SPECIAL REPORT · 13F FILING SEASON, Q2 2026

# The Conviction Economy: Where 45 Biotech Specialist Funds Have Placed $127 Billion

Twenty-two quarters of Form 13F filings from the hedge funds that do nothing but biotech, from Baker Bros and Perceptive to RA Capital and OrbiMed. The panel's disclosed book stands at a record **$127.3bn**, concentrated into fewer names with larger positions than at any point in five years. This report maps where that capital sits, measures what specialist agreement has been worth to a shareholder, and sets out the two portfolios built on it.

| DISCLOSED BOOK | CONSENSUS NAMES | THE BREADTH EDGE | MODEL PORTFOLIO |
|---|---|---|---|
| **$127bn** | **28** | **+5.3pp** | **+247.7%** |
| Record for the panel, 520 companies | Held by 12 or more of the 45 funds | Per quarter, widely held names against the universe | Aggressive strategy since Q1 2021, against +3.1% for XBI |

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INSTITUTIONAL POSITIONING · THREE YEAR REVIEW

# Three Years Of Profit-Taking Funded A Record High-Conviction Book

Specialist managers banked $33bn of gains into a rising market while their disclosed book grew to a record $127bn. The proceeds were recycled into their highest-conviction areas.

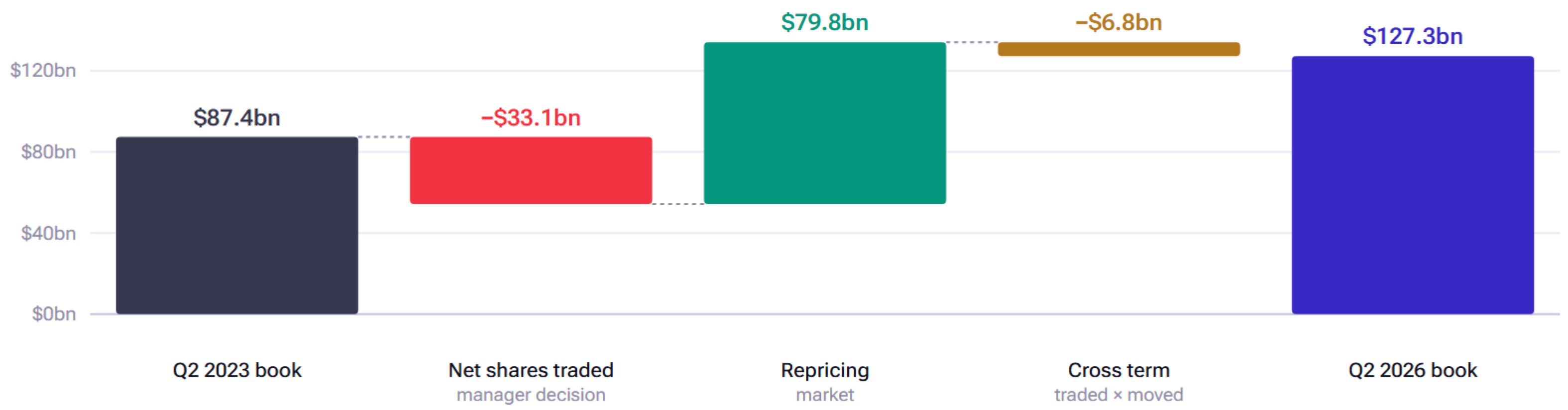
KEY POINTS

- The disclosed book rose from **$87.4bn to $127.3bn**, an all-time high for the panel, while managers realised **$33.1bn** of positions into strength. Discipline, not chasing: gains were taken as the market repriced holdings **$79.8bn** higher.
- The trading pattern is active high-grading. Managers closed **$42.9bn** of whole positions and opened **$14.7bn** of new ones, recycling capital out of the tail of the book and into the core; average capital per company roughly doubled over the period (page 2).
- Net new capital was selective, concentrating in **oncology, dermatology and ophthalmology**, the areas where the panel's conviction shows up again in the consensus holdings on page 8.
- The **$79.8bn of repricing on positions already held** is the reward for exactly the behaviour the ownership data on pages 6 to 8 identifies: concentrating in, and holding, the names the panel agrees on.

| BOOK | REPRICING CAPTURED | PROFITS REALISED | AREAS NET ADDED |
|---|---|---|---|
| **$127bn** | **$79.8bn** | **$33.1bn** | **3 / 19** |
| Record for the panel, from $87bn, up 46% | Gains on positions already held | Net shares sold into a rising market | Oncology, dermatology, ophthalmology |

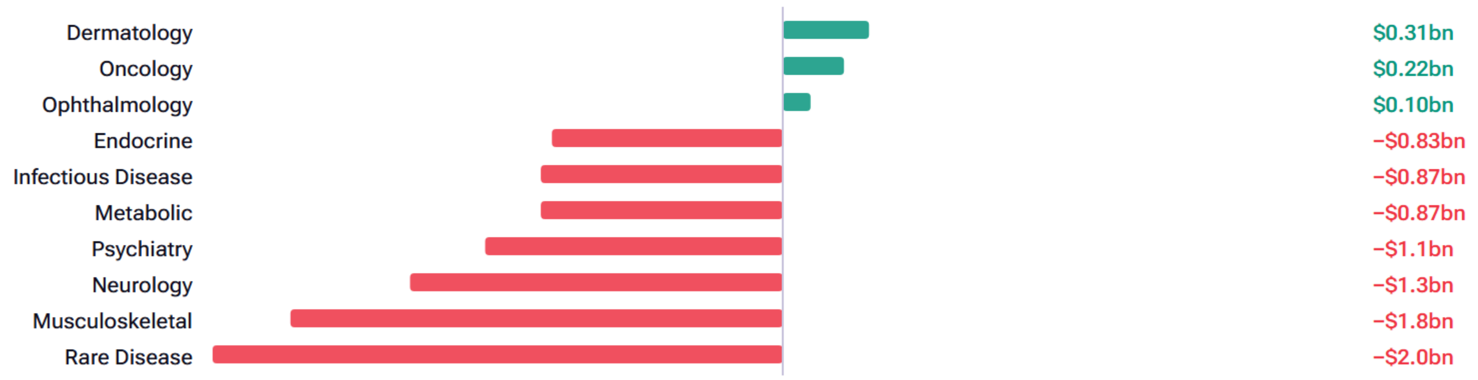
A Form 13F reports what a position is worth, not what the manager traded. Attributing the three year change in the panel's book to its drivers shows a cohort of disciplined sellers into a rising market: **the growth in the book is captured gains on held positions**, with realised profits recycled into a smaller set of higher-conviction names rather than spread across new ones.

**Exhibit 1.** Change in disclosed book, decomposed




*Source: BiopharmaWatch, SEC Form 13F filings. Flow is measured at the pre-trade price, repricing on shares already held, and the cross term is the residual; the three sum to the change in the book.*

**Exhibit 2.** Net capital deployed by therapeutic area, $bn




*Source: BiopharmaWatch, SEC Form 13F filings. Chained across all thirteen quarter transitions. Companies carrying several therapeutic areas are apportioned evenly across them.*

Dermatology and oncology absorbed the new money, at $0.31bn and $0.22bn. The largest sources of funds were rare disease and musculoskeletal, the latter consistent with profit-taking across the obesity complex after a strong two-year run. Selling into strength while concentrating the survivors is the signature of managers managing winners, and it is why the consensus list on page 8, not the headline book value, is the informative object in this filing season.

