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YSIOS CAPITAL

Telescope Biotech Fund

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INVESTMENT REPORT: MAY–JULY 2025

Highlights

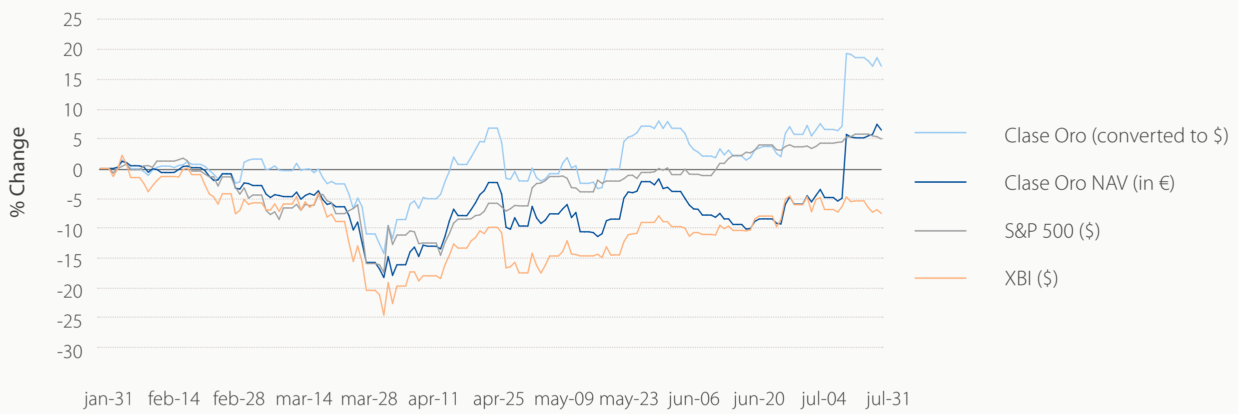
- A strong period for Telescope Biotech, with net returns of +11.38% (in Euros) and +12.15% (in USD).
- Gains were driven by three key events in the portfolio: one M&A (Blueprint Medicines) and two positive clinical readouts (Abivax and Kymera Therapeutics).
- The best-performing company in the portfolio was Abivax, which provided a 10-fold return following positive Phase 3 results in ulcerative colitis.
- US stock market reached all-time highs during the period, with AI leading the charge and biotech showing signs of recovery.

Benchmark to Index Funds

		Starting value 31/01/25	Value 30/04/2025	Value 31/07/2025	% Change per. May-July	% Change since launch
Telescope Biotech Fund	Clase Oro in €	9.96	9.52	10.60	11.38%	6.46%
Telescope Biotech Fund	Clase Oro in $	10.35	10.82	12.14	12.15%	17.26%
Benchmark	XBI ($)	92.67	82.95	85.66	3.27%	-7.56%
US Stock Market	S&P500 ($)	6,040.53	5,569.06	6,339.39	13.83%	4.95%
Currency exchange	USD/EUR	0.962	0.880	0.874	-0.68%	-9.18%

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

Performance over time



Source: FactSet and Inversis.

Performance summary

The fund has been investing for six months, building an actively managed portfolio of around twenty companies in the pharma and biotech fields. The goal of the fund is to invest in the medicines of the future, and capture value primarily through two avenues:

- First, the publication of data demonstrating the impact of new drugs on therapeutic indications with high unmet needs. This can include data from clinical trials showing the effectiveness of a drug, or revenue data showing the broad adoption of a recently launched medicine by physicians and patients.
- Second, premiums paid by pharma companies to acquire innovative new drugs developed by biotech start-ups and scale-ups. Pharma companies need to replace revenues lost due to patent expirations of branded products, and they do that primarily by acquiring smaller companies that focus on innovation rather than commercialization.

The results obtained during this three-month period, with positive net returns for the fund coming from high value-generating milestones in the portfolio, validate the strategy laid out by Telescope. They also happened amidst broader underperformance of the biotech sector, highlighting the importance of carefully crafting the portfolio to identify sources of value.

