



Pitt Pharmacy Investment Portfolio

Reporting Committee

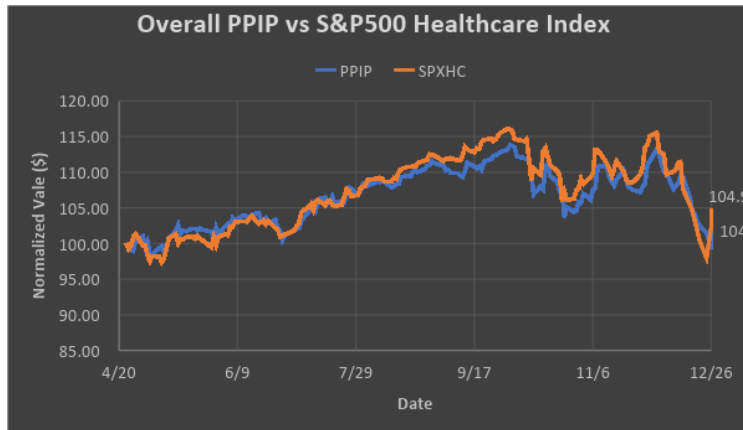
Monthly Report: December 2018

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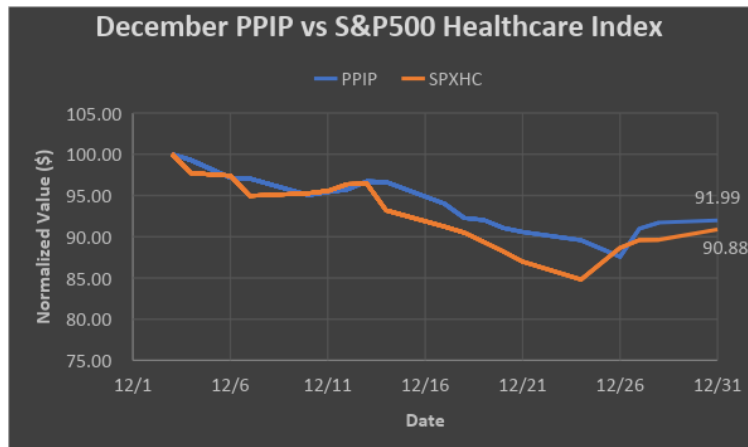
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Market Comparison

From the initial investment date through December 31st, 2018 the PPIP achieved an overall 4.19% gain. During this same period, the S&P 500 Healthcare Index (SPXHC) increased in value by 4.99%. In the context of the initial \$50,000 investment, the PPIP has achieved a value of \$52,095 as of December 31st while investing in the comparator SPXHC would have yielded \$52,495. Therefore, the SPXHC index has outperformed the PPIP by 0.80% during the period of 4/23/18 – 12/31/18.



From the period of December 1st through December 31st, the PPIP achieved an overall 8.01% loss. During this same period, the SPXHC decreased in value by 9.12%. In the context of a hypothetical initial \$50,000 investment, the PPIP would have achieved a value of \$45,995 during December while investing in the comparator SPXHC would have yielded \$45,440. Therefore, PPIP has outperformed the SPXHC index by 1.11% during the period of 12/1/18 – 12/31/18.



Weakest Earners

Agios Pharmaceuticals Inc. (AGIO):

Most companies have declined this month because of a decline in the whole market. Agios released phase 1 trial results for AG-519, a compound intended to treat pyruvate kinase deficiency, but the results showed serious hepatic side effects in healthy individuals. As a result, the company stated that they would no longer pursue this compound.

Concert Pharmaceuticals Inc. (CNCE):

Concert suffered similar to every other company during this month as we saw a huge decline in the stock market as a whole. The company's stock has been on the decline for several months now as we continue to wait for results from its clinical trials on CTP-543 as well as the upcoming trial related to its patent for CTP-543.

UnitedHealth Group Inc. (UNH):

UnitedHealth Group Inc. suffered similar to every other company during this month as we saw a huge decline in the stock market as a whole. In early December a federal judge in Texas struck down the affordable care act citing that it should not be a requirement for an individual to have health insurance. As a company, UnitedHealth Group serves 7 million of its 49 million customers from the affordable care act. The decision from the judge had a significant impact on their stock. We will see in the future if the judge's decision holds up.

Top Earners

GSK (GSK)

GSK made some interesting moves in December including merging its consumer health business with Pfizer. The duo will become the world leader in nonprescription medications and share 7.3% of the worldwide market with combined annual sales of \$12.7 billion. Furthermore, GSK will hold 68% of this venture and the deal is expected to close in the second half of 2019. GSK also purchased drug company Tesaro for \$5.1 billion. This means that GSK will now own the rights to the promising new cancer drug niraparib, which is a PARP inhibitor. There are currently 4 PARP inhibitors that are FDA approved, however they have struggled to sell. GSK believes they can gain commercial success with niraparib with the hope to prove effectiveness in multiple cancer types.

Gilead Sciences (GILD)

Gilead Sciences had a memorable month with the new hiring of their CEO Daniel O'Day. O'Day comes from Roche where he has over 30 years of global commercial and oncology experience. Gilead plans to diversify its pipeline and at the end of December they took a step in the right direction. Gilead pledged \$120 million to Agenus in a deal that could cover 5 different



cancer immunotherapies that Agenus is currently developing. Gilead will receive exclusive global rights to one of the therapies, as well as licensing options for at least 2 other therapies Agenus is currently developing.

Final Thoughts

Overall, the stock market as a whole ended the year historically bad. As a result, our portfolio saw no companies gain value in the month of December. However, a few companies did show some promise for a potentially strong start to 2019. Anticipation has been set for the hiring of Gilead Sciences new CEO and with that manifestation, GILD is expecting to have a bright future moving forward. One company of interest moving forward is UnitedHealth Group Inc as we wait to see if the judge's ruling on the affordable care act remains in effect as states look to appeal the decision. Based on how this proceeds, it could either help or hurt the company in big way.