SECTOR CAPITAL · Q1 2021 TO Q2 2026

# Specialist Capital Is At A Record, Spread Across Fewer Names

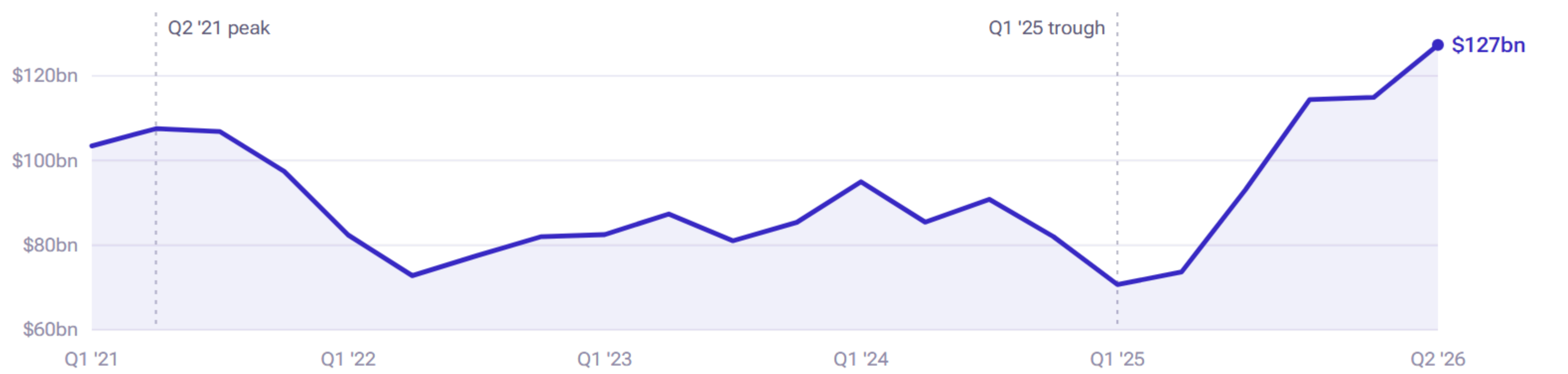
The panel book troughed in Q1 2025, not 2022, and has since compounded 80%. Company count has fallen every year throughout.

**KEY POINTS**

- The disclosed book stands at **$127.3bn**, an all-time high for this panel and **80% above** the Q1 '25 trough.
- The low was **Q1 '25**, not the widely cited 2022 drawdown. Peak to trough was **−34%** from Q2 '21, and the book only regained its prior high in Q4 '25.
- Company count fell from **696 to 520**, a decline that continued straight through the recovery rather than reversing with it.
- Average capital per company has risen from **$149m to $245m**. Specialist managers are backing fewer assets with materially larger cheques.

| DISCLOSED BOOK | OFF THE TROUGH | COMPANIES HELD | CAPITAL PER NAME |
|---|---|---|---|
| **$127bn** | **+80%** | **520** | **$245m** |
| Record for the panel | Five quarters from Q1 '25 | Down 176 from Q1 2021 | From $149m, up 65% |

**Exhibit 1.** Total disclosed market value, panel of 45 managers




*Source: BiopharmaWatch, SEC Form 13F filings. Share positions only. Panel is 40 managers in early 2021 and 44 to 45 from Q4 2021.*

**Exhibit 2.** Distinct companies held


*Source: BiopharmaWatch, SEC Form 13F filings. Distinct tickers held by at least one panel manager.*

The two exhibits move in opposite directions, and that divergence is the substantive point. Capital returning to the sector has not broadened it. **Ownership is consolidating into a shorter list of assets**, which raises both the value of knowing which names carry consensus and the cost of being on the wrong side of a de-rating in one of them.

ALLOCATION · THERAPEUTIC AREA

# Oncology Has Taken Six Points Of The Sector Book

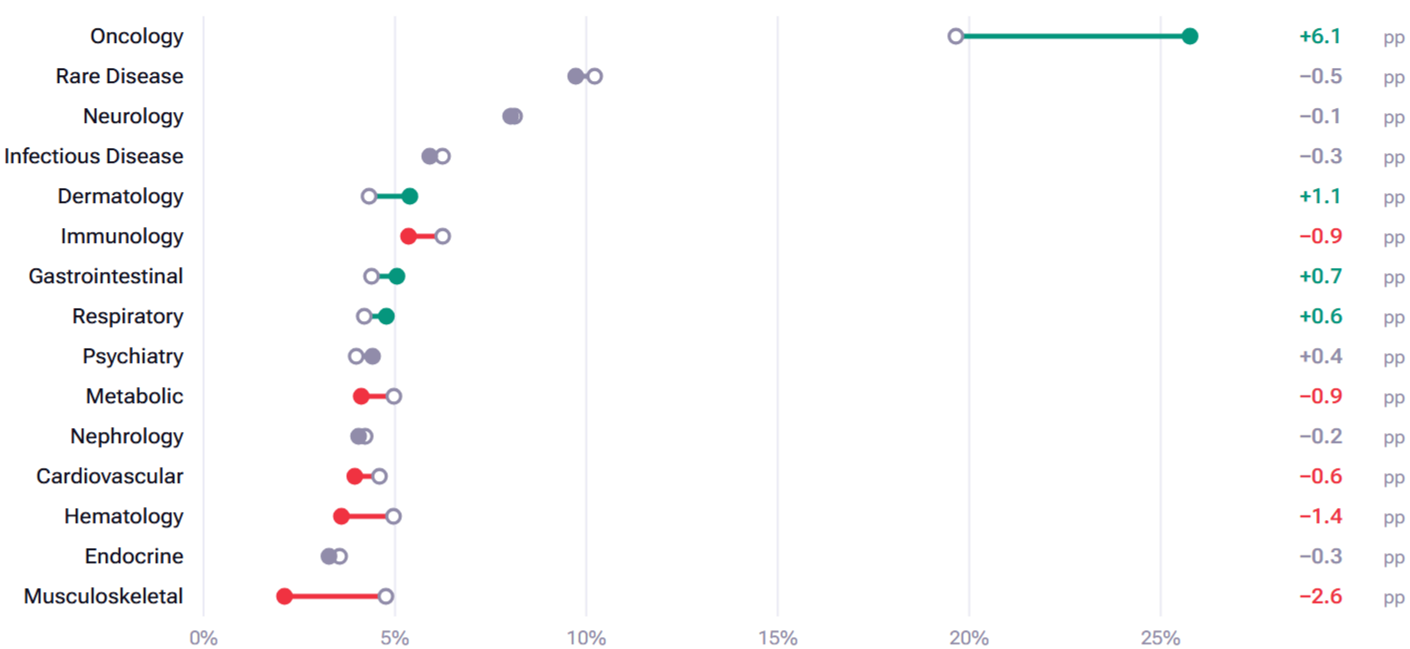
Oncology moved from 19.7% to 25.8% of classified holdings in three years. No other area gained more than a point.

**KEY POINTS**

- Oncology is now **25.8%** of the classified book, up **6.1 points** on an apportioned basis and **8.6 points** when a company is assigned wholly to its lead indication.
- The gain was funded from **musculoskeletal (−2.6pp)**, **hematology (−1.4pp)** and **metabolic (−0.9pp)**, a rotation out of the crowded obesity and blood complexes.
- **Dermatology (+1.1pp)** and **gastrointestinal (+0.7pp)** are the only other areas to have gained share, and dermatology is one of just three areas to have attracted positive net flow.
- Concentration is increasing at the area level as well as the name level: the top four areas now account for **49%** of classified holdings.

| ONCOLOGY WEIGHT | LARGEST REDUCTION | TOP FOUR AREAS | CLASSIFIED BOOK |
|---|---|---|---|
| **25.8%** | **−2.6pp** | **49%** | **$121bn** |
| From 19.7% in Q2 2023 | Musculoskeletal | Oncology, Rare Disease, Neurology, Infectious Disease | 95% coverage, from 74% |

**Exhibit 1.** Share of classified book by therapeutic area, Q2 2023 against Q2 2026




*Source: BiopharmaWatch, SEC Form 13F filings. Share of disclosed market value held in companies carrying each label, expressed as a share of classified holdings only. Label coverage rose from 74% to 95% of the book over the period; measuring against the unclassified total would report classification work as capital movement. Companies carrying several labels are apportioned evenly across them; direction for Rare Disease, Respiratory, Psychiatry, Nephrology is sensitive to that apportionment.*

The pattern is consistent with capital following the clinical and commercial momentum in targeted oncology, in particular in the RAS, ADC and radiopharmaceutical franchises, while stepping back from areas where the large-cap incumbents have already re-rated. **Revolution Medicines is the panel's single most widely held position**, detailed on page 8.

