

H&Q LIFE SCIENCES INVESTORS
Form N-2/A
May 23, 2014

As filed with the Securities and Exchange Commission on May 23, 2014

1933 Act File No. 333-195326

1940 Act File No. 811-06565

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-2

x REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

x Pre-Effective Amendment No. 1

o Post-Effective Amendment No.

and

x REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY OF 1940

Amendment No. 14

H&Q LIFE SCIENCES INVESTORS

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(Exact Name of Registrant as Specified in Charter)

2 Liberty Square, 9th Floor, Boston, MA 02109

(Address of Principal Executive Offices)

(617) 772-8500

(Registrant's Telephone Number, including Area Code)

Daniel R. Omstead, Ph.D.

2 Liberty Square, 9th Floor, Boston, MA 02109

(Name and Address of Agent for Service)

Copies of Communications to:

Joseph R. Fleming, Esq.

Dechert LLP

One International Place, 40th Floor

100 Oliver Street

Boston, MA 02110

Approximate Date of Proposed Public Offering: **As soon as practicable after the effective date of this Registration Statement.**

If any of the securities being registered on this form are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. "

It is proposed that this filing will become effective when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

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| TITLE OF SECURITIES BEING REGISTERED | NUMBER BEING REGISTERED | PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1) | PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1) | AMOUNT OF REGISTRATION FEE(2) |
|---|--|--|---|--|
|---|--|--|---|--|

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933 based on the average high and low prices of H&Q Life Sciences Investors reported on the New York Stock Exchange on May 20, 2014.

(2) A registration fee of \$128.80 was previously paid with submission of initial Form N-2 filed on April 16, 2014, 1933 Act File No. 333-195326, 1940 Act No. 811-06565.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

**H&Q LIFE SCIENCES INVESTORS
CROSS REFERENCE SHEET**

BETWEEN ITEMS OF REGISTRATION STATEMENT (FORM N-2) AND PROSPECTUS PURSUANT TO RULE 495(A)

| ITEM NO. | CAPTION | LOCATION IN PROSPECTUS OR STATEMENT OF ADDITIONAL INFORMATION (SAI) |
|----------|--|---|
| 1. | Outside Front Cover Page | Front Cover Page |
| 2. | Cover Pages; Other Offering Information | Front Cover Page |
| 3. | Fee Table and Synopsis | Trust Expenses; Prospectus Summary |
| 4. | Financial Highlights | Financial Highlights and Investment Performance |
| 5. | Plan of Distribution | Front Cover Page; Prospectus Summary; The Offer |
| 6. | Selling Stockholders | Not Applicable |
| 7. | Use of Proceeds | Use of Proceeds |
| 8. | General Description of the Registrant | Front Cover Page; Prospectus Summary; Financial Highlights and Investment Performance; Investment Objective and Policies; Risk Factors; Description of the Trust; Additional Information About Investments, Investment Techniques and Risks; Investment Restrictions; The Trust |
| 9. | Management | Management of the Trust; Administrator, Custodian, Transfer Agent, Dividend Disbursing Agent, Registrar and Subscription Agent; Trustees and Officers; Investment Adviser and Investment Advisory Agreement |
| 10. | Capital Stock, Long-Term Debt, and Other Securities | Front Cover Page; Description of the Trust; Dividends and Distributions; Quarterly Distribution Policy; Net Asset Value; Taxation, The Trust |
| 11. | Defaults and Arrears on Senior Securities | Not Applicable |
| 12. | Legal Proceedings | Not Applicable |
| 13. | Table of Contents of the Statement of Additional Information | Table of Contents of Statement of Additional Information |
| 14. | Cover Page of SAI | Cover Page of SAI |

PROSPECTUS

The information contained in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS

DATED MAY 23, 2014

H&Q LIFE SCIENCES INVESTORS

5,095,792 Shares

**Issuable Upon Exercise Of Non-Transferable Rights
To Subscribe For Such Shares**

New York Stock Exchange Symbol: HQL

H&Q Life Sciences Investors (the Trust) is issuing non-transferable rights (Rights) to its Shareholders of record as of the close of business on May 30, 2014 (the Record Date). These Rights will allow you to subscribe for one (1) Share of the Trust for every three (3) Rights held (the Offer). You will receive one Right for each whole Share that you hold of record as of the Record Date, rounded down to the nearest number of Rights evenly divisible by three. The Rights will not be listed for trading on the New York Stock Exchange (NYSE) or any other exchange. You may also purchase Shares not acquired by other Shareholders subject to certain limitations and subject to allotment as described in this Prospectus.

