

BIOSCIENCE EQUITY PARTNERS
RESEARCH

THE LAMBDA QUARTERLY

Global Life Sciences Capital Markets Review

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INAUGURAL EDITION

Prepared by the Bioscience Equity Partners Analyst Team

Public Research Publication

Access is earned, not extended.

Editor's Note

This is the inaugural edition of The Lambda Quarterly, the institutional research publication of Bioscience Equity Partners. We launch it because the questions our sovereign and institutional counterparts ask us each week have grown larger than any single transaction can answer. Allocators in Riyadh, Abu Dhabi, Kuwait, Singapore, and Hong Kong are no longer asking only whether a particular asset clears their internal criteria. They are asking how the global life sciences capital cycle is configured, where the pricing power sits, and which structural shifts will determine returns through the remainder of this decade. The Lambda Quarterly is our considered answer.

The first quarter of 2026 produced a reading that defies easy summary. Capital markets activity returned with force in pockets while remaining absent in others. Mergers and acquisitions reached a tempo last seen before the 2022 contraction. Cross-border licensing from Greater China continued to set records that, two years ago, would have seemed implausible. Sovereign capital deepened its commitment across all three modalities, anchored by the Public Investment Fund's 2026 to 2030 strategy and reinforced by the structural opening of the Tadawul exchange to all categories of foreign investors from 1 February 2026. The Federal Reserve held rates near 3.5 to 3.75 percent and signalled the easing cycle is nearing its terminus. Yet beneath these aggregate signals lies a more selective market than any in living memory.

Our reading of this quarter rests on three theses, set out in the section that follows. The first concerns the structural rather than cyclical character of the reopened initial public offering window. The second concerns the displacement of traditional United States crossover syndicates by sovereign capital operating through structured vehicles. The third concerns the consolidation rather than fragmentation of the Greater China outbound licensing wave. Each is a position we are prepared to defend in front of allocators six months from now. Each is a position from which capital allocation decisions follow.

The Lambda Quarterly will publish four times each year. The framework set out in this edition is the framework for every edition that follows. Our intent is that allocators, operators, and counterparties learn where to find what they need, develop a calibrated view of how Bioscience Equity Partners reads the market, and use the publication as a reference point against which their own reading can be tested.

The substance of the report begins overleaf. We welcome correspondence on its conclusions.

Dr George Syrmalis

Chief Executive Officer

Bioscience Equity Partners

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The Q1 2026 Theses

Each edition of The Lambda Quarterly opens with the positions we are prepared to defend on the record. They are reasoned, they carry the risk of being wrong, and they should be read as the spine to which the substance of the document refers back.

Thesis One — The reopened IPO window is structural, not cyclical

The biotechnology initial public offering market in the United States raised roughly 1.7 billion dollars in the first quarter of 2026, the strongest quarterly aggregate since 2021. The median proceeds figure of approximately 287 million dollars more than doubled the comparable figure for Q1 2025. Three transactions exceeded 300 million dollars, including the largest biotechnology offering in Nasdaq history. These figures do not, of themselves, prove a structural shift. The deal count remained selective, broadly consistent with the post-2022 pattern.

Our position is that the underlying composition of the issuer set, not the aggregate volume, is the structural signal. Every priced offering in Q1 2026 except one carried a clinical-stage asset in mid- or late-stage development. Each had drawn material venture capital ahead of pricing. Pre-clinical and early platform-stage issuers, the dominant cohort of the 2021 vintage, did not access the window. The 2022 to 2024 contraction served as a quality filter that the market is now defending. The implication for allocators is that the public market is not reopening on the terms of the prior cycle. It is reopening on the terms of a more disciplined cohort whose post-pricing performance is consequently more stable. The market is not less active than 2021; it is differently active. Treating the recovery as a return to 2021 norms misreads the architecture.

Thesis Two — Sovereign capital is structurally displacing traditional United States crossover syndicates

The conventional path to a public listing for a private biotechnology company involved a sequence of crossover specialists, generalist hedge funds, and large asset managers operating on a six- to twelve-month horizon ahead of pricing. That syndicate composition has been shifting since 2023. In Q1 2026 the shift is no longer marginal. Sovereign wealth funds and quasi-sovereign capital from the Gulf and Asia are participating directly in late private rounds at a scale that, at points, exceeds traditional crossover capacity for individual transactions. The Public Investment Fund's pivot of its United States holdings toward semiconductors and healthcare, set within a 2026 to 2030 strategy approved this quarter, is the most visible expression of this. Singapore's GIC,

Temasek, and the United Arab Emirates' Mubadala have continued and in several cases deepened their participation alongside specialist crossover firms.

Our position is that this is not a temporary substitution effect during a constrained venture environment. It reflects a structural reordering of who finances the late-private to early-public phase of the life sciences capital cycle. Sovereign capital brings longer holding periods, lower sensitivity to short-term aftermarket volatility, and an explicit strategic mandate that conventional crossover capital does not carry. For founders, the implication is that pricing and structuring conversations now extend beyond New York and Boston. For traditional crossover specialists, the implication is that they are competing on a narrower segment of the cycle than they did in 2019. For Gulf and Asian sovereigns, the implication is that they are at a structural inflection point in their global life sciences allocation. We do not expect this to reverse.

Thesis Three — The Greater China outbound licensing wave will consolidate, not fragment, in 2026

Cross-border outlicensing by Greater China-based biopharmaceutical companies reached a record 60 billion dollars in transaction value in Q1 2026 alone, a 73 percent increase on Q1 2025 and approximately half the full-year 2025 total of 137.7 billion dollars. The average upfront value of a Western licensee transaction with a Chinese counterparty rose from 52 million dollars in 2022 to 172 million dollars in early 2026, a 230 percent increase over four years. Pricing has normalised. The bargain phase is over.

The conventional reading is that this trend continues to broaden, drawing more counterparties and more therapeutic areas into the wave. Our position is the opposite. The trend will consolidate around a smaller number of higher-quality counterparties, larger transactions, and more sophisticated structures. Three forces drive this. First, pricing discipline imposed by Western licensees facing patent cliff arithmetic excludes the long tail of marginal Chinese assets. Second, the NewCo structure, which channels Chinese-origin assets through offshore vehicles co-financed by Western venture and pharmaceutical investors, is concentrating deal flow among parties capable of structuring it. Third, regulatory complexity around BIOSECURE residue and Committee on Foreign Investment in the United States review requires institutional infrastructure that smaller counterparties cannot bear. The wave persists. The composition narrows. The implication for allocators is that the Greater China licensing thesis remains intact but the playable surface contracts to the largest and most sophisticated counterparties on both sides of the transaction.

1. Macro and Sector Backdrop

The first quarter of 2026 closed with the Federal Reserve's policy rate at 3.5 to 3.75 percent, following 175 basis points of cumulative easing since the cycle commenced in September 2024. The Federal Open Market Committee signalled at its December 2025 Summary of Economic Projections that the easing cycle is approaching its terminus, with one further 25 basis point cut anticipated through year-end. The escalation of conflict in the Middle East during the quarter complicated this trajectory. Market consensus by quarter-end had compressed expectations for further cuts in 2026 toward zero, with a non-trivial probability priced into futures of a defensive hike if energy-driven inflation proves persistent. United States gross domestic product growth is forecast at approximately 2 percent for 2026, modestly below the long-term consumption-led trend.

