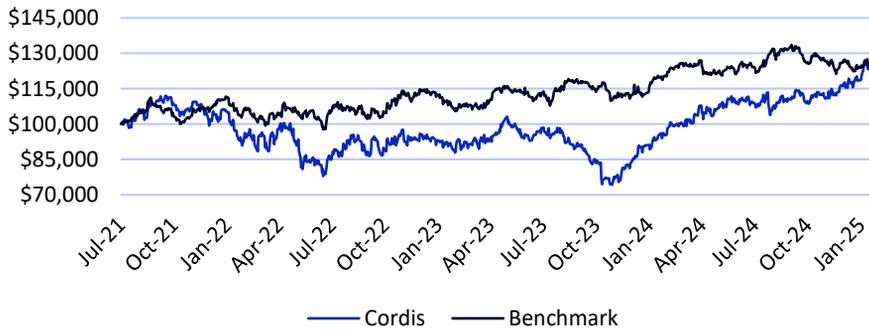


## Performance

	1 Month (%)	6 Months (%)	1 Year (%)	3 Years (% p.a.)	Since inception* (% p.a.)
Cordis	8.66	21.93	34.81	10.22	7.29
Benchmark**	5.53	0.09	9.13	7.24	7.86
Outperformance	3.13	21.84	25.68	2.98	-0.57



## Top 10 Holdings

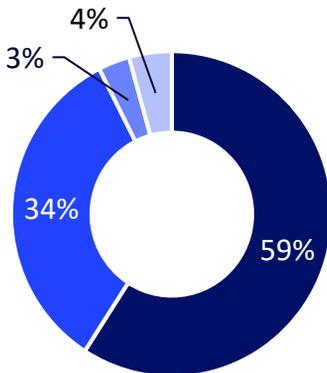
*In alphabetical order:*

- Abbott
- Dexcom
- Edwards Lifesciences
- Inari Medical
- Inspire Medical
- Insulet
- Integer Holdings
- ResMed
- Tandem Diabetes
- Thermo Fisher

\*Inception 1 July 2021. Performance reported in AUD net of fees. Numbers may not add due to rounding.

\*\*Benchmark is the S&P 1200 Global Healthcare Index, reported in AUD.

## Portfolio Construction



- Earnings compounders** – businesses that are highly profitable and we expect to compound earnings at double-digit rates over many years
- High growth** – businesses with disruptive medical technology that we expect to generate better than mid-teens revenue growth. We forecast these businesses to be highly profitable within 1-3 years
- Emerging opportunities** – businesses that are currently rolling out a new treatment paradigm that we expect to become standard of care over the course of the next business cycle
- Cash**

## TOP HOLDINGS

### Earnings Compounders

Edwards Lifesciences Corp  
Integer Holdings  
ResMed

### High Growth

DexCom  
Inspire Medical  
Insulet Corp

### Emerging Opportunities

Orchestra BioMed  
Senseonics  
XVIVO Perfusion

## Ratings

## Platforms



## Commentary

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The Fund began the year with +8.66% returns for the month. January was highlighted by a bid for **Inari Medical (NASDAQ: NARI)** - the Fund's 4<sup>th</sup> largest holding - at a 68% premium. This continues the Fund's consistent performance, +10.22% p.a. over the past three years, outperforming the S&P 1200 Global Healthcare Index by 3%.

Through the Cordis investment process, we aim to buy companies that we believe can grow in value over many business cycles. We do not buy into companies for the potential of M&A activity, instead leaving that to hedge funds and other market speculators. However, we do acknowledge and appreciate that M&A is a core strategy in the corporate medtech world, where big whales swallow small fish as the small fish look to go from (varying degrees of) early commercialisation to full scale launches. When done well, this is a win/win scenario, where a deal adds top-line revenue growth to the acquirer and gives the acquired a critical leg up in distribution by providing a built-for-purpose medical network, as well as corporate and sales expertise.

The \$5bn acquisition of Inari Medical was an excellent example of this typical transaction model. The acquirer in this deal was **Stryker (NYSE: SYK)**, an earnings compounder in the Cordis portfolio, which has for the past 12 months spoken clearly about its capital allocation strategy and desire for tuck-in M&A of high growth medtech.

Stryker is already a global leader in neuro mechanical thrombectomy (removing blood clots from the brain) and with the Inari acquisition expands its portfolio into venous mechanical thrombectomy (removing blood clots from the body). This deal will add Inari's expertise in the treatment of vascular diseases to Stryker, while Inari gains access to Stryker's global infrastructure resources potentially accelerating the development of their medical devices. A win/win for both companies and certainly a win for us.

On top of the Inari bid, there was other M&A activity in January which helped to buoy the entire sector. **Boston Scientific (NYSE: BSX)** made a bid for privately held Bolt Medical at a \$667m valuation, and **Zimmer Biomet (NYSE: ZBH)** bid \$1bn for **Paragon 28 (NYSE: FNA)**. These three M&A examples are all typical deals that many of our earnings compounders have spoken about over the past year. Healthy balance sheets across the portfolio leads us to believe this could be the start of a mini medtech M&A boom.

