

Returns

As at 31 October 2023	1m %	3m %	1y %	3y % pa	5y % pa	Since inception % pa (Nov 13)
Gross	-7.5	-15	-4.8	0	11.3	10.8
Nett of Fees	-7.5	-15	-4.8	0	10.0	9.6
S&P Biotechnology Select Industry Index (converted to AUD)	-8.5	-17.6	-18.9	-13.2	-1.4	9.6

Portfolio Composition

NAV per share	% in cash	% shares in USD	% shares in AUD
1.47*	51	19.5	30.5

Commentary

For the month of October, we continue to weather a severe bear market in biotech, life sciences and healthcare. The relevant indices continue to decline to near 7-year lows at the end of the month. This was not unexpected in the wake of bad business conditions reported by market leaders such as Thermo Fisher, Danaher, and Sartorius of continued destocking by customers, lack of funding resulting in program cuts and employee layoffs, uncertainties introduced by the US government on drug pricing renegotiations, continued weak demand in China, etc. These poor business developments together with tax loss selling and fund liquidations all contributed to the bear market.

On the flipside, towards the end of the month, the market was buoyed by reports of improving business conditions in specified sectors, large M & A deals, and positive development with FDA and CRISPR. At the time of publication of this memo, the market has been staging a strong rebound.

The CE portfolio also dropped for the month of October, even as it was partially shielded by our large cash position. I continue to execute according to the plan outlined in brief last month. We continue to add small parcels to our existing holdings in Oxford Nanopore (ONT), Avita Medical (AVH), Abcellera (ABCL) and Beamtree (BMT). We also initiated new positions in Sophia Genetics (SOPH) and Maxcyte (MXCT).

SOPH is a Switzerland domiciled business which operates a bioinformatics platform. Briefly, customers such as hospitals, laboratories and pharmaceutical companies send patient genomics and clinical data to SOPH. SOPH's platform generates a report for the customer based on the data submitted, on areas such as HRD (a genetic defect affecting DNA repair). The platform is a learning algorithm that improves with every iteration of data submitted. SOPH is very early stage and growing very strongly. Although still cashflow negative, it has a clear path to profitability. It is founder led and operated.

MXCT is a company providing products and services for electroporation. Electroporation is basically a method of applying electric current to living cells to generate temporary openings in the cell membrane, allowing outside materials to enter the cells. MXCT is one of our preferred exposure as a picks-and-shovels play to the expanding field of cell and gene therapy (CGT).

MXCT and SOPH have attractive business models and strong balance sheet with good management. I will provide more details in future memorandums as I expect them to remain in the CE portfolio for many years to come.

Quarterly reporting season in the US will take place in November. We will continue to pick up parcels of shares in various businesses at current depressed prices.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Portfolio Manager

Appendix 1: Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	SPSIBI
2022	-5.5	0	0.5	-4.5	1.0	-0.5	2.0	-1.0	-5.0	2.0	4.0	-0.5	-7.5	-20.4
2023	2.0	2.0	-1.2	1.8	-2.3	0.0	5.4	-5.7	-3.0	-7.5			-8.1	-15.2

SPSIBI = S&P Biotechnology Select Industry Index (converted to AUD)

Appendix 2: Top 5 Holdings = 40% of total portfolio

Company*
Beamtree
Cryosite
Industrialised Drug Discovery Basket
Avita Medical
Suppliers of Genomic Tools Basket

*note: holdings not ranked in any particular order

Appendix 3: CE NAV

CE commenced on 1 November 2013 with shares issued at \$1 per share, backed by \$1 of cash per share.

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,
- (f) 2.03 to 1.77 in Feb 2022,
- (g) 1.77 to 1.65 in Feb 2023.

Total gross dividends paid by CE since inception is \$1.10.