For long-duration assets such as biotechnology, the implication of this configuration is more nuanced than the headline rate level suggests. The accumulated 175 basis points of easing has already done meaningful work in compressing the discount rate applied to clinical-stage cash flows. The rebound in the SPDR S&P Biotech ETF over the trailing twelve months, approximately 64 percent through Q1, reflects this compression alongside genuine clinical and commercial catalysts. The iShares Biotechnology ETF outperformed the SPDR S&P 500 ETF Trust by a wide margin over the six months ending in early January 2026, gaining approximately 36.7 percent against 11.2 percent for the broader benchmark. The first quarter saw biotechnology sustain this relative strength even as broader indices experienced volatility, with sector outperformance supported by the sustained acquisition premium environment and a flow of high-quality clinical readouts.

The quarter, however, did not deliver one-directional gains. The XBI traded with notable intra-quarter volatility, closing the quarter at a level approximately 1 percent below its January peak after the Iran conflict introduced macro risk premium. The persistent gap between large-capitalisation pharmaceutical and biotechnology indices on one hand and the small- and mid-capitalisation biotechnology cohort on the other narrowed but did not close. The bifurcation remains pronounced: the public biotechnology universe rewards companies with proximate clinical or commercial catalysts and continues to ration capital from those without.

A defining feature of the quarter is the relative starvation of capital and attention experienced by life sciences within the broader venture and growth equity environment. North American venture funding reached a record 252.6 billion dollars in Q1 2026, of which more than 87 percent flowed to artificial intelligence companies. Four mega-financings in artificial intelligence accounted for more than 188 billion dollars of the quarterly total. Biotechnology venture deal flow, while improved against 2024 lows, did not participate in this scale of expansion. The implication is that life sciences capital formation in 2026 must compete for institutional attention against an

unprecedented technology cycle, and that the marginal allocator decision now turns on differentiated underwriting rather than passive sector exposure.

Index performance

The principal sector benchmarks closed Q1 2026 with the following readings. The iShares Biotechnology ETF gained approximately 4.2 percent year-to-date through early April against a 0.6 percent gain for the broader S&P 500. The SPDR S&P Biotech ETF traded around 120 dollars at quarter-end, materially above its April 2025 trough but below the December 2025 cyclical peak. The Hang Seng Biotech Index extended its 2025 rally, with cumulative gains of more than 60 percent over the trailing twelve months supported by the persistent appetite of multinational pharmaceutical companies for Greater China-originated assets.

The takeaway for allocators is that public market beta exposure to biotechnology has already delivered a substantial portion of the recovery from the 2022 trough. From this point forward, return generation in life sciences increasingly depends on idiosyncratic asset selection, regional dispersion, and structural participation in the late-private to early-public transition where sovereign capital is reorganising the syndicate.

2. Capital Markets Activity

Initial public offerings

The first quarter of 2026 produced approximately 1.7 billion dollars of biotechnology initial public offering proceeds in the United States across six priced offerings, the strongest quarter on a proceeds basis since 2021. The headline figure conceals important compositional features. The number of priced offerings remained selective, in line with the pattern established between 2022 and 2025. Median gross proceeds per offering reached approximately 287.5 million dollars, more than double the median for the comparable quarter of 2025 and the highest quarterly median since 2021. Three of the Q1 offerings cleared the 300 million dollar threshold, an exceptional benchmark only routinely seen during the 2021 peak.

The standout Q1 2026 transactions included Eikon Therapeutics, a late-stage cancer drug developer led by Merck veterans, which priced its upsized offering at the top of its range on 5 February 2026 to raise approximately 381 million dollars. Generate Biomedicines, representing the platform-centric model rather than the asset-focused archetype, priced its offering at a valuation below its last private round, illustrating the market's continuing preference for differentiated single-asset stories with proximate clinical catalysts. The bracketing window has subsequently extended materially. On 16 April 2026, the first session of Q2, Kailera Therapeutics priced its upsized offering at the top of its range to raise approximately 625 million dollars in gross proceeds, surpassing Moderna's 2018 transaction as the largest biotechnology initial public offering in Nasdaq history. Alamar Biosciences, a precision proteomics company, priced its own upsized offering on the same date to raise approximately 191 million dollars in a meaningfully oversubscribed transaction. The Q2 vintage is therefore extending rather than diluting the disciplined-issuer pattern observed during Q1.

The compositional discipline of the issuer cohort is the structural feature that justifies our first thesis. The six biotechnology issuers that priced offerings during Q1 2026 each carried clinical-stage assets in mid- or late-stage development, and each had previously raised meaningful venture capital. Pre-clinical and early platform-stage issuers, the dominant cohort of the 2021 vintage, did not access the window. Concentrated therapeutic areas, particularly autoimmunity, oncology, and cardiometabolic disease, accounted for the majority of capital raised. Veradermics, a single-asset dermatology issuer that priced earlier and traded into Q1, became the year's best post-pricing performer, illustrating that clean commercial narratives in concentrated therapeutic areas continue to attract sustained aftermarket support.

Hong Kong

The Stock Exchange of Hong Kong Limited reported, by reference to PricewaterhouseCoopers analysis published on 5 January 2026, that 2025 closed with 119 IPO transactions raising approximately 285.8 billion Hong Kong dollars, returning Hong Kong to the leading global position by IPO proceeds. PricewaterhouseCoopers projected approximately 150 listings for 2026 raising between 320 and 350 billion Hong Kong dollars, with the Chapter 18A regime for pre-revenue biotechnology issuers and the Chapter 18C regime for specialist technology companies positioned as central engines of this volume. Roughly 20 percent of the more than 300 active listing applications at the Hong Kong Stock Exchange at the start of 2026 were healthcare-related.

The cumulative count of biotechnology issuers admitted under Chapter 18A reached 78 by September 2025, raising approximately 31 billion United States dollars in aggregate, with 14 listings during 2025 alone. The TECH platform launched in May 2025 by the Securities and Futures Commission and the Stock Exchange of Hong Kong, providing a streamlined pre-application channel and a confidential filing option, materially reduces the practical friction associated with Hong Kong listing for both Chinese-domiciled issuers and offshore vehicles holding Greater China-origin assets.

For sovereign and institutional allocators, Hong Kong has consolidated its position as the second-largest biotechnology fundraising venue globally and the principal Asian alternative to Nasdaq. The strategic implication is that primary issuance pipelines for life sciences capital deployment now require active monitoring of two major venues rather than one, and that exit timing for sovereign-anchored late-private rounds increasingly faces a binary jurisdictional decision rather than a default United States listing.

Follow-on and structured issuance

Follow-on equity issuance reached approximately 10 billion dollars in the fourth quarter of 2025, the strongest follow-on quarter in nearly two years according to UBS analysis cited in trade press. The first quarter of 2026 sustained this momentum, with sustained appetite for secondary issuance from biotechnology companies that had reported positive clinical or regulatory data. Convertible debt issuance by biotechnology issuers continued at modest pace, with a notable shift toward shorter-tenor structures reflecting the compressed expected easing trajectory.

Royalty financings and synthetic royalty structures saw continued institutional interest as a non-dilutive complement to traditional equity. Specialist royalty firms including Royalty Pharma, Ligand, and Healthcare Royalty Partners maintained active deployment, with transaction sizes increasingly clustering between 100 million and 500 million dollars for established commercial assets. Private investment in public equity transactions, after a slow 2024 and 2025, recovered modestly during the quarter as small- and mid-capitalisation issuers without ready follow-on access turned to structured private capital.

