

TEKLA LIFE SCIENCES INVESTORS
Form N-Q
August 28, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-06565

Tekla Life Sciences Investors
(Exact name of registrant as specified in charter)

100 Federal Street, 19th Floor, Boston, MA
(Address of principal executive offices)

02110
(Zip code)

(Name and address of agent for service)

Registrant's telephone number, including area code: 617-772-8500

Date of fiscal year end: September 30

Date of reporting period: 6/30/18

Item 1. Schedule of Investments.

TEKLA LIFE SCIENCES INVESTORS**SCHEDULE OF INVESTMENTS**

JUNE 30, 2018

(Unaudited)

| SHARES | | VALUE |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------|
| CONVERTIBLE PREFERRED AND WARRANTS (a) - 4.4% of Net Assets | | |
| Biotechnology 1.0% | | |
| 1,400,000 | Amphivena Therapeutics, Inc. Series B (Restricted) (b) | \$ 2,100,000 |
| 1,153,847 | BioClin Therapeutics, Inc. Series A (Restricted) (b) | 750,001 |
| 668,449 | BioClin Therapeutics, Inc. Series B (Restricted) (b) | 500,000 |
| 933,333 | GenomeDx Biosciences, Inc. Series C (Restricted) (b) | 310,800 |
| 160,424 | GenomeDx Biosciences, Inc. Series D Prime (Restricted) (b) | 146,788 |
| 816,948 | GenomeDx Biosciences, Inc. Series D (Restricted) (b) | 249,169 |
| 112,645 | GenomeDx Biosciences, Inc. Warrants (Restricted, expiration 11/1/27, exercise price \$0.31) (b) | 0 |
| 90,000 | Trillium Therapeutics, Inc. Series II (d) | 540,000 |
| | | 4,596,758 |
| Health Care Equipment & Supplies (Restricted) 2.4% | | |
| 2,338,198 | AlterG, Inc. Series C (b) | 233,820 |
| 79,330 | CardioKinetix, Inc. Series C, 8.00% (b) | 0 |
| 142,574 | CardioKinetix, Inc. Series D, 8.00% (b) | 0 |
| 439,333 | CardioKinetix, Inc. Series E, 8.00% (b) | 0 |
| 481,378 | CardioKinetix, Inc. Series F, 8.00% (b) | 0 |
| N/A(g) | CardioKinetix, Inc. Warrants (expiration 12/11/19, exercise price \$0.69) (b) | 0 |
| N/A(g) | CardioKinetix, Inc. Warrants (expiration 6/03/20, exercise price \$0.69) (b) | 0 |
| 8,822 | CardioKinetix, Inc. Warrants (expiration 8/15/24, exercise price \$2.85) (b) | 0 |
| 951,000 | IlluminOss Medical, Inc. Series AA, 8.00% (b) (c) | 951,000 |
| 895,848 | IlluminOss Medical, Inc. Junior Preferred, 8.00% (b) (c) | 895,848 |
| 47,542 | IlluminOss Medical, Inc. Warrants (expiration 1/11/28, exercise price \$1.00) (b) (c) | 0 |
| 23,771 | IlluminOss Medical, Inc. Warrants (expiration 11/20/27, exercise price \$1.00) (b) (c) | 0 |
| 47,542 | IlluminOss Medical, Inc. Warrants (expiration 2/06/28, exercise price \$1.00) (b) (c) | 0 |
| 71,324 | IlluminOss Medical, Inc. Warrants (expiration 3/31/27, exercise price \$1.00) (b) (c) | 0 |
| 2,606,033 | Veniti, Inc. Series A, 8.00% (b) (c) | 4,541,534 |
| 1,307,169 | Veniti, Inc. Series B, 8.00% (b) (c) | 2,343,362 |
| 716,720 | Veniti, Inc. Series C, 8.00% (b) (c) | 1,448,849 |
| | | 10,414,413 |
| Life Sciences Tools & Services (Restricted) 0.8% | | |
| 2,446,016 | Labcyte, Inc. Series C, 8.00% (b) | 3,081,980 |
| 107,178 | Labcyte, Inc. Series D, 8.00% (b) | 147,906 |
| 81,480 | Labcyte, Inc. Series E, 8.00% (b) | 131,183 |
| | | 3,361,069 |

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| SHARES | | VALUE |
|---------|-------------------------------------------------|------------|
| | Pharmaceuticals (Restricted) 0.2% | |
| 659,244 | Milestone Pharmaceuticals, Inc. Series C (b) | \$ 900,000 |
| | TOTAL CONVERTIBLE PREFERRED AND WARRANTS | |
| | (Cost \$21,148,839) | 19,272,240 |

