castlereagh equity

31 May 2025
Monthly Report

Returns

As at 31 May 2025	1m %	3m %	1y %	3y % pa	5y % pa	Since inception % pa (Nov 13)
Gross	2.0	-2.4	0.6	0.6	3.2	10.4
Net of Fees	2.0	-2.4	0.6	0.6	3.2	9.6
S&P Biotechnology Select Industry Index (converted to AUD)	-5.5	-14.0	-8.4	8.8	-4.6	9.8

Portfolio Composition

NAV per share	% in cash	% shares in USD	% shares in AUD
1.63*	19.0	52	29

Commentary

Appendix 4 provides a quick pictorial snapshot of the current low sentiment in the life sciences and healthcare sector. The whole sector experienced continuing selling pressure, with the benchmark index dropping 5.5% for the month.

The month of May was also quarterly reporting season. Whilst financial results for the sector was largely within expectations, outlooks and guidance for the rest of the year continue to be muted and conservative. Pockets of exceptions include bioprocessing, robotics assisted surgery, structural heart and GLP1.

As at time of writing, M&A activity in the sector appears to be increasing, with 2 major deals announced within a week, and a third rumoured to be announced within the next few days. I expect that this will continue as big pharma faces a patent cliff within the next few years, as they race to replenish over $100b in drug revenues at risk to competition by 2028.

Aside from minor trimmings here and there, the CE portfolio remained unchanged over the month of May. On the earnings front, whilst LNTH and TXG disappointed, we were pleased with the financial performance of the rest of the businesses in the portfolio. In particular, VEEV, TMDX and BSX exceeded expectations. A good reporting season gave a lift to the CE portfolio, resulting in a positive month in contrast to our falling benchmark.

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
2024	1.2	1.0	0.5	-7	2.5	-1.8	0.0	3.1	0.0	-3.5	2.5	1.2	**-1.2**	10.6
2025	4.8	-2.5	-6.6	2.5	2.0								**-0.6**	-15.2

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

Appendix 2: Portfolio Composition

Functional Sub-Sectors*	% of portfolio
Cash	19.0%
Software/Data	24.5%
Tools and Devices	16.4%
Bioprocessing	18.3%
Genomics	3.4%
Radiopharma	8.5%
Drug Discovery	2.0%
Legacy- Financial Industry	7.8%

Industry Sectors*	% of portfolio
Cash	19.0%
Life Sciences	34.4%
Healthcare	39.4%
Legacy- Financial Industry	7.8%

Business Model Categories*	% of portfolio
Cash	19.0%
Picks and Shovels	66.8%
Services	7.0%
Infrastructure	0%
Legacy- Financial Industry	7.8%

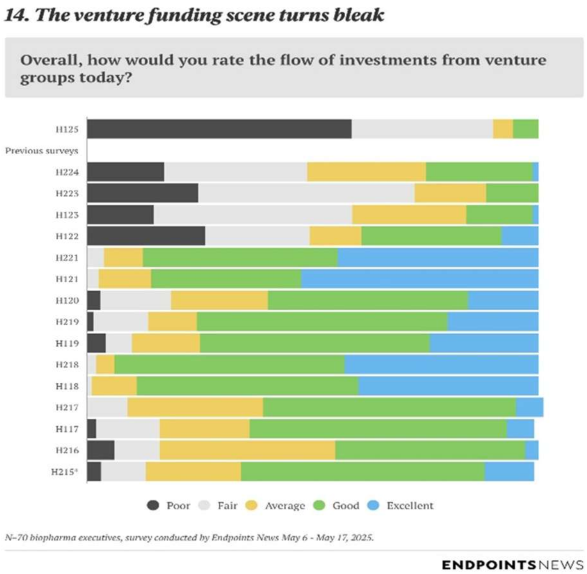
Appendix 3: CE NAV

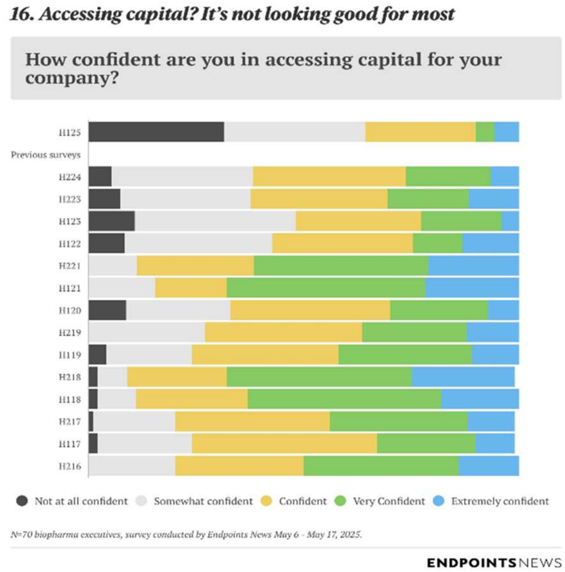
CE commenced on 1 November 2013 with shares issued at $1 per share, backed by $1 of cash per share.

