

## Returns

As at 29 February 2024	1m %	3m %	1y %	3y % pa	5y % pa	Since inception % pa (Nov 13)
<b>Gross</b>	1	8.3	0.6	-2.4	12.8	10.8
<b>Net of Fees</b>	1	8.3	0.6	-2.4	12.8	9.6
<b>S&amp;P Biotechnology Select Industry Index (converted to AUD)</b>	13.6	32.8	24.0	-6.8	4.0	11.2

## Portfolio Composition

NAV per share	% in cash	% shares in USD	% shares in AUD
1.69*	40	26	34

## Commentary

Our benchmark index made a big leap ahead in February. The CE portfolio performance has lagged our benchmark. Underperformance can also be attributed to our heavy cash position. The same things that protected the CE portfolio during the biotech bear market of the past 3 years were also the same things that are causing us to lag the recovery.

These market gyrations, whilst significant for the short term, are unlikely to affect our long term strategy. As a quick recap, the current strategy is to build a diversified portfolio comprising of the best in class companies in their respective fields. Over the next few years, with careful management and monitoring, this portfolio is likely to resolve itself into a concentrated portfolio of 10 or less holdings.

This month I added another 3 new names to the CE portfolio. I describe two of them below. The purchase order for the third name is still currently not fully filled, so I will talk about it further in future memorandums.

**Surgical Science Sweden (\$SUS.SE)** is a Swedish based company which provides surgical simulators for training of surgeons. This includes simulators for keyhole and robotic assisted surgeries. This stock has historically traded at very high multiples. Opportunity to purchase at a reasonable multiple came about on a recent earnings update. Revenue growth has slowed due to a confluence of factors including the weakening of the Swedish krona against the US dollar, a decline in sales to educational segment due to funding restrictions, and a slowdown in China. \$SUS provides us with exposure to the long term trend of robotics assisted surgeries. \$SUS software and intellectual property are embedded within the devices of nearly all the major players such as Intuitive Surgical, Medtronic, and CMR Surgical.

**Clearpoint Neuro Inc (\$CLPT)** develops and commercializes platforms, for performing minimally invasive surgical procedures in the brain, and for delivering biologics/drugs to the brain. A recent capital raise has derisked the balance sheet, which also happily caused the share price to decrease, allowing us a fair entry point.

\$CLPT provides us with a nice exposure to the area of functional neurosurgery and drug delivery to the brain, which are both tied to developments in drugs and treatments for Alzheimers, Parkinsons, epilepsy and other brain related ailments.

Investor partners will note that we are staying within our theme of picks-and-shovels suppliers. The current period is reporting season. On the whole, the group of businesses we own are performing well. Most notable results came from \$VEEV and \$SOPH.

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
<b>2022</b>	-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
<b>2023</b>	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
<b>2024</b>	1.2	1.0											1.9	15.6

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

**Appendix 2: Top 5 Holdings = 45% of total portfolio**

Company*
Beamtree
Bioprocessing
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.
- (h) 1.65 to 1.65 in Feb 2024.