PRINCIPAL AMOUNT

| | | |
|------------|----------------------------------------------------------------------|-----------|
| | CONVERTIBLE NOTES (Restricted) 0.3% of Net Assets | |
| | Biotechnology 0.1% | |
| \$ 349,198 | Amphivena Therapeutics, Inc. Promissory Note, 6.00% due 6/20/19 (b) | 349,198 |
| | Health Care Equipment & Supplies 0.2% | |
| 12,336 | AlterG, Inc. Promissory Note, 6.00% due 9/8/18 | 12,336 |
| 51,741 | CardioKinetix, Inc. Promissory Note, 5.00% due 7/31/18 (a) (b) | 0 |
| 285,294 | IlluminOss Medical, Inc. Promissory Note, 8.00% due 12/31/18 (b) (c) | 285,294 |
| 95,083 | IlluminOss Medical, Inc. Promissory Note, 8.00% due 12/31/18 (b) (c) | 95,083 |
| 190,166 | IlluminOss Medical, Inc. Promissory Note, 8.00% due 12/31/18 (b) (c) | 190,166 |
| 190,166 | IlluminOss Medical, Inc. Promissory Note, 8.00% due 12/31/18 (b) (c) | 190,166 |
| | TOTAL CONVERTIBLE NOTES | |
| | (Cost \$1,174,630) | 1,122,243 |

SHARES

| | | |
|---------|---------------------------------------------------------|------------|
| | COMMON STOCKS AND WARRANTS - 88.0% of Net Assets | |
| | Biotechnology 69.9% | |
| 4,120 | AbbVie Inc. | 381,718 |
| 52,739 | AC Immune SA (a) (d) | 490,473 |
| 37,607 | ACADIA Pharmaceuticals Inc. (a) | 574,259 |
| 616,000 | Achillion Pharmaceuticals, Inc. (a) | 1,743,280 |
| 362,631 | Adaptimmune Therapeutics plc (a) (e) | 4,304,430 |
| 360,000 | Affimed N.V. (a) | 594,000 |
| 82,582 | Akebia Therapeutics, Inc. (a) | 824,168 |
| 38,333 | Albireo Pharma, Inc. (a) | 1,360,821 |
| 116,178 | Alexion Pharmaceuticals, Inc. (a) | 14,423,499 |
| 47,341 | Alkermes plc (a) | 1,948,556 |
| 42,503 | Alynham Pharmaceuticals, Inc. (a) | 4,186,120 |
| 145,998 | Amarin Corporation plc (a) (e) | 451,134 |
| 157,553 | Amgen Inc. | 29,082,708 |
| 270,622 | Amicus Therapeutics, Inc. (a) | 4,227,116 |