United Kingdom and continental Europe

United Kingdom biotechnology equity financing reached approximately 552 million pounds in Q1 2026, of which 516 million pounds was venture capital, representing a 17 percent increase on Q4 2025 and a 60 percent increase in deal count year-on-year. The United Kingdom secured 57 to 58 percent of all European biotechnology venture capital in the quarter, reinforcing its position as the dominant European venue. United Kingdom IPO activity, however, remained absent. The country recorded zero biotechnology IPOs in Q1 2026, extending the public-market drought that has persisted since 2022. The implication is that the strongest European biotechnology venture market continues to channel its mature private companies toward United States listings, a structural feature that has not been resolved despite multiple policy initiatives.

Continental European biotechnology venture capital activity was more subdued, with European venture funding totalling approximately 893 million pounds in the quarter, down materially from the comparable Q4 2025 figure. The European Life Sciences Coalition formed in early 2026 represents a coordinated policy response, but the structural pattern in which the substantial majority of European biotechnology issuers list outside the European Union persists. Of the 67 European Union-domiciled biotechnology companies that completed initial public offerings during the prior six years, 66 listed outside the European Union.

3. Mergers, Acquisitions, and the Pharma Reload

The first quarter of 2026 confirmed that the late-2025 inflection in biotechnology mergers and acquisitions activity was structural rather than seasonal. Jefferies, in its Q1 2026 mergers and acquisitions scorecard, characterised the period as marking biotechnology’s return to historical normality. Total industry deal value in 2025 had risen to approximately 200 billion dollars, more than double the 2024 figure of 81 billion dollars, on broadly comparable transaction counts. Q1 2026 sustained this elevated tempo. Four transactions exceeding 1 billion dollars, three of them clustering in the closing two weeks of March 2026, set the pricing reference for the year ahead. The pattern carried forward into early Q2, with Gilead’s announcement on 7 April 2026 of a definitive agreement to acquire Tubulis for 3.15 billion dollars upfront plus up to 1.85 billion dollars in contingent milestones.

The defining transactions of Q1 2026

Acquirer	Target	Announced	Consideration (USD)	Therapeutic Focus
Eli Lilly	Centessa Pharmaceuticals	31 Mar 2026	6.3bn upfront + 1.5bn CVR	Sleep-wake disorders / orexin
Merck	Terns Pharmaceuticals	25 Mar 2026	6.7bn	CML (oral BCR::ABL1 TKI)
Gilead	Ouro Medicines	23 Mar 2026	1.675bn upfront + 0.5bn	Autoimmune (BCMAxCD3 TCE)
Eli Lilly	Orna Therapeutics	9 Feb 2026	Up to 2.4bn	In vivo cell engineering / RNA

The pattern in this transaction set is consistent and instructive. Acquirers continue to operate within what Stifel estimated as approximately 1.2 trillion dollars of combined balance sheet and revenue-replacement firepower across major pharmaceutical companies. Targets cluster around late- and mid-stage clinical assets in therapeutic areas with defensible commercial trajectories. The contingent value right structure has become normalised in higher-risk clinical-stage transactions, allowing acquirers to bridge bid-ask gaps without committing irrevocable upfront capital. Bolt-on transactions of 1 to 2 billion dollars continue to outnumber megadeals; however, the late-March 2026 cluster reintroduced the high-conviction six-billion-dollar acquisition as a viable mode and the early-Q2 Gilead-Tubulis transaction extended the pattern into the second quarter.

The patent cliff arithmetic

The structural driver of this activity remains the 2026 to 2032 patent cliff window. Industry analysis points to the loss of patent protection for more than 200 drugs over the next five years, including at least 69 with annual sales exceeding 1 billion dollars each. Aggregate revenue at risk approaches 300 billion dollars across the cohort, with the most consequential losses clustered in the 2026 to 2030 period. Critical near-term expirations include Bristol Myers Squibb and Pfizer's anticoagulant Eliquis, with United States patent protection running into late 2026; Novartis's heart-failure agent Entresto, with United States protection contested through 2026 and generic entry expected meaningfully thereafter; and Pfizer's oral JAK inhibitor Xeljanz, with key protections expiring mid-2026. Merck's Keytruda, the largest single-product franchise in pharmaceutical history, faces loss of exclusivity by the end of the decade and continues to drive that company's serial deal-making, with three acquisitions of at least 6 billion dollars completed over the trailing ten months.

Industry analysts including those at ING expect mergers and acquisitions volume and aggregate deal value to grow approximately 15 percent in 2026 over 2025. Jefferies forecasts more than 20 transactions exceeding 1 billion dollars during the year. Our reading is that the Q1 tempo, if sustained, materially exceeds these forecasts. The structural patent arithmetic, the firepower available, and the price discovery established by Q4 2025 and Q1 2026 transactions create the conditions for an annual deal cohort that may approach decade highs in both volume and aggregate consideration.

Licensing economics and the China overlay

Cross-border outlicensing from Greater China-based biopharmaceutical companies reached approximately 60 billion dollars in Q1 2026 transaction value alone, representing a 73 percent increase over Q1 2025 and approximately 44 percent of the full-year 2025 total of 137.7 billion dollars. The trajectory is on pace to set a new annual record. The composition of these transactions has shifted decisively toward larger, later-stage, structurally sophisticated arrangements. Notable transactions of recent quarters include AstraZeneca's licence with CSPC Pharmaceutical for ex-China rights to a weight-management portfolio, with potential consideration of approximately 18.5 billion dollars across milestones; GSK's collaboration with Hengrui Pharmaceuticals exceeding 12 billion dollars in headline value; Akeso's licensing alliance with Summit Therapeutics; and Astellas' agreement with Evopoint at approximately 1.54 billion dollars.

The average upfront component of a Western-Chinese licensing transaction has risen from approximately 52 million dollars in 2022 to 172 million dollars in early 2026, a 230 percent increase reflecting both the maturation of Chinese clinical development capacity and the

willingness of Western licensees to commit irrevocable capital ahead of confirmatory data. The NewCo structure, in which Chinese-origin assets are spun out into offshore vehicles co-financed by Western venture and pharmaceutical capital, has emerged as a preferred channel where straight licensing or asset acquisition is impractical. The Hang Seng Biotech Index has rallied more than 60 percent over the trailing twelve months, with constituent issuers Transcenta and Rongchang Bio recording aftermarket gains of 283 percent and over 270 percent respectively at points during the rally.

BIOSECURE Act considerations remain a procedural rather than substantive obstacle for licensing transactions, given the Act's targeted application to specified Chinese contract development and manufacturing organisations rather than to licensing arrangements per se. Counsel and counterparty diligence procedures have adapted to the residual complexity. The third thesis of this edition addresses the consolidation of this wave around larger, more sophisticated counterparties.

4. Venture and Private Capital

Biotechnology venture capital deployment in Q1 2026 reflected the bifurcated environment that has characterised the sector since 2023. Late-stage rounds in companies with proximate clinical catalysts attracted significant capital, while seed and platform-stage funding remained meaningfully below 2021 levels. The composition of syndicates participating in these transactions changed materially during the quarter, with sovereign and quasi-sovereign capital entering at scale alongside the established specialist crossover firms.

