

# **ESPA STOCK BIOTEC**

**Mutual fund pursuant to the InvFG**

Semi-Annual Report 2018

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## General Information about the Investment Firm

<b>The company</b>	ERSTE-SPARINVEST Kapitalanlagegesellschaft m. b. H. Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19881, Fax: +43 05 0100-17102
<b>Nominal capital</b>	EUR 4.50 million
<b>Shareholders</b>	Erste Asset Management GmbH (roughly 79.09%) DekaBank Deutsche Girozentrale (roughly 2.78%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m.b.H. & Co KG (roughly 2.78%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (roughly 1.27%) Salzburger Sparkasse Bank Aktiengesellschaft (roughly 2.78%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (roughly 2.78%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (roughly 5.57%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (roughly 2.94%)
<b>Supervisory Board</b>	Rudolf SAGMEISTER, Mag. (Chairman) Gabriele SEMMELROCK-WERZER (Deputy Chairwoman, First Deputy) Franz-Nikolaus HÖRMANN, Mag. (Deputy Chairman, Second Deputy) Matthias BAUER Monika JUNG, Mag. MSc Josef PRESCHITZ Franz PRUCKNER, Dr. MBA Rupert RIEDER, Mag. Thomas SCHAUFLER, Mag. (FH) Reinhard WALTL, Mag. Appointed by the Works Council: Martin CECH Regina HABERHAUER Heinrich Hubert REINER, Ing. Peter RIEDERER Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR, Mag. Peter KARL, Mag. Günther MANDL Wolfgang TRANDL, Mag.
<b>Prokuristen (proxies)</b>	Achim ARNHOF, Mag. Winfried BUCHBAUER Karl FREUDENSCHUSS Dietmar JAROSCH, Dr. Manfred LENTNER Gerold PERMOSER Magdalena REISCHL, Mag. Jürgen SINGER, Mag.
<b>State commissioners</b>	Erwin GRUBER Michael MANHARD, HR Dr.
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Custodian bank</b>	Erste Group Bank AG

## Dear Shareholder,

We are pleased to present you the following semi-annual report for the ESPA STOCK BIOTEC mutual fund pursuant to the InvFG for the period from 15 March 2018 to 14 September 2018.

## Development of the Fund

### Review

ESPA STOCK BIOTEC is a global equity fund and invests in the most important biotechnology companies worldwide. ESPA STOCK BIOTEC achieved a performance of 10.94% in the reporting period.

The biotechnology sector also generated a positive return in the reporting period, posting a gain of 11.03% (in EUR terms). In a volatile exchange environment, the biotechnology sector lagged slightly behind the equity market at large. From mid-March 2018 to early May 2018, the biotech sector underwent a significant correction, but then recovered and managed to climb to a new annual high in mid-September 2018. This year will once again see numerous new drug approvals, which are expected to result in significant earnings for biotech companies in the future. A great deal of research is being conducted in the field of immuno-oncology at the moment, and combination therapies are delivering promising research results. In addition, more and more research is being conducted in the genetic technology segment, and several promising research findings are expected in the coming months and years.

There were again several takeovers in the biotechnology sector in the reporting period. Among other transactions, Takeda Pharmaceuticals submitted a takeover offer for Shire Plc., and the deal is expected to close by Q1 2019. Novartis bought Avexis and Eli Lilly acquired ARMO BioSciences. ESPA STOCK BIOTECH was invested in some of these takeover targets, and the fund was therefore able to profit substantially. The motivation behind takeovers in the healthcare sector is the rather weak product pipeline in some major pharmaceuticals and biotechnology companies and the efforts to achieve cost efficiency in sales and research. The number of M&A transactions diminished during the reporting period, while the number of IPOs increased (more than 30 IPOs by biotechnology companies).

The largest positions in the fund currently include companies such as Celgene, Vertex, Regeneron, Gilead, Sarepta, Amgen, and Illumina. The fund's investment level ranged between 99.22% and 100% during the reporting period. The fund concentrates on American biotechnology stocks. The fund focuses on large caps and mid caps and on companies with research focuses in oncology, haematology, the central nervous system, and rare illnesses.

### Outlook

The biotechnology sector continues to offer a positive outlook. In Q4 2018, investor attention will be focused on the research findings and the mid-term elections in the USA. If the Democrats pull out a victory, it could dampen the sentiment for pharmaceutical and biotechnology shares. The biotechnology sector should continue to see substantial acquisition activity in 2018 and 2019.

