmarks:

- Given the current climate where fundraising remains challenging, we initially focused on firms that had revenue-generating drugs or were well-capitalized to deliver on their value-generating clinical milestones. This approach helped the portfolio weather the volatility of late March and early April, when companies with financing overhangs were disproportionately penalized.
- We actively adjusted our exposure to equities: we initially maintained it relatively low out of caution (around 60% exposure), given the negative investor sentiment in the space. We then increased it to over 80% in mid-April, as valuations in biotechnology reached historical lows considering cash positions and projected peak sales multiples.

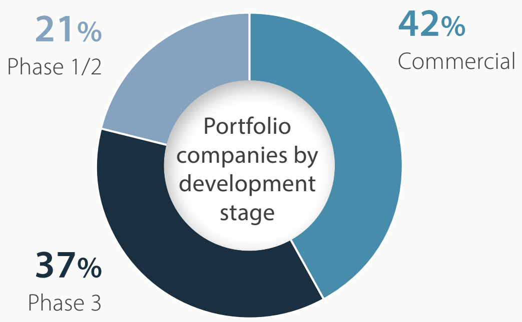
Throughout the investment period, the fund maintained high exposure to the US Dollar, complementing equity positions primarily with Treasuries to manage cash deposits.

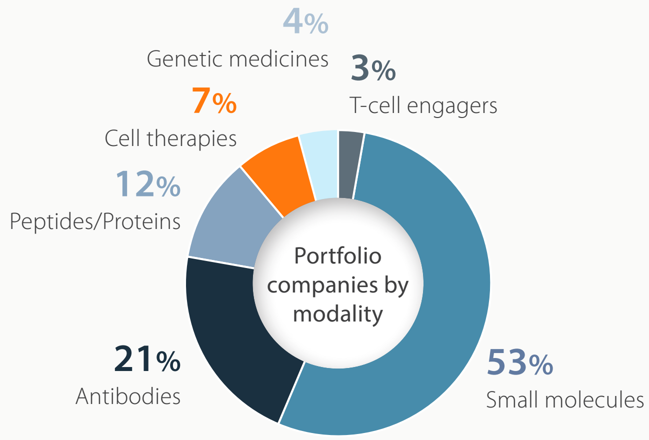
The Telescope portfolio contains a diversified set of companies across therapeutic areas and modalities, with a bias towards advanced stages of development and a high degree of clinical validation. As the fundraising environment improves and early-stage firms resort to secondary offerings at attractive valuations, Telescope will expand further into such opportunities.

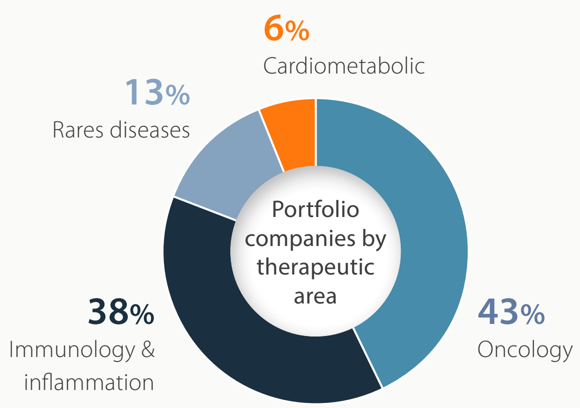
Telescope Biotech Fund Portfolio



Telescope Biotech Fund Portfolio







Portfolio Highlights

We would like to highlight three of the largest holdings in the portfolio: AstraZeneca, Revolution Medicines, and Ascendis Pharma. Each of these firms has delivered major value inflection points during this period and remains well-positioned for sustained growth.

AstraZeneca: a growth engine of R&D excellence

Why invest?

- AstraZeneca is the leading pharmaceutical company in oncology, with an expanding footprint in other large markets such as cardiometabolic and rare diseases.
- The company's strategic vision, with a proven track record both in internal innovation and strategic acquisitions, leaves ample room for growth at the current valuation.

Key Recent Update:

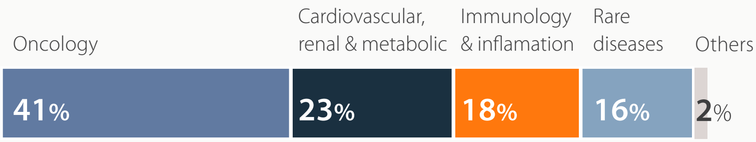
Positive Phase 3 results for Enhertu on April 21 in first-line treatment for breast cancer.