The largest verified Q1 2026 venture financings in life sciences included Atrium Therapeutics, which launched in February 2026 with approximately 270 million dollars in cash and cash equivalents to advance two precision cardiology candidates targeting PRKAG2 syndrome and phospholamban cardiomyopathy. Angitia Biopharmaceuticals closed a 130 million dollar Series D on 5 February 2026, led by Frazier Life Sciences and Venrock Healthcare Capital Partners with participation from BlackRock-managed accounts, BVF Partners, RA Capital Management, Wellington Management, Bain Capital Life Sciences, and a broader institutional syndicate. Tenpoint Therapeutics raised 85 million dollars in Series B funding on 29 January 2026 from Janus Henderson, EQT Nexus, Hillhouse, the British Business Bank, EQT Life Sciences, Sofinnova Partners, F-Prime, Eight Roads, and Qiming Venture Partners USA, immediately following the FDA approval of its presbyopia eye drop Yuvezzi. The early-Q2 cohort has extended this pattern with notable transactions including Sidewinder Therapeutics' 137 million dollar Series B for bispecific antibody-drug conjugates, Neomorph's 100 million dollar Series B for molecular glue degraders, Ray Therapeutics' 125 million dollar Series B for retinal gene therapy, Terremoto Biosciences' 108 million dollar Series C for AKT1-selective inhibitors, and Tortugas Neuroscience's 106 million dollar Seed and Series A launch.

The sustained presence of sovereign wealth funds in these syndicates is notable. GIC of Singapore, Temasek, Mubadala, and the Public Investment Fund continued to participate at the late-private stage. Several quarters' worth of syndicate composition data now point to a clear pattern: rounds exceeding 200 million dollars increasingly include sovereign or quasi-sovereign anchor commitments, often through structured vehicles or special-purpose entities, at allocations that materially shift the syndicate's centre of gravity away from traditional Boston- and San Francisco-based crossover specialists.

Dispersion across stages and therapeutic areas

Series A and Series B rounds for clinical-stage assets have rebounded most strongly, driven by acquirer demand for de-risked late-stage opportunities. Seed funding and platform-stage capital remains constrained relative to 2021 norms. Therapeutic area concentration has intensified.

Obesity and cardiometabolic disease, oncology with particular emphasis on antibody-drug conjugates and bispecifics, immunology, neurology, and rare disease together account for the substantial majority of capital deployed at the venture level. Areas that drew material attention in 2020 and 2021, including computational biology platforms without proximate clinical assets and broad gene-therapy platforms, continue to face capital rationing notwithstanding occasional standout transactions.

The shift in median round structure has been pronounced. United Kingdom data reported by the Bioindustry Association show a clear movement away from the 2025 Q1 pattern of a small number of very large rounds toward a broader distribution of capital across more transactions. The total United Kingdom deal count rose 60 percent year-on-year to 24 in Q1 2026, while aggregate capital deployed remained below the 2025 Q1 figure. This pattern is observable globally. Investors, particularly generalist capital, have moved toward higher-volume, smaller-ticket exposure in preference to concentrated megadeals, a structural risk-management response to the lessons of the 2022 to 2024 contraction.

Sovereign capital — depth and discipline

The Public Investment Fund's 2026 to 2030 strategy, approved during the quarter under the chairmanship of His Royal Highness Crown Prince Mohammed bin Salman, formalised the structural framework that has been progressively implemented over the past three years. Assets under management have risen from 152 billion dollars in 2015 to over 1.15 trillion dollars in 2025, with a stated target of 2 to 3 trillion dollars by 2030. The fund's United States holdings have been pivoted toward semiconductors and healthcare. The 2026 to 2030 strategy explicitly emphasises returns discipline, capital efficiency, and selective execution rather than the development-driven posture of earlier phases.

This strategic recalibration is consequential for global life sciences capital formation. It indicates that the world's most active sovereign wealth fund will continue to deepen its life sciences exposure but will execute through a more disciplined investment process. The implication for transaction sponsors is that pricing, structuring, and documentation must meet sovereign-grade standards from inception. The implication for traditional intermediaries is that they will increasingly compete to access transactions that have already been pre-structured for sovereign participation, rather than originating transactions and subsequently approaching sovereign capital. Singapore's GIC and Temasek, the United Arab Emirates' Mubadala and Abu Dhabi Investment Authority, Kuwait's KIA, and Qatar's QIA each maintained or extended their healthcare allocations during the quarter, with notable visibility in late-private and crossover transactions across United States, European, and selected Asian issuers.

5. Therapeutic Area Deep Dives

Each edition of The Lambda Quarterly will rotate three therapeutic areas through the deep-dive section, selected for their relevance to the capital deployment patterns of the quarter. For Q1 2026 we focus on oncology with particular attention to antibody-drug conjugates and radioligand therapeutics, the cardiometabolic post-GLP-1 architecture, and the post-amyloid frontier in neurology.

5.1 Oncology — Antibody-drug conjugates and radioligands

Antibody-drug conjugates have consolidated their position as the most commercially significant therapeutic modality in oncology. The market reached approximately 13.5 billion dollars in 2025 revenue across 15 approved products. Enhertu, the trastuzumab deruxtecan conjugate co-developed by Daiichi Sankyo and AstraZeneca, alone generated approximately 3.75 billion dollars in 2025, with Adcetris at 1.91 billion, Padcev at 1.59 billion, Trodelvy at 1.32 billion, and Polivy at 1.30 billion forming the established commercial tier. The expansion of Enhertu into HER2-low and HER2-ultralow breast cancer populations has demonstrated that ADCs can now serve as foundational rather than late-line therapies, transforming the commercial archetype for the modality.

The licensing and acquisition environment for ADC assets has been correspondingly active. Gilead Sciences announced on 7 April 2026 its agreement to acquire Tubulis for 3.15 billion dollars upfront plus up to 1.85 billion dollars in contingent milestones, securing the company's NaPi2b-directed TUB-040 candidate for platinum-resistant ovarian cancer and non-small-cell lung cancer alongside the broader Tubulis platform. Boehringer Ingelheim's earlier 1.3 billion dollar arrangement with Synaffix, Astellas's 1.54 billion dollar agreement with Evopoint, and Taiho's 1.14 billion dollar acquisition of Araris define the upper tier of platform-level transactions. The competitive landscape now extends decisively beyond the Daiichi Sankyo and Seagen platforms that dominated the prior cycle.

The ADC field is in transition from single-payload to multi-payload architectures. The April 2026 American Association for Cancer Research meeting featured 18 industry projects working on dual- or multi-payload conjugates. Araris's ARC-401, valued at approximately 400 million dollars upfront in its Otsuka transaction, represents the first triple-payload candidate to enter formal development. Dual-payload conjugates from Sutro and Duality Biologics target HER2 and tumour-associated MUC1 respectively. The strategic logic is that resistance mechanisms operate at both the antigen and payload levels, and that conjugates carrying multiple payloads may circumvent both. Whether the design and manufacturing complexity of multi-payload constructs

supports the additional therapeutic margin remains to be demonstrated in clinical readouts during the second half of 2026 and 2027.

Greater China-originated ADC assets continue to dominate cross-border licensing volume. Industry analysis indicates that Chinese biotechnology companies now account for nearly 90 percent of global ADC licensing activity, with Kelun-Biotech, Duality Biologics, MediLink Therapeutics, and Argo Biopharmaceutical representing the leading platform-quality counterparties. Kelun-Biotech's TROP2 ADC SKB264 secured a transaction with Merck exceeding 7 billion dollars, the largest single ADC licensing transaction completed to date.