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| SHARES | | VALUE |
|---------|--------------------------------------------------------------------------------------------------|------------|
| | Biotechnology continued | |
| 811,227 | ARCA biopharma, Inc. (a) (c) | \$ 451,042 |
| 324,491 | ARCA biopharma, Inc. Warrants (expiration 6/11/22, exercise price \$6.10) (a) (b) (c) | 74,633 |
| 320,135 | Ardelyx, Inc. (a) | 1,184,500 |
| 31,474 | Arena Pharmaceuticals, Inc. (a) | 1,372,266 |
| 38,931 | argenx SE (a) (e) | 3,225,823 |
| 70,136 | Array Biopharma Inc. (a) | 1,176,882 |
| 17,877 | Ascendis Pharma A/S (a) (e) | 1,189,178 |
| 10,078 | BeiGene, Ltd. (a) (e) | 1,549,291 |
| 60,000 | Bellicum Pharmaceuticals, Inc. (a) | 442,800 |
| 108,039 | Biogen Inc. (a) | 31,357,239 |
| 52,024 | BioMarin Pharmaceutical Inc. (a) | 4,900,661 |
| 23,412 | bluebird bio, Inc. (a) | 3,674,513 |
| 32,267 | Blueprint Medicines Corporation (a) | 2,048,309 |
| 297,980 | Celgene Corporation (a) | 23,665,572 |
| 74,700 | Collectis S.A. (a) (e) | 2,113,263 |
| 158,784 | Cidara Therapeutics, Inc. (a) | 825,677 |
| 22,800 | Clovis Oncology, Inc. (a) | 1,036,716 |
| 54,956 | CRISPR Therapeutics AG (a) | 3,229,215 |
| 78,899 | Dermira, Inc. (a) | 725,871 |
| 42,419 | Editas Medicine, Inc. (a) | 1,519,873 |
| 329 | Eiger BioPharmaceuticals, Inc. Warrants (expiration 10/10/18, exercise price \$84.15) (a) (b) | 0 |
| 164,575 | Epizyme, Inc. (a) | 2,229,991 |
| 28,785 | Esperion Therapeutics, Inc. (a) | 1,128,084 |
| 155,074 | Exelixis, Inc. (a) | 3,337,192 |
| 66,438 | FibroGen, Inc. (a) | 4,159,019 |
| 24,824 | Galapagos NV (a) (d) | 2,288,429 |
| 10,180 | Galapagos NV (a) (e) | 938,392 |
| 447,128 | Gilead Sciences, Inc. | 31,674,548 |
| 22,687 | Global Blood Therapeutics, Inc. (a) | 1,025,452 |
| 178,214 | Incyte Corporation (a) | 11,940,338 |
| 47,712 | Innoviva, Inc. (a) | 658,426 |
| 51,530 | Intellia Therapeutics, Inc. (a) | 1,409,861 |
| 29,451 | Ionis Pharmaceuticals, Inc. (a) | 1,227,223 |
| 33,395 | Iovance Biotherapeutics, Inc. (a) | 427,456 |
| 10,127 | Jounce Therapeutics, Inc. (a) | 77,573 |
| 4,965 | Loxo Oncology, Inc. (a) | 861,328 |
| 122,504 | Merus N.V. (a) (d) | 2,788,191 |
| 62,194 | Molecular Templates, Inc. (a) | 325,275 |
| 73,792 | Nektar Therapeutics (a) | 3,603,263 |
| 79,711 | Neurocrine Biosciences, Inc. (a) | 7,830,809 |
| 63,211 | NewLink Genetics Corporation (a) | 300,884 |
| 358,000 | Novavax, Inc. (a) | 479,720 |
| 9,823 | NuCana plc (a) (e) | 186,637 |
| 160,747 | Ovid Therapeutics Inc. (a) | 1,253,827 |
| 563,608 | Pieris Pharmaceuticals, Inc. (a) | 2,857,493 |

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| SHARES | | VALUE |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------|
| Biotechnology continued | | |
| 23,821 | Pieris Pharmaceuticals, Inc., Series A Warrants (expiration 6/8/21, exercise price \$3.00) (a) (b) | \$ 50,739 |
| 11,911 | Pieris Pharmaceuticals, Inc., Series B Warrants (expiration 6/8/21, exercise price \$2.00) (a) (b) | 31,445 |
| 37,141 | Portola Pharmaceuticals, Inc. (a) | 1,402,816 |
| 74,951 | Protagonist Therapeutics, Inc. (a) | 503,671 |
| 23,629 | Puma Biotechnology, Inc. (a) | 1,397,655 |
| 66,647 | Ra Pharmaceuticals, Inc. (a) | 663,138 |
| 45,395 | Regeneron Pharmaceuticals, Inc. (a) | 15,660,821 |
| 36,695 | Sage Therapeutics, Inc. (a) | 5,743,868 |
| 28,532 | Sangamo Therapeutics, Inc. (a) | 405,154 |
| 66,039 | Sarepta Therapeutics, Inc. (a) | 8,729,035 |
| 67,110 | Seattle Genetics, Inc. (a) | 4,455,433 |
| 22,046 | Spark Therapeutics, Inc. (a) | 1,824,527 |
| 200,000 | Syndax Pharmaceuticals, Inc. (a) | 1,404,000 |
| 35,266 | TESARO, Inc. (a) | 1,568,279 |
| 135,000 | Trillium Therapeutics Inc. (a) (d) | 810,000 |
| 23,539 | Ultragenyx Pharmaceutical Inc. (a) | 1,809,443 |
| 37,741 | uniQure N.V. (a) | 1,426,610 |
| 7,142 | United Therapeutics Corporation (a) | 808,117 |
| 141,093 | Vertex Pharmaceuticals Incorporated (a) | 23,980,166 |
| 70,484 | Xenon Pharmaceuticals Inc. (a) | 648,453 |
| | | 306,688,387 |
| Health Care Equipment & Supplies 2.6% | | |
| 49,500 | Alliqua BioMedical, Inc. (a) | 101,475 |
| 130,000 | Cercacor Laboratories, Inc. (Restricted) (a) (b) | 387,360 |
| 49,264 | IDEXX Laboratories, Inc. (a) | 10,736,596 |
| 7,157 | TherOx, Inc. (Restricted) (a) (b) | 143 |
| | | 11,225,574 |
| Health Care Providers & Services (Restricted) 0.1% | | |
| 148,148 | InnovaCare Health, Inc. (a) (b) (f) | 391,111 |
| Life Sciences Tools & Services 5.6% | | |
| 75,374 | Illumina, Inc. (a) | 21,051,204 |
| 74,250 | NanoString Technologies, Inc. (a) | 1,015,740 |
| 13,090 | Thermo Fisher Scientific Inc. | 2,711,463 |
| | | 24,778,407 |
| Pharmaceuticals 9.8% | | |
| 58,428 | Acceleron Pharma Inc. (a) | 2,834,927 |
| 236,260 | Aerpio Pharmaceuticals, Inc. (a) | 980,479 |
| 2,810 | Agios Pharmaceuticals, Inc. (a) | 236,686 |
| 317,800 | Avadel Pharmaceuticals plc (a) (e) | 1,948,114 |
| 82,665 | Clearside Biomedical, Inc. (a) | 883,689 |
| 169,962 | CymaBay Therapeutics, Inc. (a) | 2,280,890 |
| 62,973 | Depomed, Inc. (a) | 420,030 |
| 78,966 | Endo International plc (a) | 744,649 |

