

TEKLA LIFE SCIENCES INVESTORS
Form N-CSR
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

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)

100 Federal Street, 19th Floor, Boston, MA 02110
(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: October 1, 2015 to September 30, 2016

ITEM 1. REPORTS TO STOCKHOLDERS.

TEKLA LIFE SCIENCES INVESTORS

Annual Report

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TEKLA LIFE SCIENCES INVESTORS

Distribution policy: The Fund has implemented a managed distribution policy (the Policy) that provides for quarterly distributions at a rate set by the Board of Trustees. Under the current Policy, the Fund intends to make quarterly distributions at a rate of 2% of the Fund's net assets to shareholders of record. The Policy would result in a return of capital to shareholders, if the amount of the distribution exceeds the Fund's net investment income and realized capital gains. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income."

The amounts and sources of distributions reported in the Fund's notices pursuant to Section 19(a) of the Investment Company Act of 1940 are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during its fiscal year and may be subject to changes based on tax regulations. The Fund will send you a Form 1099-DIV for the calendar year that tells you how to report distributions for federal income tax purposes.

You should not draw any conclusions about the Fund's investment performance from the amount of distributions pursuant to the Policy or from the terms of the Policy. The Policy has been established by the Trustees and may be changed or terminated by them without shareholder approval. The Trustees regularly review the Policy and the frequency and rate of distributions considering the purpose and effect of the Policy, the financial market environment, and the Fund's income, capital gains and capital available to pay distributions. The suspension or termination of the Policy could have the effect of creating a trading discount or widening an existing trading discount. At this time there are no reasonably foreseeable circumstances that might cause the Trustees to terminate the Policy.

Consider these risks before investing: As with any investment company that invests in equity securities, the Fund is subject to market risk—the possibility that the prices of equity securities will decline over short or extended periods of time. As a result, the value of an investment in the Fund's shares will fluctuate with the market generally and market sectors in particular. You could lose money over short or long periods of time. Political and economic news can influence market-wide trends and can cause disruptions in the U.S. or world financial markets. Other factors may be ignored by the market as a whole but may cause movements in the price of one company's stock or the stock of companies in one or more industries. All of these factors may have a greater impact on initial public offerings and emerging company shares. Different types of equity securities tend to shift into and out of favor with investors, depending on market and economic conditions. The performance of funds that invest in equity securities of Healthcare Companies may at times be better or worse than the performance of funds that focus on other types of securities or that have a broader investment style.

TEKLA LIFE SCIENCES INVESTORS

Dear Shareholders,

As you know, Tekla Life Sciences Investors ("HQL" or "the Fund") invests in healthcare/biotechnology. As you may also know, after an extended period of growth, volatility in this sector has been elevated and performance weak as of late. Part of the increased volatility is inherent in our sector while another part probably results from the election season discussion we have been having in the U.S. about the value healthcare brings to our citizens and to what extent the prices of drugs should reflect that value rather than merely production cost. Healthcare fundamentals have been solid in recent years (as reflected generally by the S&P Composite 1500 Healthcare Index^{®*}) and particularly in the biotech sector (as reflected by the NASDAQ Biotechnology Index^{®*}). Strength in healthcare relative to the S&P 500 Index^{®*} over the last five years is illustrated in the following chart.

**5 Year Performance
Ending September 30, 2016**

It seems pretty clear that questions about pricing have attenuated the upward climb in the healthcare sector since a mid-2015 high. In the last 12 months, this has resulted in a more moderate return for the healthcare sector in general and for biotechnology in particular. We see much of this result as a disconnect between sector potential and performance. It is our view that, as we head into 2017, we may well experience heightened volatility as Mr. Trump's intentions and priorities become clear, but over the longer term we are confident that we will return to a period where fundamentals drive performance. We see this as a positive for the healthcare/biotechnology sector.