Radioligand therapeutics have emerged in parallel as a complementary platform with distinct pharmacology and manufacturing characteristics. The 2023 approval of lutetium-177 vipivotide tetraxetan for PSMA-positive metastatic castration-resistant prostate cancer, following the VISION trial, established commercial viability. The pipeline of PSMA-, FAP-, and SSTR-targeted radioligand programmes continues to expand, with imaging companions such as gallium-68 edotreotide for somatostatin receptor-positive neuroendocrine tumours, on which the FDA has set a March 2026 PDUFA target action date, supporting the diagnostic infrastructure. The convergence of radioligand and ADC technologies, including radioligand-conjugated antibody architectures, represents the principal frontier for the modality across 2026 and 2027.

5.2 Cardiometabolic — The post-GLP-1 architecture

The obesity and cardiometabolic franchise has displaced oncology as the largest single category of biopharmaceutical licensing and acquisition activity. Industry analysis cited at the 2026 J.P. Morgan Healthcare Conference indicated that biopharmaceutical companies committed up to 22 billion dollars in obesity and diabetes licensing in Q1 2026 alone, exceeding the full-year 2025 total. The therapeutic area is no longer a single-mechanism contest. The dominant architecture has shifted from GLP-1 monotherapy through dual GLP-1 and GIP agonism, exemplified by tirzepatide, into triple agonism, amylin co-administration, and oral formulations.

The defining clinical and regulatory milestones of the quarter and the bracketing window include Eli Lilly's orforglipron, the first oral non-peptide GLP-1 receptor agonist to advance into Phase 3, for which a new drug application has been submitted to the FDA for the treatment of obesity, with regulatory action expected in the second quarter of 2026; the orforglipron NDA has additionally been selected for the FDA Commissioner's National Priority Voucher pilot programme. Novo Nordisk's CagriSema, the first once-weekly fixed-dose combination of GLP-1 and amylin analogues, has been submitted to the FDA, with REDEFINE 1 Phase 3 data published in The New England Journal of Medicine showing average weight loss of 20.4 percent under the treatment policy estimand and 22.7 percent under the trial product estimand at 68 weeks, against placebo at 3.0 percent. Eli Lilly's retatrutide, a triple GIP, GLP-1, and glucagon receptor agonist, produced average weight loss of 28.7 percent at the 12 mg dose at 68 weeks in the TRIUMPH-4 trial in

patients with obesity or overweight and knee osteoarthritis, with the trial also meeting its co-primary endpoint of pain reduction with WOMAC pain scores reduced by 4.5 points (75.8 percent); a dysesthesia safety signal was observed at 8.8 percent of patients on the 9 mg dose and 20.9 percent on the 12 mg dose against 0.7 percent on placebo, and seven additional Phase 3 readouts in the TRIUMPH programme are expected to complete during 2026.

The strategic significance of these readouts is that the obesity market is bifurcating into a high-efficacy injectable tier dominated by triple agonists and GLP-1-amylin combinations, and a convenience-oriented oral tier where orforglipron will compete directly with oral semaglutide. The tolerability and lean-mass-preservation profile of any individual asset is now the principal commercial differentiator within each tier. Combination strategies that pair GLP-1 mechanism with myostatin inhibition or activin receptor antagonism, intended to preserve skeletal muscle during weight loss, represent the next frontier and have drawn material licensing interest. Roche's 5.3 billion dollar transaction with Zealand Pharmaceuticals and Pfizer's contested approximately 10 billion dollar acquisition of Metsera, completed against Novo Nordisk's competing bid, illustrate the competitive pricing of next-generation assets.

Greater China's outbound licensing footprint in the obesity space has scaled correspondingly. AstraZeneca's licence with CSPC Pharmaceutical for ex-China rights to a weight-management portfolio, with potential consideration of approximately 18.5 billion dollars across milestones, is now the largest single cross-border licensing transaction of any therapeutic area in the present cycle. The pipeline of more than 120 metabolic assets across 60 companies identified by PitchBook ensures continued deal flow. The capital-allocation question for 2026 and 2027 is no longer whether obesity remains the principal growth franchise but how the second-order economics around manufacturing capacity, payer reimbursement, and lean-mass-preserving co-administration will be distributed.

5.3 Neurology — The post-amyloid frontier

The neurology landscape entering 2026 is characterised by the establishment of the first generation of disease-modifying Alzheimer's therapeutics, lecanemab and donanemab, alongside continued debate about the magnitude of clinical benefit. A Cochrane systematic review published in April 2026, covering 17 trials and 20,342 participants across nine amyloid-beta-targeting monoclonal antibody candidates, concluded that the class probably results in little to no clinically meaningful difference in cognitive function, dementia severity, or functional ability at 18 months. The conclusion does not invalidate the regulatory approvals; it sets a sober frame within which the next generation of agents must demonstrate superiority.

The pipeline accordingly extends well beyond amyloid. Approximately 200 clinical trials are evaluating more than 150 novel candidates spanning amyloid, tau, glucose metabolism, neuroinflammation, and prevention. Eli Lilly's remternetug, the next-generation amyloid

candidate, advanced through the TRAILRUNNER-ALZ 1 Phase 3 trial during the quarter and is expected to complete by March 2026, with subcutaneous self-injection representing the primary differentiator against intravenous lecanemab. Anti-tau therapies and combination amyloid-tau regimens have emerged as the most-watched second-generation strategies. The AHEAD trial, evaluating lecanemab in pre-symptomatic high-risk patients, represents the prevention frontier and is expected to influence the architecture of disease-modifying therapy across the second half of the decade.

Beyond Alzheimer's, the quarter delivered notable activity in adjacent neurological indications. Takeda's oreporexton, an oral orexin receptor 2-selective agonist for narcolepsy type 1, had its New Drug Application accepted by the FDA on 10 February 2026 with Priority Review and a Prescription Drug User Fee Act target action date in the third quarter of 2026; if approved, it would represent the first orexin agonist therapy targeting the underlying orexin deficiency that causes narcolepsy type 1. Phase 3 data from the FirstLight and RadiantLight studies, presented at World Sleep 2025, met all primary and secondary endpoints with statistical significance across both 1mg and 2mg twice-daily doses. The Parkinson's disease ELEVATE-PD trial of IPX203 and the schizophrenia and Alzheimer's psychosis ADEPT-2 trial of xanomeline-trospium delivered material readouts during the quarter, supporting the broader thesis that neurology is at a structural inflection comparable to oncology a decade ago.

Capital allocation into neurology has correspondingly diversified. Tortugas Neuroscience's 106 million dollar Seed and Series A round, with assets licensed from Eisai and Hansoh Pharmaceutical for schizophrenia, tinnitus, focal epilepsy, and reversible encephalopathies, illustrates the willingness of specialist capital to underwrite neurology platforms with multiple shots on goal. The acquisition pipeline has expanded in parallel, with Bristol Myers Squibb's Orbital Therapeutics transaction for in vivo CAR-T technology in autoimmune indications signalling that the boundary between neurology, immunology, and cell therapy is increasingly permeable.

6. Regulatory and Policy

The regulatory backdrop for global life sciences in Q1 2026 is defined by the continued unsettled state of the United States Food and Drug Administration alongside an expanding role for non-United States regulators in the development and approval pathways of globally significant drug candidates.