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| SHARES | | VALUE |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Pharmaceuticals continued | | |
| 124,140 | Foamix Pharmaceuticals Ltd. (a) (d) | \$ 621,941 |
| 20,875 | GW Pharmaceuticals plc (a) (e) | 2,912,897 |
| 38,683 | Jazz Pharmaceuticals plc (a) | 6,665,081 |
| 35,194 | Medicines Company (The) (a) | 1,291,620 |
| 293,914 | Mylan N.V. (a) | 10,622,052 |
| 43,329 | Revance Therapeutics, Inc. (a) | 1,189,381 |
| 13,967 | Shire plc (e) | 2,357,630 |
| 366,534 | Teligent, Inc. (a) | 1,268,208 |
| 284,378 | Tetraphase Pharmaceuticals, Inc. (a) | 1,015,229 |
| 88,034 | TherapeuticsMD, Inc. (a) | 549,332 |
| 8,083 | Theravance Biopharma, Inc. (a) | 183,322 |
| 929,053 | Verona Pharma plc (a) (d) | 1,734,957 |
| 115,500 | Verona Pharma plc (a) (e) | 1,588,125 |
| 371,622 | Verona Pharma plc Warrants (expiration 4/27/22, exercise price \$2.07) (a) (b) (d) | 176,610 |
| 10,914 | Zogenix, Inc. (a) | 482,399 |
| | | 42,988,248 |
| | TOTAL COMMON STOCKS AND WARRANTS (Cost \$273,414,967) | 386,071,727 |
| | EXCHANGE TRADED FUND - 2.6% of Net Assets | |
| 121,460 | SPDR S&P Biotech ETF | 11,561,777 |
| | TOTAL EXCHANGE TRADED FUND (Cost \$8,564,136) | 11,561,777 |
| PRINCIPAL AMOUNT | | |
| | SHORT-TERM INVESTMENT - 3.5% of Net Assets | |
| \$ 15,474,000 | Repurchase Agreement, Fixed Income Clearing Corp., repurchase value \$15,474,000, 0.35%, dated 06/29/18, due 07/02/18 (collateralized by U.S. Treasury Note 2.25%, due 11/15/25, market value \$15,785,630) | 15,474,000 |
| | TOTAL SHORT-TERM INVESTMENT (Cost \$15,474,000) | 15,474,000 |
| | TOTAL INVESTMENTS BEFORE MILESTONE INTERESTS - 98.8% (Cost \$319,776,572) | 433,501,987 |
| INTEREST | | |
| | MILESTONE INTERESTS (Restricted)(a) (b) - 1.2% of Net Assets | |
| | Pharmaceuticals 1.2% | |
| 1 | Afferent Milestone Interest | 331,794 |
| 1 | Ethismos Research, Inc. Milestone Interest | 0 |
| 1 | Neurovance Milestone Interest | 1,883,922 |
| 1 | TargeGen Milestone Interest | 3,111,853 |
| | TOTAL MILESTONE INTERESTS (Cost \$3,782,227) | 5,327,569 |
| | TOTAL INVESTMENTS - 100.0% (Cost \$323,558,799) | \$ 438,829,556 |
| | OTHER LIABILITIES IN EXCESS OF ASSETS - 0.0% | (98,920) |
| | NET ASSETS - 100% | \$ 438,730,636 |