ALLOCATION · DRUG MODALITY

# Capital Has Rotated Out Of Biologics And Back Into Small Molecules

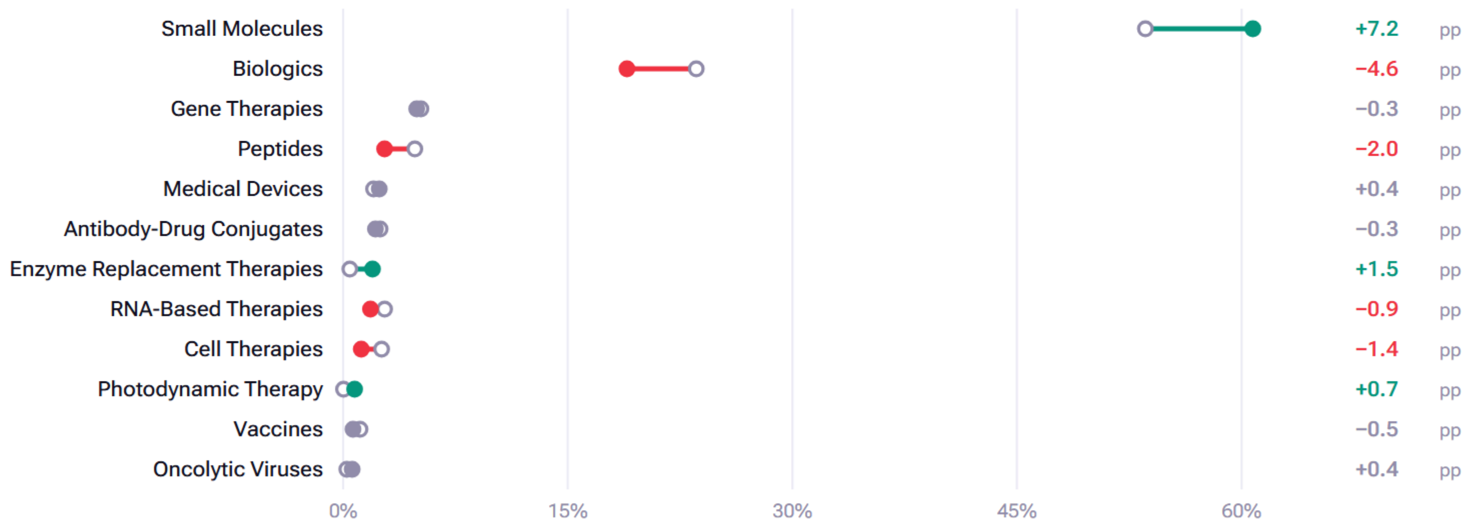
Small molecules took 7.2 points of the classified book. Biologics gave up between 4.6 and 11.1, and cell therapy roughly halved.

**KEY POINTS**

- Small molecules are **60.8%** of the classified book, up **+7.2pp**, and now account for three fifths of specialist capital.
- Biologics fell to **19.0%**, a reduction of **4.6 points** apportioned and **11.1 points** on a lead-modality basis. It is the largest single reallocation anywhere in this dataset.
- **Cell therapies halved to 1.2%** (−1.4pp) and RNA-based therapies fell to 1.8% (−0.9pp), extending the de-rating of the 2021 platform cohort.
- The move runs against the prevailing narrative that biologics were displacing small molecules, and is consistent with the oral obesity, oral oncology and targeted degrader pipelines maturing.

| SMALL MOLECULES | BIOLOGICS | CELL THERAPIES | CLASSIFIED BOOK |
|---|---|---|---|
| **60.8%** | **19.0%** | **1.2%** | **$119bn** |
| Up +7.2pp | Down 4.6 to 11.1 points | From 2.6%, roughly halved | 94% coverage, from 71% |

**Exhibit 1.** Share of classified book by modality, Q2 2023 against Q2 2026




*Source: BiopharmaWatch, SEC Form 13F filings. Share of disclosed market value held in companies carrying each label, expressed as a share of classified holdings only. Label coverage rose from 71% to 94% of the book over the period; measuring against the unclassified total would report classification work as capital movement. Companies carrying several labels are apportioned evenly across them; direction for Gene Therapies, Peptides is sensitive to that apportionment.*

Enzyme replacement is the one biologic sub-class to have gained share, at **+1.5 points**, on a small base. Antibody-drug conjugates held roughly flat at 2.2% despite heavy deal activity in the class, which indicates the panel participated through existing large-cap holdings rather than by adding new dedicated positions.

MANAGER DISPERSION · DISCLOSED LONG BOOK

# A 289 Point Gap Separates The Best And Worst Specialist Book

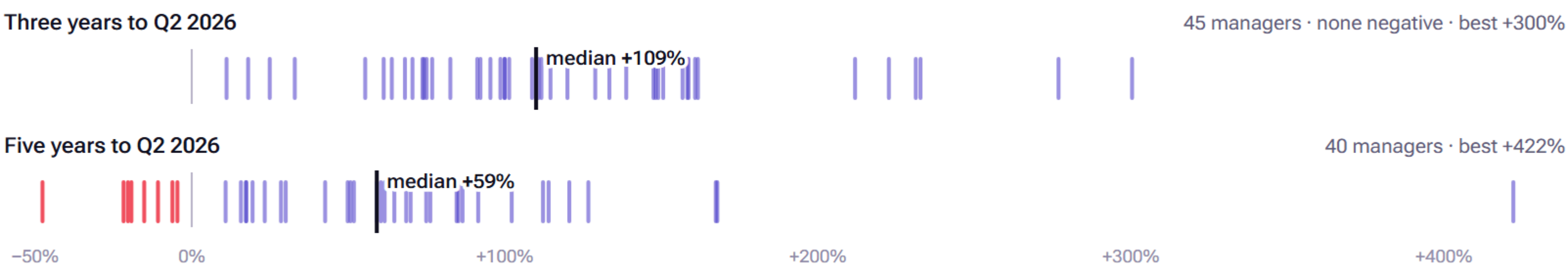
Same sector, same universe, same quarters. Manager selection, not sector selection, determined the outcome.

**KEY POINTS**

- Across three years the panel's disclosed books range from **+300% to +11%**, a spread of **289 points** among managers filing on an identical universe.
- The three year median is **+109%**, comfortably ahead of the sector index, and **none of the 45 managers is negative** over the window.
- Over five years the median is **+59%** and the best book compounds to **+422%**, with the leadership broadly stable across both windows.
- **Fairmount** leads over three years at +300%. The top decile of managers returned more than double the panel median.

| THREE YEAR MEDIAN | BEST BOOK, 3YR | BEST BOOK, 5YR | DISPERSION |
|---|---|---|---|
| +109% | +300% | +422% | 289pp |
| None of 45 managers negative | Fairmount | Fairmount | Best less worst, three years |

**Exhibit 1.** Distribution of disclosed book returns, each tick one manager




*Source: BiopharmaWatch, SEC Form 13F filings. Market-value weighted, chained quarterly, each holding scored on the quarter after filing. A manager must have a priced book in every quarter of a window to appear in it.*

**Exhibit 2.** Leading disclosed books, three years to Q2 2026

| # | MANAGER | CUMULATIVE | ANNUALISED | EQUAL WEIGHT | SHARPE |
|---|---|---|---|---|---|
| 1 | **Fairmount** | +300% | +59% | +304% | 1.21 |
| 2 | **VR Adviser** | +276% | +56% | +216% | 0.96 |
| 3 | **Boxer** | +232% | +49% | +171% | 1.06 |
| 4 | **Bain Life Sciences** | +231% | +49% | +276% | 0.93 |
| 5 | **Vivo** | +222% | +48% | +224% | 1.18 |
| 6 | **Commodore** | +211% | +46% | +205% | 0.91 |
| 7 | **Kynam** | +161% | +38% | +265% | 0.95 |
| 8 | **Frazier** | +160% | +38% | +148% | 1.05 |

*Source: BiopharmaWatch, SEC Form 13F filings. Equal weight column shown as a sensitivity: rank order is weighting-dependent and the dispersion, not the ordering, is the finding.*

The practical conclusion is that exposure to biotech and exposure to a good biotech manager are different propositions. **Identifying which managers hold which assets is the tractable part of that problem**, and it is what the panel data on the following pages is built to answer.