Respectfully yours,

Daniel R. Omstead, Ph.D.
President and Portfolio Manager

**Thoughts on the State of the Healthcare/
Biotechnology Industry**

The healthcare/biotechnology sector has been much in the news of late. Moreover, this sector has been drawn into the political discussion surrounding the 2016 national election season. At times, this has caused some volatility and probably some downward movement within the healthcare/biotechnology sector. It is not the first time the sector has been drawn into national debate (recall the discussions surrounding the creation and implementation of the Affordable Care Act ("Obamacare")) nor will it likely be the last.

The current discussion undoubtedly results from a number of both macro and micro factors. On the macro level, healthcare represents nearly 20% of the US economy. Moreover, the sector is growing relatively rapidly and projections suggest that this growth could overwhelm other parts of the economy. Such concern results in much debate, but in the end we believe sector growth reflects its contribution to societal welfare and is good for the Fund and its shareholders.

On the micro level, healthcare is also a significant portion of the "economy". Obamacare has increased the number of people who are covered by health insurance and imposed a number of mandated criteria. Healthcare products and services are difficult and expensive to develop and therefore expensive to purchase. For many years, most Americans paid health insurance premiums (or had them largely paid for by their employers) and received services at relatively modest out-of-pocket costs (i.e., at a low "co-pay") to the individual. Recent trends have, in our view, produced a change in this profile. For a variety of reasons, probably related to the increasing cost/price of healthcare products, we have seen what we expect will be a migration to higher deductible healthcare insurance plans. The consequence has been that, in some cases, the cost to the consumer for certain basic medical products or services has increased, sometimes dramatically. Focusing for the moment on healthcare products rather than services, in some cases, such increases can be the result of over-reaching drug company pricing strategies while in other cases the increases might be the result of fairly priced drugs where the individual or employers have elected to use high deductible plans. Such plans decrease insurance premiums but increase out of pocket costs to the individual at or near the point of care.

This topic has become a controversial issue generating a great deal of public and political attention. Politicians at the national level have spoken aggressively about the need to limit price increases for some drugs. Our

view is that a significant portion of this discussion is political rather than substantive as we believe that most drug companies do and will price their drugs based on the value they provide to patients. It is also our view that many or most drugs produce a significant benefit to patients. We would expect that as time goes on, drugs will be more and more targeted to specific patients with specific conditions and that, in the extreme, companies will get paid more when a drug successfully treats a patient's malady and less (or nothing) when the drug is ineffective. We don't see the likelihood of drug price controls or the introduction of a single payer solution as some have suggested or pushed for. In our view, these solutions won't work well. Having said this, the fact of the matter is that we are currently in an environment where a tweet from a national political candidate or other politician can have an impact on the price of a given company's stock and in some cases on the price of a group of stocks. It is our expectation that after Mr. Trump's priorities have been articulated, sector volatility will decrease and the market will be able to focus on the fundamentals of the healthcare/biotechnology sector. We believe these fundamentals are sound.

We continue to be impressed by the potential of the healthcare sector to improve the quality and durability of patients' lives. As we have previously noted, there have been approximately 250 new public companies formed in the healthcare/biotechnology sector over the last several years. These companies are seeking to develop treatments for a myriad of diseases in nearly every area of clinical research. It is difficult to generalize, but we see promising opportunities in treatments aimed at a wide variety of cancers, as well as in the areas of rare diseases, ophthalmology, various blood disorders, the central nervous system, dermatology and antibiotics, among a wide variety of indications.

In addition, we see many developments in the next year or so which are poised to have an effect on healthcare. For example, we note that there are several drugs in late stage development intended for use in Alzheimer's disease. Many people experience a loss of cognitive function, but there are few effective treatments. Results from several late stage clinical trials sponsored by prominent pharmaceutical and biotech companies involving the use of antibody based therapies are expected to be reported in the coming years. If successful, these drugs would be widely used and would help a large number of patients in need.