Macro environment and Sector Overview

The US stock market saw a V-shaped recovery during the period. This was driven by increased predictability of macroeconomic policies in the US following the passage of the "One Big Beautiful Bill", and the announcement of trade deals with the UK, Japan, and the EU. Additionally, AI and technology more broadly continued to drive momentum in capital markets.

The biotech sector is emerging from a challenging four-year period driven by several overlapping causes:

- The flight of generalist investors due to the sector's complexity, limited risk appetite amid high US interest rates, and competition from other innovation-based sectors.
- The rise of China as a fierce competitor for US and EU-based biotech companies in the development of innovative drugs, offering lower costs and faster timelines due to looser regulatory oversight.
- Ongoing public and government debate about the pricing of branded pharmaceuticals, a constant feature of the sector since the early 1990s.

The current environment in biotech offers great challenges to incumbents and is forcing companies to become more capital-efficient and refocus their strategic plans to face the scarcity of financing. On the other hand, this is a great moment to be deploying new capital in the sector:

- The XBI (benchmark biotech ETF) has stabilized after making lows in April during the tariff wars and is showing resilience at these levels since early 2022.
- Current valuations offer very favorable risk/returns for new investors. Positive developments are strongly rewarded, as shown by the three examples highlighted below in the Telescope portfolio and several others such as Alnylam Pharmaceuticals, Insmed and Soleno Therapeutics.
- M&A is accelerating and 2025 is on pace to be a record year, due to the combination of the patent cliff pharma is facing and the attractive prices given the valuation reset. Notable recent examples are the acquisition of Verona Pharmaceuticals by Merck for $10B upfront, and the acquisition of Telescope portfolio company Blueprint Medicines by Sanofi for $9.5B upfront.

The attention point on the macro front is now focusing towards the Most Favored Nation (MFN) policy announced by the Trump administration, which aims to equate drug prices paid by public agencies in the US such as Medicaid and Medicare to the ones paid in European countries. Implementation of this policy would require significant time as it is complex from a legislative point of view. It would require approval by the US Congress, which is highly divided on this issue, and there is little clarity on the final shape it would take. The view by Telescope is that, while this is unlikely to go through the way it has been presented to the media by government officials, it merits attention and would lead to adjustments in investment allocations if it were to go forward.

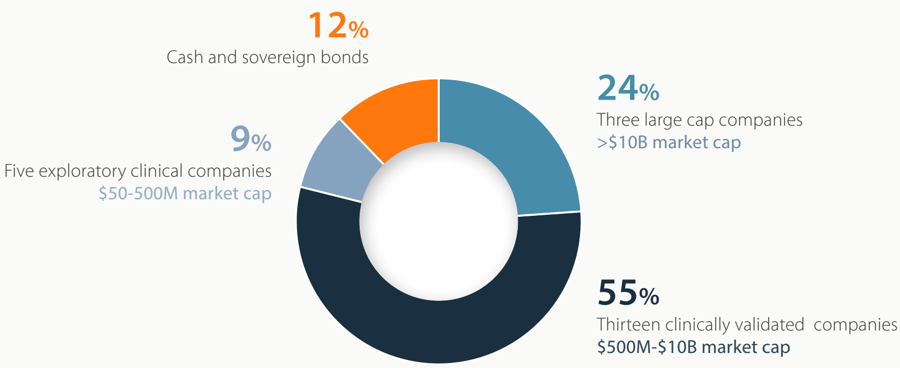
Portfolio Composition

The Telescope portfolio continues to lean heavily on companies that are well capitalized and are at advanced stages of development. These are the companies that are most likely to be acquired by pharma and that currently offer the most favorable investment profiles; valuations in the sector are currently at such low levels that excessive clinical risk is not required to look for favorable returns.

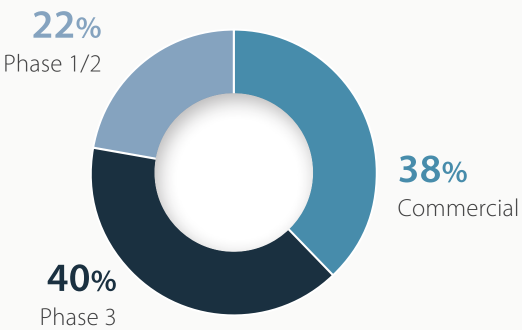
As macro conditions are improving, however, the fund also started positions in companies with innovative scientific propositions that offer disruptive potential as new therapeutic paradigms, which is also associated with significant financial returns when results are positive. This is the case for Abivax, for instance, which drove the major share of the returns during the period.

