

To: Investor Partners of Castlereagh Equity Pty Ltd

From: Peter Phan

Date: 31 January 2022

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 31/01/22	191%	168%	86%	82%	34%	157%	203 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 31/01/22	-10%	-10%	10%	-20%	6%	-16%	203 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 7268 on 31 January 2022. In percentage terms, the XAO gained 34% for the 99 months period since the start of the CE fund.

The XAOA started at 44054.2 on 1 November 2013 and ended at 81873 on 31 January 2022. In percentage terms, the XAOA gained 86% for the 99 months period since the start of the CE fund.

CE's performance over the same 99 months period is 191%.

For the month of January 2022, the XAO declined 6.5% and the XAOA declined 6.5%. CE dropped 5.5% for the month.

The cash component of the CE fund is 50%.

Commentary

January 2022 was a volatile month for the general markets. The biotech index (XBI) also continued its decline. Being heavy in cash, the CE fund fared somewhat better, but not by much.

We continue to reposition the portfolio towards opportunities in healthcare, life sciences and medical technology. Once again, we continued to exercise patience in the wake of price declines to enable us to deploy capital for attractive returns at lower risk levels.

I am very optimistic on the prospects of the life sciences and healthcare sector over the next decade. Various maturing trends such as robotics, automation, computational processing power, information technology, costs, regulatory requirements, demographics, etc are coming together to enable very rapid progress in biological sciences. Progress in discoveries, useful applications, commercialisation and widespread adoption will give rise to many new opportunities, as collective humanity marches relentlessly forward.

Housekeeping

As per our IM principles, we will be declaring a fully franked dividend to an extent sufficient to "stream" all current franking and tax credits back to investor partners. The dividend will be automatically reinvested at the prevailing NAV on 1 February 2022.

Since we underperformed our benchmark of 6%, no directors fees are payable for the last 12 month period. For existing investor partners, the deficit of 16% will be brought forward into the current period, on top of a further 6% benchmark, totalling 22% returns before performance fees are payable. For new investor partners, the applicable benchmark is 6%.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Director, Castlereagh Equity Pty Ltd