We are also impressed by progress in the general area of immuno-oncology. This is a field in which drugs or other treatments are used to boost a patient's own immune system, typically to treat hematologic or solid tumors. Initial generations of so-called checkpoint inhibitors which

take the "brakes" off a patient's own self limited response to cancer have been remarkably effective in treating lung and other cancers. An additional generation of drugs and treatments stimulate or enhance other aspects of a patient's intrinsic immune response to cancer. Clinical trial results for these so-called immuno-oncology agents have been particularly impressive and have the potential to dramatically improve the lives of certain cancer patients. We would expect FDA approval of one or more new groups in this class soon.

The development of drugs to treat rare diseases is a further example of recent progress. These are diseases which affect a small number of patients. There are upwards of a thousand such diseases which result from a single gene defect. In recent years, we have seen the development of more and more drugs to treat such diseases. We were particularly impressed in the last year to note the FDA's benevolence in approving a drug which appears to have activity in a very rare disease called Duchenne's Muscular Dystrophy. This disease causes debilitating effects and ultimately death, predominantly in young males.

The emergence of generic biological drugs is also notable. Both traditional generic and branded pharmaceutical companies are moving ahead diligently to create and gain approval of drugs that are biosimilar to the now extensive group of biological drugs that have reached the marketplace. This trend should allow the price of some drugs to decrease through competition to the benefit of payers and patients but should also allow the original sponsors to continue to benefit (if at a lower economic reward) after the expiration of governing patents.

Beyond the developments described above, we would also note trends we have observed in the product reimbursement area as being significant. Over the last several years we have seen more competition even for branded products. As an example, multiple antibody products (so-called PCSK9 inhibitors) capable of treating recalcitrant hypercholesterolemia have reached the marketplace. While each of these products is patent protected, due to their similar therapeutic effects, payers have been able to negotiate attractive pricing for these products. We see this trend, along with the development of generic biosimilars, as evidence of enhanced competition in the drug industry.

TEKLA LIFE SCIENCES INVESTORS**Fund Essentials****Objective of the Fund**

The Fund's investment objective is to seek long-term capital appreciation by investing primarily in securities of Life Sciences companies. In addition, the Fund seeks to provide regular distribution of realized capital gains.

Description of the Fund

Tekla Life Sciences Investors ("HQL") is a non-diversified closed-end healthcare fund traded on the New York Stock Exchange under the ticker HQL. HQL primarily invests in the life sciences industries and will emphasize the smaller, emerging companies with a maximum of 40% of the Fund's assets in restricted securities of both public and private companies.

Investment Philosophy

Tekla Capital Management LLC, the Investment Adviser to the Fund, believes that:

- Aging demographics and adoption of new medical products and services can provide long-term tailwinds for healthcare companies
- Late stage biotechnology product pipeline could lead to significant increases in biotechnology sales
- Robust M&A activity in healthcare may create additional investment opportunities

Fund Overview and Characteristics as of 9/30/16

Market Price ¹	\$	18.73
NAV ²	\$	20.00
Premium/(Discount)		-6.35%
Average 30 Day Volume		78,200
Net Assets	\$	414,972,879
Ticker		HQL
NAV Ticker		XHQLX
Commencement of Operations Date		5/8/92
Fiscal Year		
Distributions Per Share	\$	2.85

¹ The closing price at which the Fund's shares were traded on the exchange.

² Per-share dollar value of the Fund, calculated by dividing the total value of all the securities in its portfolio, plus any other assets and less liabilities, by the number of Fund shares outstanding.

Holdings of the Fund (Data is based on net assets)

Asset Allocation as of 9/30/16

Sub-Sector Allocation as of 9/30/16

*Amount is less than 0.05%

This data is subject to change on a daily basis.