OWNERSHIP BREADTH · FORWARD RETURN

# Forward Return Rises Monotonically With Ownership Breadth

Names held by twelve or more specialist managers beat the 13F universe by 5.3 points per quarter. Names held by one or two lagged it.

**KEY POINTS**

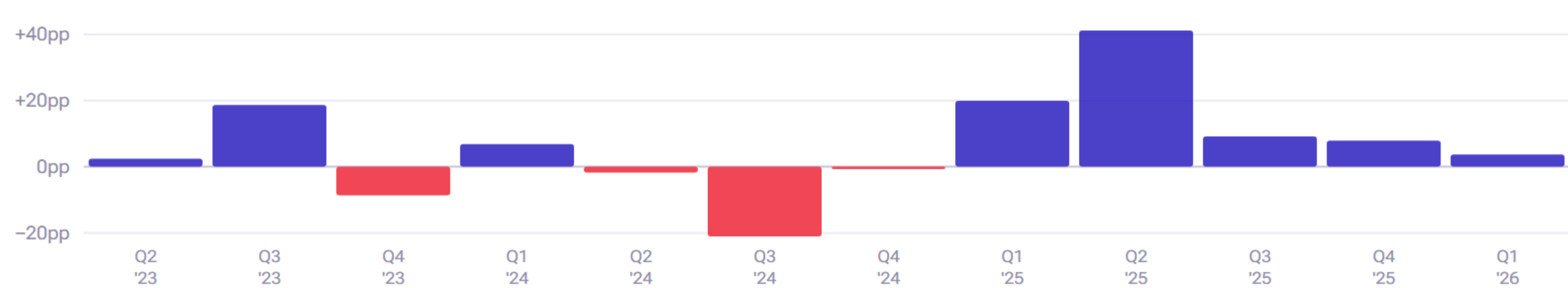
- Sorting every name in the panel by the number of specialist managers holding it produces a **clean monotonic gradient** in next-quarter return, from **−3.58pp** for single-manager names to **+5.26pp** for the most widely held.
- The long-short spread, most widely held against least, averages **+6.5pp per quarter** and was positive in **67% of quarters** over three years.
- The most statistically robust leg is the short one: names held by **exactly two managers underperform by 2.02pp per quarter (t −2.35)**. Thin specialist ownership is a reliable negative screen.
- Breadth is therefore usable in both directions, and it is the single most actionable relationship in this dataset.

| WIDELY HELD COHORT | THINLY HELD COHORT | LONG-SHORT SPREAD | HIT RATE |
|---|---|---|---|
| **+5.26pp** | **−2.02pp** | **+6.5pp** | **67%** |
| Per quarter vs universe, 12+ managers | Per quarter, exactly 2 managers, t −2.35 | Per quarter, 8+ against 2 or fewer | 8 of 12 quarters positive |

**Exhibit 1.** Next-quarter return relative to the 13F universe, by number of holding managers


*Source: BiopharmaWatch, SEC Form 13F filings. Each quarter every priced name is bucketed by holder count and compared with the mean of all priced names that quarter. Holdings are scored on the quarter after filing. t statistics are computed across the twelve quarters rather than across holdings, since names within a quarter share a common market factor; on that basis the two-manager cohort is significant at the 5% level and the positive cohorts are directionally consistent but not individually significant over this sample length.*

**Exhibit 2.** Long-short spread by quarter, 8+ managers less 2 or fewer, percentage points




*Source: BiopharmaWatch, SEC Form 13F filings. Twelve quarters to Q1 2026, the last quarter for which a forward return is observable.*

The gradient has an economic reading as well as a statistical one. A name reaching eight or more specialist holders has cleared diligence at eight independent firms with sector expertise, and the cohort that clears that bar is small: **90 of 520 names** in the latest quarter. The constituents of that cohort are set out overleaf.

PORTFOLIO CONSTRUCTION · CONCENTRATION

# Concentrated Managers Outperformed Diversified Ones By 50 Points

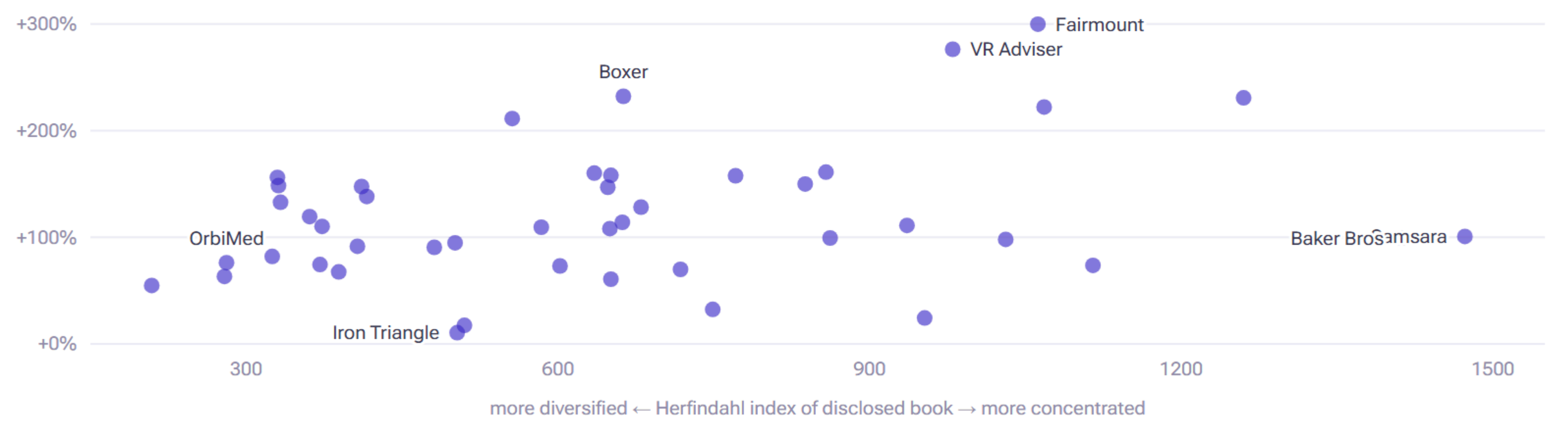
The most concentrated quartile of the panel returned +148.7% over three years against +98.7% for the most diversified.