The Subscription Price per Share will be 95% of the volume weighted average price of a Share on the NYSE on June 25, 2014 (the Pricing Date) and the three preceding business days.

Rights may be exercised at any time until 5:00 p.m. Eastern Time, on June 23, 2014, unless the Offer is extended as discussed in this Prospectus. As the Offer expires before June 25, 2014, Shareholders who exercise their Rights will not know the Subscription Price at the time they exercise their Rights. For additional information regarding the Offer, please call AST Fund Solutions, LLC (the Information Agent) at (877) 361-7969.

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The Trust is a diversified, closed-end management investment company whose shares of beneficial interest are listed and traded on the NYSE under the symbol HQL. The Trust's investment objective is to seek long-term capital appreciation by investing primarily in equity and related securities (including securities subject to legal or contractual restrictions on resale) of U.S. and foreign companies principally engaged in the development, production or distribution of products or services related to scientific advances in life sciences (including biotechnology, pharmaceuticals, diagnostics, managed healthcare and medical equipment, hospitals, healthcare information technology and services, devices, supplies and other healthcare-related subsectors), agriculture and environmental management (Life Sciences Companies). The Trust may invest in securities of emerging growth Life Sciences Companies, which may offer limited products or services or which are at the research and development stage with no marketable or approved products or technologies. The Trust may also invest up to 40% of its net assets in venture capital and other securities that are subject to legal or contractual restrictions on resale (Restricted Securities). The Trust's investments in Restricted Securities may include start-up, early and later stage financings of privately held companies (sometimes referred to as venture capital investments), private placements by public companies, and interests in joint ventures and limited partnerships. See Risk Factors Investment in Emerging Growth Companies and Risk Factors Liquidity of Portfolio Investments. The Trust may also invest in securities of large, well-known companies with existing products in the life sciences industries. The Trust may not be able to achieve its investment objective. **For a discussion of the risks associated with an investment in the Trust, see Risk Factors.**

The Trust adopted a managed distribution policy in May 1999 pursuant to an exemptive order obtained from the Securities and Exchange Commission (SEC or Commission). The Trust intends to make regular quarterly distributions at a rate equal to 2.0% of the Trust's net asset value (NAV). The Trust's Board of Trustees (the Board) may modify or terminate the managed distribution policy at any time; any such change or termination may have an adverse effect on the market price for the Trust's Shares.

To the extent that the Trust's taxable income in any fiscal year exceeds the aggregate amount distributed pursuant to the managed distribution policy based on a fixed percentage of its NAV, the Trust would make an additional distribution in the amount of that excess near the end of the fiscal year. To the extent that the aggregate amount distributed by the Trust based on a fixed percentage of its net asset value exceeds its current and accumulated earnings and profits, the amount of that excess would constitute a return of capital or net realized capital gains for tax purposes.

The actual sources of the Trust's quarterly distributions may be net investment income, net realized capital gains, return of capital or a combination of the foregoing and may be subject to retroactive recharacterization at the end of the Trust's fiscal year based on tax regulations. The actual amounts attributable to each of these sources will be reported to Shareholders in January of each year on Form 1099-DIV.

This Prospectus sets forth concisely the information about the Trust you should know before investing, including information about risks. You should read this Prospectus and retain it for future reference. A Statement of Additional Information dated [], 2014 (the SAI) containing additional information about the Trust has been filed with the Commission and is incorporated by reference in its entirety into this Prospectus. A copy of the SAI, the table of contents of which appears on page [] of this Prospectus, and the Trust's annual and semi-annual reports may be obtained without charge by contacting the Information Agent at (877) 361-7969. The Commission maintains a website (<http://www.sec.gov>) that contains material incorporated by reference in this Prospectus and SAI and other information regarding the Trust. The Trust's annual and semi-annual reports are also available on the Trust's website at www.teklacap.com.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

| | Estimated Subscription Price (1) | Estimated Sales Load | Estimated Proceeds To Trust Or Other Persons (2) |
|---------------|--|-------------------------|---|
| Per Share | | None | |
| Total Maximum | | None | |

[], 2014

(1) Estimated on the basis of []. The Trust may increase the number of Shares subject to subscription by up to 25% of the Shares offered hereby, or up to an additional 1,273,948 Shares, for an aggregate total of 6,369,740 Shares. If the Trust increases the number of Shares subject to subscription by 25%, the total maximum Estimated Subscription Price will be approximately [] and the total maximum Estimated Proceeds to the Trust will be approximately []. No sales load will be charged by the Trust in connection with this Offer. However, Shareholders that choose to exercise their Rights through broker-dealers, banks and nominees may incur a servicing fee charged by such broker-dealer, bank or nominee.