TEKLA LIFE SCIENCES INVESTORS**Largest Holdings by Issuer****(Excludes Short-Term Investments)***As of September 30, 2016*

Issuer	Sector	% of Net Assets
Gilead Sciences, Inc.	<i>Biotechnology</i>	8.4%
Celgene Corporation	<i>Biotechnology</i>	6.9%
Biogen Inc.	<i>Biotechnology</i>	6.0%
Incyte Corporation	<i>Biotechnology</i>	5.9%
Regeneron Pharmaceuticals, Inc.	<i>Biotechnology</i>	4.3%
Vertex Pharmaceuticals Incorporated	<i>Biotechnology</i>	4.0%
Alexion Pharmaceuticals, Inc.	<i>Biotechnology</i>	3.8%
BioMarin Pharmaceutical Inc.	<i>Biotechnology</i>	3.4%
Illumina, Inc.	<i>Life Sciences Tools & Services</i>	3.2%
Supernus Pharmaceuticals, Inc.	<i>Pharmaceuticals</i>	2.3%
Cepheid, Inc.	<i>Biotechnology</i>	2.2%
Neurocrine Biosciences, Inc.	<i>Biotechnology</i>	2.2%
Amgen Inc.	<i>Biotechnology</i>	2.2%
Retrophin, Inc.	<i>Biotechnology</i>	1.8%
Jazz Pharmaceuticals plc	<i>Pharmaceuticals</i>	1.7%
Medicines Company (The)	<i>Pharmaceuticals</i>	1.7%
IDEXX Laboratories, Inc.	<i>Health Care Equipment & Supplies</i>	1.5%
Alkermes plc	<i>Biotechnology</i>	1.3%
Vitae Pharmaceuticals, Inc.	<i>Biotechnology</i>	1.3%
Depomed, Inc.	<i>Pharmaceuticals</i>	1.2%

Fund Performance

HQL Investors is a closed-end fund which invests predominantly in life science companies. Subject to regular consideration, the Trustees of HQL have instituted a policy of making quarterly distributions to shareholders. The Fund seeks to make such distributions in the form of long-term capital gains.

The Fund considers investments in companies of all sizes and in all life science subsectors, including but not limited to, biotechnology, pharmaceuticals, healthcare equipment, healthcare supplies, life science tools and services, healthcare distributors, managed healthcare, healthcare technology, and healthcare facilities. The Fund emphasizes innovation, investing both in public and pre-public venture companies. The Fund considers its venture investments to be a differentiating characteristic. Among the various healthcare subsectors, HQL has considered the biotechnology subsector, including both pre-public and public companies,

to be a key contributor to the healthcare sector. The Fund holds biotech assets, including both public and pre-public, often representing 65-75% of net assets.

There is no commonly published index which matches the investment strategy of HQL. The S&P Composite 1500 Healthcare Index® ("S15HLTH") consists of more than 160 companies representing most or all of the healthcare subsectors in which HQL typically invests; biotechnology often represents 15-20% of this index. By contrast, the NASDAQ Biotechnology Index® ("NBI"), which contains approximately 180 constituents, is much more narrowly constructed. The vast majority of this index is comprised of biotechnology, pharmaceutical and life science tools companies. In recent years, biotechnology has often represented 72-82% of the NBI. Neither the S15HLTH nor NBI indices contain any material amount of pre-public company assets.

We present both NAV and stock returns for the Fund in comparison to several commonly published indices. One index, the S&P 500 Index® ("SPX") is a commonly considered broad based index; this index is broadly comprised of companies in many areas of the economy, including, but not limited to healthcare. As described above, the NBI is a healthcare index mostly focused in three healthcare sectors with a uniquely high level of biotechnology comparison. The S15HLTH contains a wider representation of healthcare subsectors, but typically contains a much lower biotechnology composition.

HQL generally invests in a combination of large cap growth-oriented and earlier stage innovative healthcare companies with a focus on the biotechnology sector. Generally, HQL targets biotechnology exposure below that of the NBI. HQL generally targets a higher biotechnology exposure than does the S15HLTH. We note that in recent periods, biotechnology has been a significant contributor to returns (both positive and negative) associated with those indices. We believe this sector continues to still have significant potential for growth in the future.

Fund Performance for the Period Ended September 30, 2016

Period	HQL NAV	HQL MKT	NBI	S15HLTH	SPX
6 month	15.64	10.95	11.23	7.56	6.40
1 year	-2.52	-4.66	-4.09	11.01	15.42
5 year	22.52	23.66	26.03	20.33	16.36
10 year	12.99	12.79	15.34	10.57	7.24

All performance over one-year has been annualized.