The number of newly approved medications has increased again in recent years and is laying the foundation for future revenue. The trend of larger companies in the industry outsourcing research work is sustainable and will continue in the future.

## Asset Allocation

	14 September 2018		14 March 2018	
	EUR millions	%	EUR millions	%
Equities denominated in				
GBP	3.6	1.58	2.8	1.30
EUR	0.3	0.14	0.5	0.25
USD	220.3	97.91	210.9	98.30
Warrants denominated in				
USD	0.0	0.00	0.0	0.00
Securities	224.1	99.63	214.2	99.86
Cash in banks	1.0	0.43	0.4	0.20
Dividend entitlements	0.0	0.02	0.0	0.02
Interest entitlements	0.0	0.00		
Other deferred items	- 0.2	- 0.09	- 0.2	- 0.08
<b>Fund assets</b>	<b>225.0</b>	<b>100.00</b>	<b>214.5</b>	<b>100.00</b>

## Fund Portfolio as of 14 September 2018

(including changes in securities assets from 15 March 2018 to 14 September 2018)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets	
				Shares/nominal (nom. in 1,000, rounded)				
<b>Publicly traded securities</b>								
<b>Equities denominated in GBP</b>								
<b>Issue country Jersey</b>								
SHIRE PLC	LS-05		0	8,000	70,700	44.865	3,554,888.04	1.58
						Total issue country Jersey	3,554,888.04	1.58
						Total equities denominated in GBP translated at a rate of 0.89228	3,554,888.04	1.58
<b>Equities denominated in USD</b>								
<b>Issue country France</b>								
SANOFI SA CV RIGHTS	US80105N1138		0	0	12,000	0.541	5,564.65	0.00
						Total issue country France	5,564.65	0.00
						Total equities denominated in USD translated at a rate of 1.16665	5,564.65	0.00

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
				Shares/nominal (nom. in 1,000, rounded)			

**Warrants denominated in USD****Issue country USA**

BIOTIME INC. WTS18	US09066L1623	0	0	2,599	0.028	61.71	0.00
Total issue country USA						61.71	0.00
Total warrants denominated in USD translated at a rate of 1.16665						61.71	0.00
Total publicly traded securities						3,560,514.40	1.58

**Securities admitted to organised markets****Equities denominated in EUR****Issue country France**

CELLECTIS NOM. EO-.05	FR0010425595	0	6,000	4,000	23.560	94,240.00	0.04
INNATE PHARMA EO-.05	FR0010331421	0	0	47,200	4.632	218,630.40	0.10
Total issue country France						312,870.40	0.14
Total equities denominated in EUR						312,870.40	0.14

**Equities denominated in USD****Issue country Cayman Islands**

BEIGENE LTD SP.ADR	US07725L1026	9,800	0	27,600	161.680	3,824,941.50	1.70
CHINA BIOL.PRODS HLDGS	KYG215151047	0	0	10,000	82.650	708,438.69	0.31
Total issue country Cayman Islands						4,533,380.19	2.02

**Issue country France**

DBV TECH.SP.ADR 1/2 EO-10	US23306J1016	0	0	9,000	23.810	183,679.77	0.08
Total issue country France						183,679.77	0.08

**Issue country Great Britain**

GW PHARMACEUTICALS ADR/12	US36197T1034	0	0	19,300	141.180	2,335,553.94	1.04
SHIRE PLC ADR/3 LS-.05	US82481R1068	0	0	29,600	177.300	4,498,418.55	2.00
Total issue country Great Britain						6,833,972.49	3.04

**Issue country Ireland**

ALKERMES PLC DL-.01	IE00B56GVS15	0	14,300	52,770	39.660	1,793,904.08	0.80
PROTHENA CORP. PLC DL-.01	IE00B91XRN20	0	0	13,907	13.390	159,614.91	0.07
Total issue country Ireland						1,953,518.99	0.87

**Issue country Netherlands**

PROQR THERAPEUTICS EO-.04	NL0010872495	0	0	8,000	20.800	142,630.61	0.06
Total issue country Netherlands						142,630.61	0.06