-
- (a) Non-income producing security.
 - (b) Security fair valued using significant unobservable inputs. See Investment Valuation and Fair Value Measurements.
 - (c) Affiliated issuers in which the Fund holds 5% or more of the voting securities (total market value of \$11,466,977).
 - (d) Foreign security.
 - (e) American Depository Receipt
 - (f) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.
 - (g) Number of warrants to be determined at a future date
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TEKLA LIFE SCIENCES INVESTORS

NOTES TO SCHEDULE OF INVESTMENTS

June 30, 2018

(Unaudited)

Investment Valuation

Shares of publicly traded companies listed on national securities exchanges or trading in the over-the-counter market are typically valued at the last sale price, as of the close of trading, generally 4 p.m., Eastern time. The Board of Trustees of the Fund (the Trustees) has established and approved fair valuation policies and procedures with respect to securities for which quoted prices may not be available or which do not reflect fair value. Convertible bonds, corporate and government bonds are valued using a third-party pricing service. Convertible bonds are valued using this pricing service only on days when there is no sale reported. Restricted securities of companies that are publicly traded are typically valued based on the closing market quote on the valuation date adjusted for the impact of the restriction as determined in good faith by Tekla Capital Management LLC (the Adviser) also using fair valuation policies and procedures approved by the Trustees described below. Non-exchange traded warrants of publicly traded companies are generally valued using the Black-Scholes model, which incorporates both observable and unobservable inputs. Short-term investments with a maturity of 60 days or less are generally valued at amortized cost, which approximates fair value.

Convertible preferred shares, warrants or convertible note interests in private companies, milestone interests, and other restricted securities, as well as shares of publicly traded companies for which market quotations are not readily available, such as stocks for which trading has been halted or for which there are no current day sales, or which do not reflect fair value, are typically valued in good faith, based upon the recommendations made by the Adviser pursuant to fair valuation policies and procedures approved by the Trustees.

The Adviser has a Valuation Sub-Committee comprised of senior management which reports to the Valuation Committee of the Board at least quarterly. Each fair value determination is based on a consideration of relevant factors, including both observable and unobservable inputs. Observable and unobservable inputs the Adviser considers may include (i) the existence of any contractual restrictions on the disposition of securities; (ii) information obtained from the company, which may include an analysis of the company's financial statements, the company's products or intended markets or the company's technologies; (iii) the price of the same or similar security negotiated at arm's length in an issuer's completed subsequent round of financing; (iv) the price and extent of public trading in similar securities of the issuer or of comparable companies; or (v) a probability and time value adjusted analysis of contractual terms. Where available and appropriate, multiple valuation methodologies are applied to confirm fair value. Significant unobservable inputs identified by the Adviser are often used in the fair value determination. A significant change in any of these inputs may result in a significant change in the fair value measurement. Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been used had a ready market for the investments existed, and differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different from the valuations used at the date of this Schedule of Investments.

Federal Income Tax Cost

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At June 30, 2018, the cost of securities for Federal income tax purposes was \$323,559,980. The net unrealized gain on securities held by the Fund was \$115,269,576, including gross unrealized gain of \$165,402,915 and gross unrealized loss of \$50,133,339.

Other Transactions with Affiliates

An affiliate company is a company in which the Fund holds 5% or more of the voting securities. Transactions involving such companies during the period ended June 30, 2018 were as follows:

TEKLA LIFE SCIENCES INVESTORS**NOTES TO SCHEDULE OF INVESTMENTS**

June 30, 2018

(Unaudited, continued)