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. The NAV total return takes into account the Fund's total annual expenses and does not reflect transaction charges. If transaction charges were reflected, NAV total return would be reduced. All distributions are assumed to be reinvested either in accordance with the dividend reinvestment plan (DRIP) for market price returns or NAV for NAV returns. Until the DRIP price is available from the Plan Agent, the market price returns reflect the reinvestment at the closing market price on the last business day of the month. Once the DRIP is available around mid-month, the market price returns are updated to reflect reinvestment at the DRIP price.

Portfolio Highlights as of September 30, 2016

Among other investments, Tekla Life Sciences Investors' performance benefitted in the past year by the following:

Vitae Pharmaceuticals, Inc. (VTAE) was a small cap dermatology company with novel agents to treat plaque psoriasis and atopic dermatitis. HQL invested in Vitae VTAE in July 2016. The company was acquired by Allergan plc in September 2016.

Cepheid, Inc. (CPHD) is a molecular diagnostics company with what we believed was underappreciated growth and pipeline potential. In September 2016, CPHD agreed to be acquired by Danaher Corporation at a significant premium.

Cynapsus Therapeutics, Inc. (CYNA) was developing a sublingual apomorphine strip for off-episodes in Parkinson's disease, which we believed was an attractive alternative to the current injectable formulations. The company was acquired by Sunovion at the end of August 2016.

Among other examples, Tekla Life Sciences Investors' performance was negatively impacted by the following investments:

The fund was underweight *Amgen Inc. (AMGN)*. Our thesis has been that the company's high exposure to generic biologics coupled with low or no volume growth would lead to underperformance. It appears that we were a bit early in this thesis.

Gilead Sciences, Inc. (GILD) had a disappointing year as growth of its treatments for Hepatitis C slowed more than expected. In contrast, we believe the HIV market should continue to drive future growth. At the moment, the company continues to hold an attractive valuation with very high free cash flow yield.

*The trademarks NASDAQ Biotechnology Index[®], S&P Composite 1500 Healthcare Index[®] and S&P 500 Index[®] referenced in this report are the property of their respective owners. These trademarks are not owned by or associated with the Fund or its service providers, including Tekla Capital Management LLC.

TEKLA LIFE SCIENCES INVESTORS

SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2016

**CONVERTIBLE PREFERRED AND
WARRANTS**

SHARES	(Restricted) ^(a) ^(b) - 5.6% of Net Assets	VALUE
	<i>Biotechnology - 0.5%</i>	
665,681	BioClin Therapeutics, Inc. Series A	\$ 432,693
2,568,939	EBI Life Sciences, Inc. Series A ^(c)	13,102
933,333	GenomeDx Biosciences, Inc. Series C	1,400,000
		1,845,795
	<i>Health Care Equipment & Supplies - 2.9%</i>	
2,338,198	AlterG, Inc. Series C	958,661
79,330	CardioKinetix, Inc. Series C	79
142,574	CardioKinetix, Inc. Series D	363,279
439,333	CardioKinetix, Inc. Series E	1,250,781
403,207	CardioKinetix, Inc. Series F	1,377,355
N/A ^(e)	CardioKinetix, Inc. warrants (expiration 12/11/19)	0
N/A ^(e)	CardioKinetix, Inc. warrants (expiration 6/03/20)	0
8,822	CardioKinetix, Inc. warrants (expiration 8/15/24)	0
951,000	IlluminOss Medical, Inc. Series AA	951,000
895,848	IlluminOss Medical, Inc. Series Junior Preferred	895,848
5,126,388	Insightra Medical, Inc. Series C ^(c)	5,126
3,891,340	Insightra Medical, Inc. Series C-2 ^(c)	3,891
366,171	Insightra Medical, Inc. warrants (expiration 3/31/25) ^(c)	0
2,013,938	Insightra Medical, Inc. warrants (expiration 5/28/25) ^(c)	0
1,464,682	Insightra Medical, Inc. warrants (expiration 8/18/25) ^(c)	0
9,606,373	Palyon Medical Corporation Series A ^(c)	0
18,832,814	Palyon Medical Corporation Series B ^(c)	0
N/A ^(e)	Palyon Medical Corporation warrants (expiration 4/26/19) ^(c)	0
3,280,000	Tibion Corporation Series B	0
N/A ^(e)	Tibion Corporation warrants (expiration 07/12/17)	0
N/A ^(e)	Tibion Corporation warrants (expiration 10/30/17)	0
N/A ^(e)	Tibion Corporation warrants (expiration 11/28/17)	0
2,606,033	Veniti, Inc. Series A ^(c)	3,326,341