## ESPA STOCK BIOTEC

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
				Shares/nominal (nom. in 1,000, rounded)			
<b>Issue country Switzerland</b>							
CRISPR THERAPEUT. SF -.03	CH0334081137	15,500	0	15,500	55.360	735,507.65	0.33
Total issue country Switzerland						735,507.65	0.33
<b>Issue country Spain</b>							
GRIFOLS SP.ADR B EO-.10 1	US3984384087	0	0	53,456	20.070	919,609.07	0.41
Total issue country Spain						919,609.07	0.41
<b>Issue country USA</b>							
ACADIA PHARMACEUT. DL-.01	US0042251084	0	0	46,200	13.880	549,655.85	0.24
ACCELERON PHARMA DL -.001	US00434H1086	0	0	29,900	52.040	1,333,729.91	0.59
ACLARIS THERAPEUTICS DL 1	US00461U1051	0	0	20,000	15.290	262,118.03	0.12
ACORDA THERAP.CDT DL-.001	US00484M1062	0	0	29,850	17.250	441,359.88	0.20
ADURO BIOTECH DL-.0001	US00739L1017	0	0	45,000	6.750	260,360.86	0.12
AERIE PHARMACEUTIC.DL-001	US00771V1089	0	0	14,300	59.150	725,020.36	0.32
AGIOS PHARMACEUT. DL-.001	US00847X1046	27,000	0	54,700	73.440	3,443,336.05	1.53
AIMMUNE THER.INC.DL-.0001	US00900T1079	0	0	20,300	27.990	487,032.96	0.22
ALEXION PHARMAC. DL-.0001	US0153511094	0	2,900	73,550	118.200	7,451,772.17	3.31
ALNYLAM PHARMACE.DL-.0001	US02043Q1076	22,800	0	58,200	97.140	4,845,967.51	2.15
AMGEN INC. DL-.0001	US0311621009	0	10,000	50,000	200.580	8,596,408.52	3.82
AMICUS THERAPEUTICS INC.	US03152W1099	0	0	62,600	11.740	629,943.86	0.28
ANAPTYSBIO INC. DL-.001	US0327241065	0	0	7,500	86.110	553,572.19	0.25
ARENA PHARMA.NEW DL-.0001	US0400476075	13,300	0	13,300	42.180	480,858.87	0.21
ARRAY BIOPHARMA DL-.001	US04269X1054	0	0	119,200	13.850	1,415,094.50	0.63
BIOGEN INC. DL -.0005	US09062X1037	0	600	31,100	338.680	9,028,370.12	4.01
BIOMARIN PHAR. DL-.001	US09061G1013	0	8,000	81,000	99.410	6,901,992.89	3.07
BIO-TECHNE CORP. DL-.01	US09073M1045	0	0	13,050	199.810	2,235,049.50	0.99
BLUEBIRD BIO INC. DL-.01	US09609G1004	0	0	29,950	146.100	3,750,649.29	1.67
BLUEPRINT MED.CORP.DL-001	US09627Y1091	0	0	29,900	73.990	1,896,285.09	0.84
BRISTOL-MYERS SQUIBBDL-10	US1101221083	0	6,000	53,000	60.690	2,757,099.39	1.23
CELGENE CORP. DL-.01	US1510201049	43,600	8,000	261,200	87.170	19,516,396.52	8.67
CLOVIS ONCOLOGY DL-.001	US1894641000	0	0	15,700	31.770	427,539.54	0.19
COHERUS BIOSCIEN.DL-.0001	US19249H1032	0	0	27,600	17.350	410,457.29	0.18
DENALI THERAP.INC. DL-.01	US24823R1059	13,200	0	13,200	19.500	220,631.72	0.10
EDITAS MEDICINE DL-.0001	US28106W1036	0	0	13,000	32.410	361,145.16	0.16
EPIZYME INC. DL -.0001	US29428V1044	0	0	62,200	10.150	541,147.73	0.24
EXACT SCIEN. DL-.01	US30063P1057	34,000	8,100	48,500	76.270	3,170,698.15	1.41
EXELIXIS INC. DL-.01	US30161Q1040	17,000	0	183,700	16.970	2,672,085.89	1.19
FIBROGEN INC. DL-.01	US31572Q8087	0	3,200	33,400	59.750	1,710,581.58	0.76
FIVE PRIME THERAP.DL-.001	US33830X1046	0	0	39,750	13.530	460,993.01	0.20
GENOMIC HEALTH DL-.0001	US37244C1018	0	0	12,400	65.050	691,398.45	0.31
GILEAD SCIENCES DL-.001	US3755581036	0	12,200	120,300	73.380	7,566,634.38	3.36
GLOBAL BL.THERAP. DL-.01	US37890U1088	0	0	16,000	42.050	576,693.95	0.26
HALOZYME THERAPEU.DL-.001	US40637H1095	0	14,000	77,900	17.140	1,144,478.64	0.51
ILLUMINA INC. DL-.01	US4523271090	6,800	800	47,400	353.120	14,346,966.10	6.38
INCYTE DL-.001	US45337C1027	17,000	21,000	89,000	68.090	5,194,368.49	2.31
INSMED INC. DL-.01	US4576693075	0	0	47,100	19.100	771,105.30	0.34
INTELLIA THERAPEU DL-.01	US45826J1051	14,000	0	14,000	31.050	372,605.32	0.17

