

Returns

As at 31 December 2023	1m %	3m %	1y %	3y % pa	5y % pa	Since inception % pa (Nov 13)
Gross	6.4	4.4	2.9	-4.5	13	10.8
Net of Fees	6.4	4.4	2.9	-4.5	11.2	9.6
S&P Biotechnology Select Industry Index (converted to AUD)	14.9	15.3	6.9	-10.5	5.1	11.9

Portfolio Composition

NAV per share	% in cash	% shares in USD	% shares in AUD
1.66*	43	24	33

Commentary

CE portfolio lagged the market in December which witnessed a big Santa rally. This is the downside of having a big cash balance. I continue to add small parcels to the portfolio, but added no new names during the month. I continue to restrain myself from chasing rising prices. From experience, a fast breakout is usually accompanied by pullbacks, as we are seeing right now in early January as I am writing this update.

There are plenty of reasons for continued caution. Markets are just a whisker off their all time highs, despite negative economic developments. Specifically for the sector of life sciences and healthcare, after a big bubble followed by a massive deflation in an extended bear market, prices are still not at no-brainer bargain levels, apart from very specific pockets.

In early December, the FDA approved the first CRISPR gene therapy, exa-cel, for treatment of sickle cell disease and beta-thalassemia. This decision was widely expected, and provided important validation for Maxcyte (\$MXCT), one of our holdings. Nevertheless, market expectations for the uptake of this new therapy is generally very low, due to its high sticker price (USD\$2m), the need for lengthy hospitalisation during treatment, and uncertainties surrounding reimbursement and long term side effects. Consequently, I do not expect any significant royalties from sales to benefit \$MXCT. We still continue to hold \$MXCT. I did not buy \$MXCT as speculation for FDA approval of exa-cel, but rather as a critical picks-and-shovel supplier for the cell and gene therapy industry.

Thank you for your trust and confidence in us.

Regards

Peter Phan

Portfolio Manager

Appendix 1: Gross Monthly Returns

	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	6.1	6.4	2.9	6.9

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.