Finally, over the past three months we have added **Orchestra BioMed (NASDAQ: OBIO)** to the portfolio. Orchestra is an emerging opportunity company that we have watched for many years as they have progressed from a set of conceptual ideas to a portfolio of medical devices with robust clinical data. They now have two devices in late-stage development in the massive markets of hypertension and atherosclerotic artery disease. What we admire about Orchestra's strategy is their partnership-enabled business model, collaborating with leading medical device companies like **Medtronic (NYSE:MDT)** in hypertension, and **Terumo (TSE:4543)** in atherosclerosis. This already gives them access to the valuable resources that Stryker has just offered Inari.

## ABOUT THE FUND

The Fund invests in global listed healthcare businesses that make medical devices to treat critical chronic diseases. The Cordis thesis proposes that the MedTech industry is at the inflexion point in its transition to the gold standard of treatment in chronic conditions. Alongside the key tailwinds driving the wider Healthcare sector, we believe that we are in the early stages of a secular shift. In addition, the devices and the businesses that supply them have exceptional economic moats around them, including high barriers to entry, making it difficult to disrupt a leading device and the business that manufactures it.

The investment strategy for the Fund to exploit these drivers is based on observable technological advances and demographic changes that are fundamentally changing society. Cordis believes these tailwinds will drive robust growth in the earnings of these businesses for the next decade or more.

The Cordis investment team is advised by our Medical Advisory Panel of leading clinical physicians and medical device specialists, which provides inimitable insight from frontline of medical practice and principles. It is this resource that differentiates our research process from our competitors and provides us with a sustainable competitive advantage.

Our intense focus and specialisation in the sector allows us to understand the nuances of Healthcare, and ultimately generate sustainable returns over the long-term.

## FUND FACTS

Fund Manager: Cordis Asset Management Pty Ltd  
 Issuer: Equity Trustees Limited as Responsible Entity for Cordis Global Medical Technology Fund  
 Structure: Australian Unit Trust  
 Admin & Custodian: Mainstream Fund Services Pty Ltd  
 Sub Custodian: J.P. Morgan Chase Bank, N.A. (Sydney)  
 APIR Code: ETL4642AU  
 ISIN: AU60ETL46421  
 Fund Auditors: Ernst & Young  
 Minimum Investment: A\$50,000  
 Liquidity: Daily

## BENCHMARKS AND FEES

**Benchmark:** S&P Global 1200 Healthcare Index in AUD  
**Management Fee:** 1.2% p.a (including GST/RITC) of the monthly Net Asset Value

**Performance Fee:** 15% (incl GST/RITC) of the increase in net asset value of the Fund above the Benchmark, calculated and accrued monthly, paid annually in arrears, subject to highwater mark

## INVESTMENT PORTFOLIO

**Number of Securities:** 20-40

**Maximum Cash Holding:** 10%

**Currency Exposure:** Unhedged

To invest: Ask your advisor or see us at  
<https://cordisam.com>

## Disclaimers

This report was prepared by Cordis Asset Management Pty Ltd ABN 68 637 078 490 a corporate authorised representative (No. 1282680) of Avenir Capital Pty Ltd ACN 150 790 355, AFSL 405469 ("Cordis"), the investment manager for the Cordis Medical Technology Fund ("Fund"). Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 AFSL No. 240975, is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX:EQT), and is the Responsible Entity of the Fund. This document has been prepared for the purpose of providing general information only, without taking account of any individual person's investment objectives, financial circumstances or needs. Whilst every care has been taken in the production of this document, no warranty is given as to its accuracy and persons relying on this information do so at their own risk. The information contained in this document is not intended to be relied upon as a forecast and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy, nor is it investment advice. Any forwarding-looking statements or forecasts are based on reasonable assumptions, but cannot be relied upon as guarantees or representation as to what future performance will actually occur. Unless otherwise specified, the information contained in this document is current as at the date of issue and all amounts are in Australian Dollars (AUD). You should consider the Product Disclosure Statement ("PDS") in deciding whether to acquire, or continue to hold, the product. A PDS and application form is available at [www.cordisam.com](http://www.cordisam.com). Cordis and Equity Trustees do not guarantee the performance of the Fund or the repayment of the investor's capital. To the extent permitted by law, neither Equity Trustees, Cordis, nor any of their related parties including its employees, directors, consultants, advisers, officers or authorised representatives, are liable for any loss or damage (including consequential loss or damage) arising directly or indirectly as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance. The unit price performance calculation methodology follows the FSC Standard No.6: Investment Option Performance - Calculation of Returns (July 2018). Total returns are calculated based on changes in net asset values, at the exit price after the deduction of fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

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