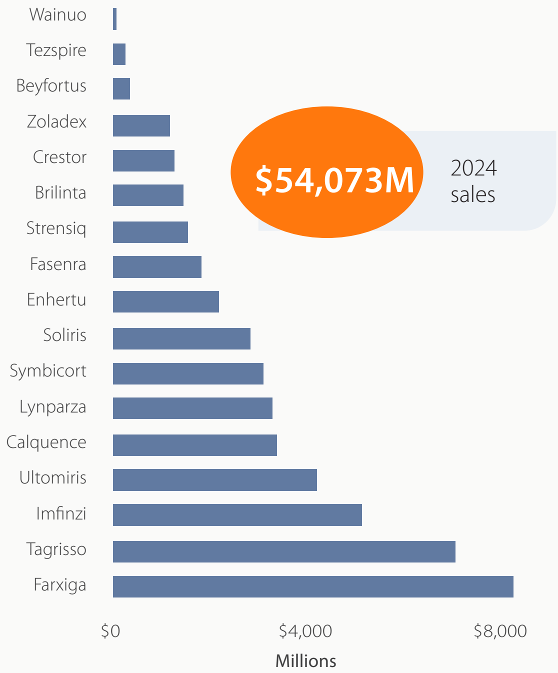
Next Key Milestone:

Phase 3 results for Dato-DXd combined with durvalumab as first-line in non-small cell lung cancer expected during the second half of 2025.

Strategic Vision through Research & Development (R&D) and Business Development (BD)

Sales Distributed across Therapeutic Areas





A strong R&D Drive

In 2024...

130 pipeline projects

$13.6B in R&D

3 first approvals

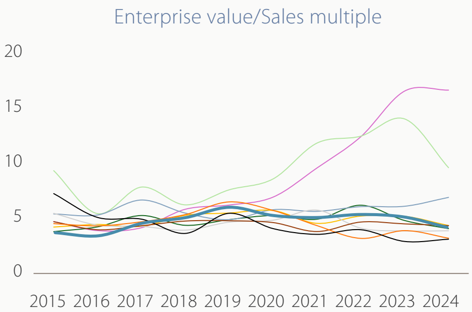
Successful BD track record in the past 5 years

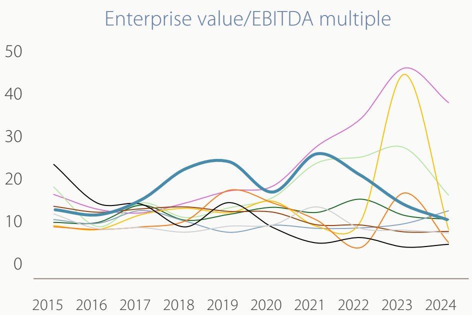
Acquiree	Area
Fusion Pharmaceuticals	Oncology
Amolyt Pharma	Rare Disease
Gracell	Oncology
Icosavax	Immunology
CinCor Pharma	Cardiorenal
Neogene Therapeutics	Oncology
LogicBio Therapeutics	Rare Disease
TeneoTwo	Oncology
Caelum Biosciences	Rare Disease
Alexion Pharmaceuticals	Rare Disease
Datopotamab Deruxtecan rights (Daiichi Sankyo)	Oncology
Enhertu rights (Daiichi Sankyo)	Oncology
EsoBiotec	Oncology

Key Metrics Among Top10 Pharma: High Growth at an Attractive Valuation

Valuation metrics

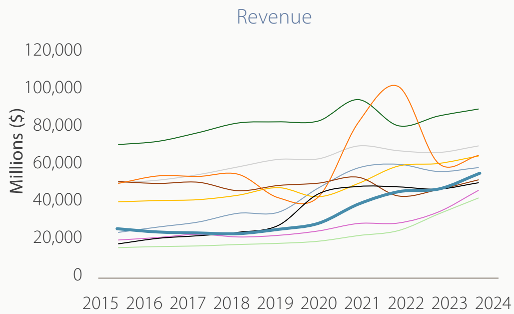
Future growth potential not being currently reflected

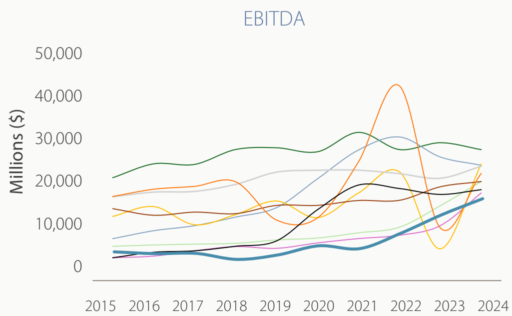




Growth

AstraZeneca has become one of the top performers during the past 10 years



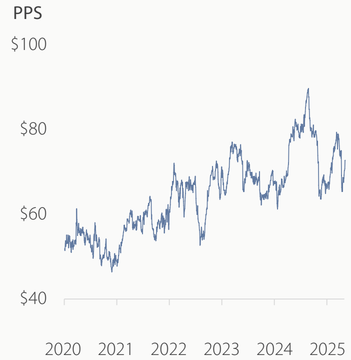


EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization.

AstraZeneca
Eli Lilly — Novo Nordisk — Johnson & Johnson — AbbVie — Merck Sharp & Dome
Roche — Novartis — Pfizer — Bristol Myers Squibb

Five-year stock chart

Stock with relative stability over time accompanied by steady growth



Revolution Medicines: A new paradigm for pancreatic cancer and beyond

Why invest?

- Revolution Medicines has a portfolio of drugs in development targeting RAS, a key oncogene in pancreatic, lung, and colorectal cancer, among others.
- The company has shown unprecedented clinical results in pancreatic cancer, opening a new treatment paradigm for patients with this disease.

