

## Returns

As at 30 April 2024	1m %	3m %	1y %	3y % pa	5y % pa	Since inception % pa (Nov 13)
<b>Gross</b>	-7	-6	-6.5	-5	7.9	10.4
<b>Net of Fees</b>	-7	-6	-6.5	-5	7.4	9.6
<b>S&amp;P Biotechnology Select Industry Index (converted to AUD)</b>	-11.6	-3.4	7	-9.8	1.4	11.2

## Portfolio Composition

NAV per share	% in cash	% shares in USD	% shares in AUD
1.58*	55	25	20

## Commentary

Our benchmark dropped 11.6% in April. Overall market chatter was dominated by the usual macro events of interest rates and geopolitical tensions. In the meantime, the end of April and the start of May is also the period for quarterly reports.

Despite our big cash buffer, the CE portfolio also dropped 7%. Most of CE's underperformance, roughly about 4%, came from our significant holding in Avita Medical (AVH). Contrary to expectations of growth in excess of 50% pa as guided by the company over the last 6 months, the business is finding difficulties gaining traction in sales, and growth rates are now expected to be only 25% pa, half of expectations. Whilst some revenue weakness was expected due to financial pressures in the US hospital sector, it was concerning that sales actually went backwards sequentially from last quarter despite an expansion of the sales force. The consequence of lower growth is that the company may not have enough capital to quickly scale up to self-sustaining operations before requiring another capital raising.

I took some corrective action quickly to limit losses, as the share price for AVH has now been reduced by over 50% since the bad news was announced. We are already in profit in this position as our average cost base is lower than the current share price. The capital allocated to this position was about 4%.

The share price of Evotec (EVT) dropped nearly 40% on reduced (and vague) near term guidance. The appointment of a healthcare industry CEO with no biopharma experience did not raise any confidence either, especially in the wake of the departure of the previous CEO on charges of insider trading. Despite these issues, I believe the core business of EVT remains very high quality and is positioned in an industry with long tail winds (and also short term advantages due to the US intent on banning China CROs such as Wuxi). I have allocated only 1% of capital to this position, therefore the loss is minimal from a portfolio perspective.

Over the long term, these setbacks are par for course and should be expected to happen on quite a regular basis, as I continue to test as many ideas as possible in our search for major winners. I expect to have a low strike rate, meaning that many picks will either lose money or have mediocre performance. Stringent risk management and prudent portfolio management will ensure that losses are kept small and our winners are as large as possible.

Apart from selling AVH, during the month of April, I have increased capital allocation to Sophia Genetics (SOPH) and also started a small position in Terumo Corporation, a Japanese company. I will provide more details in future memorandums. Our holdings in Edwards Lifesciences (EW), 10x Genomics (TXG) and West Pharmaceuticals (WST) reported slightly flat quarterly results in a challenging environment, but their business quality and long term potential remains firmly intact.

In May, we look forward to further updates from our holdings in Sophia Genetics (SOPH), Surgical Science Sweden (SUS) and Veeva (VEEV). Our collective basket in these three software/data holdings is now about 6% of portfolio.

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	0.5	-7									-4.8	-1.7

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

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

Company*
Beamtree
Bioprocessing
Software/Data
Cryosite
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.