United States Food and Drug Administration

The FDA approved 46 novel medicines through the Center for Drug Evaluation and Research in 2025, plus 10 through the Center for Biologics Evaluation and Research, broadly in line with historical norms. The agency issued 19 complete response letters during 2025, of which 4 originated from CBER, a figure described by Jefferies as exceeding historical patterns. The on-time approval rate, a leading indicator of agency capacity, slipped to approximately 75 percent during the third and fourth quarters of 2025 according to RBC Capital Markets analysis.

Leadership instability has been the principal headwind. The departure of Peter Marks from CBER in March 2025, the brief tenure of Richard Pazdur at CDER, the appointment of Tracy Beth Hoeg as acting CDER chief, and ongoing speculation regarding CBER leadership through Q1 2026 have produced shifts in guidance and review trajectories that have surprised individual sponsors. Workforce reductions across the Department of Health and Human Services have compounded capacity constraints. Industry counsel and regulatory strategists report that drug review teams that were operating near capacity in 2024 now face structural under-resourcing, with the consequence that even routine reviews carry elevated timeline risk.

Set against this, the agency has accelerated specific pathways. The Commissioner's National Priority Voucher pilot programme allows certain drug candidates to move through review in as little as one to two months. Among the first cohort of nine recipients announced during 2025, Disc Medicine's bitopertin for erythropoietic protoporphyria became the first investigational drug to be reviewed through the new pathway and received a Complete Response Letter from the FDA on 13 February 2026, with the agency citing uncertainties about the trial's surrogate endpoint despite acknowledging that the primary endpoint had been met; the outcome served as a structural reminder that expedited review timelines do not substitute for an evidentiary base validated against clinical outcomes. Eli Lilly's orforglipron, also a recipient of the National Priority Voucher, has progressed to active FDA review for obesity with action expected in the second quarter of 2026. The February 2026 draft guidance establishing a plausible mechanism pathway for niche drugs targeting small patient populations where randomised clinical trials are not feasible is a meaningful policy expansion for rare disease developers. The reauthorisation of the

rare paediatric disease priority review voucher programme and CGT-specific manufacturing exemptions issued in January 2026 extend support to advanced therapeutics.

The first quarter has also delivered specific approvals and decisions of structural importance. Ascendis Pharma's TransCon CNP for achondroplasia received a February 2026 PDUFA action date following an extension. RGX-121 for Hunter syndrome had its PDUFA date set at 8 February 2026. Pierre Fabre's tabelecleucel for Epstein-Barr virus positive post-transplant lymphoproliferative disease was scheduled for 10 January 2026. Merck's pembrolizumab supplemental BLA for platinum-resistant recurrent ovarian cancer was scheduled for 20 February 2026. Lantheus's gallium-68 edotreotide for somatostatin receptor PET imaging was scheduled for 29 March 2026.

Other major jurisdictions

The European Medicines Agency continues to operate within its established cadence, with no comparable institutional volatility to that observed in Washington. The Medicines and Healthcare products Regulatory Agency in the United Kingdom has continued its strategy of leveraging international reliance pathways and bilateral recognition arrangements with comparable regulators, supporting a faster effective approval timeline for selected innovative products.

China's National Medical Products Administration has progressively aligned its accelerated approval pathways with international standards, supporting the cross-border licensing wave addressed in Section 3. NMPA fast-track approvals reached 47 over the past cycle. The Saudi Food and Drug Authority continues to align with EMA and FDA standards, with the Innovative Medical Devices pathway and the Healthcare Sandbox supporting digital and biotechnology product introduction. The United Arab Emirates Capital Market Authority framework codified under Federal Decree Laws 32 and 33 of 2025 took effect from 1 January 2026, with a regularisation window concluding on 1 January 2027. This is consequential for capital markets activity originating in or flowing through the UAE.

Pricing and policy overhangs

The United States Inflation Reduction Act's Medicare drug price negotiation regime entered its second round of negotiated prices during 2026, treating the active ingredient of drugs by the same manufacturer as the same and thereby narrowing certain life-cycle management options for biologics. Industry analysis from HSBC suggests this may produce more aggressive post-cliff revenue erosion than previously anticipated, particularly for biologics. The Most Favoured Nation pricing executive order and tariff regime introduced in early 2025 continue to be navigated through bilateral arrangements between major manufacturers and the federal government, with

Pfizer's three-year tariff reprieve secured against a 70 billion dollar United States investment commitment representing the template.

The cumulative regulatory and policy backdrop is consequential for capital allocation. It increases the value of late-stage clinical assets that are insulated from these dynamics through patent protection or first-in-class positioning. It increases the value of manufacturing capacity inside the United States. It increases the strategic premium attached to non-United States regulatory pathways and commercial channels, particularly in the Gulf and Asia, that operate outside the United States price negotiation regime. The Saudi pharmaceutical export target of 5 billion dollars by 2030, supported by the Public Investment Fund's investment in Lifera and partnerships with Novo Nordisk and Pfizer for in-kingdom GLP-1 production, illustrates how non-United States manufacturing and commercial localisation has become a strategic imperative rather than a marginal optimisation.

7. Regional Lens

7.1 United States

The United States retains its dominant position in global biotechnology capital formation. Approximately 3.8 billion pounds, equivalent to roughly 4.7 billion United States dollars, was deployed in United States biotechnology venture rounds during Q1 2026 according to Bioindustry Association data, although this represented a 28 percent decline from Q4 2025 reflecting both the broader shift toward higher volumes of smaller transactions and the redirection of generalist capital toward artificial intelligence. United States biotechnology IPO activity was the strongest in five years on a proceeds basis. United States mergers and acquisitions activity outpaced all other jurisdictions combined. The combination of the Federal Reserve's accumulated easing, the patent cliff arithmetic, and the commercial scale of the domestic market continues to anchor global life sciences capital around New York, Boston, and San Francisco.

The structural challenges that bear on United States allocators in 2026 are the unsettled state of the FDA, the IRA pricing pressures bearing on commercial-stage assets, and the diversion of growth equity into the artificial intelligence cycle. These challenges have so far moderated but not displaced the United States market's primacy.

7.2 Europe and the United Kingdom

The United Kingdom retained its position as Europe's largest biotechnology venture market in Q1 2026, attracting 57 to 58 percent of European venture capital. The 552 million pound aggregate equity financing total represented a quarter-on-quarter recovery, with a broader distribution across more transactions than the comparable 2025 period. Two large acquisitions of United Kingdom-domiciled biotechnology companies during the quarter, Eli Lilly's acquisition of Centessa Pharmaceuticals at approximately 4.6 billion pounds and Amgen's acquisition of Dark Blue Therapeutics at approximately 626 million pounds, underscore continuing strong international demand for United Kingdom assets. United Kingdom biotechnology IPO activity remained absent for a fifth consecutive year.

Continental European biotechnology venture activity remained subdued, with European capital deployment in Q1 2026 totalling approximately 893 million pounds against 1.8 billion pounds in Q4 2025. Switzerland and Germany remain the principal active markets after the United Kingdom. The European Life Sciences Coalition formed in early 2026 represents a coordinated industry effort to address the persistent gap between European biotechnology research output and European public market capacity.

7.3 China and Greater Asia

Greater China's transformation from manufacturing hub to originator of novel drug candidates is the defining structural development of the present cycle. By Q1 2026 approximately 30 percent of all novel drug candidates in global clinical development originated from Chinese-headquartered companies, up from low single digits a decade ago. Cross-border outlicensing reached 60 billion dollars in Q1 2026 transaction value. Hong Kong reclaimed the global leadership position by IPO proceeds raised in 2025. The Hang Seng Biotech Index has gained more than 60 percent over the trailing twelve months.

