



NEWSLETTER

MERCHANT BIOTECH FUND

Auspiciously January 2022 will go down as the first month investing for the Merchant Biotech Fund (MBF). I say auspiciously as the Small Ordinaries Index (XSO) at one stage was down 14% for the month which presents just as many opportunities as it does threats... Over many years in this game, you tend to become a little immune to these types of swings and whilst the intra-month movements are noticeable, over time the best strategies have always been to hold and even add to positions during these volatile periods and for us that's exactly what we did during January.

**Unit Price as at
31 January 2022**

\$0.9329

The market looks a little fatigued and soft and with increased volatility in the system; the market in January and now early Feb looks to be having a consolidation breather as earnings catch up with prices. I'm not a subscriber to the market going into a massive downward spiral and hopefully these words aren't immortalised as one of those "experts" saying one thing and the opposite happening!

In the portfolio this month we built positions in the following companies Polynovo Limited (PNV), Prescient Therapeutics Limited (PTX), Dimerix Limited (DXB), Intelicare Holdings Limited (ICR) and most recently, Arovella Therapeutics Limited (ALA). We have taken a specific focus to cell therapy companies of late – ALA & PTX which we believe to be the future of many treatments including cancer and autoimmune disorders.

The fund is currently trading at circa \$1.00 per share and we believe that our current asset allocation is suitable for protection of capital and optimising growth opportunities.

As our role will be not only investors but educators in this space, each month we will focus on one company in the portfolio and this month it is PTX – Prescient Therapeutics Limited.


Essentially PTX is a clinical stage oncology company developing personalised medicine approaches to cancer, including targeted and cellular therapies. Personalised medicine is an area that has fascinated us over time and one we believe will be one of the major megatrends into the future as drug delivery methods are improved to basically target the bad cells whilst preserving the good. I am also a believer in Robotic Surgery too however we haven't found anything suitable yet to invest into in this space but it's not through lack of kissing a few frogs...

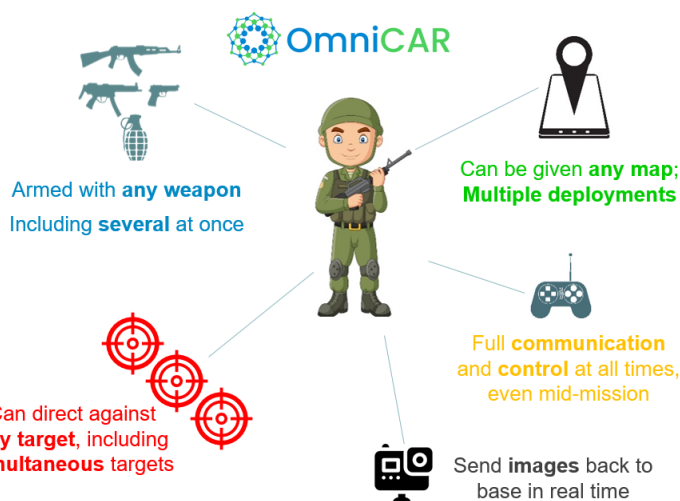
PTX we believe is one of the companies on the precipitous of greatness with the OmniCAR platform, and last year PTX inked a deal with leading research organisation Peter MacCallum Cancer Centre Victoria to advance work on its revolutionary OmniCAR platform with the two organisations focusing on developing next generation CAR-T products using the OmniCAR technology for three types of cancer; acute myeloid leukemia (AML), Her2+ solid tumours, and glioblastoma multiforme (GBM). The company is well capitalised, and we feel the upside from here is substantial.

PTX also has its own targeted therapy – PTX 100 – essentially a first in class compound with the ability to block a cancer growth enzyme by disrupting various circuits in cancer cells leading in turn to death of the cancer cells. Having demonstrated safety and early-stage efficacy through a Phase 1 study, PTX100 is now in a Phase 1b study.

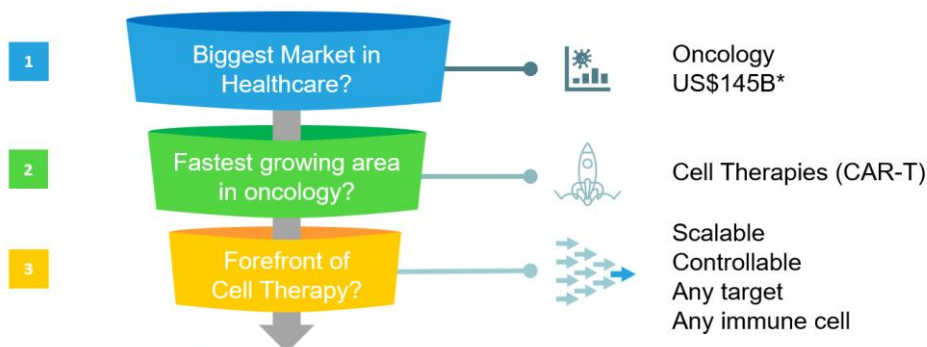
OmniCAR can do what conventional CAR-T cannot

Conventional CAR-T

- 
- Soldier with only one map
 - Single weapon
 - Only trained to hit one target
 - Incapable of redirection
 - No communication or control in the field



Top-down analysis is sensible for investors



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