Key Recent Update:

Groundbreaking clinical results for zoldonrasib in a subset of lung cancer patients presented at the American Association for Cancer Research conference on April 25, with over 60% of subjects responding to the treatment.

Next Key Milestone:

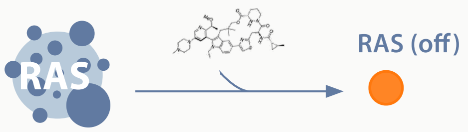
Phase 3 clinical results for daraxonrasib in pancreatic and lung cancers expected in the first half of 2026, potentially paving the way for FDA approval shortly after.

The Revolution medicine

RAS is one of the most commonly mutated oncogenes in human cancers

The revolution drug

Daraxonrasib switches off RAS, driving tumor regression



Doubled expected life span with daraxonrasib in second-line pancreatic cancer

Chemotherapy	~6 months
Daraxonrasib	~14 months

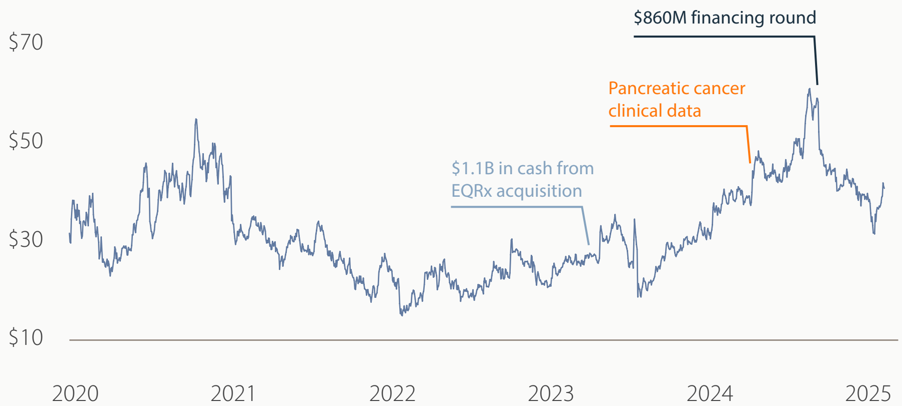
The patients' benefit

Breakthrough oral pill that helps pancreatic cancer patients live longer

Key metrics

Five-year stock chart

PPS: price per share



Initial Public Offering (IPO) PPS Feb, 2020: $28. PPS as of April 30: $40.

Financials: Well capitalized

Market cap ($M)	7506
Enterprise value ($M)	4619
Total cash ($M)	2290
Total debt ($M)	135
Cash burn Q4'24 ($M)	194

Ascendis Pharma: A transformative technology for patients with hormone deficiencies

Why invest?

- Ascendis Pharma's proprietary technology has delivered two FDA-approved therapies for growth hormone deficiency (Skytrofa) and hypoparathyroidism (Yorvipath). A third drug—TransCon CNP, targeting achondroplasia—is currently under FDA review following positive clinical trial results.
- Yorvipath holds a first-mover advantage in hypoparathyroidism: the chronic nature of the treatment and the significant unmet need in this patient population put Ascendis in a position to build a foundational franchise.

Key Recent Update:

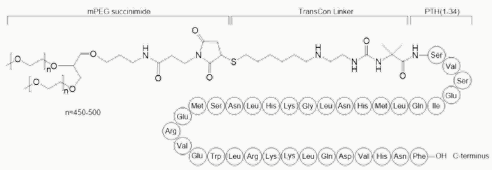
With over 1,700 prescriptions recorded in Q1 2025, the recent U.S. launch of Yorvipath is creating strong momentum in the hypoparathyroidism market.

Next Key Milestone:

Expansion of the growth hormone franchise in Q3 2025, awaiting approval of Skytrofa for adult growth hormone deficiency and TransCon CNP for achondroplasia.

Ascendis Pharma

Yorvipath®
palopegteriparatide
Injection 300 mcg/mL



Hypoparathyroidism

A rare condition where the body can't make parathyroid hormone to control calcium and phosphorus levels in blood

Calcium levels
Renal function
Quality of living

The patients' benefit

Yorvipath solves hypoparathyroidism by mimicking the natural parathyroid hormone action: it restores calcium balance, supporting kidney function and improving the patients' quality of life.

Key metrics

Five-year stock chart

PPS: price per share

Initial Public Offering (IPO) PPS Jan, 2015: $18. PPS as of April 30: $172.

Financials: Well capitalized

Market cap ($M)	9644
Enterprise value ($M)	9951
Total cash ($M)	579
Total debt ($M)	135
Cash burn Q4'24 ($M)	38

Outlook

We will continue to closely monitor macroeconomic developments, with particular attention to political events impacting pharmaceuticals. While our strategic approach does not involve predicting macro events, we follow them closely and adjust our positioning accordingly.

Over the next three months, four of Telescope's portfolio companies are expected to report potentially meaningful clinical readouts, with additional firms announcing key data from drug launches. Positive catalysts could also come from an increase in M&A activity. The team remains actively engaged in evaluating new opportunities and continually revising assessments of existing investments to maintain an updated and competitive portfolio.