The strategic implication for global allocators is that life sciences capital allocation now requires explicit consideration of the Greater China origination, structuring, and exit pathway alongside the established United States and European routes. The third thesis of this edition addresses the consolidation of this wave around larger and more sophisticated counterparties; the broader implication is that any institutional life sciences mandate that does not include direct or structured exposure to Greater China-origin assets is now incomplete.

7.4 Japan and Korea

Japan continues to function as a strategic partner of choice for both Western and Greater Chinese counterparties. Japanese pharmaceutical companies including Daiichi Sankyo, Astellas, Otsuka, Takeda, and Eisai have remained active acquirers and licensees during the quarter, with Otsuka's Araris transaction at approximately 400 million dollars upfront and Astellas's Evopoint arrangement at 1.54 billion dollars representing notable deployments. Korean biotechnology venture activity continued at a measured pace, with the Samsung Life Science Fund's investment in Phrontline Biopharma during late 2025 illustrating sustained corporate venture commitment.

7.5 Australia

Australian biotechnology activity remained constrained relative to the major capital markets but continued to function as a clinical-stage development jurisdiction supported by the Research and Development Tax Incentive regime. ASX-listed biotechnology issuers experienced mixed performance during the quarter, consistent with the broader pattern in which small- and mid-capitalisation issuers without near-term clinical catalysts faced continued capital rationing. The pathway from Australian early clinical development to United States or Hong Kong public listing remains the principal capital trajectory for Australian-domiciled life sciences companies seeking institutional scale.

7.6 Gulf Cooperation Council

The Gulf Cooperation Council region completed several structural milestones during Q1 2026. The Capital Market Authority of Saudi Arabia opened the Tadawul exchange to all categories of foreign investors from 1 February 2026, abolishing the Qualified Foreign Investor framework and bringing international holdings to over 590 billion Saudi riyals, equivalent to approximately 157 billion United States dollars. The Public Investment Fund's 2026 to 2030 strategy, approved during the quarter, formalised the framework under which Saudi sovereign capital will be deployed across the present strategy cycle. Foreign direct investment stock into Saudi Arabia reached approximately 1.05 trillion riyals, equivalent to roughly 280 billion United States dollars, by the third quarter of 2025. The Kingdom is targeting 100 billion United States dollars in annual foreign direct investment by 2030.

Within the life sciences specifically, the National Biotechnology Strategy targets 11,000 biotechnology jobs by 2030 and 55,000 by 2040, with sector contribution of 34.6 billion United States dollars representing approximately 3 percent of non-oil GDP at the 2040 target horizon. The Saudi biotechnology market is projected to grow at a 14 percent compound annual growth rate, reaching approximately 12 billion United States dollars by 2030. Lifera, the contract development and manufacturing organisation backed by the Public Investment Fund, has secured agreements with Novo Nordisk for in-kingdom GLP-1 production and with Pfizer for additional pharmaceutical localisation. Riyadh Biotech City, located adjacent to King Faisal Specialist Hospital and Research Centre, anchors the principal physical cluster.

The United Arab Emirates Capital Market Authority framework, codified under Federal Decree Laws 32 and 33 of 2025 and effective from 1 January 2026 with a regularisation deadline of 1 January 2027, has materially reshaped the regulatory landscape for capital markets activity originating in or flowing through the UAE. Dubai International Financial Centre and Abu Dhabi Global Market continue to function as the principal regional financial hubs, with sustained deepening of life sciences allocation activity through Mubadala Investment Company, Abu Dhabi Investment Authority, and the Abu Dhabi-domiciled M42 healthcare platform.

The strategic implication of these developments is that the GCC has consolidated its position as a structurally significant source of global life sciences capital and, increasingly, as a complementary regulatory and commercial jurisdiction for sponsors. The maturation of the regional financial infrastructure, the deepening of sovereign capital allocation, and the growth of in-region manufacturing and clinical capacity together constitute one of the most consequential regional developments in the global life sciences cycle.

8. Forward View — The Next Two Quarters

The Lambda Quarterly closes each edition with a forward view across the immediately succeeding period. For Q2 and Q3 of 2026 we identify five inflection points that will determine the trajectory of life sciences capital formation through the remainder of the year.

First — The IPO window's depth test

The Q1 2026 cohort of priced biotechnology IPOs has established that the window is open for differentiated mid- and late-stage clinical assets. Q2 will test the depth of demand. The number of companies in the confidential filing stage or actively preparing IPOs in the first half of 2026 has been estimated at between 30 and 50. If even half of this cohort prices, the year will deliver the largest aggregate biotechnology IPO proceeds since 2021. If the window narrows around a smaller number of issuers, the structural-versus-cyclical question raised by our first thesis will receive a sharper test.

Second — The patent cliff M&A tempo

Jefferies' Q1 2026 forecast of more than 20 biotechnology acquisitions exceeding 1 billion dollars during the year was set against a quarter that included at least four such transactions. Q2 will indicate whether the late-March 2026 surge persists or whether acquirers will defer further activity into the second half. The four to five quarters across which the most consequential 2026 to 2028 patent expirations cluster create the primary constraint. Acquirers with the most exposed franchises, particularly Merck, Bristol Myers Squibb, and Pfizer, are unlikely to slow their deal-making meaningfully.

Third — Greater China licensing pricing discipline

The 230 percent increase in average upfront values on Western-Chinese licensing transactions over four years is a meaningful normalisation. Q2 and Q3 2026 will reveal whether this pricing discipline holds or whether competitive bidding among Western licensees pushes upfront values higher. Our third thesis predicts consolidation around larger and more sophisticated counterparties, which would imply continued pricing normalisation rather than further escalation. A meaningful divergence from this pattern would call our thesis into question.

Fourth — FDA capacity and consistency

The 75 percent on-time approval rate observed in Q3 and Q4 2025 is the principal capacity indicator. Q2 2026 PDUFA action dates including those for orforglipron and several rare disease candidates, alongside ongoing Commissioner's National Priority Voucher reviews, will indicate whether the agency can stabilise its operational tempo. Continued slippage would meaningfully affect the timing assumptions embedded in clinical-stage company valuations and the structuring of late-private rounds with implicit listing trajectories.

Fifth — Sovereign capital deployment cadence

The Public Investment Fund's 2026 to 2030 strategy, the structural opening of the Tadawul to foreign investors, and the continued expansion of GCC and Asian sovereign allocations into life sciences create the conditions for accelerated deployment through the remainder of 2026. The principal question is the form. We anticipate further migration toward direct primary capital deployment through structured vehicles, with reduced reliance on traditional crossover intermediation. The pace at which this trend visibly displaces United States crossover capacity in specific transactions will be the principal indicator of our second thesis.

Closing observations

The first quarter of 2026 was, in retrospect, less surprising than its individual data points suggested. The structural forces that drove its capital markets activity, the patent cliff, sovereign capital deepening, the Greater China origination wave, and the partial easing cycle, had been visible in 2025. What changed in Q1 2026 was the simultaneity. Each force advanced together. Each force is durable. The implication is that 2026 represents not a return to a prior cycle but the first complete quarter of a new configuration in global life sciences capital formation. The Lambda Quarterly will track its trajectory across the remainder of the year and will return in Q2 to test the theses set out here against fresh data.

