Telescope Biotech Fund

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INVESTMENT REPORT: Q1 2026

HIGHLIGHTS

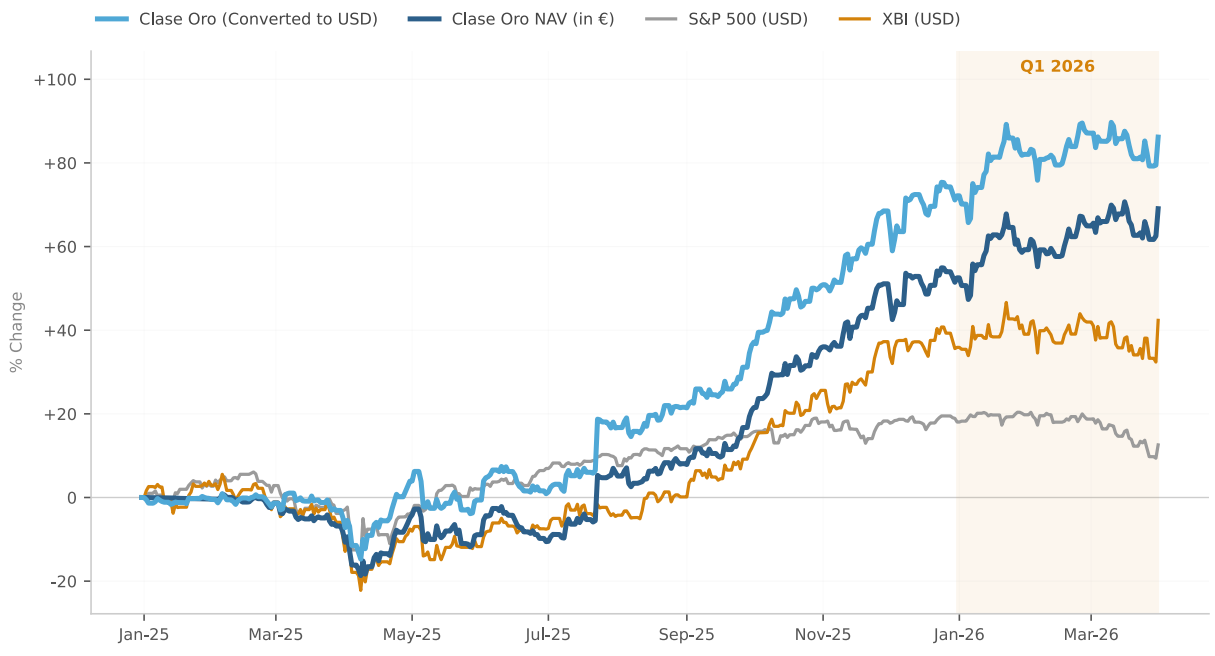
- **Strong Outperformance:** Telescope Biotech delivered net returns of +10.84% (in Euros) and +8.15% (when converted to USD), significantly outperforming both the biotech benchmark and the broader equity markets.
- **M&A Momentum:** Biotech M&A activity was strong in Q1 2026, with strategic acquisitions continuing to serve as a positive catalyst for the sector.
- **AI-Driven Analytics:** The deployment of *Voyager*, an internally coded AI-powered analytical platform, is fundamentally transforming data processing and diligence capabilities for the Telescope advisory team.

BENCHMARK TO INDEX FUNDS

		Inception 31/12/2024	Value 31/12/2025	Value 31/03/2026	% Change Q1 2026	Inception to date
Telescope Biotech Fund	Clase Oro in EUR	10.00	15.25	16.90	+10.84%	+69.05%
	Clase Oro (Converted to USD)	10.35	17.91	19.37	+8.15%	+87.09%
Benchmark	XBI (USD)	90.06	121.93	127.73	+4.76%	+41.83%
US Stock Market	S&P 500 (USD)	5,881.63	6,845.63	6,528.61	-4.63%	+11.00%
Currency exchange	USD/EUR	0.966	0.852	0.873	+2.48%	-9.64%

XBI–SPDR S&P Biotech ETF – tracks the S&P Biotechnology Select Industry Index and includes a broad range of biotech companies.

PERFORMANCE SINCE INCEPTION



Source: FactSet and Inversis.

Telescope Biotech Clase Oro is denominated in euros. Since the fund invests primarily in U.S. dollars, results are also presented in U.S. dollars for reference. Currency fluctuations may impact investor returns.

PREVIOUS REPORTS: 2025 Annual Report | February–April 2025 | May–July 2025 | August–September 2025

Performance Summary

Telescope Biotech Fund completed the first quarter of 2026 with strong results, delivering a net return of +10.84% in euros and +8.15% in U.S. dollars. During the period, the portfolio outperformed both the biotechnology benchmark, with the XBI up +4.76%, and broader equity markets, with the S&P 500 down -4.63%.

Since inception, the fund has generated cumulative returns of +69.05% in euros and +87.09% in U.S. dollars. This performance continues to reflect the value of a specialized, science-first stock-picking strategy in a market where company-specific milestones remain the main driver of returns.

Macroeconomic Environment and Broader Markets

The first quarter was shaped by geopolitical tension and a shifting paradigm in the technology sector. Uncertainty surrounding the conflict in Iran introduced early volatility; however, global markets remained resilient and ultimately did not price in a worst-case scenario.

