



NEWSLETTER

MERCHANT BIOTECH FUND

The Merchant Biotech Fund (MBF) continued to suffer during February with the Biotechnology and Technology sectors both being hardest hit as a result of the Russian invasion of Ukraine.

As at the end of February the Fund was down 13% for the calendar year. In comparison the Biotech Index is down 15% over the same period as high growth sectors came undone.

As in January, we selectively bought more holdings into the portfolio averaging down mostly on existing holdings, confident that the companies we have invested in will not only weather the storm at the moment but rally substantially when things settle down somewhat.

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 Arovella Therapeutics Limited (ASX: ALA)

Arovella Therapeutics is a biotechnology company that focuses on developing world leading oncology therapies. It has licenced the iNKT Cell Therapy platform from the Imperial College London and it's DKK1 mAb/CAR from world leading cancer centre MD Anderson.

What excites us about ALA is the pre-clinical data demonstrating robust activity against CD19 expressing cancers. Also, ALA is the only ASX listed company working on an iNKT Cell Therapy platform and the only company worldwide with CAR technology targeting a DKK1 peptide.

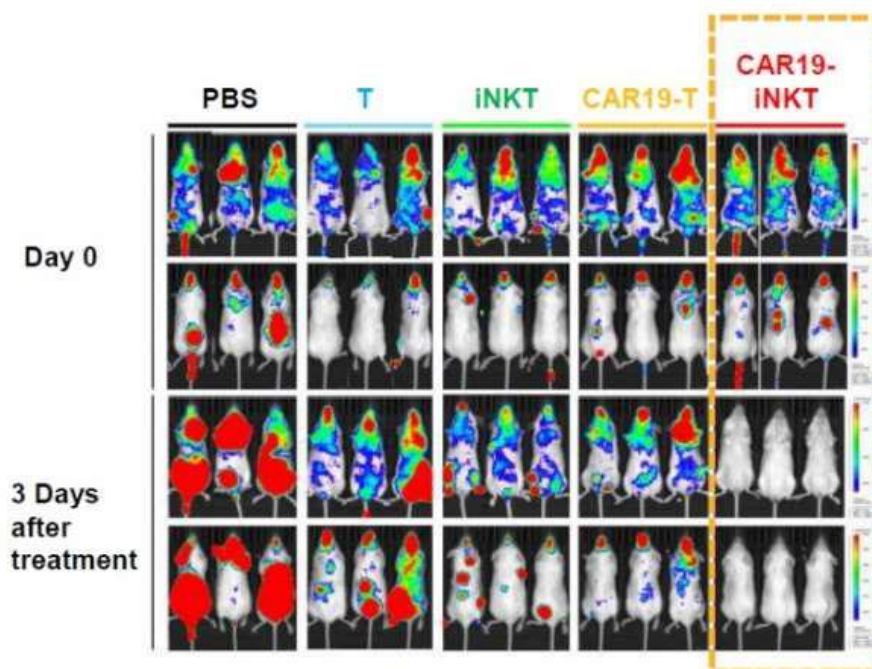
Recently Arovella raised A\$6.57m in which Merchant was the cornerstone investor. This capital raise supports progress in the development of iNKT platform and further its iNKT cell platform therapy and DKK1 peptide targeting.

**Unit Price as at
28 February 2022**

\$0.8749

We believe Arovella has a very bright future with quality technology licenced from the best universities and cancer institute's globally. ALA has a strong management team, a strong register, and a chairman with an excellent track record in the Healthcare sector. Our investment thesis shows there is little competition, a niche market, and use of more effective and superior immunotherapies supporting a positive outlook for the company.

Hugely encouraging preclinical studies were conducted; after three days, all cancer cells in the CAR19-iNKT cells treated mice were eliminated while cancer cells persisted with all other treatments. See image below:



Let's hope for the sake of the population and delivering some good news to the world that the results reflected above in mice, can translate overtime to be just as effective in humans. With cash in the bank, a first class and focused management team, we believe this stock could be one the best performers in the Merchant Biotech portfolio over the next 12 months.

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