(2) Before deduction of expenses related to the Offer incurred by the Trust, estimated at approximately 535,000.

The Trust announced the Offer before the opening of trading on the NYSE on March 12, 2014. The NAV at the close of business on [] 2014 and March 11, 2014 was \$XX and \$23.54 respectively, and the last reported sales price of a Share on the NYSE on those dates was \$XX and \$23.39 respectively.

The Trust may increase the number of Shares subject to subscription by up to 25%, or up to an additional 1,273,948 Shares, for an aggregate total of 6,369,740 Shares.

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As a result of the terms of the Offer, Shareholders who do not fully exercise their Rights, including the Over-Subscription Privilege described in the section of this Prospectus entitled "The Offer Over-Subscription Privilege," will, upon the completion of the Offer, own a smaller proportional interest in the Trust than they owned before the Offer. The Offer will result in either a dilution or accretion of NAV for all Shareholders, whether or not they exercise some or all of their Rights, because the Subscription Price per Share may be less than or greater than the then-current NAV per Share. The amount of dilution or accretion might be significant. See "The Offer."

The Trust's Investment Adviser is Tekla Capital Management LLC (the "Investment Adviser"). The employees of the Trust's Investment Adviser and the Trustees and officers of the Trust may purchase Shares through the Primary Subscription and the Over-Subscription Privilege on the same terms as other Shareholders.

Information about the Trust can be reviewed and copied at the Commission's Public Reference Room in Washington, DC. Call (202) 551-8090 for information on the operation of the Public Reference Room. This information is also available at the Commission's Internet site at <http://www.sec.gov>, and copies may be obtained upon payment of a duplicating fee by writing the Public Reference Section of the Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

PROSPECTUS SUMMARY

You should consider the matters discussed in this summary before investing in the Trust through the Offer. The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Prospectus.

THE OFFER

| | |
|-----------------------------|---|
| The Offer | <p>H&Q Life Sciences Investors (the Trust) is issuing to its shareholders of record (Shareholders) as of the close of business on May 30, 2014 (the Record Date) non-transferable rights (Rights) to subscribe for an aggregate of 6,369,740 shares of beneficial interest (Shares) of the Trust (the Offer). You will receive one Right for each whole Share you held as of the Record Date, rounded down to the nearest number of Rights evenly divisible by three. You may subscribe for one Share for every three Rights you hold (the Primary Subscription). Any Shareholder on the Record Date who is issued fewer than three Rights will not be entitled to subscribe for a Share in the Offer.</p> |
| Subscription Price | <p>The subscription price per Share (the Subscription Price) will be 95% of the volume weighted average price of a Share on the NYSE on the Pricing Date and the three preceding business days.</p> <p>As the Expiration Date is before the Pricing Date, Shareholders who choose to exercise their Rights will not know the Subscription Price at the time they exercise their Rights.</p> |
| Subscription Period | <p>Rights may be exercised at any time during the subscription period (the Subscription Period), which starts on June 6, 2014 and ends at 5:00 p.m., Eastern time, on June 23, 2014 (the Expiration Date).</p> |
| Over-Subscription Privilege | <p>The Trust may, at its discretion, issue up to an additional 25% of the Shares in the Offer to honor over-subscription requests, if there are not enough Shares available from the Primary Subscription to honor all over-subscription requests (the Over-Subscription Privilege). If there are enough Shares left after the Primary Subscription, all over-subscriptions will be honored in full. If there are not enough Shares available to honor all over-subscriptions (after giving effect to any increase in the number of Shares to be offered), the available Shares will be allocated pro rata among those Shareholders who over-subscribe based on the number of Rights originally issued to them by the Trust. The number of Shares issued to Shareholders who subscribe pursuant to the Over-Subscription Privilege will generally be in proportion to the number of Shares owned by them in the Trust on the Record Date. The allocation process may involve a series of allocations to assure that the total number of Shares available for over-subscriptions is distributed on a pro rata basis.</p> |
| Fractional Shares | <p>Fractional Shares will not be issued upon the exercise of Rights. Therefore, Shares will be issued for Rights submitted in multiples of three only.</p> |
| Purpose of the Offer | <p>The Trust's Investment Adviser believes, and the Trustees concur, that increasing the Trust's assets for investment through the Offer will benefit the Trust and its Shareholders by allowing the Trust to take further advantage of available investment opportunities in securities of Life Sciences Companies. While there can be no assurance that any benefits will be realized, increasing the Trust's investment assets through the Offer is intended to:</p> <ul style="list-style-type: none">• allow the Trust to make greater or additional investments at a time when the Trust's Investment Adviser believes that securities of Life Sciences Companies, including investments in new |