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1,307,169	Veniti, Inc. Series B ^(c)	1,733,829
716,720	Veniti, Inc. Series C ^(c)	1,114,643
		11,980,833

The accompanying notes are an integral part of the financial statements.

TEKLA LIFE SCIENCES INVESTORS

SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2016

(continued)

SHARES		VALUE
	<i>Life Sciences Tools & Services - 1.1%</i>	
2,161,090	Dynex Technologies, Inc. Series A	\$ 1,080,545
	Dynex Technologies, Inc. warrants (expiration 4/01/19)	0
98,824		
	Dynex Technologies, Inc. warrants (expiration 5/06/19)	0
7,877		
2,446,016	Labcyte, Inc. Series C	3,399,962
107,178	Labcyte, Inc. Series D	161,410
		4,641,917
	<i>Pharmaceuticals - 1.1%</i>	
2,862,324	Euthymics Biosciences, Inc. Series A ^(c)	2,862
53,948	Neurovance, Inc. Series A ^(c)	178,568
670,837	Neurovance, Inc. Series A-1 ^(c)	2,220,470
240,770	Ovid Therapeutics, Inc. Series B	2,260,108
		4,662,008
	TOTAL CONVERTIBLE PREFERRED AND WARRANTS (Cost \$31,417,932)	23,130,553
	CONVERTIBLE AND NON-CONVERTIBLE NOTES - 2.8% of Net Assets	
PRINCIPAL AMOUNT	Convertible Notes - 2.8%	
	<i>Biotechnology - 0.4%</i>	
\$ 1,485,000	Merrimack Pharmaceuticals, Inc., 4.50%, due 7/15/20	1,878,525
	<i>Health Care Equipment & Supplies - 0.0%</i>	
186,000	Insightra Medical, Inc. Promissory Note (Restricted), 8.00%, due 4/15/17 ^{(a) (c)}	0
	<i>Pharmaceuticals - 2.4%</i>	
187,101	Neurovance, Inc. Cvt. Promissory Note (Restricted), 6.00%, due 3/1/17 ^{(a) (c)}	187,101
93,551	Neurovance, Inc. Cvt. Promissory Note (Restricted), 6.00%, due 3/1/17 ^{(a) (c)}	93,551
280,652	Neurovance, Inc. Cvt. Promissory Note (Restricted), 6.00%, due 3/17/17 ^{(a) (c)}	280,652
2,000,000	Supernus Pharmaceuticals, Inc., 7.50%, due 5/1/19 ^(g)	9,333,750
		9,895,054
	TOTAL CONVERTIBLE NOTES	11,773,579

The accompanying notes are an integral part of the financial statements.

TEKLA LIFE SCIENCES INVESTORS

SCHEDULE OF INVESTMENTS

SEPTEMBER 30, 2016

(continued)