**KEY POINTS**

- Ranking all 45 managers by the Herfindahl index of their disclosed book, the **most concentrated quartile returned +148.7%** over three years against **+98.7%** for the most diversified, a gap of **50 points**.
- The relationship is continuous rather than a quartile artefact: the correlation between concentration and three-year book return is **0.296** across the full panel.
- Dispersion in construction is wide. The panel runs from **209 to 1473** on a 10,000 point scale, a range of roughly seven to one.
- Read alongside page 6, the two results are consistent: **concentrating into names that carry broad specialist ownership** is the combination the data supports, and it is the basis of the model portfolios in the final section.

| CONCENTRATED QUARTILE | DIVERSIFIED QUARTILE | QUARTILE GAP | CORRELATION |
|---|---|---|---|
| **+148.7%** | **+98.7%** | **+50pp** | **0.296** |
| Mean three-year disclosed book, 11 managers | Mean three-year disclosed book, 11 managers | Concentrated less diversified | Herfindahl against three-year return, n = 45 |

**Exhibit 1.** Concentration against three-year disclosed book return, each point one manager




*Source: BiopharmaWatch, SEC Form 13F filings. Herfindahl index of each manager's disclosed book averaged across all thirteen quarters, so a single rebalance cannot reposition a manager. A book split evenly across 50 names scores 200; one with half its value in a single position scores above 5,000. The correlation is significant at the 5% level on a sample of 45 and, as with any panel of this size, is sensitive to the inclusion of individual managers.*

**Exhibit 2.** Three-year disclosed book return by concentration quartile

| QUARTILE | MEAN HERFINDAHL | MANAGERS | CUMULATIVE | ANNUALISED |
|---|---|---|---|---|
| **Most concentrated** | 1105 | 11 | **+148.7%** | 50% |
| **Second** | 717 | 11 | **+124.8%** | 42% |
| **Third** | 532 | 11 | **+109.1%** | 36% |
| **Most diversified** | 326 | 11 | **+98.7%** | 33% |

*Source: BiopharmaWatch, SEC Form 13F filings. Market-value weighted, each holding scored on the quarter after filing.*

The gradient is not monotonic across all four quartiles, which is what one would expect from a 45 manager sample; the signal sits in the tails. **The concentrated quartile is the only one materially ahead of the panel median**, and its constituents are, with two exceptions, also among the panel's longest-tenured holders of their top positions.

CONSENSUS HOLDINGS · Q2 2026

# The Consensus Book: 90 Names Out Of 520

Only 90 companies clear eight specialist holders. On the evidence of page 6, that cohort is where the forward return sits.

**KEY POINTS**

- **RVMD** is the panel's most widely held position at **19 managers** and **$5.8bn** of disclosed value, the largest single-name exposure in the book.
- Agreement is scarce. The median company is held by **3 managers** and **145 of 520** names are held by exactly one, which is why the cohort in the table below is worth isolating.
- The fastest accumulation this quarter was **AVTX**, up 6 holders, followed by **DFTX** (+3) and **ELVN** (+7).
- Every manager in the panel has filed for both quarters, so a decline in holder count is a genuine exit rather than a late filing.

| MOST WIDELY HELD | CONSENSUS COHORT | MEDIAN NAME | LARGEST ADDITION |
|---|---|---|---|
| **RVMD** | **90** | **3 held** | **+6** |
| 19 managers, $5.8bn disclosed | Names with 8 or more holders | 145 names held by a single manager | AVTX, 12 to 18 holders |

**Exhibit 1.** Most widely held companies, Q2 2026

| TICKER | COMPANY | MANAGERS | QOQ | DISCLOSED | BREADTH |
|---|---|---|---|---|---|
| RVMD | Revolution Medicines | 19 | – | $5.83bn | |
| COGT | Cogent Biosciences | 19 | +1 | $1.25bn | |
| DNTH | Dianthus Therapeutics | 18 | – | $1.36bn | |
| AVTX | Avalo Therapeutics | 18 | +6 | $0.41bn | |
| 2X10.SG | Abivax | 17 | +1 | $1.65bn | |
| ALKS | Alkermes | 15 | −2 | $1.41bn | |
| DFTX | Definium Therapeutics | 15 | +3 | $0.95bn | |
| ELVN | Enliven Therapeutics | 15 | +7 | $0.86bn | |
| IRON | Disc Medicine | 15 | −1 | $0.72bn | |
| INSM | Insmed | 14 | +3 | $2.02bn | |
| AGLE | Spyre Therapeutics | 14 | +2 | $1.97bn | |
| ORKA | Oruka Therapeutics | 14 | +1 | $1.92bn | |
| ERAS | Erasca | 14 | +1 | $1.80bn | |
| GPCR | Structure Therapeutics | 14 | – | $1.21bn | |
| MBX | MBX Biosciences | 14 | +2 | $1.19bn | |
| TNGX | Tango Therapeutics | 13 | +1 | $1.77bn | |
| PRAX | Praxis Precision Medicines | 13 | −1 | $1.74bn | |
| CYTK | Cytokinetics | 13 | −2 | $1.09bn | |
| QURE | uniQure | 13 | +4 | $0.78bn | |
| TRVI | Trevi Therapeutics | 13 | +2 | $0.73bn | |

*Source: BiopharmaWatch, SEC Form 13F filings. Distinct managers holding each company, share positions only, so a manager holding both stock and calls is counted once. Tickers are as filed with the SEC; managers occasionally file a foreign listing line, which is why Abivax appears as 2X10.SG and Spyre Therapeutics under its former ticker AGLE. No company is double counted.*

The composition of the top of the book is notably weighted to **mid-cap clinical assets rather than large-cap commercial names**, which is the opposite of what a market-value-weighted view of the sector would show. Specialist conviction is concentrated where the panel believes it has an informational edge, and that is the cohort the model portfolios in the final section are built from.

PORTFOLIO CONSTRUCTION · THE CONVICTION MAP

# Half The Panel Runs More Than 46% Of Its Book In Five Names

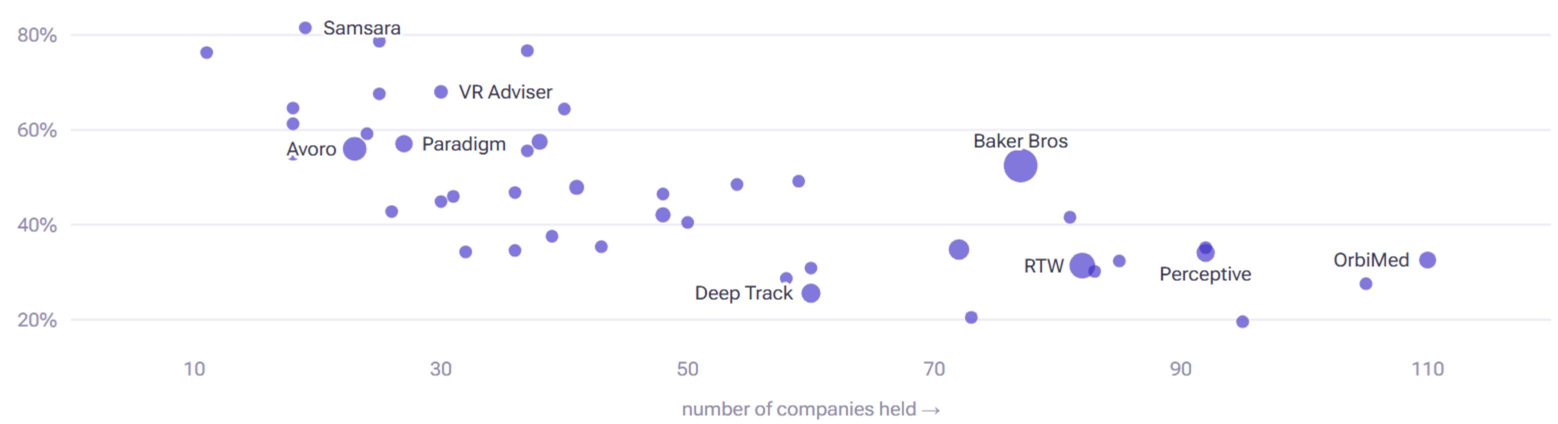
Construction ranges from 110 companies at the diversified end to 81.5% in five positions at the concentrated end.

