

November Report 2021

PERFORMANCE

Growth of A\$10,000 since inception



	1 Month %	3 Month %	Since Inception %
Cordis	-6.03	-8.05	0.63
Benchmark	2.16	-2.03	5.83
Outperformance	-8.19	-6.02	-5.20

*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 TOP 5 HOLDINGS (alphabetically)

Boston Scientific
DexCom Inc
Edwards Lifesciences Corp
Medtronic PLC
Tandem Diabetes Care

RATINGS



High Investment
Grade

Suitable for inclusion
in most APLs

SUSTAINABILITY

“Cordis is one of the most sustainable funds we have seen since we started assessing company contributions to the U.N. Sustainable Development Goals in 2017”.
Mark Andrich – Founder and CEO of Sustainable Platform

PLATFORMS



In November the Fund returned -6.03%, largely due to the combined effect of two key factors; signs of more persistent inflation and the emerging risk of the new Omicron variant. The Fund’s underperformance against its Benchmark throughout the month was driven by our exposure to high-growth mid caps, which underperformed large-caps in the risk-off environment.

Inflation was in the spotlight for investors throughout November as supply chain issues continued. U.S. Federal Reserve Chair, Jerome Powell, struck a more hawkish tone on Monetary Policy, citing 12-month U.S. inflation now at 6.2%. The Fed is now indicating that this inflation data is more likely permanent than transitory. While this creates a short-term valuation headwind for high-growth equities, it is the critical nature of treatments for chronic disease in our MedTech sub-sector that creates price inelasticity of demand, and thus the ability to protect company margins. One of the fundamental Quality Filters in our research process is pricing power, and we remain confident in the ability of our portfolio companies to be price-makers over the medium-to-long term in their respective markets.

While the full effect of the Omicron strain is still to be seen, early signs indicate it is more transmissible but less potent than previous strains. Since the initial rounds of global lockdowns, hospitals have rearranged process flows to accommodate the pandemic and separate COVID from other wards, helping to insulate doctors’ operating capacity. Despite the downside risks to economic activity from Omicron, we have confidence in the earnings potential of companies treating critical chronic disease as hospitals maintain a relatively normal operating environment. As we have done all throughout the pandemic, the Fund continues to tilt towards consumable medical and ambulatory center devices, which we see as beneficiaries in a COVID environment.

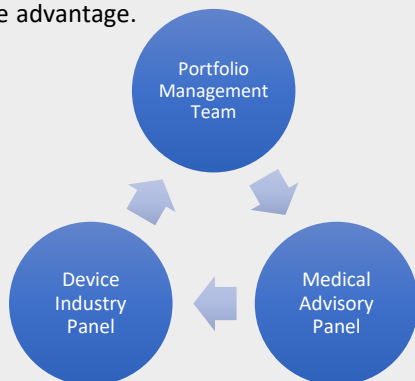
The Fund’s biggest contributors for the month, Abbott and Becton Dickinson, were buoyed by their diagnostics divisions. These two large-cap diversified MedTech companies produce rapid antigen testing kits used in COVID detection, which led to diagnostic division growth of 48.2% and 50.7%, respectively, in the most recent reported quarter. Their COVID-related testing sales combined were over \$2bn in the same period. While COVID affects operating procedure volumes, these diagnostic revenues will build a buffer of support into our diversified companies.

Our biggest detractor in November was Silk Road Medical. While lower procedure volumes remain the focus of the market, we view them as a temporary headwind which will abate as this new wave of COVID ends, a pattern which we have seen in each of the previous lockdowns. We prefer to focus on the long-term shift to minimally invasive device-based treatment of carotid artery stenosis (build up of plaque in the neck). This will continue to be driven by the surgeons using the technology at increasing rates and FDA label expansions. Silk Road remains a key position in the fund and we have increased exposure during the current share price pullback.

The fund is unhedged. As the AUD depreciated 5.60% against the USD over November, which increased the Fund’s NAV when reported in AUD.

ABOUT THE FUND

Cordis Global Medical Technology Fund is an Australian Unit Trust actively investing in a portfolio of global listed companies which make medical devices that provide treatments for critical chronic disease. The Cordis investment team is advised by our medical advisory panel of leading clinical physicians and medical device specialists, which we believe provides inimitable insight from frontline medical practice and principles. It is this resource that differentiates our research process from our competitors and provides us with a sustainable competitive advantage.



THE FUND

Website: www.cordisam.com
Fund Manager: Cordis Asset Management Pty Ltd
Responsible Entity: Equity Trustees Limited
Admin & Custodian: Mainstream Fund Services Pty Ltd
Sub-Custodian: J.P. Morgan Chase Bank
Fund Auditors: Ernst & Young
Minimum Investment: A\$50,000
Liquidity: Daily

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 (CAR No 001282680) of Lanterne Fund Services Pty Ltd ACN 098 472 587, AFSL 238198 ("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. 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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ABOUT THE MANAGER

Cordis Asset Management was set up in Sydney, Australia by leading international physicians, medical-device experts, and investment professionals, to capitalise on the specialised sub-sector of global MedTech companies.

The manager was founded in the belief that this specialised sub-sector of global MedTech companies, which provide device-based treatments for critical chronic disease, will continue to outperform the broader healthcare index.

It is the critical and imperative nature of such treatments, underpinned by the expectations of the world's aging population to live a longer more active life, that will drive robust growth in the earnings of these companies for the next decade or more.

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.

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: 22
Maximum Cash Holding: 10%
Currency Exposure: Unhedged