| Affiliated Companies | Beginning Value as of September 30, 2017 | Purchases at Cost | Proceeds from Sales | Net Realized Gain/(Loss) on sale of Affiliated Companies | Change in Unrealized Appreciation/Depreciation | Ending Value as of June 30, 2018 | Shares/Principal Amount as of June 30, 2018 | Dividend Income from Affiliated Companies | Capital Gain Distributions from Affiliated Companies |
|-----------------------------|------------------------------------------|-------------------|---------------------|----------------------------------------------------------|------------------------------------------------|----------------------------------|---------------------------------------------|-------------------------------------------|------------------------------------------------------|
| ARCA | | | | | | | | | |
| Biopharma, Inc. | \$ 924,799 | | | | \$ (399,124) | \$ 525,675 | 1,135,718 | | |
| EBI Life Sciences, Inc. | 13,102 | | | \$ (13,597) | 495 | | * | | |
| Euthymics Biosciences, Inc. | | | | (2,673,162) | 2,673,162 | | * | | |
| IlluminOss Medical, Inc. | 142,647** \$ | 485,766 | | | 1,979,144 | 2,607,557 | 2,797,736 | \$ 58,055 | |
| Veniti, Inc. | 2,917,509 | 266 | | | 5,415,970 | 8,333,745 | 4,629,922 | | |
| | \$ 3,998,057 | \$ 486,032 | \$ | \$ (2,686,759) | \$ 9,669,647 | \$ 11,466,977 | 8,563,376 | \$ 58,055 | \$ |

* Not an affiliate at June 30, 2018.

** Not an affiliate at September 30, 2017.

Fair Value Measurements

The Fund uses a three-tier hierarchy to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels. Level 1 includes quoted prices in active markets for identical investments. Level 2 includes prices determined using other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.). The independent pricing vendor may value bank loans and debt securities at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, and/or other methodologies designed to identify the market value for such securities and such securities are considered Level 2 in the fair value hierarchy. Level 3 includes prices determined using significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). These inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

For the nine month period ended June 30, 2018, there was a transfer between Level 2 and 1 and no other transfers between Levels. The amount of transfers between Level 2 and Level 1 was \$2,432,360. The investment was transferred from Level 2 to Level 1 due to a removal of a trading restriction and the value is being supported by quoted prices. The Fund accounts for transfers between Levels at the beginning of the period.

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The following is a summary of the levels used as of June 30, 2018 to value the Fund's net assets.

| Assets at Value | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------------|--------------------|-------------------|-------------------|--------------------|
| Convertible Preferred And Warrants | | | | |
| Biotechnology | \$ 540,000 | | \$ 4,056,758 | \$ 4,596,758 |
| Health Care Equipment & Supplies | | | 10,414,413 | 10,414,413 |
| Life Sciences Tools & Services | | | 3,361,069 | 3,361,069 |
| Pharmaceuticals | | | 900,000 | 900,000 |
| Convertible Notes | | | | |
| Biotechnology | | | 349,198 | 349,198 |
| Health Care Equipment & Supplies | | | 773,045 | 773,045 |
| Common Stocks And Warrants | | | | |
| Biotechnology | 306,531,570 | | 156,817 | 306,688,387 |
| Health Care Equipment & Supplies | 10,838,071 | | 387,503 | 11,225,574 |
| Health Care Providers & Services | | | 391,111 | 391,111 |
| Life Sciences Tools & Services | 24,778,407 | | | 24,778,407 |
| Pharmaceuticals | 42,811,638 | | 176,610 | 42,988,248 |
| Exchange Traded Fund | 11,561,777 | | | 11,561,777 |
| Short-term Investment | | \$ 15,474,000 | | 15,474,000 |
| Milestone Interest | | | | |
| Pharmaceuticals | | | 5,327,569 | 5,327,569 |
| Other Assets | | | 262,059 | 262,059 |
| Total | 397,061,463 | 15,474,000 | 26,556,152 | 439,091,615 |

TEKLA LIFE SCIENCES INVESTORS**NOTES TO SCHEDULE OF INVESTMENTS***June 30, 2018*

(Unaudited, continued)

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value.