PRINCIPAL AMOUNT	Non-Convertible Notes (Restricted) ^(a) ^(b) - 0.0%	VALUE
	<i>Health Care Equipment & Supplies - 0.0%</i>	
	Tibion Corporation Non-Cvt. Promissory Note, 0.00%, due 12/31/18	\$ 0
\$ 28,211		
	Tibion Corporation Non-Cvt. Promissory Note, 0.00%, due 12/31/18	0
238,286		
	TOTAL NON-CONVERTIBLE NOTES	0
	TOTAL CONVERTIBLE AND NON-CONVERTIBLE NOTES (Cost \$4,524,478)	11,773,579
	COMMON STOCKS AND WARRANTS - 87.1% of Net Assets	
	<i>Biotechnology - 69.0%</i>	
27,500	Adaptimmune Therapeutics plc ^(b) ^(f)	193,875
127,799	Alexion Pharmaceuticals, Inc. ^(b)	15,660,489
116,453	Alkermes plc ^(b)	5,476,785
73,025	Alnylam Pharmaceuticals, Inc. ^(b)	4,949,634
53,557	Amgen Inc.	8,933,843
258,000	Amicus Therapeutics, Inc. ^(b)	1,909,200
811,227	ARCA biopharma, Inc. ^(b) ^(c)	2,344,447
	ARCA biopharma, Inc. warrants (Restricted, expiration 6/11/22) ^(a) ^(b) ^(c)	113,572
324,491		
334,470	Ardelyx, Inc. ^(b)	4,328,042
140,560	ARIAD Pharmaceuticals, Inc. ^(b)	1,924,266
60,000	Bellicum Pharmaceuticals, Inc. ^(b)	1,194,000
79,512	Biogen Inc. ^(b)	24,889,641
154,100	BioMarin Pharmaceutical Inc. ^(b)	14,257,332
26,545	bluebird bio, Inc. ^(b)	1,799,220
275,871	Celgene Corporation ^(b)	28,836,796
40,000	Collectis S.A. ^(b) ^(d) ^(f)	963,200
174,590	Cepheid, Inc. ^(b)	9,199,147
308,892	Chimerix, Inc. ^(b)	1,711,262
132,472	Cidara Therapeutics, Inc. ^(b)	1,516,804
226,826	CytomX Therapeutics, Inc. ^(b)	3,556,632
23,954	Dermira, Inc. ^(b)	810,124
120,475	Dynavax Technologies Corporation ^(b)	1,263,783
329		0

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	Eiger BioPharmaceuticals, Inc. warrants (Restricted, expiration 10/10/18) ^(a) ^(b)	
84,000	Epizyme, Inc. ^(b)	826,560
165,599	Exelixis, Inc. ^(b)	2,118,011

The accompanying notes are an integral part of the financial statements.

TEKLA LIFE SCIENCES INVESTORS**SCHEDULE OF INVESTMENTS**

SEPTEMBER 30, 2016

(continued)

SHARES	<i>Biotechnology - continued</i>	VALUE
46,000	Galapagos NV ^{(b) (d)}	\$ 2,952,140
67,896	Galapagos NV ^{(b) (f)}	4,390,155
443,120	Gilead Sciences, Inc.	35,059,654
125,000	Global Blood Therapeutics, Inc. ^(b)	2,881,250
200,000	Halozyme Therapeutics, Inc. ^(b)	2,416,000
259,915	Incyte Corporation ^(b)	24,507,385
94,564	Inotek Pharmaceuticals Corporation ^(b)	896,467
71,842	Intellia Therapeutics, Inc. ^(b)	1,222,751
54,600	Merus B.V. ^(b)	914,550
87,983	Merus B.V. (Restricted) ^{(a) (b)}	1,326,344
170,641	Natera, Inc. ^(b)	1,895,822
178,519	Neurocrine Biosciences, Inc. ^(b)	9,040,202
358,000	Novavax, Inc. ^(b)	744,640
829,191	Pieris Pharmaceuticals, Inc. ^(b)	1,517,420
23,821	Pieris Pharmaceuticals, Inc., Series A warrants (Restricted, expiration 6/8/21) ^{(a) (b)}	7,623
11,911	Pieris Pharmaceuticals, Inc., Series B warrants (Restricted, expiration 6/8/21) ^{(a) (b)}	5,479
44,622	Regeneron Pharmaceuticals, Inc. ^(b)	17,938,936
329,949	Retrophin, Inc. ^(b)	7,384,259
64,000	Sage Therapeutics, Inc. ^(b)	2,947,200
18,850	Sarepta Therapeutics, Inc. ^(b)	