Telescope Biotech Fund Portfolio

Portfolio allocation by asset type

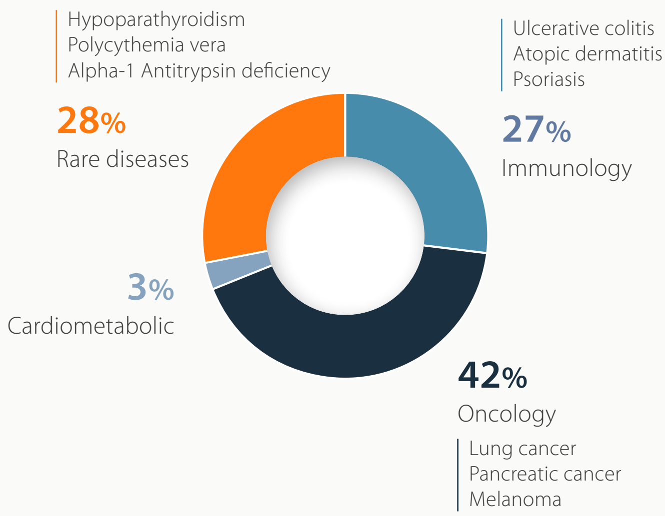


Portfolio companies by development stage



Portfolio companies by therapeutic area

Including Top3 Indications



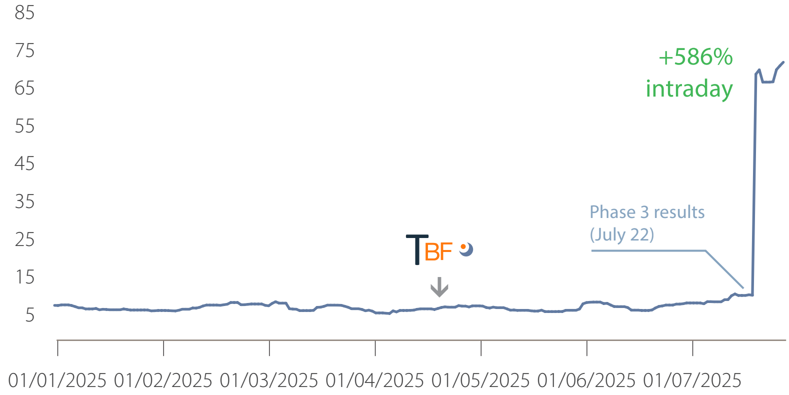
Featured Investments

Three key milestones in the portfolio were achieved during this period:

1. Positive Phase 3 data in ulcerative colitis by Abivax

ABIVAX Abivax represented a high-conviction position in the portfolio, and it was limited in size given its high degree of risk. The company was expected to present Phase 3 results from two different trials in ulcerative colitis for its lead asset obefazimod in Q3 of 2025. Going into the event, the shares were priced for failure given open questions around the drug's mechanism of action. The Telescope team identified the potential of this new medicine to transform the treatment of this disease by providing a safer and more durable alternative to existing therapies. When Abivax announced positive results on July 22, its share price appreciated more than 600% intraday. Telescope realized half of the gains and keeps the other half as a now clinically validated company with room to grow due to its M&A potential.

Price per share (PPS, $)



Source: FactSet.

