

Pathfinder Investment Outlook

For the week ending July 3rd, 2020

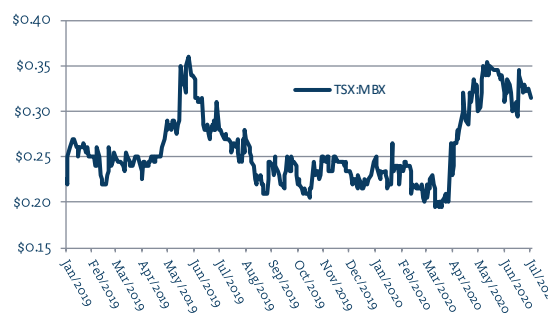
Pathfinder Partners' Fund: Microbix Biosystems Inc.

We continue our discussion of individual companies in our mandates. Given all the geopolitics as of late, we have been writing about “macro” which refers to broad themes, theses or data points that describe something in aggregate. While the macro situation impacts all companies, it is investments in individual businesses (i.e. the micro) that actually make up the portfolios at Pathfinder. Macro is stubbornly difficult to predict on a consistent basis, but we all pay attention to it as part of the investment process. However, focusing on a specific company that we can invest in can provide an opportunity for us to get an “edge”, either through better information or adopting an investment thesis that other investors do not value in the same way. For example, there are companies who have actually seen accelerated demand for their products as a result of the pandemic, Microbix Biosystems is one of those companies.

- Microbix Biosystems Inc. (TSX:MBX)** develops and sells biological and technology solutions – including diagnostic products for various pathogens (viruses, bacteria) and quality assessment and proficiency testing products (QAPs). When coronavirus was emerging as a global threat, MBX predicted the inherent need for the world to have access to accurate **testing** and quality control **products**. This need is especially acute, given that companies with minimal to no commercial experience have been given expedited regulatory approval to develop tests.
- Along with Microbix, we recognized early on the near and long-term **growth potential of this segment beyond COVID-19** and added to our position in MBX. Since our add, MBX has developed their COVID-19 QAPs and it has been approved by the FDA, Health Canada and Europe (CE), and signed distribution agreements in 22 countries including most of Europe, the USA, and New Zealand. While COVID-19 QAP's were the catalyst to launch the segment, the emerging QAPs business and distribution markets will see Microbix's full suite of additional products (HPV, Influenza, Rotavirus, and more). The world is now very aware of the consequences of inaccurate testing and the share price of MBX has positively responded.

Figure 1: Microbix Biosystems Inc

July 03, 2020



Source: Bloomberg Markets LP, Pathfinder Asset Management Limited

“**This means that**” throughout Q1-2020 we found opportunities to increase our position in MBX and support a Canadian company developing products with the potential to improve the quality of health care provided across the globe and beyond the COVID-19 pandemic.

Michael Rudd, CFA | President, CEO & Portfolio Manager

Jared Fehr | Analyst



Pathfinder Asset Management Ltd. | Equally Invested

1320-885 W. Georgia Street, Vancouver, BC V6C 3E8

E info@paml.ca | T 604 682 7312 | www.paml.ca

Sources: Bloomberg, Pathfinder Asset Management Limited

Disclosure

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*All returns are time weighted and net of investment management fees. Returns from the Pathfinder Partners' Fund and Pathfinder Real Fund are presented based on the masters series of each fund. The Pathfinder North American Equity Portfolio and The Pathfinder North American Income Portfolio are live accounts. These are actual accounts owned by the Pathfinder Chairman (Equity) and client (High Income) which contain no legacy positions, cash flows or other Pathfinder investment mandates or products. Monthly inception dates for each fund and portfolio are as follows: Pathfinder North American Equity Portfolio (January 2011), Pathfinder North American High-Income Portfolio (October 2012) Pathfinder Partners' Fund (April 2011), Pathfinder Real Fund (April, 2013), and Pathfinder International Fund (November 2014).

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