ONELIFE FUND UPDATE

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BLUESTAR
Investment Managers

The Fund

Onelife Fund is a long-only equity fund that invests in the biopharmaceutical sector. The target companies, mainly listed in the United States, research, develop, manufacture, and commercialize biotechnology drugs and treatments for the management and/or cure of various diseases. Companies are selected through a process of scientific analysis, assessment of therapeutic need, regulatory/competitive context, and financial sustainability.

Biotech Sector Update

September was marked by a sharp divergence within the biotech sector. The NBI, which has greater exposure to large-cap companies, ended the month broadly unchanged (-0.15%), while small- and mid-cap biotech experienced a much more pronounced correction. The XBI, a better proxy for the SMID segment, declined approximately 3% during the month and fell more than 4% on September 23 alone.

Weakness in smaller-cap companies came against the backdrop of the de-risking and de-grossing cycle that began in late June, as a number of institutional investors reduced exposure to crowded positions across SMID biotech. The move was compounded by rising US bond yields. During the month, the US 10-year Treasury yield moved above 5%, returning to levels not seen for many years. For biotech — and development-stage companies in particular, whose valuations are more dependent on cash flows further out in time — the increase in discount rates placed meaningful pressure on valuations.

Against this macro backdrop, clinical readouts were unusually polarized. Several late-stage trial failures generated negative read-throughs across companies not directly involved in those studies, contributing to significant dispersion in stock performance. At the same time, compelling clinical data continued to be rewarded strongly, highlighting a market that remains highly selective but willing to assign meaningful value to differentiated innovation.

Onelife Fund declined 2.21% in September versus -0.15% for the NBI, resulting in 206 basis points of monthly underperformance. Year-to-date, the Fund is up 17.03% versus 24.66% for the index. The gap versus the benchmark is primarily attributable to the portfolio's SMID exposure, which was impacted by a concentration of negative clinical and regulatory events at a time of heightened risk aversion towards the segment, in some cases amplifying share-price reactions beyond the fundamental implications of the underlying events.

The peer comparison, however, provides a different perspective. The SMID correction had a significantly greater impact on biotech funds with heavier exposure to this part of the market. Thanks to the diversified structure of the strategy — combining a Core component closely aligned with the NBI with an active R&D portfolio focused on differentiated opportunities — Onelife ranked among the better-performing funds in our peer group during the month. As a result, despite losing ground versus the NBI, the Fund improved its relative standing and moved into second place year-to-date among the peers we monitor.

Portfolio Activity and Company Developments

We realized approximately 40% of our position in **Nuvation**, taking profits following the stock's strong appreciation. We also reduced our exposure to **Vaxcyte** and **ImmunityBio** and fully exited **Humacyte**. In the latter case, the outcome of the investment and, more importantly, the evolution of the company's operational and financial execution progressively reduced our conviction in management's ability to create shareholder value, leading us to reallocate the capital elsewhere.

We also made minor adjustments within the Core portfolio, modestly reducing Amgen and increasing Gilead to bring both positions closer to their respective NBI weights.

Moderna gained approximately 43%, extending the strong rerating that began in August following positive results from the Phase 3 INTerpath-001 study in high-risk resected melanoma. Investors continued to assign increasing value to intismeran autogene, the personalized cancer vaccine being developed with Merck, and more broadly to the potential for the mRNA platform to establish a second major commercial application in oncology. The position was one of the Fund's largest positive contributors during the month and continues to differentiate Onelife from a number of peers with no exposure to the stock.

Summit gained approximately 24%. Early in the month, Akeso reported that ivonescimab delivered a statistically significant overall survival benefit versus pembrolizumab in the Phase 3 HARMONi-2 study in PD-L1-positive NSCLC, further strengthening the asset's clinical profile. Later in the month, AstraZeneca announced a $2 billion investment and collaboration with Summit to evaluate combinations of ivonescimab with its own oncology assets, providing meaningful external strategic validation of the program.

Ionis declined approximately 25% after the Phase 3 Lp(a)HORIZON study of pelacarsen — developed by Novartis using antisense technology originally licensed from Ionis — failed to meet its primary endpoint of reducing cardiovascular events despite achieving a substantial reduction in lipoprotein(a). The outcome removed one of the pipeline's key expansion opportunities and generated a negative read-through for the broader therapeutic hypothesis around Lp(a) lowering.

Amgen ended the month modestly lower (-1.4%) but experienced significant intra-month volatility. The failure of pelacarsen initially triggered a sharp sell-off on concerns over the read-through to olpasiran, Amgen's RNAi program also targeting Lp(a). The stock subsequently recovered part of those losses, as the failure of a single molecule does not necessarily invalidate the biological target, while olpasiran uses a different modality and has its own Lp(a)-lowering profile and clinical development program.

