

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 30 April 2021

Re: Monthly Update

	CE	CE ex-fees	XAOA	CE ex fees vs XAOA	XAO	CE vs XAO	CE Net Asset Value
1/11/13 to 30/4/21	200%	176%	82%	94%	34.5%	165.5%	228 cents*
1/11/13 to 31/1/15	6.2%	6.2%	7.7%	-1.5%	2.4%	3.8%	106.2 cents
1/2/15 to 29/1/16	19.4%	16.4%	-4.7%	21.1%	-9.2%	28.6%	126.8 cents
1/2/16 to 31/1/17	19.7%	16.3%	17%	-0.7%	12.5%	7.2%	151.8 cents
1/2/17 to 31/1/18	9%	8.3%	13%	-4.7%	8.3%	0.7%	146 cents
1/2/18 to 31/1/19	0%	0%	0.6%	-0.6%	-3.4%	3.4%	139 cents
1/2/19 to 31/01/20	65%	51.7%	25%	26.7%	20.3%	44.7%	229 cents
1/2/20 to 29/1/21	20%	16.5%	-0.7%	17.2%	-3.8%	23.8%	253 cents
1/2/21 to 30/4/21	1%	1%	5.8%	-4.8%	5.1%	-4.1%	228 cents

To aid in understanding the tables above:

1. CE commenced on 1 November 2013 with shares issued at \$1 per share, backed by \$1 of cash per share.
2. The first row of the table above provides a summary of CE's performance since its commencement on 1 November 2013 until the date of this memorandum. It also compares CE's performance with the benchmark All Ordinaries index (XAO) and the All Ordinaries Total Return Index (XAOA) over the same period.
3. The second row of the table provides a summary of CE's performance for its first reporting period (15 months period from 1 November 2013 to 31 January 2015).
4. The third row of the table (and subsequent rows) provides a summary of CE's performance for its reporting period (12 months period from 1 February to 31 January).
5. The last row of the table provides a summary of CE's performance for its current reporting period (period commencing 1 February 2021 to the date of this memorandum).
6. *CE NAV is after payment of dividend and director fees in calendar month February of each year. These payments "reset" the NAV as follows:
 - (a) 1.52 to 1.34 in Feb 2017,
 - (b) 1.46 to 1.39 in Feb 2018,
 - (c) 1.39 to 1.39 in Feb 2019.
 - (d) 2.29 to 2.10 in Feb 2020.

(e) 2.53 to 2.25 in Feb 2021.

The XAO started at 5420 on 1 November 2013 and ended at 7291 on 30 March 2021. In percentage terms, the XAO gained 34.5% for the 90 months period since the start of the CE fund.

The XAOA started at 44054.2 on 1 November 2013 and ended at 80128 on 30 April 2021. In percentage terms, the XAOA gained 82% for the 90 months period since the start of the CE fund.

CE's performance over the same 90 months period is 200%.

For the month of April 2021, the XAO gained 3.9% and the XAOA gained 3.9%. CE gained 1.8% for the month.

The cash component of the CE fund is 51%.

Given our cash position, the CE portfolio is unable to keep pace with the market and the underperformance has widened as the market continues to roar ahead. As I have stated before, I do not target any particular cash levels. CE portfolio's cash level at any particular time is purely a reflection of the number of actionable ideas I have been able to generate. For the month of April, I continue to be unable to find any opportunity to deploy a significant amount of capital. However, this is no time to be idle. In fact, as I will elaborate further below, this is the perfect time to pivot.

Forging Ahead with Continuous Improvement

The relative calm of the portfolio masked my activities during the month. Current focus is on expanding my circle of competence. Some indication of the focus and direction of where CE is headed can be gathered from my Twitter stream. Concentrated learning is taking place in the areas of medicine, healthcare, technology, material sciences, and robotics. It is a long process and one month is too short in the context of an endeavour that will likely occupy the remainder of my lifetime. Nevertheless, I can confidently say that improvements have been tangible and observable even during this short period.

My current approach leverages my current existing knowledge base in the hard sciences and mathematics. These areas are augmented by knowledge in other disciplines such as philosophy, psychology, engineering, business, history, etc. This is the multidisciplinary approach advocated by Charlie Munger, and up to date, it has worked extremely well.

There are several compelling rationale that underlies the direction I have chosen. Firstly, knowledge of the hard sciences (physics, biology and chemistry) is a significant edge in a field where competitors are generally trained in economics, finance, accounting and commerce. Getting competency in the hard sciences cannot be done cheaply and quickly, for example, via online learning, due to the need to engage in physical experiments and the relatively lengthy time involved.

Secondly, this methodology allows CE to scale easily with size, time and geography. The healthcare and biotechnology areas are vast and likely to keep growing at a significant rate into the future. This allows scaling with size. The areas of knowledge are continually expanding, for example, advances in genetic therapy. This allows scaling with time as I continuously expand my circle of competence via intensive learning. There are also no geographic peculiarities that impact the operation of the human body to a significant extent. This allows scaling via geography.

One decade from now, I would like to be a much-improved version of what I am today. If I can do this, our journey together is likely to be very profitable. More importantly, our approach will also be very fulfilling in other areas apart from monetary gains.

I feel extremely privileged to have the continued support of CE's investor partners. Thank you for your trust and confidence in us.

Regards
Peter Phan
Director, Castlereagh Equity Pty Ltd

p/s

For investor partners interested in more details, these are several really interesting books I have read this month:

The Genomic Odyssey by Euan Ashley
Seven and a Half Lessons about the Brain by Lisa Feldman Barrett
Endless Forms Most Beautiful by Sean B. Carroll
What is Life? Understanding Biology in Five Steps by Sir Paul Nurse
Ten Drugs: How Plants, Powders and Pills Have Shaped The History of Medicine by Thomas Hager
The Emperor of All Maladies by Siddhartha Mukherjee
How Innovation Works by Matt Ridley