| | Balance as of September 30, 2017 | Net realized gain (loss) and Change in Unrealized Appreciation (Depreciation) | Cost of Purchases and Conversions | Proceeds from Sales and Conversions | Net Transfers in (out of) Level 3 | Balance as of June 30, 2018 |
|----------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------|-----------------------------------------------|-----------------------------------|
| Investments in Securities | | | | | | |
| Convertible Preferred and Warrants | | | | | | |
| Biotechnology | \$ 4,596,436 | \$ (971,471) | \$ 432,693 | \$ (900) | \$ 0 | \$ 4,056,758 |
| Health Care Equipment & Supplies | 3,782,642 | 6,620,361 | 11,410 | 0 | 0 | 10,414,413 |
| Life Sciences Tools & Services | 3,361,069 | (1,134) | 1,134 | 0 | 0 | 3,361,069 |
| Pharmaceuticals | 900,000 | (1,252) | 1,252 | 0 | 0 | 900,000 |
| Convertible and Non-Convertible Notes | | | | | | |
| Biotechnology | 0 | 0 | 349,198 | 0 | 0 | 349,198 |
| Health Care Equipment & Supplies | 154,983 | 141,001 | 477,061 | 0 | 0 | 773,045 |
| Common Stocks and Warrants | | | | | | |
| Biotechnology | 140,479 | 16,338 | 0 | 0 | 0 | 156,817 |
| Health Care Equipment & Supplies | 284,445 | 103,058 | 0 | 0 | 0 | 387,503 |
| Health Care Providers & Services | 322,963 | 68,148 | 0 | 0 | 0 | 391,111 |
| Pharmaceuticals | 138,636 | 37,974 | 0 | 0 | 0 | 176,610 |
| Milestone Interests | | | | | | |
| Pharmaceuticals | 4,660,996 | 4,387,712 | 3,205 | (3,724,344) | 0 | 5,327,569 |
| Other Assets | 693,984 | 0 | 284,336 | (716,261) | 0 | 262,059 |
| Total | \$ 19,036,633 | \$ 10,400,735 | \$ 1,560,289 | \$ (4,441,505) | \$ 0 | \$ 26,556,152 |

Net change in unrealized appreciation (depreciation) from investments still held as of June 30, 2018 \$10,414,886

The following is a quantitative disclosure about significant unobservable inputs used in the determination of the fair value of Level 3 assets.

| Fair Value at June 30, 2018 | Valuation Technique | Unobservable Input | Range (Weighted Average) |
|--------------------------------|---------------------|--------------------|--------------------------|
|--------------------------------|---------------------|--------------------|--------------------------|

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| | | | | |
|---------------------------------------------------|---------------|--------------------------------------------|------------------------------------|------------------------|
| Private Companies and Other Restricted Securities | 720,787 | Income approach, Black-Scholes | Discount for lack of marketability | 20%-50% (26.72%) |
| | 7,925,384 | Probability-weighted expected return model | Discount rate | 18.00%-42.02% (25.95) |
| | 11,929,242 | Market approach, recent transaction | Price to sales multiple (a) | 2.42x-11.89x (2.40x) |
| | 391,111 | Market Comparable | Discount for lack of marketability | 50% |
| | | | Price to earnings multiple | 17.00x |
| | 5,589,628 | Probability adjusted value | Probability of events | 20%-99% (65.27%) |
| | | | Timing of events | 0.25-18.75(4.15) years |
| | \$ 26,556,152 | | | |

(a) The valuation technique used as a basis to approximate fair value of these investments is based upon subsequent financing rounds. There is no quantitative information as these methods of measure are investment specific.

TEKLA LIFE SCIENCES INVESTORS**NOTES TO SCHEDULE OF INVESTMENTS**

June 30, 2018

(Unaudited, continued)

Private Companies and Other Restricted Securities

The Fund may invest in private companies and other restricted securities if these securities would currently comprise 40% or less of net assets. The value of these securities represented 6% of the Fund's net assets at June 30, 2018.

At June 30, 2018, the Fund had a commitment of \$1,375,416 relating to additional investments in two private companies.

The following table details the acquisition date, cost, carrying value per unit, and value of the Fund's private companies and other restricted securities at June 30, 2018. The Fund on its own does not have the right to demand that such securities be registered.