**KEY POINTS**

- The median manager holds **41 companies** and keeps **46% of its disclosed book in its five largest positions**. Specialist biotech is a high-conviction discipline by construction, not by exception.
- **Samsara** is the most concentrated at **81.5% in five names**. **OrbiMed** is the most diversified at **110 companies**, yet still runs 32.6% in its top five.
- Book size and concentration are largely independent. **Baker Bros** runs the largest disclosed book at **$19.8bn** across 77 names with 52.5% in its top five.
- A long tail of small positions is common and should not be read as diversification: the vertical axis, not the horizontal one, describes where the risk actually sits.

| MEDIAN TOP-FIVE WEIGHT | MOST CONCENTRATED | MEDIAN NAMES HELD | LARGEST BOOK |
|---|---|---|---|
| **46%** | **81.5%** | **41** | **$19.8bn** |
| Across 44 managers | Samsara, 19 names | Range 11 to 110 | Baker Bros |

**Exhibit 1.** Companies held against weight in top five positions, Q2 2026




*Source: BiopharmaWatch, SEC Form 13F filings. Marker area is disclosed book value. Managers holding fewer than five names are excluded. For crossover managers the disclosed book can be a small fraction of assets under management, so marker area compares filings rather than firms.*

**Exhibit 2.** Ten largest disclosed books

| MANAGER | DISCLOSED BOOK | NAMES | TOP POSITION | TOP FIVE | HERFINDAHL |
|---|---|---|---|---|---|
| **Baker Bros** | $19.77bn | 77 | 17.6% | **52.5%** | 779 |
| **RTW** | $11.42bn | 82 | 9.4% | **31.4%** | 350 |
| **Avoro** | $9.67bn | 23 | 15.6% | **56%** | 846 |
| **RA Capital** | $7.40bn | 72 | 10% | **34.8%** | 387 |
| **Deep Track** | $6.35bn | 60 | 8% | **25.6%** | 306 |
| **Perceptive** | $5.79bn | 92 | 11.8% | **34.1%** | 393 |
| **Paradigm** | $5.32bn | 27 | 22.4% | **57.1%** | 959 |
| **OrbiMed** | $5.09bn | 110 | 12.4% | **32.6%** | 348 |
| **Frazier** | $4.51bn | 38 | 19.9% | **57.5%** | 879 |
| **TCG Crossover** | $4.05bn | 48 | 19.8% | **42.1%** | 651 |

*Source: BiopharmaWatch, SEC Form 13F filings. Share positions only, Q2 2026 filings.*

HOLDING BEHAVIOUR · POSITION LIFETIMES

# Nearly A Quarter Of Specialist Positions Last One Quarter

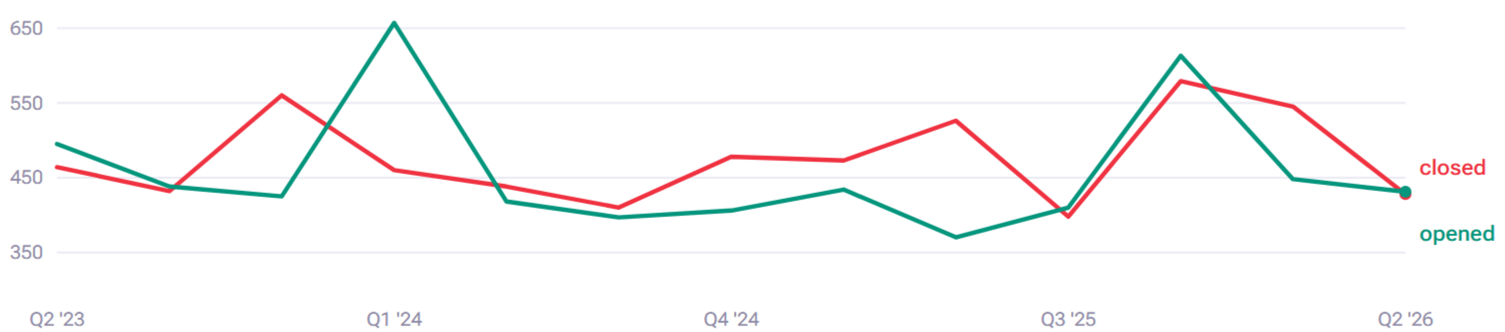
The panel opens roughly 457 and closes roughly 476 positions each quarter on a base of about 1,912. Filing data ages quickly.

**KEY POINTS**

- Of **9,296 manager-company positions** observed since 2021, **23% lasted a single quarter** and only **11% ran for three years or more**.
- Quarterly churn is stable and material: about **457 positions opened and 476 closed** per quarter against roughly 1,912 held.
- Form 13F is filed up to **45 days after** the quarter it describes. Combined with the turnover above, a meaningful share of any freshly published filing has already been traded out of.
- The practical consequence is that **ownership data is only decision-useful if it is tracked continuously and dated precisely**. A static snapshot of last quarter's filings is a different, and materially staler, product.

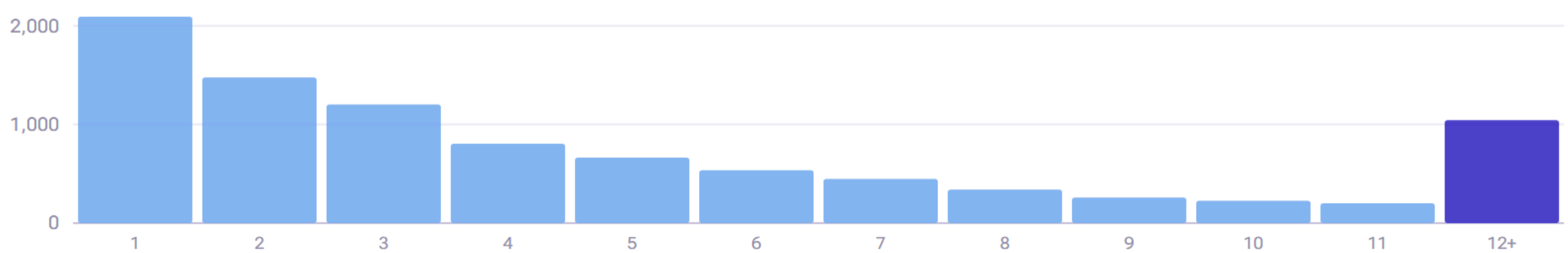
| ONE QUARTER ONLY | HELD THREE YEARS+ | CLOSED PER QUARTER | REPORTING LAG |
|---|---|---|---|
| **23%** | **11%** | **476** | **45 days** |
| 2,093 of 9,296 positions | 1,045 positions, 12 quarters or longer | Against 457 opened | Statutory Form 13F filing deadline |

**Exhibit 1.** Positions opened and closed each quarter, whole panel




*Source: BiopharmaWatch, SEC Form 13F filings. Consecutive filings compared over the three years to Q2 2026. Share positions only, so a manager rolling stock into options is recorded as a close.*

**Exhibit 2.** Longest unbroken holding period, quarters




*Source: BiopharmaWatch, SEC Form 13F filings. One observation per manager and company across all 22 quarters. A manager exiting and later re-entering is recorded as two shorter runs.*

A position that disappears has not necessarily been sold; the company may have been acquired, taken private or delisted. That distinction matters for attribution but not for the conclusion, which is that **the half-life of a specialist biotech position is short** and the value of ownership data decays accordingly.

