Returns

As at 31 December 2025	1m %	3m %	1y %	3y % pa	5y % pa	Since inception % pa (Nov 13)
Gross	-4.9	-3.4	2.4	1.3	0.0	10.4
Net of Fees	-4.9	-3.4	2.4	1.3	0.0	9.6
S&P Biotechnology Select Industry Index (converted to AUD)	-3.0	19.1	26.0	14.2	0.0	10.0

Portfolio Composition

NAV per share	% in cash	% shares in USD	% shares in AUD
1.68*	27	53	20

Commentary

We closed out the calendar year with lacklustre performance for both the SPSIBI and the CE portfolio. For most days in December, early rallies were faded into the close, resulting in high volatility but flat price levels.

To me, 2025 mostly felt like a year of hand-to-hand combat due to US Trump admin actions. Whilst significant scientific progress continues (see below), industry insiders are concerned over serious damage being done to science-based agencies such as the NIH (responsible for funding health research) and the FDA, and the flow on impact in the future. The impact can already be seen with increase in the level of measles cases not seen in the USA for decades, and the suspicion of similar numbers playing out with every other vaccine preventable diseases. The damage done to the system which will take time to recover.

Over in the financial world, funding is starting to recover and destocking by industry participants has largely played out. Geopolitical concerns remain, and industry participants are mostly cautiously optimistic on the outlook for 2026.

Zooming Out

The larger picture remains very much intact. Chronic disease and aging population are multidecadal trends driving increasing demand for healthcare solutions. Rapid advancements in tools, automation and computing are enabling discoveries and breakthroughs. To illustrate, this excellent article highlights some of the achievements of humankind in 2025 towards improving the human condition in medicine:

https://www.scientificdiscovery.dev/p/medical-breakthroughs-in-2025

By and large, whilst it is popular narrative to write about progress being propelled by sudden spurts of sporadic significant discoveries. The reality, as the author points out, is that innovation is likely to be a continuous stream over time. More importantly "…. that stream can be sped up or slowed down by policy, funding, and institutional choices; and real progress – providing the fruits of that innovation to people who need them – takes a huge number of people and institutions working together."

It is my sincere hope and objective that CE plays a role in improving the stream of innovation in medicine and healthcare, albeit in an indirect way via capital markets. I believe that rather than being part of the problem, it is better to be part of the solution.

Looking Ahead to the New Brave AI World

With the advent and widespread availability of AI models, table stakes in investing have been lifted again. As with most secular and systemic changes, there will be winners and losers. AI tools are now standard, or ought to be standard, in the world of investments. In reality, this is nothing new, as various forms of tools and automation have been used to improve the speed and quality of decision making and management eg computers, spreadsheets, search engines, etc. AI will indeed change the world, but more than likely, it will be via a continuous stream of innovations over time.

We have treaded water over the last few years as I attempted to navigate uncertain volatile markets in the life sciences and healthcare sector. 2026 has began with some optimism, and I expect that the CE portfolio will be geared more aggressively towards growth in the coming year.

Thank you for your continued 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	1.0	1.8	-3.0	7.4	4.6	-2.7	-4.9	**2.4**	26.0

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

Appendix 2: Portfolio Composition

Functional Sub-Sectors*	% of portfolio
Cash	27.0%
Software/Data	17.3%
Tools and Devices	17.8%
Bioprocessing	18.0%
Genomics	2.2%
Radiopharma	7.1%
Drug Discovery	3.1%
Legacy- Financial Industry	7.5%

Industry Sectors*	% of portfolio
Cash	27%
Life Sciences	33.1%
Healthcare	35.2%
Legacy- Financial Industry	7.5%

Business Model Categories*	% of portfolio
Cash	27.0%
Picks and Shovels	58.5%
Services	7.0%
Infrastructure	0.0%
Legacy- Financial Industry	7.5%

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