

## Returns

As at 31 August 2024	1m %	3m %	1y %	3y % pa	5y % pa	Since inception % pa (Nov 13)
<b>Gross</b>	3.1	1.2	0.0	-4.9	7.5	10.4
<b>Net of Fees</b>	3.1	1.2	0.0	-4.9	7.1	9.6
<b>S&amp;P Biotechnology Select Industry Index (converted to AUD)</b>	-3.4	11.2	22.2	-6.4	4.6	11.2

## Portfolio Composition

NAV per share	% in cash	% shares in USD	% shares in AUD
1.64*	38	35	27

## Commentary

For the month of August, CE did better than the biotech index as prices recovered in our major holdings such as Beamtree and generally across a broad spectrum of the portfolio.

By and large, the earnings season was largely uneventful, apart from an unexpected slowdown in the structural heart valves market. Consequently, our holding in Edward's Lifesciences experienced a 30% drop, but has recovered nearly half of that drop by the time of writing. Our other structural heart holdings in Terumo and Boston Scientific fared better in terms of business growth, but price action was relatively flat.

Our software holdings were overall pleasing, with Beamtree and Veeva forging ahead, Surgical Science staging a turnaround, and Sophia disappointed the market with continued lack of traction in revenue growth. Schrodinger increased revenues in software sales, however, their drug discovery pipeline is relatively early and increasingly cash hungry.

In the drug discovery and contract research portion of the portfolio, the environment remains weak as big pharma continues to lay off employees due to restricted budgets and weak funding. Evotec and Wuxi Biologics price continues to be under pressure, with the former badly missing earnings estimates. Our industrialised drug discovery play in Abcellera and Schrodinger continues to remain weak in terms of share price, despite strong balance sheets and solid progress on the business front. Similarly, holdings exposed to bioprocessing such as Rapid Microbio and West Pharmaceuticals also remain weak.

Our medical tools holdings were mildly positive. Transmedics, Clearpoint and Maxcyte exceeded expectations, whereas Oxford Nanopore and 10x Genomics were flat, both being affected by big pharma reduced spending and funding weakness in financial markets.

As for our recently initiated radiopharmaceuticals play, Lantheus and Telix continue to hit the ball out of the park with solid revenue growth. Briefly, a radiopharmaceutical is a drug that contains a radioactive substance and is used to diagnose or treat disease. The best analogy I can come up with is the concept of a seek-and-destroy targeted missile.

In August, I initiated a new position in Illumina (ILMN), the gorilla of the genomic sequencing world. Briefly, genomic sequencing means reading DNA or RNA. After a few disastrous years and billions of dollars wasted on a failed acquisition, ILMN under a new CEO has returned to its core strength. Despite the spectre of increasing competition and price reductions, ILMN continues to dominate the market, aided by continuing tailwinds of growth in sequencing volumes. Most importantly, ILMN is starting to make inroads into the clinical market with FDA approval for its diagnostic platform for oncology treatments.

We continue to build a diversified portfolio of best in class names in life sciences, and to let the portfolio concentrate itself in the best performing stocks going into the future.

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	2.5	-1.8	0.0	3.1					-0.6	13.9

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

**Appendix 2: Top 5 Holdings = 42% of total portfolio**

Company*
Beamtree
Bioprocessing
Software/Data
Radiopharmaceuticals
Structural Heart Diseases

\*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.