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target approaches, innovative medical technology companies, biopharmaceuticals, orphan and ultra-orphan indications, including gene therapy, specialty pharmaceuticals, generic pharmaceuticals, novel medical devices, life sciences tools and diagnostics, and products that will benefit from changes in regulation, are positioned for price appreciation due to (i) demographic changes, (ii) recent developments in the pharmaceutical, biotechnology and medical technology industries relating to products that have or will extend or improve the quality of patients' lives, and (iii) the recent passage of the Patient Protection and Affordable Care Act, which may result in volume and utilization increases;

- provide the Trust with the ability to make additional investments without realizing capital gains on current investments or otherwise selling current investments at an unfavorable time;

- increase the Trust's average investment size, giving the Trust additional negotiating leverage and pricing influence over venture capital, private investments in public entities (PIPEs) and other private equity investments and investments in the public markets; and

- provide the Investment Adviser with additional flexibility in managing the Trust's portfolio to satisfy applicable portfolio diversification requirements.

In addition, the Offer may reduce operating costs per Share. The Offer allows you the opportunity to purchase additional Shares of the Trust at a price that will be below the average market value calculated at the Expiration Date. See The Offer Purpose of the Offer.

Use of Proceeds

The Trust expects to invest the net proceeds in accordance with the Trust's investment objective and policies. Investment of the proceeds is expected to take up to six months from their receipt by the Trust, depending on market conditions and the availability of appropriate securities. See Use of Proceeds.

Notice of NAV Decline

The Trust will suspend the Offer until it amends this Prospectus if, after the effective date of this Prospectus, the Trust's net asset value (NAV) declines more than 10% from its NAV as of that date. If that occurs, the Trust will notify you of the decline and permit you to cancel your exercise of your Rights. Shareholders will have their payment for additional Shares returned to them, if they opt to cancel the exercise of their Rights.

How to Obtain Subscription Information

- Contact your broker, bank or trust company.
- Contact AST Fund Solutions, LLC (the Information Agent) toll-free at (877) 361-7969.

How to Subscribe

You may subscribe in one of two ways:

- Deliver a completed Exercise Form and payment to Boston Financial Data Services, Inc. (the Subscription Agent) by the Expiration Date.
- If your Shares are held in a brokerage, bank or trust account, have your broker, bank or trust company deliver a Notice of Guaranteed Delivery to the Subscription Agent by the Expiration Date.

Tax Consequences

For Federal income tax purposes, neither the receipt nor the exercise of the Rights will result in taxable income to Shareholders. You will not realize a taxable loss, if your Rights expire without being exercised. See The Offer Certain Federal Income Tax Consequences of the Offer.

IMPORTANT DATES TO REMEMBER

| | |
|--|-------------------------------------|
| Record Date | May 30, 2014 |
| Subscription Period | June 6, 2014 through June 23, 2014* |
| Deadline for delivery of Exercise Form together with payment of Estimated Subscription Price or for Delivery of Notice of Guaranteed Delivery | June 23, 2014* |
| Expiration Date | June 23, 2014* |
| Pricing Date | June 25, 2014* |
| Deadline for payment of final Subscription Price pursuant to Notice of Guaranteed Delivery | June 26, 2014* |
| For Registered Shareholder Purchases deadline for payment of unpaid balance, if final Subscription Price is higher than Estimated Subscription Price | July 7, 2014* |
| Confirmation to Registered Shareholders** | July 9, 2014 |

* Unless the Offer is extended.

** Registered Shareholders are those Shareholders who are the record owners of Trust Shares (that is, their names appear directly on the records of the Trust's transfer agent) and whose Shares are not held through a broker-dealer or other nominee or intermediary.

