

In July the Fund gained 8.16% outperforming the Benchmark by 6.58%. The AUD appreciated by 1.48% against the USD over the month, which decreased the Fund's NAV and the Benchmark performance when reported in AUD.

MedTech Market Commentary

July was a positive month for broader share markets globally as many investors viewed July Fed commentary as relief for the markets. While we steer clear from macro forecasting (never mind predicting Fed behaviour!), we viewed July positively as the US Senate passed a \$280B measure to bolster domestic chip production. The highlight of this for us was that the bill would set aside more \$2 billion specifically for legacy chips used in medical devices, easing a bottleneck we were confronted with in 2021.

Biggest Movers

Silk Road Medical (SILK, Nasdaq), was the Fund's biggest contributor in July, as a slew of positive updates highlighted throughout 2Q culminated in a strong quarterly report in the last week of July. We wrote about SILK last month – the owner of the world's only approved carotid artery minimally invasive surgical approach for the preventative treatment of stroke – due to its operational progress, including standard surgical risk approval for its TCAR procedure, establishment of reimbursement and an improved debt facility. Those updates resulted in 25% revenue growth in the June quarter, while it guided to full year growth of 28.5%. SILK has now trained over 2,200 physicians who have performed over 50,000 TCAR procedures in the US. With procedure volumes continuing to take share from traditional carotid endarterectomy procedures, SILK has several progress initiatives to expand the business over the longer term.

Venus MedTech (2500, Hong Kong Stock Exchange) and **MicroPort CardioFlow (2160, Hong Kong Stock Exchange)** are the premier Chinese manufacturers of transcatheter heart valve replacements. While the entire portfolio has been under various macro pressures, these two have had the added geopolitical risk of a HK listing. This listing has added volatility to stock prices, but has not added risk to the underlying business fundamentals. In July, both stock prices added over 30%, but as is the case with volatility, we continue to pay more attention to fundamentals than stock prices, during both good and bad times.

The Chinese market continues to develop with 88% procedure volume growth across TAVR in 2021. These two form a duopoly, which we believe will allow both companies to grow together into this nascent market. Venus' A-Valve has now performed over 10k cases in China, and maintained its dominant ~70% market share in 2021. Their P-Valve was implanted for the first time in the EU and US in June. Turning to MicroPort, they outgrew the Chinese market, with 163% procedure volume growth in 2021. They also continue to make moves into the international market, with their VitaFlow the predominant treatment in Latam, driven by take-up in Argentina.

Cordis Global Medical Technology Fund July Report 2022

PERFORMANCE

Growth of A\$10,000 since inception



	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	Since Inception (%)
Cordis	8.16	1.13	-4.53	-13.43	-8.22
Benchmark	1.58	1.95	0.60	2.41	7.03
Outperformance	6.58	-0.82	-5.13	-15.84	-15.26

*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
- Silk Road Medical

RATINGS



High Investment Grade

Suitable for inclusion in most APLs

PLATFORMS



ABOUT THE FUND

The Fund invests in globally listed companies that make medical devices to treat critical and chronic diseases. The devices we invest in are commercially available and being used in hospitals today.

Cordis' thesis proposes that the MedTech industry that manufactures life-saving devices for chronic conditions is a key subset of Healthcare delivery that enjoys all the tailwinds driving the wider Healthcare sector. In addition, the devices and the companies that supply them have exceptional economic moats around them, including high barriers to entry, making it difficult to disrupt a leading device and the company 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 companies 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.

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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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>