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Shares/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets
INTERCEPT PHARMAC.DL-.001	US45845P1084	0	0	13,950	120.470	1,440,497.58	0.64
JOUNCE THERAP. DL-.001	US4811161011	0	0	43,100	6.870	253,801.05	0.11
LIGAND PHARMAC.NEW DL-001	US53220K5048	0	1,200	7,200	254.790	1,572,440.75	0.70
LOXO ONKOLOGY DL-.0001	US5488621013	9,400	0	20,400	164.000	2,867,698.11	1.27
LUMINEX CORP. DEL DL-.01	US55027E1029	0	0	12,650	29.780	322,904.90	0.14
MACROGENICS INC. DL-.01	US5560991094	0	0	11,400	23.370	228,361.55	0.10
MEDICINES CO. DL-.001	US5846881051	0	0	27,070	34.060	790,300.60	0.35
MOMENTA PHARMAC. DL-.0001	US60877T1007	0	0	30,100	28.050	723,700.34	0.32
MYOKARDIA INC. DL-.0001	US62857M1053	0	0	11,700	60.900	610,748.72	0.27
NEKTAR THERAPEUTICS	US6402681083	42,000	0	102,400	59.250	5,200,531.44	2.31
NEUROCRINE BIOSCI. DL-001	US64125C1099	5,100	5,000	68,100	118.480	6,915,945.66	3.07
OPKO HEALTH INC. DL-.01	US68375N1037	0	0	208,000	3.900	695,324.22	0.31
OTONOMY INC. DL-.001	US68906L1052	0	0	11,700	2.600	26,074.66	0.01
PACIRA PHARMACEUT.DL-.01	US6951271005	0	0	14,400	46.550	574,568.21	0.26
PORTOLA PHARMACEUT.DL-001	US7370101088	0	0	22,150	29.370	557,618.39	0.25
PRA HEALTH SCIENC.DL-.01	US69354M1080	0	1,800	21,200	111.630	2,028,505.55	0.90
PUMA BIOTECHNOLOG.DL-0001	US74587V1070	0	0	12,200	47.000	491,492.74	0.22
RADIUS HEALTH INC.DL-0001	US7504692077	0	0	37,000	18.190	576,891.10	0.26
REGENERON PHARMAC.DL-.001	US75886F1075	2,400	4,700	32,950	392.170	11,076,159.52	4.92
REPLIGEN CORP. DL-.01	US7599161095	0	0	14,920	58.970	754,152.83	0.34
RETROPHIN INC. DL-.0001	US7612991064	0	0	44,000	29.060	1,095,992.80	0.49
REVANCE THERAPEUT.DL-.001	US7613301099	0	0	50,100	25.675	1,102,573.61	0.49
SAGE THERAPEUTICS DL-0001	US78667J1088	1,400	0	30,900	148.370	3,929,741.57	1.75
SANGAMO THERAP.INC.DL-.01	US8006771062	36,000	0	36,000	14.850	458,235.12	0.20
SAREPTA THERAP. DL-.0001	US8036071004	0	103,200	107,800	152.760	14,115,225.65	6.27
SEATTLE GENETICS DL-.001	US8125781026	0	0	54,750	78.160	3,667,989.54	1.63
SPARK THERAPEUTICS DL-001	US84652J1034	5,700	0	45,100	58.950	2,278,871.13	1.01
SYNEOS HEALTH A DL-.01	US87166B1026	0	0	40,000	48.650	1,668,023.83	0.74
TESARO INC. DL-.0001	US8815691071	0	0	21,100	34.920	631,562.17	0.28
ULTRAGENYX PHARM. DL-.001	US90400D1081	0	20,500	44,820	86.800	3,334,655.64	1.48
VERTEX PHARMAC. DL-.01	US92532F1003	13,000	48,850	82,200	179.010	12,612,713.32	5.61
VOYAGER THERAP. DL-.001	US92915B1061	0	0	33,900	19.540	567,784.68	0.25
XENCOR INC. DL-.01	US98401F1057	0	0	41,700	47.650	1,703,171.47	0.76
ZOGENIX INC. DL-.001	US98978L2043	0	0	45,300	48.800	1,894,861.36	0.84
Total issue country USA						204,970,724.83	91.11
Total equities denominated in USD translated at a rate of 1.16665						220,273,023.60	97.91
Total securities admitted to organised markets						220,585,894.00	98.05