MODEL PORTFOLIO · COMMERCIAL-STAGE, LARGE-CAP ($5B AND UP)

# Conservative: +184.6% Since Inception Against +3.1% For XBI

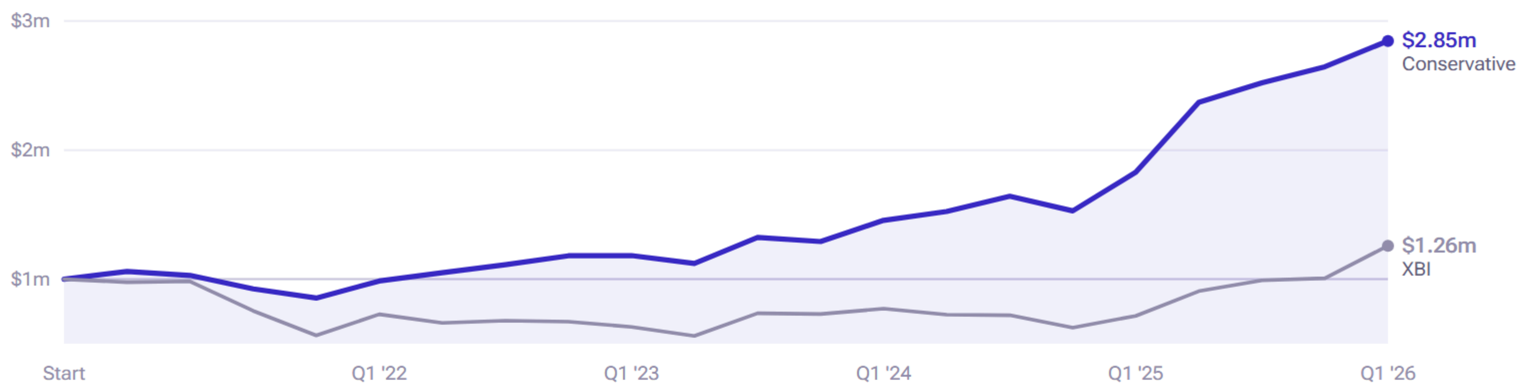
Fifteen large-cap commercial-stage names selected on specialist ownership breadth, equal weighted, rebalanced quarterly.

**KEY POINTS**

- The strategy has compounded **+184.6%** over 21 quarters, turning $1m into **$2.85m**, against **+3.1%** for the biotech index and **+75.0%** for the S&P 500.
- Risk-adjusted metrics are the substance of the result: **Sharpe 1.12**, **Calmar 1.14** and a maximum drawdown of **−19.4%** against 44% for XBI.
- The strategy returned **+38.3%** through the 2021 to 2022 sector drawdown, during which XBI fell 43%. Compounding from a shallower base is the principal source of the cumulative gap.
- **15 of 21 quarters** have been positive, with the worst at −10.2%.

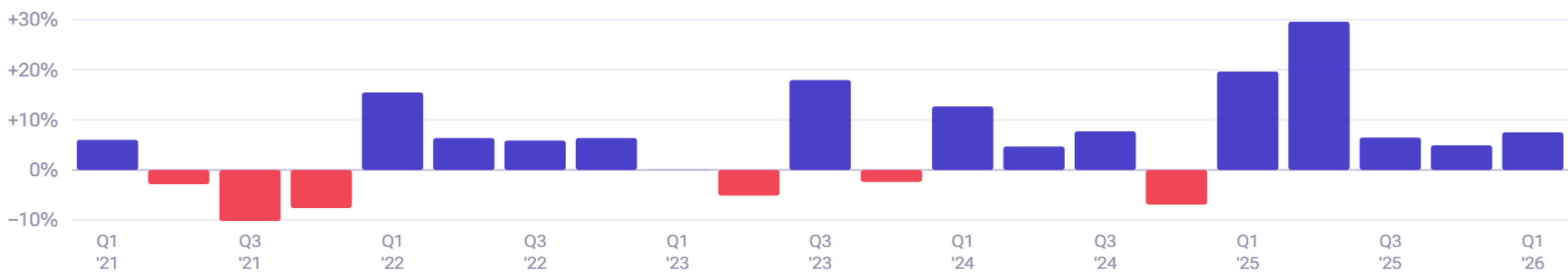
| SINCE INCEPTION | ANNUALISED | MAXIMUM DRAWDOWN | VERSUS XBI |
|---|---|---|---|
| **+184.6%** | **22%** | **−19.4%** | **+182pp** |
| $1m compounds to $2.85m over 21 quarters | Sharpe 1.12, Calmar 1.14 | Against 44% for XBI over the same period | Cumulative, identical 21 quarters |

**Exhibit 1.** $1,000,000 invested at inception, against the biotech index




*Source: BiopharmaWatch Model Portfolio, Bloomberg. XBI total return rebased to $1,000,000 at the same start date.*

**Exhibit 2.** Quarterly return, 15 of 21 quarters positive




*Source: BiopharmaWatch Model Portfolio.*

**Exhibit 3.** Total return against benchmarks, periods to Q2 2026

| | YEAR TO DATE | ONE YEAR | THREE YEAR | SINCE INCEPTION |
|---|---|---|---|---|
| **This strategy** | +20.1% | +55.6% | +140.6% | +184.6% |
| S&P 500 | +10.0% | +25.2% | +79.0% | +75.0% |
| Nasdaq-100 | +16.4% | +36.5% | +116.9% | +110.5% |
| Biotech index (XBI) | +14.6% | +68.5% | +49.3% | +3.1% |

*Source: BiopharmaWatch Model Portfolio, Bloomberg. Inception Q1 2021, 21 realized quarters. Benchmarks are total return over identical periods.*

The universe is deliberately restrictive: commercial-stage companies above $5bn market capitalisation, ranked on the breadth of specialist ownership documented on page 6. That restriction is what produces the drawdown profile. **The strategy does not attempt to capture clinical binary events**, and its return is drawn from holding names where specialist conviction is both broad and durable.

MODEL PORTFOLIO · COMMERCIAL-STAGE, LARGE-CAP ($5B AND UP)

# Aggressive: +247.7% Since Inception, With A Shallower Drawdown

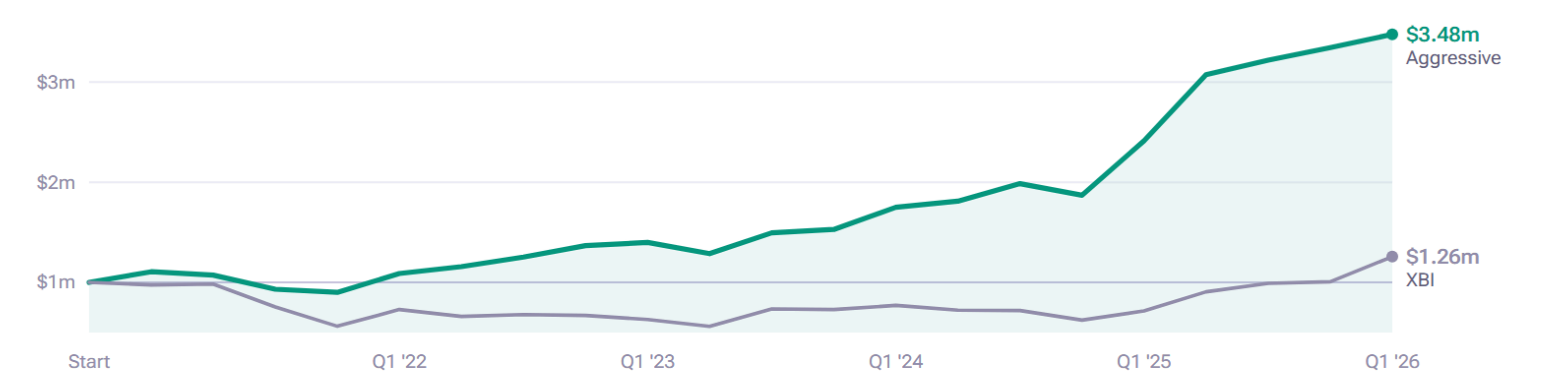
The identical universe and selection rule, concentrated into the ten highest-conviction names rather than fifteen.

**KEY POINTS**

- Concentrating the same engine from fifteen names to ten raises cumulative return from **+184.6% to +247.7%**, turning $1m into **$3.48m**.
- The additional return did not come with additional risk over this record. **Sharpe rises to 1.23** from 1.12, **Calmar to 1.44** from 1.14, and maximum drawdown is **−18.6%**, marginally shallower than the fifteen name book.
- Through the 2021 to 2022 drawdown the concentrated book returned **+51.8%** against +38.3% for Conservative and 43% of losses for XBI.
- This is consistent with the panel-wide evidence on page 7, where the most concentrated quartile of managers outperformed the most diversified by 50 points over three years.

