



Arctic Aurora LifeScience

Capturing the value in healthcare innovation

An introduction to the fund and strategy



ARCTIC
FUND MANAGEMENT



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Investing in Healthcare Innovation

Arctic Aurora LifeScience is a specialized global healthcare fund investing primarily in public life science companies with a focus on the US and Europe. The investment strategy is focused on achieving an excess return from investments in the biotech and pharmaceutical sector by investing in the most innovative companies developing new treatments that significantly changes the life of patients to the benefit for society. The benchmark is MSCI World Pharmaceuticals, Biotech and Life Science Total Return Net.

Portfolio Management Team

Arctic Aurora LifeScience is managed by a highly experienced and complementary team with a broad successful track record in equity asset management, pharmaceutical product development and commercialization, financing, M&A and risk management. The team has deep knowledge and coverage of both the US and Europe Life Science market with a unique network within pharma, biotech, life science and the investment community. Their long standing relationships with management teams and industry thought leaders provides unparalleled awareness of opportunities.

Selecting the Winners by Biological and Commercial Understanding

Covering successful healthcare equity management and broad operational expertise from companies



Ulrica Slåne Bjerke

Chief Investment Officer

Overall responsibility for Arctic Aurora LifeScience investment portfolio

Education

MBA Sc, CEFA - Stockholm School of Economics. Medicine studies at the Karolinska Institutet

Experience

More than 15 years of successful track record as Portfolio Manager in Healthcare. Top-ranked as a Healthcare Analyst (10 years)



Torbjørn Bjerke

Portfolio Manager

Scientific, clinical and regulatory due diligence of new opportunities and portfolio management

Education

Medical Doctor - University of Aarhus

Experience

More than 25 years of executive experience within successful drug development and business development/M&A in both public and private life science companies



Daniel Bolanowski

Analyst

Research, value tracking, valuation and opportunity sourcing

Education

MSc (Biotech), MSc (Business/Economics) - University of Uppsala

Experience

More than 5 years experience as Business Analyst. Several engagements for small biotech/medtech companies within business development, market analysis and corporate communications

Investing in Biotech and Pharma - Biological and Commercial Understanding is crucial

Medical
competence

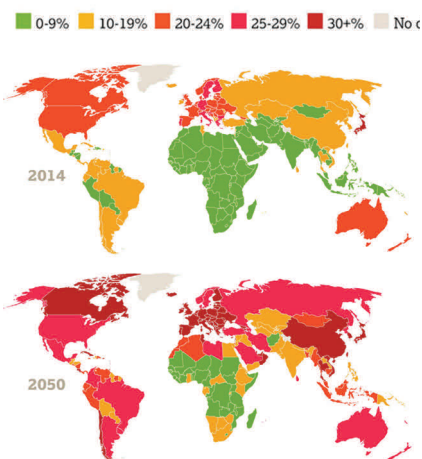
Drug development
competence

Global
perspective

The megatrends from an aging population and life style fuels the sector

The elderly as part of global population is growing dramatically. The need for medical treatment increases significantly from the age of 60 years. The population aged 60 or over is estimated to consume more than 80% of the medicines sold today. The figure to the right shows the proportion of population aged 60 or over in 2014 and estimation in 2050.

The incidence of cancer rises dramatically with age. Tobacco use, alcohol use, unhealthy diet and physical inactivity are the main cancer risk factors worldwide. The number of new cases are expected to rise by about 70% over the next 2 decades. Life style induced metabolic syndrome leads to obesity and cardiovascular problems. 592 million people will suffer from Diabetes in 2035, up 55% from today!