CE NAV is after payment of dividend and director fees in calendar month February of each year. These payments “reset” the NAV as follows:

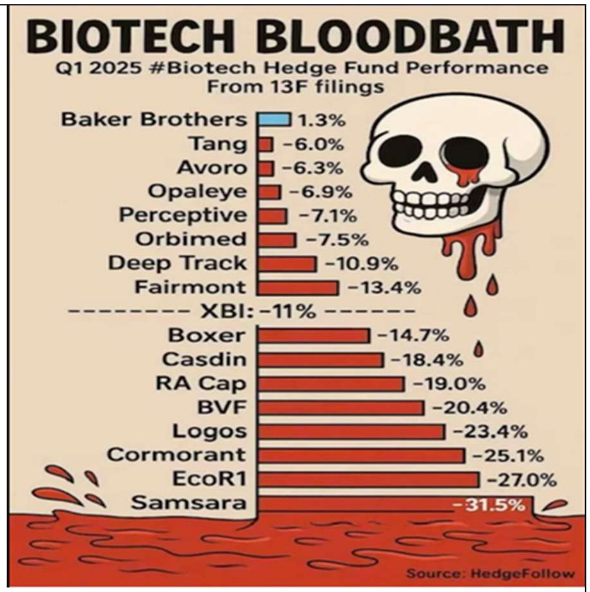
(a) 1.52 to 1.34 in Feb 2017
(b) 1.46 to 1.39 in Feb 2018
(c) 1.39 to 1.39 in Feb 2019
(d) 2.29 to 2.10 in Feb 2020
(e) 2.53 to 2.25 in Feb 2021
(f) 2.03 to 1.77 in Feb 2022
(g) 1.77 to 1.65 in Feb 2023
(h) 1.65 to 1.65 in Feb 2024
(i) 1.72 to 1.72 in Feb 2025

Appendix 4


14. The venture funding scene turns bleak
Overall, how would you rate the flow of investments from venture groups today?
H125
Previous surveys
H224
H223
H123
H122
H221
H121
H120
H219
H119
H218
H118
H217
H117
H216
H215*
Poor
Fair
Average
Good
Excellent
N=70 biopharma executives, survey conducted by Endpoints News May 6 - May 17, 2025.
ENDPOINTSNEWS


16. Accessing capital? It's not looking good for most
How confident are you in accessing capital for your company?
H125
Previous surveys
H224
H223
H123
H122
H221
H121
H120
H219
H119
H218
H118
H217
H117
H216
Not at all confident
Somewhat confident
Confident
Very Confident
Extremely confident
N=70 biopharma executives, survey conducted by Endpoints News May 6 - May 17, 2025.
ENDPOINTSNEWS


The ratio of the US Health Care sector to the S&P 500 hit its lowest level since January 2001 last week.
Health Care Select Sector SPDR Fund Total Return Price / SPDR S&P 500 ETF Trust Total Return Price
VAL
0.221
Ratio: Health Care Sector to S&P 500 ($XLV/$SPY)
Hi: 0.370
0.35
0.30
0.25
0.20
0.221
Lowest Since January 2001
2000
2005
2010
2015
2020
2025


BIOTECH BLOODBATH
Q1 2025 #Biotech Hedge Fund Performance
From 13F filings
Baker Brothers 1.3%
Tang -6.0%
Avoro -6.3%
Opaleye -6.9%
Perceptive -7.1%
Orbimed -7.5%
Deep Track -10.9%
Fairmont -13.4%
XBI: -11%
Boxer -14.7%
Casdin -18.4%
RA Cap -19.0%
BVF -20.4%
Logos -23.4%
Cormorant -25.1%
EcoR1 -27.0%
Samsara -31.5%
Source: HedgeFollow