This backdrop supported relative strength in the U.S. dollar. For the euro-denominated Telescope portfolio, this acted as a tailwind, reversing the negative currency impact experienced through much of 2025. While persistently high oil prices remain a macroeconomic risk, given their implications for inflation, interest rates, and capital availability for risk assets such as biotechnology, extreme downside scenarios appear less likely in the near term.

By contrast, broader U.S. equity markets contracted, led primarily by weakness in the technology sector. Enterprise software and Software-as-a-Service (SaaS) business models were repriced aggressively as the disruptive impact of generative artificial intelligence became more tangible.

The AI Transformation: Enhancing Analytical Rigor

While generative AI is disrupting traditional software, it is also reshaping data analysis and creating clear operational advantages for specialized investment teams. Telescope's advisory operations are already seeing this shift through the deployment of Voyager, a comprehensive, internally developed proprietary analysis tool.

Integrated into the fund's workflow, Voyager combines real-time portfolio monitoring and financial market intelligence with highly granular analysis of disease biology and corporate clinical pipelines. As generative AI continues to commoditize large-scale data analysis, this infrastructure should disproportionately benefit highly technical teams. It enhances internal expertise, sharpens fundamental analysis, and allows broader coverage with greater speed and depth. The use of AI for large-scale data processing entails the risk of hallucinations, a factor that the advisory team needs to proactively manage.

Biotech Sector Dynamics and Regulatory Landscape

In contrast to the struggling technology sector, biotechnology continued to show relative strength. The strong pace of mergers and acquisitions that defined 2025 extended into Q1 2026 and remained a key support for sentiment and valuation. Large pharmaceutical companies continue to face significant patent expiries and remain structurally incentivized to acquire external innovation.

This trend was reinforced on the final day of the quarter by the announced acquisitions of Centessa

Pharmaceuticals by Eli Lilly for up to $7.8 billion and Terns Pharmaceuticals by Merck for approximately $6.7 billion equity value. These transactions confirm that strategic demand for high-quality clinical assets remains strong.

The regulatory landscape also saw an important shift. The planned departure of Dr. Vinay Prasad from the FDA follows a period marked by controversial and closely debated decisions involving approval pathways for rare disease therapies, gene therapies, and related modalities. Following this leadership change, the agency is broadly expected to take a somewhat more constructive stance.

On the legislative front, the reauthorization of the Rare Pediatric Disease Priority Review Voucher (PRV) program is a positive development, restoring an important incentive for innovation in pediatric rare diseases through September 2029. At the same time, the newer Commissioner's National Priority Voucher (CNPV) pilot program has produced mixed early signals. While it has accelerated selected reviews, it has also led to abrupt negative outcomes, as illustrated by the FDA's rejection of Disc Medicine's bitopertin for erythropoietic protoporphyria (EPP) despite expedited review under the program.

Portfolio Highlights and Specialized Selection

In a quarter when broader indices declined, the Telescope portfolio's outperformance again highlighted the benefits of specialized science-first stock-picking strategy. The current market environment continues to create opportunities for differentiated returns, as illustrated by Oruka Therapeutics, which generated strong performance (+292% in the past 12 months) through solid clinical execution and increasing market recognition of its commercial opportunity in psoriasis.

Takeover speculation also surrounded some of the portfolio's largest holdings. Core positions Revolution Medicines and Abivax were both featured in recent M&A speculation in major financial media. Despite this market noise and the possibility of strategic premiums, both companies remain focused on execution and on their respective value-inflecting Phase 3 data readouts expected in the second quarter of 2026.

Deepening Focus in Cardiometabolic Disease

Diligence efforts and capital allocation for Telescope within the cardiometabolic space are expanding as the therapeutic landscape evolves. The sector remains fiercely competitive, demanding stringent analysis to identify mispriced opportunities and novel targets.

A good example is the portfolio's exposure to Wave Life Sciences (WVE) and its INHBE program. After being a strong contributor in Q4 2025, the stock saw a mixed reaction to its Phase 1 data in Q1 2026. The advisory team believes this volatility reflects a disconnect between market perception and the underlying biology. The program is strongly supported by human genetics and is aimed at improving cardiovascular health by reducing visceral fat. However, investors appeared to assess the program as a direct obesity competitor to GLP-1 therapies, which overlooks its potential differentiated positioning. Such misalignments can create attractive opportunities when the thesis is grounded in biological fundamentals.

At the same time, the team is closely monitoring the launch dynamics and commercial uptake of new oral GLP-1 therapies. The emergence of a large new market segment, driven in part by out-of-pocket consumer demand, may create attractive investment opportunities across both large-cap incumbents and agile mid-cap companies. Oral therapies have the potential to expand the market beyond injectables.

Outlook

Looking ahead to the second quarter of 2026, the Telescope portfolio is entering a period with multiple important clinical catalysts. In the current environment, individual stock performance driven by clinical readouts is likely to remain the main engine of returns.

The structural pressures created by upcoming pharmaceutical patent expiries should also continue to support strategic M&A activity. As the year progresses, macro focus is likely to shift gradually toward the U.S. midterm elections and the potential implications for healthcare and broader economic policy.

The advisory team will continue to manage exposures actively, balancing near-term developments with the long-term value being created by scientific innovation.

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