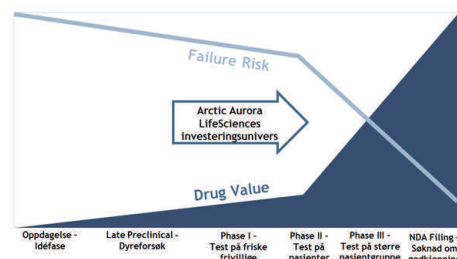
A global industry based on successful development of new drugs

Big pharmaceutical companies develops and markets the drugs in huge global organizations. Creativity and research outcomes has been poor in the big pharma companies and biotech companies have been driving the innovation in the industry. Biotech companies sell their molecules to Pharma in global deals, or are being taken out in M&A. Future growth will come from highly innovative companies which develops drugs that address unmet medical needs transforming the treatment of diseases. These drugs will continue to obtain attractive margins.

Arctic Aurora LifeSciences Investment Philosophy

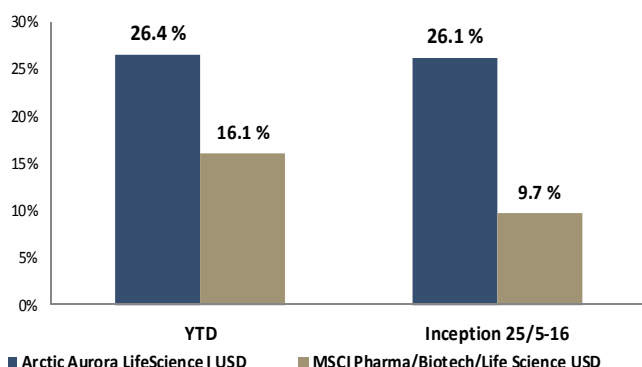
AALS manages a balanced, risk diversified portfolio with exposure to health care companies with a focus on drug development. The team identifies the therapeutic areas where there is unmet medical need and commercial opportunities. The universe is screened for the best assets. Companies are analyzed in a thorough due diligence process focusing on fundamentals and valuation. Excess return is generated by successful analysis and selection of biotech investments that develops superior products, leading to either an M&A or a profitable commercial deal. Investments in big pharma are also evaluated and selected with a great focus on the pipeline and cash flow.

The central part of AALS strategy is to utilize the team's superior knowledge within drug development to evaluate the development process going on inside the biotech companies. Clinical data is evaluated also with respect to commercial potential. We only invest when we can evaluate clinical data from patients to balance the risk/reward profile of the companies. Risk is reduced and likelihood of success increased.



Always looking for the most innovative companies developing the best products to treat patients with big medical needs

Arctic Aurora LifeScience was launched May 25th 2016 and has returned strong performance figures in both absolute terms and relative to the benchmark and peers. Figure below as of December 31st 2017



Disclaimer: Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. Arctic Fund Management AS seeks to the best of its ability to ensure that all information given in this report is correct, however, makes reservations regarding possible errors and omissions. Statements in the report reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. The report should not be perceived as an offer or recommendation to buy or sell financial instruments. Arctic Fund Management AS does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report. Employees of Arctic Fund Management AS may be owners of securities issued by companies that are either referred to in this rapport or are part of the fund's portfolio.

Portfolio Managers

Ulrica Slåne Bjerke (CIO)
Torbjørn Bjerke

Analyst

Daniel Bolanowski

Fund structure

UCITS

Country of registration

Ireland

Custodian

BNY Mellon Trust Company (Ireland)
Limited

Administrator

BNY Mellon Investment Servicing
(International) Limited

Auditor

Deloitte

Arctic Aurora LifeScience Class B USD

ISIN:

Management Fee: 1,25 %

Performance Fee: 15 % with High Water Mark

Minimum Investment Amount:: USD 1.000.000,-

Arctic Aurora LifeScience Class I USD

ISIN: IE00BZ01RN92

Management Fee: 1,00 %

Performance Fee: 10 % with High Water Mark

Minimum Investment Amount:: USD 25.000.000,-

Pricing: Daily at Business Day in both Ireland and Norway

Dealing Deadline: 10am (Irish time)

Settlement Redemptions: 2 Business Days

Benchmark

MSCI World Pharmaceuticals, Biotech and Life Science Index Net
Return



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