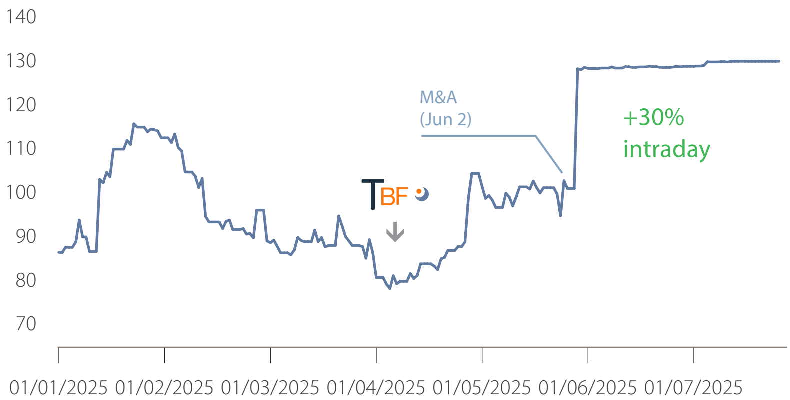
Investment figures

Entry PPS	$7.1
PPS as of July 30 2025	**$71.8**
Return (%)	+911%
% of portfolio at entry	1.5%
Status	Realized 50% of the investment

2. Acquisition of Blueprint Medicines by Sanofi

blueprint MEDICINES Blueprint Medicines developed a new therapy for indolent Systemic Mastocytosis, a rare disease for which there were no treatment options. The drug, avapritinib, has been approved in the US and Europe and the company was executing on a very successful launch. On June 2, Sanofi announced the acquisition of Blueprint Medicines for $9.5B upfront, recognizing the potential of this drug to establish itself as the mainstay treatment for all patients with indolent systemic mastocytosis.

Price per share (PPS, $)



Source: FactSet.

Investment figures

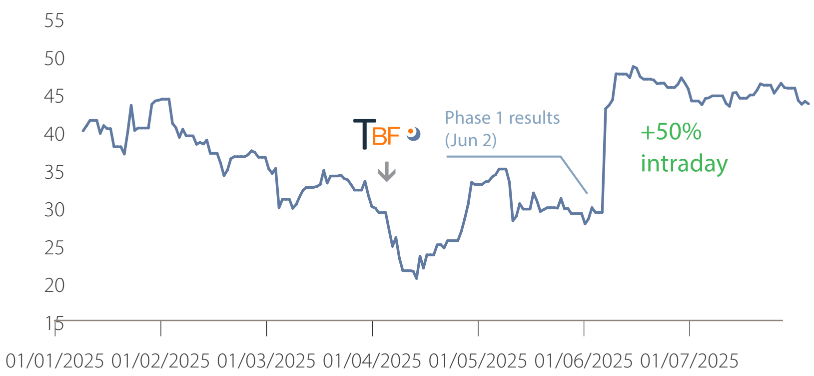
Entry PPS	$81
M&A PPS	**$129**
Return (%)	+60%
% of portfolio at entry	6.5%
Status	Closed investment

3. Positive Phase 1 data in healthy volunteers by Kymera Therapeutics

KYMERA

Kymera Therapeutics is pioneering a novel modality of small molecule drugs, called targeted protein degradation, which allows targeting proteins that were previously inaccessible to traditional inhibitor drugs. Their lead program is going after Stat6, a high-value target because it offers a more convenient, faster, and potentially more active alternative to the blockbuster drug Dupixent, which had sales of over $14B in 2024 and is used for the treatment of atopic dermatitis, asthma, and other immunological indications. The Phase 1 data from Kymera's drug, KT-621, in healthy volunteers, was critical to address the safety of this new modality. The results presented by the company on June 2 showed not only a similar adverse event profile to placebo, but also a high degree of activity. The shares of the company appreciated 50% on that day, and Kymera continues to represent a significant position in the Telescope portfolio.

Price per share (PPS, $)



Source: FactSet.

Investment figures

Entry PPS	$28.6
PPS as of July 31 2025	$43.8
Return (%)	+53%
% of portfolio at entry	5.7%
Status	Active investment

Outlook

The realization of gains by Blueprint Medicines and Abivax led to significant turnover in the portfolio, and the Telescope team continues to be fully engaged in identifying novel investment opportunities. There are significant clinical readouts expected in the next three-month period, especially in the oncology space where they will be concentrated around the ESMO conference held in Berlin in October. While elements of uncertainty regarding the sector and the broader markets persist, we expect innovation and M&A to continue to be the driving forces for value generation in the biotech space.