Ultragenyx declined approximately 40% after the Phase 3 Aspire study of apazunersen (GTX-102) in Angelman syndrome failed to meet both its primary cognitive endpoint and the key secondary MDRI endpoint. The absence of consistent efficacy signals across individual component analyses represented a clear departure from the encouraging Phase 1/2 data and prompted the company to reassess the future of the program.

Dyne declined approximately 36%, largely on a negative read-through from Novartis/Avidity. On September 8, the Phase 3 HARBOR study of del-desiran in myotonic dystrophy type 1 failed to meet its primary endpoint of video hand opening time. Given that DYNE-101 is being developed in the same disease and uses related clinical endpoints, the failure increased perceived risk around Dyne's program, despite not representing a direct negative readout for the company's drug.

Compass Therapeutics declined approximately 58% after the FDA recommended that the company conduct a new study capable of demonstrating a survival benefit before submitting a BLA for tovecimig in biliary tract cancer. The update materially increased regulatory uncertainty but did not alter the positive results from COMPANION-002, which met its primary ORR endpoint (18.0% vs. 5.3%) and demonstrated a highly significant PFS benefit (4.7 vs. 2.6 months; HR 0.44). Importantly, the overall survival analysis was heavily confounded by crossover, with 54% of patients in the control arm switching to tovecimig following progression, making it more difficult to demonstrate a survival difference between the two groups. Our assessment remains broadly aligned with the company's view: while acknowledging the increased regulatory risk, we believe the quality of the clinical data, the impact of crossover on the OS analysis and the high unmet medical need continue to support the rationale for a potential path to registration.

Ocular Therapeutix declined approximately 24% on September 28 following positive Phase 3 DAYBREAK results from Kodiak Sciences in wet AMD. Zenkuda met the study's primary endpoint, with 54% of patients reaching a six-month dosing interval under stringent retreatment criteria. The results materially strengthened Kodiak's competitive profile and triggered a repricing across companies developing long-duration therapies, including Ocular and EyePoint. The move therefore reflected an increase in competitive pressure in the wet AMD market rather than any deterioration in AXPAXLI's clinical profile. While Kodiak's results have clearly raised the competitive bar, we remain constructive on Ocular. AXPAXLI's underlying clinical profile remains unchanged, and we believe its potential to provide durable disease control while significantly reducing treatment burden retains meaningful therapeutic and commercial value. Confirmation of this profile in upcoming data could allow the stock to recover part of September's sharp correction.

Viking ended the month broadly unchanged, although the shares rallied sharply intraday on September 22 following positive results from the VK2735 maintenance study in obesity. After 21 weeks of weekly treatment, patients achieved 16–19% weight loss. Following the switch to less frequent dosing, every-other-week regimens maintained up to 97% of the weight loss achieved, while monthly dosing maintained up to 90%.



An exploratory arm that remained on weekly treatment reached mean weight loss of 21.7% at week 33, with no evidence of a plateau. The initial rally was fully retraced by month-end, reflecting both elevated investor expectations and the highly competitive nature of the obesity market.

Arcutis gained approximately 12%, standing out in an otherwise challenging month for SMID biotech. The shares continued to benefit from strong commercial momentum for ZORYVE and growing confidence in the franchise's ability to generate cash and support further pipeline development. Investor interest was also underpinned by the potential for additional indication expansions and increasing penetration of the foam formulation.

Performance and Outlook

Onelife Fund declined 2.21% in September versus -0.15% for the NBI, resulting in 206 basis points of monthly underperformance. Year-to-date, the Fund is up 17.03%.

September provided a particularly clear illustration of the benefits of the strategy's diversification. While the Fund underperformed the NBI, Onelife delivered one of the better monthly performances among the biotech funds we monitor, many of which were significantly more exposed to the SMID drawdown. This allowed the Fund to move into second place year-to-date within our internally monitored peer group.

In this respect, September represented a meaningful stress test for the portfolio construction. Against a backdrop of rapidly rising bond yields and continued de-grossing across SMID biotech, the Core portfolio helped contain volatility and reduce dependence on the most heavily pressured areas of the market, while the active R&D component preserved exposure to the catalysts we believe can generate alpha over the medium term.

The September correction does not alter our constructive medium-term view on the sector, but it reinforces the importance of disciplined risk management, as technical and macroeconomic factors can continue to generate volatility even in the absence of any deterioration in company-specific fundamentals. At the same time, the high level of dispersion seen during the month confirms that the market continues to reward programs delivering differentiated clinical data or securing strategic validation from large pharma.

We therefore maintain our Core + R&D portfolio structure, which we believe continues to provide a balanced framework for managing risk while retaining exposure to the sector's most compelling value-creation opportunities.

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