## ESPA STOCK BIOTEC

### Breakdown of fund assets

Securities			224,146,408.40	99.63
Cash in banks			976,513.17	0.43
Dividend entitlements			48,443.53	0.02
Interest entitlements			1,805.69	0.00
Other deferred items			-197,358.05	-0.09
Fund assets			224,975,812.74	100.00

Dividend shares outstanding	AT0000746748	shares	84,496.510
Share value for dividend share	AT0000746748	EUR	480.27
Dividend shares outstanding	AT0000A1YFC3	shares	0.000
Share value for dividend share	AT0000A1YFC3	EUR	116.41
Non-dividend shares outstanding	AT0000746755	shares	231,592.047
Share value for non-dividend share	AT0000746755	EUR	480.27
Non-dividend shares outstanding	AT0000A1YFD1	shares	0.000
Share value for non-dividend share	AT0000A1YFD1	EUR	115.49
KEST-exempt non-dividend shares outstanding	AT0000673165	shares	13,183.149
Share value for KEST-exempt non-dividend share	AT0000673165	EUR	511.58
KEST-exempt non-dividend shares outstanding	AT0000A0XYP0	shares	118,705.863
Share value for KEST-exempt non-dividend share	AT0000A0XYP0	CZK	13,039.66
KEST-exempt non-dividend shares outstanding	AT0000A18XC5	shares	11,125.187
KEST-exempt non-dividend shares outstanding	AT0000A18XC5	HUF	166,371.59
KEST-exempt non-dividend shares outstanding	AT0000A1YFE9	shares	0.000
Share value for KEST-exempt non-dividend share	AT0000A1YFE9	EUR	116.78
KEST-exempt non-dividend shares outstanding	AT0000A1YFG4	shares	0.000
Share value for KEST-exempt non-dividend share	AT0000A1YFG4	CZK	2,976.54
KEST-exempt non-dividend shares outstanding	AT0000A1YFF6	shares	0.000
Share value for KEST-exempt non-dividend share	AT0000A1YFF6	HUF	37,969.26

The fund is not permitted to engage in securities lending agreements pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse). For this reason, securities lending agreements are not employed.

The fund is not permitted to engage in repurchase agreements pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse). For this reason, repurchase agreements are not employed.

The fund is not permitted to engage in total return swaps pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse). For this reason, total return swaps are not employed.

**Explanation on disclosure pursuant to the Delegated Regulation (EU) No. 2016/2251 supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty:**

All OTC derivatives are traded through Erste Group Bank AG.

Collateral in the form of cash or bonds is pledged to Erste Group Bank AG in the amount of the negative exposure of the derivatives.

EUR-denominated government bonds from the Republic of Austria and/or the Federal Republic of Germany are pledged by Erste Group Bank AG to the fund in the amount of the positive exposure of the derivatives. A one-time discount of 4% is agreed with the counterparty for this collateral. Collateral that would require a higher discount pursuant to Annex II to the Delegated Regulation (EU) No. 2016/2251 is not accepted.

**Investor note:**

**The values of assets in illiquid markets may deviate from their actual selling prices.**

**Purchases and sales of securities in the reporting period not listed in the fund portfolio**

Security designation	ISIN number	Purch./ additions Shares/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Publicly traded securities</b>			
<b>Equities denominated in USD</b>			
<b>Issue country USA</b>			
AVEXIS INC. DL-.0001	US05366U1007	0	12,200
FOUNDATION MEDIC.DL-.0001	US3504651007	0	50,000
<b>Securities admitted to organised markets</b>			
<b>Equities denominated in USD</b>			
<b>Issue country USA</b>			
ARATANA THERAPEUT.DL-.001	US03874P1012	0	57,500
CELLDEX THER. NEW DL-.001	US15117B1035	0	288,000
DERMIRA INC. DL-.001	US24983L1044	0	23,700
EAGLE PHARMACEUTI.DL-.001	US2697961082	0	6,000

Vienna, September 2018

ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H.  
Electronically signed

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