SG HISCOCK & COMPANY

SGH Medical Technology Fund

31 January 2024

Performance[1]	Total Net Return	S&P/ASX 200 Health Care Accum. Index	Value Added vs S&P/ASX 200 Health Care Accum. Index [2]
1 month (%)	-1.86	4.28	-6.14
3 month (%)	13.74	27.10	-13.36
6 month (%)	-2.69	9.48	-12.17
1 year (%)	-2.78	4.10	-6.88
2 years (% p.a.)	-6.78	6.92	-3.64
Inception 20 June 2021 (% p.a.)	-9.79	1.21	-10.99

[1]Distribution Return is the return due to distributions paid by the Fund, Growth Return is the return due to changes in initial capital value of the Fund, Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.
[2]Index = S&P/ASX 200 Health Care Accumulation Index.
Past performance is not a reliable indicator of future performance.

Top 10 Holdings

CSL Limited
Pro Medicus Limited
Cochlear Limited
Resmed Inc CDI's
Neuren Pharmaceuticals Limited
Telix Pharmaceutical Limited
Mach7 Technologies
Fisher & Paykel Healthcare
Monash IVF Group Limited
Clinuvel Pharmaceutical Limited

Top 10 holdings represent 48.55% of the total Fund.

Key Facts

Investment manager	SG Hiscock & Company Ltd.
Inception date	30 Jun 2021
Benchmark	S&P/ASX 200 Health Care Accumulation Index
Management fees[3]	1.33%
Performance fee[4]	20.50%
Fund size	$7.8M
Number of holdings	60
Distributions	Annually
Buy/sell spread	+0.35/ -0.35%
Minimum initial investment	$20,000
Base currency	AUD
APIR	ETL2825AU
Domicile	Australia

	Unit price
Application	$ 0.7713
Net Asset Value	$ 0.7686
Withdrawal	$ 0.7659

Evergreen Ratings	Commended

[3] Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

[4] A performance fee of 20.50% (inclusive of GST and an estimate of RITC) of any performance in excess of the performance hurdle (the daily percentage movement in the S&P/ASX 200 Health Care Accumulation Index on a daily basis) may also be payable.

Investment Objective

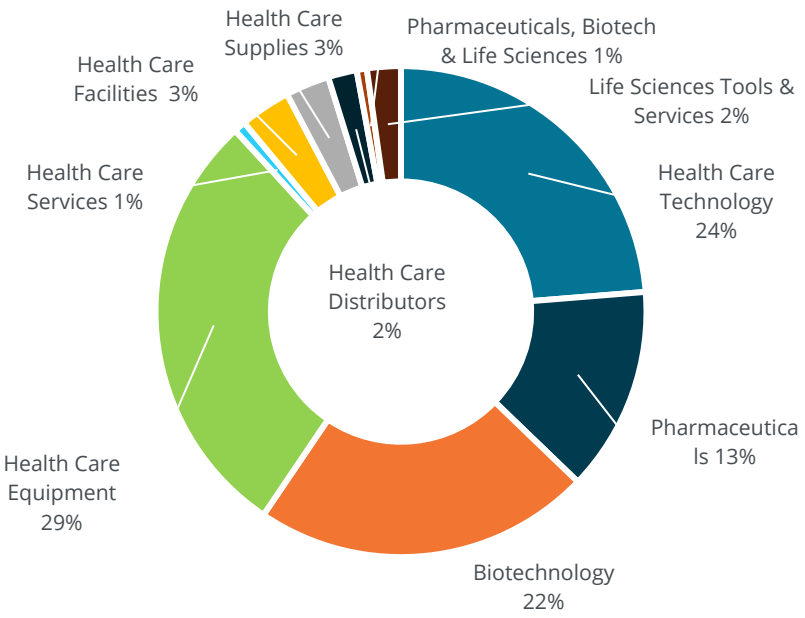
To provide long-term capital growth by investing in a portfolio of medical technology companies where innovation plays a crucial role in improving global health and economic outcomes. This includes biotechnology, pharmaceuticals, medical devices & equipment, medical data, information technology (e-health), and robotics.

Investment Held

The Fund will invest predominantly in medical technology companies and securities listed on the Australian Securities Exchange (ASX). No more than 3 of the portfolio to be invested in international companies.

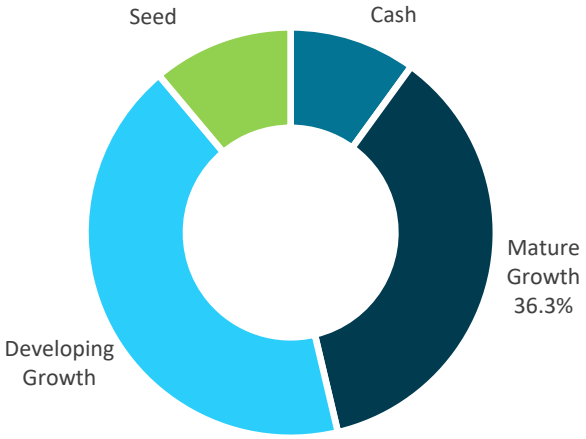
Asset Allocation: The Fund

Sector	Fund (%)
Cash	10.2
Health Care Technology	21.3
Pharmaceuticals	12.1
Biotechnology	20.0
Health Care Equipment	25.8
Health Care Services	0.7
Health Care Facilities	3.0
Health Care Supplies	2.6
Health Care Distributors	1.7
Pharmaceuticals, Biotech & Life Sciences - 3520	0.6
Life Sciences Tools & Services	2.0
Total	**100.0**



Top 3 Mature Growth Companies	Top 3 Developing Growth Companies	Top 3 Seed Companies
CSL Limited	Neuren Pharmaceuticals Limited	Clarity Pharmaceuticals Ltd
Pro Medicus Limited	Telix Pharmaceutical	Enlitic, Inc
Cochlear Limited	Mach7 Tech Limited	Botanix Pharmaceuticals Ltd

Lifecycle	Fund (%)
Cash	10.0%
Mature Growth	36.3%
Developing Growth	42.6%
Seed	11.1%
	100.0%



Monthly Commentary – January 2024

Neuren (XASX: NEU), an Australian Biotechnology firm, focused on creating innovative drug treatments for severe neurological conditions that manifest in early childhood, for which there are few or no existing approved treatments.