THE TRUST

| | |
|-------------------------------|--|
| The Trust | <p>The Trust is a diversified, closed-end management investment company. The Trust was organized as a Massachusetts business trust on February 20, 1992, and commenced operations on May 8, 1992. As of [], 2014, the Trust had [] Shares outstanding. Shares of the Trust are traded on the NYSE under the symbol HQL. As of [], 2014, the Trust's NAV per Share was \$[] and the Trust's last reported share price of a Share on the NYSE was \$[].</p> |
| Distributions | <p>The Trust intends to make quarterly distributions to its Shareholders equal to 2.0% of the Trust's net asset value. Net realized capital gains in excess of the total distributed under this policy are generally included in the December distribution. The Trust's quarterly distribution policy may be changed by the Board without Shareholder approval.</p> <p>The current distribution policy is to declare distributions in Shares. Distributions will automatically be paid in newly-issued full Shares of the Trust plus cash in lieu of any fraction of a Share, unless otherwise instructed by the Shareholder. If a Shareholder elects to receive a distribution in cash, rather than in Shares, the Shareholder's relative ownership in the Trust will be reduced.</p> <p>The first regular quarterly distribution to be paid on Shares acquired upon exercise of Rights will be the first quarterly distribution the record date for which occurs after the issuance of the Shares. The Shares issued in the Offer will not be entitled to the distribution declared to Shareholders of record on May 28, 2014, which is payable on June 30, 2014. See Dividends and Distributions.</p> |
| General Investment Guidelines | <p>The Trust's investment objective is to seek long-term capital appreciation by investing primarily in securities of Life Sciences Companies. Under normal market conditions, the Trust expects to invest at least 80% of its net assets in securities of Life Sciences Companies. This policy may not be changed without 60 days' prior notice to Shareholders. The Trust will not have less than 25% of its net assets invested in Life Sciences Companies. A company will be deemed to be a Life Sciences Company if, at the time the Trust makes an investment therein, 50% or more of such company's sales, earnings or assets arise from or are dedicated to, or are expected to arise from or be dedicated to, the application of scientific advances related to healthcare, agriculture or environmental management, as the case may be.</p> <p>The Investment Adviser determines, in its discretion, whether a company is a Life Sciences Company.</p> <p>The Trust may invest up to 20% of its net assets in securities of foreign issuers, expected to be located primarily in Western Europe, Canada and Japan, and securities of U.S. issuers traded in foreign markets (Foreign Securities). The Trust may buy and sell currencies for the purpose of settlement of transactions in Foreign Securities.</p> |
| Venture Capital Investments | <p>The Trust may invest investment in securities of emerging growth Life Sciences Companies. These investments are often venture capital investments. The Trust may invest up to 40% of its net assets in Restricted Securities, including venture capital investments. The Trust's investments in Restricted Securities may include start-up, early and later stage financings of privately-held companies and private placements in public companies. See Investment Objective and Policies.</p> |
| Investment Adviser | |

Tekla Capital Management LLC (the Investment Adviser) serves as investment adviser to the Trust. The Investment Adviser also serves as investment adviser to H&Q Healthcare Investors (HQH), a closed-end management investment company that invests in companies in the healthcare industries. See Management of the Trust Investment Adviser. The majority of the Board is unaffiliated with the Investment Adviser; nevertheless, the Trust may be subject to certain potential conflicts of interest. See Portfolio Transactions and Brokerage.

| | |
|------------------------------------|---|
| Portfolio Management | Currently, Daniel R. Omstead, Ph.D., Christopher F. Brinzey, M.B.A., Frank T. Gentile, Ph.D. and Jason C. Akus, M.D./M.B.A. are members of the team that makes investments on behalf of the Trust. These members also perform other duties, including making investment decisions on behalf of HQH. Dr. Omstead has overall investment decision responsibility for the Trust and HQH. See Management of the Trust Investment Adviser. |
| Compensation of Investment Adviser | For the services provided by the Investment Adviser under the Investment Advisory Agreement between the Investment Adviser and the Trust (Advisory Agreement), the Trust pays a fee, computed and payable monthly, equal, when annualized, to (i) 2.5% of the average net assets for the month of its venture capital and other Restricted Securities (as defined) up to 25% of net assets and (ii) for the month, for all other assets, 0.98% of the average net assets up to \$250 million, 0.88% of the average net assets for the next \$250 million, 0.80% of the average net assets for the next \$500 million and 0.70% of the average net assets thereafter. The aggregate monthly fee may not exceed a rate when annualized of 1.36% (approximately 0.11% per month). Because the advisory fee is based on the average net assets of the Trust, and since the Offer is expected to result in an increase in net assets, the Investment Adviser may benefit from the Offer by an increase in the dollar amount of the fee. The Investment Adviser has agreed to waive fees to which it might otherwise be entitled under the current fee rate schedule during the one-year period following completion of the Offer. During the one-year period following completion of the Offer, the Investment Adviser will waive its fees such that the Trust will pay a fee, computed and payable monthly, equal when annualized to (i) 2.5% of the average net assets for the month of its venture capital and other Restricted Securities (as defined) up to 25% of net assets and (ii) for the month, for all other assets, 0.98% of the average net assets up to \$250 million, 0.75% of the average net assets for the next \$250 million, 0.75% of the average net assets for the next \$500 million and 0.70% of the average net assets thereafter, provided that the aggregate monthly fee may not exceed a rate when annualized of 1.36% (approximately 0.11% per month). The Investment Adviser's compensation is subject to annual review by the Board. |