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With strong pipelines and pharma partnerships in place, the future of Alzheimer's and dementia treatment looks more promising than ever.

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Philip Scheltens, Professor of Neurology and Partner and Head of the EQT Life Sciences Dementia Fund, reflects on the journey from founding the world's first dedicated neurodegeneration investment fund to building a strong pipeline of promising companies, backed by scientific rigour, biomarker innovation and partnerships with major pharmaceutical firms.

As the co-founder of the Life Science Dementia Fund, could you begin by sharing the origin story and introducing the fund?

I am originally a professor of neurology and founded the Alzheimer's Centre in Amsterdam back in 2000, so more than 25 years ago. I spent my entire career in academia, treating patients and conducting clinical research mainly in the field of biomarkers and clinical trials, either as a principal investigator or actively involved as a "trialist."

In 2019, I was approached by Rene Kuijten from what was then called Life Science Partners, now EQT Life Sciences, who led their general fund. He suggested that, given the developments in neuroscience and neurodegeneration in particular, we might be at a turning point similar to what oncology experienced 15 years ago. He asked if I would consider helping to start a specific fund focused on neurodegeneration. Interestingly, I had already been contemplating that idea myself. When the opportunity arose, I thought about it briefly and agreed. We launched the fund in 2020,

initially with me working one day a week, then gradually expanding until I transitioned fully out of academia in January 2022.

At the start, it was quite challenging. There was a widespread perception that neurodegeneration was a field marked by failed trials as a sort of graveyard for drug development. But I believed otherwise. Biomarkers and diagnostics had advanced so significantly that they were laying the foundation for more effective drug development. I was optimistic.

A major shift happened in June 2021, when the first disease-modifying therapy for Alzheimer's received accelerated approval from the FDA. This changed the outlook significantly and helped attract more investors.

Many also invested because of the cause itself, as neurodegeneration and Alzheimer's disease affect so many people that it resonates personally. Some told us they did not even mind if the fund did not yield financial returns, because they felt the work was so important.

Eventually, we oversubscribed and closed the fund in 2023 with EUR 273 million after having originally targeted EUR 100 million. We began investing in 2021 and have now invested in nine companies with three more on the way. We are a dedicated team of six people and have exciting plans to continue growing in the future.

Please elaborate on the fund's investment strategy and how you go about selecting companies to support?

We have a clearly defined strategy. We evaluate around 400 companies globally each year, ranging from early to slightly later stages. Naturally, the team must be outstanding and have deep expertise in neuroscience. For the compounds themselves, we insist on either genetic or biological validation, and there must be a biomarker strategy in place to support clinical development. Those are the main pillars of our assessment.

We challenge companies to demonstrate how their compound is validated and how it fits within the context of neurodegeneration. That has been our consistent approach from the beginning, and it has proven very successful. Given the number of companies we review, we can afford to be highly selective.

Several of your portfolio companies have had recent successes. Could you highlight a few with notable developments?

Our first investment was in NewAmsterdam Pharma, which came about somewhat serendipitously. I had worked with the company before entering the investment world. They were developing a treatment to lower LDL cholesterol that also has the ability to cross the blood–brain barrier and may have implications for Alzheimer's disease. They invited us to invest because of our Alzheimer's expertise, having turned down a few larger funds. The company listed on NASDAQ in November 2022, signed a licensing deal with Menarini for the European rights, and continues to perform well. We expect Alzheimer's-related results soon.

AviadoBio is developing the first gene therapy for frontotemporal dementia (FTD). Although it targets a very rare condition, it has made strong progress. Six patients have been treated so far, and Astellas has taken a license, which we hope they will execute next year.

We also have QurAlis, which focuses on ALS and is collaborating with Lilly. Another of our portfolio companies, VectorY Therapeutics is developing intrabodies, antibodies that are expressed and function within cells, and they are also partly partnered with Lilly. Meanwhile, Muna, based in Copenhagen, is developing anti-inflammatory approaches for Alzheimer's through the TREM2 pathway and has partnered with GSK.

Overall, we have already seen one partial exit and several licensing agreements, validating our strategy and confirming that pharma is paying attention.

More broadly, what do you see as the pivotal scientific or clinical developments that are making the dementia field more innovative and successful?

From my perspective, biomarkers are the game-changer. When I transitioned from academia, I felt I had contributed extensively to developing the biomarker field from MRI to CSF and PET, and now blood-based biomarkers.

These tools are essential because you cannot simply biopsy the brain like you would with the liver. Biomarkers allow us to understand the underlying pathology, make a diagnosis, measure disease progression and, crucially, assess drug efficacy.

We can now identify patients based on blood-based biomarkers, avoiding more invasive procedures like lumbar punctures or expensive PET scans. A plasma P-Tau217 test, for instance, can be

sufficient. This shift has been hugely impactful.

Alzheimer's is at the forefront, but other conditions are catching up. Parkinson's now has alpha-synuclein biomarkers. FTD and ALS research is focusing on tau and TDP-43 biomarkers. The success in Alzheimer's has shown what is possible, and others are following suit.

Beyond the science, do you consider industry collaboration crucial to achieving success in Alzheimer's treatment?

Most pharma companies now recognise that neuroscience, and neurodegeneration in particular, is the next major frontier. But selecting the best opportunities is difficult. That is where we come in. We pre-select the most promising companies and de-risk them. Many of our portfolio companies have attracted partnerships and licensing deals as a result.

Many large pharmaceutical companies have significantly scaled back their internal R&D efforts, prompting them to look externally for innovation. This shift has made them more reliant on specialised funds like ours to identify and de-risk promising ventures. As a result, several of our portfolio companies have attracted licensing deals and may ultimately be acquired or enter long-term collaborations.

As some of your portfolio companies advance to late-stage trials, is there any level of support the fund can offer as they prepare to face the challenges of real-world adoption?

Unfortunately, we cannot play a direct role in regulatory approval or reimbursement decisions. Our fund is not large enough to support Phase III trials. We typically support companies through Phases I and II, after which larger partners, usually pharma, need to take over.

What we can do is advocate. We attend conferences and present our vision, highlighting the importance of this field and the urgent need for treatment options.

From your perspective, what shifts would you like to see from regulators to help bring these treatments to patients?

One major issue in neurodegeneration is the insensitivity of traditional clinical endpoints. They are often not precise or responsive enough. I would like to see regulators become more open to using biomarkers as a basis for approval.

This is already happening in some areas. If a biomarker is closely linked to the disease process, it can provide an earlier and more accurate readout than waiting for clinical symptoms to change, something that can take years. The FDA has been more progressive in this area than the EMA, but both need to evolve.

Take rare diseases like genetic FTD. You will never get enough patients for a massive Phase III trial. But if the biomarkers show a clear effect, that should be enough for approval. We need to push that message.

To wrap up, if we were to revisit this conversation in 2030, what progress would you hope to see for the fund?

By 2030, I hope that our second fund, which we will start fundraising for next month, will have completed several investments and built another strong portfolio. I also hope that one or two of our current companies will have made it to market and are benefiting patients. That would be incredibly fulfilling for me personally.

In a greater sense beyond EQT, I expect to see more treatment options beyond monoclonal antibodies, which are expensive and cumbersome. We should have small molecules, multiple therapies targeting different mechanisms, and more preventive treatments available. The field will look very different in five years.

Any final message you would like to share with the global Alzheimer's community?

To the global Alzheimer's community, I would say to keep hope. There is real progress and more treatments in the pipeline. We are doing our best to support innovation, but more investment is still needed. We must fund neurology as robustly as we do oncology. I believe that shift is beginning, and within the next five years, it will become a reality.

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