| Security (#) | Acquisition Date | Cost | Carrying Value per Unit | Value |
|---------------------------------------------|-------------------|------------|-------------------------|------------|
| Afferent Milestone Interest AlterG, Inc. | 7/27/16 | \$ 161,872 | \$ 331,794.00 | \$ 331,794 |
| Series C Cvt. Pfd | 4/12/13 | 1,429,098 | 0.10 | 233,820 |
| Cvt. Promissory Note | 9/8/17 | 12,336 | 100.00 | 12,336 |
| Amphivena Therapeutics, Inc. | | | | |
| Series B Cvt. Pfd | 7/17/17 | 2,101,222 | 1.50 | 2,100,000 |
| Cvt. Promissory Note | 6/20/18 | 348,265 | 100.00 | 349,198 |
| BioClin Therapeutics, Inc. | | | | |
| Series A Cvt. Pfd | 1/19/16, 10/24/16 | 750,495 | 0.65 | 750,001 |
| Series B Cvt. Pfd | 3/3/17 | 500,000 | 0.75 | 500,000 |
| CardioKinetix, Inc. | | | | |
| Series C Cvt. Pfd | 5/22/08 | 1,653,409 | 0.00 | 0 |
| Series D Cvt. Pfd | 12/10/10 | 546,109 | 0.00 | 0 |
| Series E Cvt. Pfd | 9/14/11 | 1,254,419 | 0.00 | 0 |
| Series F Cvt. Pfd | 12/04/14 | 1,645,812 | 0.00 | 0 |
| Cvt. Promissory Note | 6/20/17 | 51,775 | 0.00 | 0 |
| Warrants (expiration 12/11/19) | 12/10/09, 2/11/10 | 123 | 0.00 | 0 |
| Warrants (expiration 6/03/20) | 6/03/10, 9/01/10 | 123 | 0.00 | 0 |
| Warrants (expiration 8/15/24) | 8/15/14 | 142 | 0.00 | 0 |
| Cercacor Laboratories, Inc. Common | 3/31/98 | 0 | 2.98 | 387,360 |
| Ethismos Research, Inc. Milestone Interest | 10/31/17 | 0 | 0.00 | 0 |
| GenomeDx Biosciences, Inc. | | | | |
| Series C Cvt. Pfd | 2/22/16 | 1,402,469 | 0.33 | 310,800 |
| Series D Prime Cvt. Pfd | 04/04/18 | 48,930 | 0.92 | 146,788 |
| Series D Cvt. Pfd | 04/04/18 | 214,096 | 0.31 | 249,169 |
| Warrants (expiration 11/1/27) | 04/05/18 | 0 | 0.00 | 0 |

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| | | | | |
|---------------------------------|-----------------|---------------|--------------|---------------|
| IlluminOss Medical, Inc. | | | | |
| Series AA Cvt. Pfd | 1/21/16 | 960,650 | 1.00 | 951,000 |
| Junior Preferred | 1/21/16 | 1,566,291 | 1.00 | 895,848 |
| Cvt. Promissory Note | 3/28/17 | 286,619 | 100.00 | 285,294 |
| Cvt. Promissory Note | 12/20/17 | 95,243 | 100.00 | 95,083 |
| Cvt. Promissory Note | 01/11/18 | 190,226 | 100.00 | 190,166 |
| Cvt. Promissory Note | 02/06/18 | 190,166 | 100.00 | 190,166 |
| Warrants (expiration 1/11/28) | 01/11/18 | 29 | 0.00 | 0 |
| Warrants (expiration 11/20/27) | 11/21/17 | 87 | 0.00 | 0 |
| Warrants (expiration 2/06/28) | 2/06/18 | 0 | 0.00 | 0 |
| Warrants (expiration 3/31/27) | 3/28/17 | 331 | 0.00 | 0 |
| InnovaCare Health, Inc. Common | 12/21/12 | 643,527 | 2.64 | 391,111 |
| Labcyte, Inc. | | | | |
| Series C Cvt. Pfd | 7/18/05 | 1,285,854 | 1.26 | 3,081,980 |
| Series D Cvt. Pfd | 12/21/12 | 68,691 | 1.38 | 147,906 |
| Series E Cvt. Pfd | 3/27/17 | 70,826 | 1.61 | 131,183 |
| Milestone Pharmaceuticals, Inc. | | | | |
| Series C Cvt. Pfd | 7/17/17 | 901,252 | 1.37 | 900,000 |
| Neurovance Milestone Interest | 3/20/17 | 3,417,500 | 1,883,922.00 | 1,883,922 |
| TargeGen Milestone Interest | 7/20/10 | 202,855 | 3,111,853.00 | 3,111,853 |
| TherOx, Inc. Common | 9/11/00, 7/8/05 | 2,388,426 | 0.02 | 143 |
| Veniti, Inc. | | | | |
| Series A Cvt. Pfd | 2/28/11 | 2,277,041 | 1.74 | 4,541,534 |
| Series B Cvt. Pfd | 5/24/13 | 1,199,962 | 1.79 | 2,343,362 |
| Series C Cvt. Pfd | 12/12/14 | 821,378 | 2.02 | 1,448,849 |
| | | \$ 28,687,649 | | \$ 25,960,666 |

(#) See Schedule of Investments and corresponding footnotes for more information on each issuer.

Interest received as part of a corporate action for a previously owned security.

Item 2. Controls and Procedures.

(a) The registrant's principal executive officer and principal financial officer have concluded, based on their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this report, that these disclosure controls and procedures are adequately designed and are operating effectively to ensure that information required to be disclosed by the registrant on Form N-Q is (i) accumulated and communicated to the investment company's management, including its certifying officers, to allow timely decisions regarding required disclosure; and (ii) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)). Filed herewith.
