

## September Report 2021

The Fund returned -1.23% during September, outperforming our benchmark by 2.96%.

The outperformance in September gave the Fund a first quarter return of 8.10%, outperforming our benchmark by 4.61%.

The dominant thematic that we saw throughout September in the MedTech sector was related to a volume slowdown as procedures were affected by a rise in the delta-strain. We started to see hospitals curb elective procedures to save bed space for COVID patients, as some of our portfolio companies warned of slowdowns affecting their third quarter volumes, such as Boston Scientific and Silk Road Medical. We expect more management teams to make similar announcements in the lead up to 3Q reporting season at the end of this month. We have also had first-hand evidence of this filtering through from our Medical Advisory Panel, and as a result have been tilting portfolio positioning to the companies more focussed on outpatient, or non-hospital based, procedures.

One of the more pleasing aspects of our performance in September came in the form of a bid for portfolio company Itamar Medical at a premium of 51%. We sold down our position throughout the rest of the month and have reallocated into other high conviction mid-cap growth names. While we always invest in companies for their fundamental growth potential, and never purely on M&A opportunity, we expect takeovers in the small cap part of our portfolio to continue to positively affect our returns.

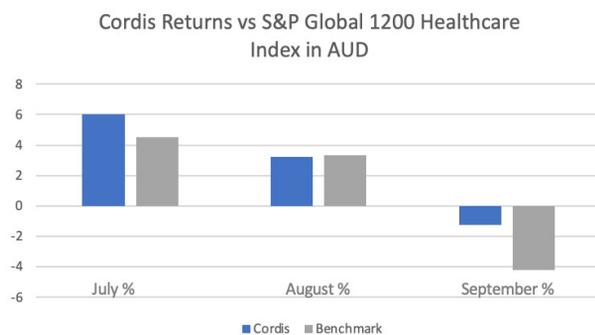
The best performing large cap contribution came from Terumo Corp, as it continues to perform strongly as the dominant MedTech player in the APAC region. One indicator of its recent strong performance came during an online briefing about their Alliance Division, in which management outlined a global expansion for this business. Target growth for the Alliance Division is now sales CAGR of 15–20%. While Alliance is still an emerging part of the overall business, we believe it will accelerate Terumo’s growth nicely over the long term.

During the month we focussed much of our research on portfolio positioning in the electrophysiology space, highlighted by discussions with two leading EPs across different continents. This deep dive reinforced two of our key views. First was regarding the rapid growth of the left atrial appendage closure market, a duopoly dominated by Boston Scientific and Abbott. And second, was the first mover advantage provided to Boston and Medtronic through their Pulsed Field Ablation devices. We remain very positive on the growth in EP over our investment horizon.

Acutus Medical was a detractor on Fund performance in September, driven by negative sentiment around their August capital raising. However, we continue to believe in the ability of Acutus’ non-contact cardiac mapping system to take market share from incumbents over the next 2-3 years.

The fund is unhedged. The AUD depreciated 1.16% against the USD over September. In line with this, the Fund’s US-based and other foreign company positions, increased in AUD

### PERFORMANCE VS BENCHMARK



	1 Month %	3 Month %	Since Inception %
Cordis	-1.23	8.10	8.10
Benchmark	-4.19	3.50	3.50
Outperformance	2.96	4.61	4.61

\*inception was 1 July 2021

\*numbers may not add due to rounding

### GEOGRAPHICAL REVENUE EXPOSURE

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



### PORTFOLIO TOP 5 HOLDINGS (alphabetically)

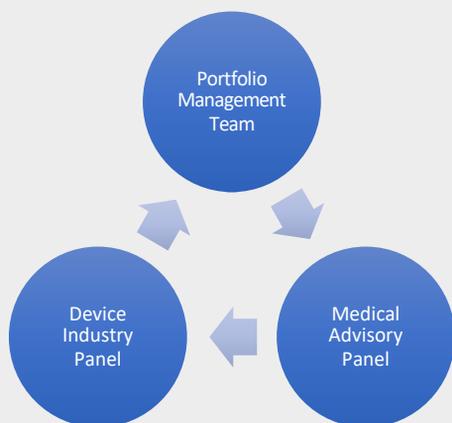
Boston Scientific  
DexCom Inc  
Edwards Lifesciences Corp  
Medtronic PLC  
Terumo Corp

#### 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 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](http://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

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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:** 23  
**Maximum Cash Holding:** 10%  
**Currency Exposure:** Unhedged