

Cordis Global Medical Technology Fund

“Resilient growth in a defensive sector”



Monthly Report – July 2021

The Cordis Global Medical Technology Fund returned 6.02% in AUD for the first month since inception on July 1st. It outperformed the Healthcare Benchmark in AUD by 1.50%, which returned 4.52%.

July was a choppy month in global equity markets, with investors initially worried about the impact of the COVID-19 Delta variant before being buoyed by a strong start to the U.S. quarterly reporting season. Our MedTech sector was similar, with unexpected reimbursement rate cuts in some of our diagnostic related groups adding to early caution and a sell off in mid-July before the reporting season presented strong evidence of ongoing device procedure recovery. A set of earnings calls with management highlighted a return to pre-pandemic procedure growth levels. The Fund return was lifted in the back half of July by a strong set of results across the 11 portfolio companies that reported.

Two of our highest conviction stocks, Edwards Lifesciences and Boston Scientific, both had strong quarterly reports that reinforced our positioning. Edwards' reported revenue of \$1.38bn, +49% y/y coming off a COVID- depressed 2Q20, and consequently upgraded full year revenue guidance by ~4%. Overall growth was again led by the TAVR (Transcatheter Aortic Valve Replacement) division, which grew while maintaining its premium pricing strategy against competitors. On a two-year CAGR, U.S. TAVR volumes grew in the mid-teens. Management also noted that both high and low volume centres contributed to the outperformance, indicating a comprehensive recovery. Boston Scientific's result beat consensus revenue forecasts by 5%. This flowed through to 7% over consensus forecast at the earnings line, attributable to margin expansion despite cost inflation pressures. Their guide for Q3 sales was +12-14% y/y growth, well above existing consensus. These two results exemplify the return to growth across the MedTech sector more broadly.

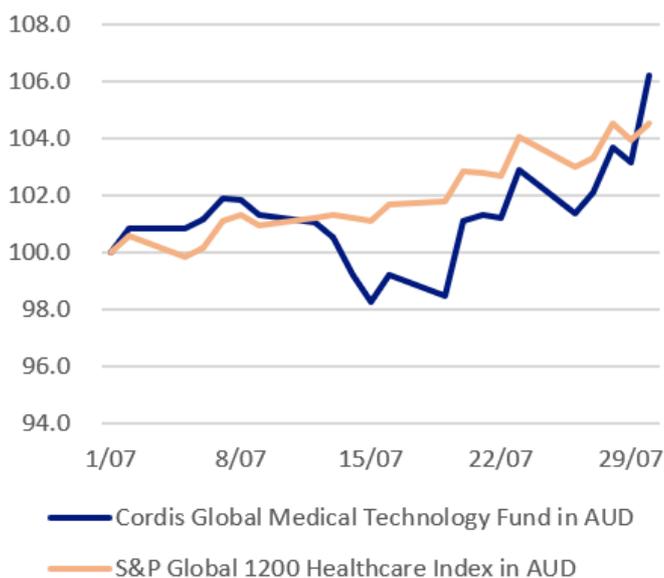
The best performer in the Fund was DexCom, a leading provider of continuous glucose monitors (CGM), which was up 20.73% for the month. This strong return came as their quarterly report displayed the effectiveness of their expanded U.S. salesforce, greater product awareness through direct-to-consumer efforts, and expansion into the Type-2 Diabetes population, which grew faster than Type-1 for the first time in the company's history. Cordis believes the ongoing growth of the Type-2 market will continue to see strong performance by the Diabetes treatment companies.

The biggest underperformer in the Fund was Senseonics, which continued to pull back from the highs reached after presenting positive data for its percutaneous CGM at the American Diabetes Association in late June. Looking through these short-term price fluctuations, Cordis continues to believe that Senseonic's clinical data will drive long-term adoption of the technology.

The Australian dollar depreciated -1.71% against the US dollar over the month, which meant the value of the Fund's US-based and other foreign company positions, and the Benchmark, increased in AUD. As at 31st July 2021, the Fund carried a foreign currency exposure of 97.3%, the majority in USD. The fund is unhedged.

Fund Performance (AUD) to 31 July 2021

Time Period: 01/07/2021 - 31/07/2021



Geographical Revenue Exposures

(Reported by our portfolio companies)

North America	63.4%
Europe, Middle East & Africa	15.1%
APAC	16.0%
Rest of World	5.5%



Portfolio Top 5 Holdings

(Alphabetically)

Boston Scientific
DexCom Inc
Edwards Lifesciences Corp
Medtronic PLC
Terumo Corp

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.

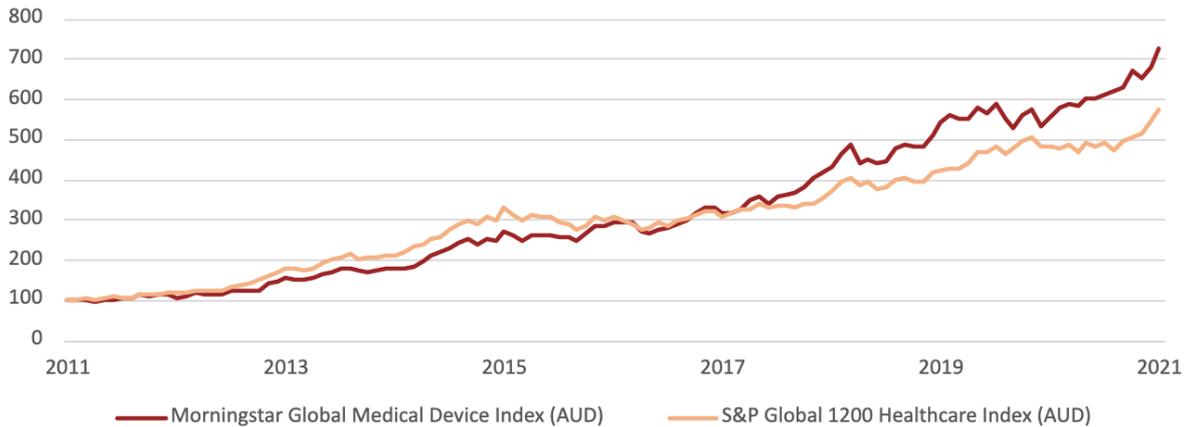
About Cordis Global Medical Technology Fund

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 chronic disease. The Cordis investment team, advised by our medical advisory panel of leading clinical physicians and medical device specialists, believes that 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, will drive robust growth in the earnings of these companies for the next decade or more.

To illustrate the growing trend in the value of medical technology improvements in the last decade, the chart below shows the historical outperformance in the Morningstar Global Medical Devices Index, relative to the S&P Global 1200 Healthcare Index (which consists of all members of the S&P Global 1200 that are classified within the GICS® Healthcare sector).

Cordis believes that our specialised portfolio of medical device companies that provide critical treatments for chronic disease will continue to outperform the broader healthcare.

The growing and resilient trend in global medical technology stocks relative to wider Healthcare stocks



	Return	Std Deviation	Sharpe Ratio	Beta
Morningstar Global Medical Device Index (AUD)	21.9%	13.23	1.03	1.36
S&P Global 1200 Healthcare Index (AUD)	19.1%	11.23	1.03	1.00

Source: Morningstar

The Fund

Website: www.cordisam.com

Fund Manager: Cordis Asset Management Pty Ltd
(ABN 68 637 078 490)

AFSL: Corporate Authorised Representative
(No 001282680 of AFSL 238198)

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>

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: 24

Maximum Cash Holding: 10%

Currency Exposure: Unhedged

Disclaimers

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