Given the critical demand for solutions, all of its programs have received "orphan status" designation in the United States, offering incentives to foster the development of treatments for rare and serious illnesses. This status also allows for advantageous pricing strategies upon successful market launch.

In March 2023, Acadia Pharmaceuticals' medication DAYBUE™ (Trofinetide) received approval from the US Food and Drug Administration (FDA) for treating Rett syndrome in adults and children aged two and older.

Neuren has provided Acadia Pharmaceuticals Inc. with an exclusive global license for Trofinetide's development and marketing. Our investment in NEU began with their September 2021 placement, when the company raised A$22m at A$2.05 per share. As of 31st January 2024, the share price has soared to $23.62, marking a gain of +1052%.

This investment strategy positioned NEU within the 'long tail' of our portfolio, allowing for appreciation in value and position size, as the company successfully executed on milestones. **Our approach to investing in early-stage biotech companies involves using portfolio positioning to manage the inherent idiosyncratic risk.**

In 2018, on the back of strong Phase 2 results from Trofinetide, Neuren licensed the North American rights for Trofinetide to Acadia Pharmaceuticals. This deal included US$10m in upfront payments to Neuren, US$40m following the 1st commercial sale in the US, and a potential US$33m in the future from the one-third share of Priority Review Voucher awarded to Acadia (on the assumption that they elect to sell it). Upon successful commercialisation, the deal was structured to unlock US$455m of milestone payments, and ongoing double-digit royalties on sales in the range of 10-15% depending on the level of sales achieved.

When Neuren announced their Exclusive Licence Agreement with Acadia Pharmaceuticals, they had an insufficient cash balance to conduct a Phase 3 trial, with circa. A$11m in the bank. Subsequently, Acadia invested circa. US$112m to fund the trial and related manufacturing scale-up requirements to drive successful execution. This is demonstrable in the value of early-stage biopharmaceutical companies establishing well-structured commercial agreements. **Importantly, this prevents funding shortfalls and alleviates the common drawback of early-stage biotech companies as investment opportunities - having a hunger for capital that ultimately drives dilution for early supporters.**

Acadia has been highly successful in its commercial launch initiatives of DAYBUE™ in the US market and recently shared a quarterly update for the quarter ending December 31, 2023. Encouragingly, the adoption, demand, patient adherence, and approaches to managing side effects are progressing as expected. Additionally, Acadia has issued sales forecasts for the current quarter, projecting

revenues to land between US$80-88 million, due to **patient adoption exceeding initial expectations**.

What can one expect in the near-term?

In conjunction with Trofinetide, Neuren has been developing a second drug candidate, NNZ-2591, for each of Phelan-McDermid syndrome (PMS), Angelman syndrome, Pitt Hopkins syndrome (PMS) and Prader-Willi syndrome.

Management announced much anticipated top-line data in December for their Phase II trial of NNZ-2591, conducted in 8 patients with PMS. The data confirmed that the potency and tolerability profile of NNZ-2591 appears superior to Trofinetide (which received FDA approval March 2023), with the ability to demonstrate significant efficacy improvements over a 13-week treatment period, at lower doses, coupled with a benign side effect profile.

Neuren highlighted that improvements were consistently seen across clinically important aspects of PMS, including communication, behaviour, cognition/learning, and socialisation. **This is particularly significant given that PMS has severe quality of life impacts for those living with the syndrome, as well as parents and siblings**. It is estimated that between 1 in 8,000 and 1 in 15,000 people have PMS with no approved treatments despite its severely debilitating impacts. Whilst still early data, this is very supportive for success in Phase III, cross indication readthrough and end market share and pricing assumptions for NNZ-2591. In terms of near-term catalysts, investors can expect top line results from the Pitt Hopkins syndrome trial in Q4 FY24.

The capabilities of Neuren's management team were evident in the agreement they secured with Acadia, and we now look forward to a potential licensing deal for NNZ-2591. With a current cash balance of A$228.5m, Neuren faces no immediate need for additional funds, allowing them the flexibility to license this asset at a later date, should they choose. This position enables Neuren to potentially engage in a competitive bidding process to secure an advantageous deal. **Neuren is in a strong position to negotiate deals that include higher upfront and milestone payments, potentially realising over 50% more value from any agreement, as they have the financial capacity to wait for comprehensive data and fund the trials themselves if necessary.**

Distribution team

Anthony Cochran
Head of Distribution

acochran@sghiscock.com.au
0410 332 870

Rebecca Collins
Head of Research & Consultants
rcollins@sghiscock.com.au
0423 561 879

Matthew Potter
Senior Investment Specialist
mpotter@sghiscock.com.au
0404 884 399

Nick Simpson
Research & Platform Manager
nsimpson@sghiscock.com.au
0448 336 317

SG Hiscock & Company

ABN 51 097 263 628
AFSL 240679

Level 23, 360 Collins Street
Melbourne 3000

Level 4, 95 Pitt Street
Australia Square Plaza
Sydney 2000

1300 555 511
www.sghiscock.com.au

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