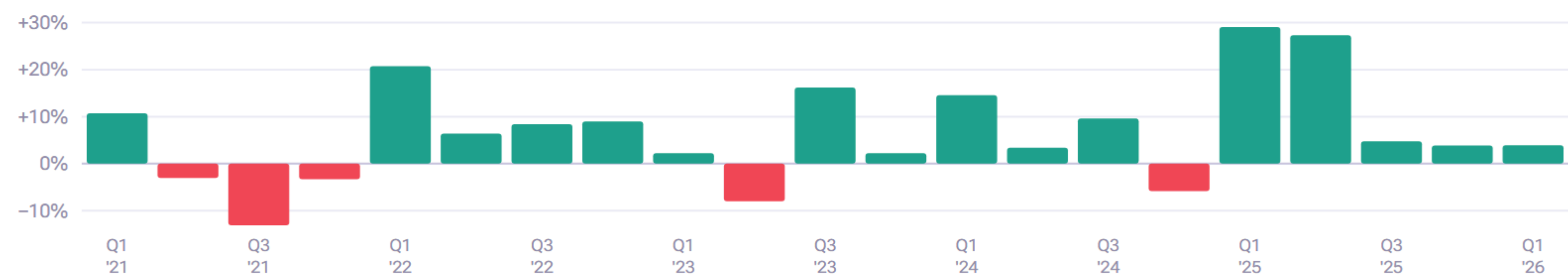
| SINCE INCEPTION | ANNUALISED | MAXIMUM DRAWDOWN | VERSUS XBI |
|---|---|---|---|
| **+247.7%** | **26.8%** | **−18.6%** | **+245pp** |
| $1m compounds to $3.48m over 21 quarters | Sharpe 1.23, Calmar 1.44 | Against 44% for XBI over the same period | Cumulative, identical 21 quarters |

**Exhibit 1.** $1,000,000 invested at inception, against the biotech index




*Source: BiopharmaWatch Model Portfolio, Bloomberg. XBI total return rebased to $1,000,000 at the same start date.*

**Exhibit 2.** Quarterly return, 16 of 21 quarters positive




*Source: BiopharmaWatch Model Portfolio.*

**Exhibit 3.** Total return against benchmarks, periods to Q2 2026

| | YEAR TO DATE | ONE YEAR | THREE YEAR | SINCE INCEPTION |
|---|---|---|---|---|
| **This strategy** | **+13.1%** | **+44.1%** | **+148.6%** | **+247.7%** |
| S&P 500 | +10.0% | +25.2% | +79.0% | **+75.0%** |
| Nasdaq-100 | +16.4% | +36.5% | +116.9% | **+110.5%** |
| Biotech index (XBI) | +14.6% | +68.5% | +49.3% | **+3.1%** |

*Source: BiopharmaWatch Model Portfolio, Bloomberg. Inception Q1 2021, 21 realized quarters. Benchmarks are total return over identical periods.*

Concentration into ten positions raises idiosyncratic risk in principle, and over a longer record would ordinarily be expected to show through as a deeper drawdown. It has not done so over these 21 quarters. **The appropriate reading is that the concentration has so far been compensated**, and the strategy is offered for investors prepared to accept single-name risk in exchange for that.

MODEL PORTFOLIO · STRATEGY COMPARISON

# Two Strategies, One Engine, +184.6% And +247.7%

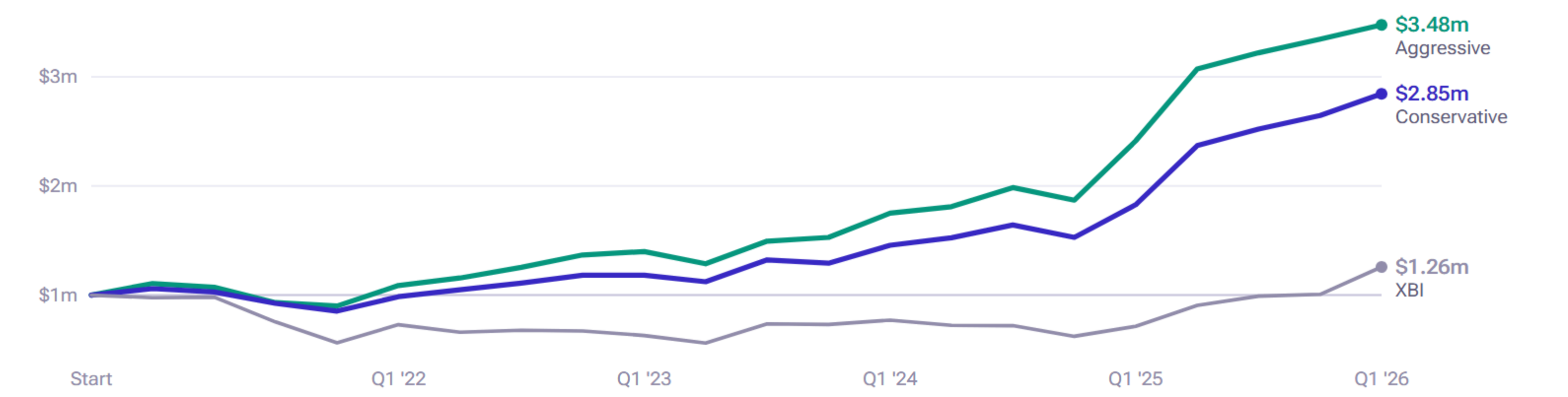
Both portfolios run the same universe and the same selection rule. The only variable is the number of positions.

**KEY POINTS**

- Over 21 quarters Conservative has returned **+184.6%** and Aggressive **+247.7%**, against **+3.1%** for XBI, **+75.0%** for the S&P 500 and **+110.5%** for the Nasdaq 100.
- Both strategies carry **maximum drawdowns under 20%**, materially shallower than the 44% fall in the biotech index over the same period.
- The concentrated variant is the stronger on every risk-adjusted measure: **Sharpe 1.23 against 1.12** and **Calmar 1.44 against 1.14**.
- Selection is driven by ownership breadth across the 45 manager panel, so both strategies are direct expressions of the relationship documented on pages 6 to 8.

| CONSERVATIVE | AGGRESSIVE | BIOTECH INDEX | S&P 500 |
|---|---|---|---|
| **+184.6%** | **+247.7%** | **+3.1%** | **+75.0%** |
| 15 names, Sharpe 1.12, drawdown −19.4% | 10 names, Sharpe 1.23, drawdown −18.6% | XBI, identical 21 quarters | Identical 21 quarters |

**Exhibit 1.** $1,000,000 at inception, both strategies against the biotech index




*Source: BiopharmaWatch Model Portfolio, Bloomberg. Inception Q1 2021.*

**Exhibit 2.** Strategy characteristics

| | CONSERVATIVE | AGGRESSIVE | XBI |
|---|---|---|---|
| Cumulative return | +184.6% | +247.7% | +3.1% |
| Annualised return | 22% | 26.8% | 0.6% |
| Sharpe ratio | 1.12 | 1.23 | – |
| Calmar ratio | 1.14 | 1.44 | – |
| Maximum drawdown | −19.4% | −18.6% | −43.9% |
| 2021 to 2022 drawdown | +38.3% | +51.8% | −42.9% |
| Positive quarters | 15 / 21 | 16 / 21 | – |
| Positions held | 15 | 10 | ~130 |

*Source: BiopharmaWatch Model Portfolio, Bloomberg. Sharpe and Calmar computed on quarterly returns over 21 realized quarters. Drawdown measured against the running peak.*

The two products are positioned for different mandates rather than as a ranking. **Conservative is the anchor allocation**, with the broader book and the smoother quarter-to-quarter path. **Aggressive expresses the same view with fewer positions** and is appropriate where the investor is willing to carry concentrated single-name exposure. Both rebalance quarterly at the Form 13F filing deadline, and both hold only names already disclosed in public filings on the rebalance date.