Sources and Methodology

This publication has been compiled from sources considered reliable by Bioscience Equity Partners at the time of writing. The Lambda Quarterly does not include inline citations or hyperlinks, consistent with the institutional research register. The categories of sources drawn upon for this edition are set out below.

Primary sources

Stock exchange filings, listing rule documentation, and primary regulatory filings, including those of the Hong Kong Exchanges and Clearing Limited under Chapter 18A and Chapter 18C, the Nasdaq Global Select Market, the New York Stock Exchange, the Securities and Exchange Commission of the United States (Forms S-1, 8-K, and DFAN14A), the Saudi Capital Market Authority, the United Arab Emirates Securities and Commodities Authority, and the Tadawul Saudi Exchange. Issuer announcements and press releases of named pharmaceutical and biotechnology companies referenced in the publication, including investor disclosures of acquirers and targets in the transactions enumerated in Section 3 and Appendix A. Disclosures of sovereign and quasi-sovereign fund managers, including the Public Investment Fund of Saudi Arabia (2026 to 2030 Strategy announcement), GIC, Temasek, the Mubadala Investment Company, and the Abu Dhabi Investment Authority.

Regulatory and policy sources

Releases, guidance documents, and decisions of the United States Food and Drug Administration (Center for Drug Evaluation and Research, Center for Biologics Evaluation and Research, and the Commissioner's National Priority Voucher pilot programme), the European Medicines Agency, the United Kingdom Medicines and Healthcare products Regulatory Agency, the Saudi Food and Drug Authority, the National Medical Products Administration of China, and other recognised regulators referenced in the publication.

Scientific literature

Peer-reviewed publications referenced for clinical and scientific content include Nature Biotechnology, Nature Cancer, Nature Reviews Drug Discovery, npj Precision Oncology, the Lancet Regional Health, the New England Journal of Medicine, the Cochrane Database of Systematic Reviews, and the Endocrine Reviews journal of the Endocrine Society.

Industry publications

Industry analysis and market commentary referenced in this publication has been drawn from BioPharma Dive, Fierce Biotech, BioSpace, Endpoints News, STAT News, PharmaVoice, the Financial Times, Reuters, Bloomberg, the Wall Street Journal, the South China Morning Post, the Boston Globe, Pharmaceutical Technology, OncLive, Clinical Trials Arena, NeurologyLive, Crunchbase News, BioBucks, Vision Lifesciences, Premia Partners, EC Innovations, and PharmaSource. Investment bank and consultancy commentary referenced includes published analyses by Jefferies, Goldman Sachs, RBC Capital Markets, Truist Securities, Stifel, William Blair, UBS, HSBC, ING Think, McKinsey, EY, PitchBook, Evaluate, PharmCube, and PricewaterhouseCoopers.

Methodology

Currency conventions: all figures are stated in United States dollars unless otherwise specified. Where the original source figure was reported in another currency, conversion was effected at prevailing or contemporaneous exchange rates. Date conventions: dates are stated in day-month-year format. References to Q1 2026 mean the calendar quarter ending 31 March 2026; references to Q2 2026 mean the calendar quarter ending 30 June 2026. Where transactions, regulatory milestones, or clinical readouts referenced in this publication occurred outside Q1 2026 but are material to the Q1 2026 narrative, they are flagged as such where they appear. Data cut-off: information current as at 25 April 2026. Subsequent developments are not reflected. Index performance: figures stated for benchmark indices are approximate and drawn from contemporaneous public market data; real-time prices vary continuously. Aggregate transaction values: where headline transaction values are stated, they reflect total disclosed consideration including upfront cash, contingent value rights, and milestone payments where applicable; net consideration after acquired cash, where reported separately, is noted in the narrative but not in headline figures unless specified.

Sources of error

Despite Bioscience Equity Partners exercising reasonable care in compiling and verifying the contents of this publication, residual risk of error remains in any document of this nature. Allocators and counterparties relying on specific figures or transaction details for investment, divestment, or strategic decisions should verify those figures and details against original sources before acting. Bioscience Equity Partners welcomes correspondence identifying any factual errors so that they may be addressed in subsequent editions.

Appendix A — Selected Q1 2026 Capital Markets Transactions

Selected biotechnology IPOs and follow-ons

Issuer	Pricing Date	Proceeds (USD)	Listing
Eikon Therapeutics	5 Feb 2026	381m	Nasdaq
Generate Biomedicines	Q1 2026	~400m (priced below last private)	Nasdaq

Selected Q1 2026 venture financings

Company	Round	Announced	Amount (USD)	Therapeutic Focus
Atrium Therapeutics	Launch financing	Feb 2026	~270m	Genetic cardiomyopathies
Angitia Biopharmaceuticals	Series D	5 Feb 2026	130m	Bone / metabolic
Tenpoint Therapeutics	Series B	29 Jan 2026	85m	Ophthalmology / presbyopia

Selection criteria: transactions disclosed during Q1 2026 with publicly reported headline values. Aftermarket performance figures move with the market and are intentionally not reproduced here.

Appendix B — Index Performance Summary

Index	Reference Period	Approximate Move	Notes
SPDR S&P Biotech (XBI)	Trailing 12 months to Q1 close	+64% to peak; closed near 120	Volatile; off cyclical December peak
iShares Biotechnology (IBB)	6 months to early January 2026	+36.7%	vs S&P 500 +11.2%
iShares Biotechnology (IBB)	YTD through early April 2026	+4.2%	vs S&P 500 +0.6%
Hang Seng Biotech Index	Trailing 12 months	>+60%	Driven by China outbound licensing
S&P 500	Q1 2026	Volatile, modestly positive	AI and value rotation

Index figures are approximate and drawn from contemporaneous public market reporting. Real-time prices vary continuously.

Appendix C — Glossary of Abbreviations

Abbreviation	Expansion
ADC	Antibody-Drug Conjugate
ADX	Abu Dhabi Securities Exchange
BLA	Biologics License Application
CBER	Center for Biologics Evaluation and Research (FDA)
CDER	Center for Drug Evaluation and Research (FDA)
CFIUS	Committee on Foreign Investment in the United States
CMA	Capital Market Authority (Saudi Arabia)
CVR	Contingent Value Right
DFM	Dubai Financial Market
EMA	European Medicines Agency
FDA	United States Food and Drug Administration
FOMC	Federal Open Market Committee
GCC	Gulf Cooperation Council
GIP	Glucose-dependent Insulinotropic Polypeptide
GLP-1	Glucagon-Like Peptide-1
HKEX	Hong Kong Exchanges and Clearing Limited
IBB	iShares Biotechnology ETF
IRA	Inflation Reduction Act (United States)
IPO	Initial Public Offering
KFSHRC	King Faisal Specialist Hospital and Research Centre
LOE	Loss of Exclusivity
MFN	Most Favoured Nation
MHRA	Medicines and Healthcare products Regulatory Agency (UK)
MOHAP	Ministry of Health and Prevention (UAE)
NDA	New Drug Application

Abbreviation	Expansion
NMPA	National Medical Products Administration (China)
PDUFA	Prescription Drug User Fee Act
PIF	Public Investment Fund (Saudi Arabia)
PIPE	Private Investment in Public Equity
PRV	Priority Review Voucher
PSMA	Prostate-Specific Membrane Antigen
SBLA	Supplemental Biologics License Application
SCA	Securities and Commodities Authority (UAE)
SFDA	Saudi Food and Drug Authority
SPV	Special Purpose Vehicle
XBI	SPDR S&P Biotech ETF

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