



Pitt Pharmacy

Investment Portfolio

October Performance Evaluation

2018

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Overview:

This report is an evaluation of the holdings of the Pitt Pharmacy Investment Portfolio from the initial Investopedia purchases on 4/23/18 through the end of the day on 10/22/18, with focus on the period from 9/22-10/22. After initial investments, the account was valued at \$49,937.11. The total account value at the end of this period was \$55,857.46. The account also received its first dividend payment from Johnson and Johnson, a total of \$24.30 (\$0.90 per share) on 6/11. Since initial investment, the portfolio saw a growth of 12.6%. In the period from 9/22-10/22, the portfolio saw a growth of 1.32%

Monthly Gain: +1.32%

Quarterly Gain: +1.32%

Year to Date Gain: +12.6%

Figure 1: Current Securities

Ticker	Share Price on 10/22	Monthly Performance	Overall Performance	Actual Holding Value
IDXX	249.66	3.5%	26.3%	\$ 2,995.92
NVS	86.16	0.8%	10.7%	\$ 5,514.24
GILD	77.21	2.3%	4.2%	\$ 3,628.87
BMY	62.08	0.4%	21.1%	\$ 6,021.76
JNJ	138.17	-3.3%	8.9%	\$ 3,730.59
GSK	40.17	-0.3%	0.0%	\$ 4,017.00
ABT	73.36	6.2%	23.8%	\$ 6,162.24
MRK	70.94	-0.2%	18.1%	\$ 5,391.44
MDT	98.37	1.0%	22.7%	\$ 6,098.94
UNH	266.04	-0.2%	13.1%	\$ 5,586.84
ABBV	94.58	2.5%	1.8%	\$ 5,012.74
AGIO	77.12	4.8%	-10.3%	\$ 1,311.04
CNCE	14.84	9.8%	-22.7%	\$ 385.84
Overall			Portfolio Value	\$ 55,857.46
			Cash	\$ 344.83
			Total Dividend	\$ 303.65
			Total Account Value	\$ 56,505.94

Strongest Performing Sector:

Medical Devices

The medical device sector saw another strong month and continues to be at the forefront of health technologies. With more and more stress being put on Pharma to lower drug costs, it seems as though the medical device field may be flying under the radar. This sector is avoiding backlash while increasing sales and advancing technologies. All of these factors back companies such as Abbot and Medtronic as steady and safe holds in the portfolio.

Weakest Performing Sector:

Biotechnology

The ever-volatile biotechnologies sector saw a few setbacks this month for a variety of reasons. Concert pharmaceuticals is fighting litigation and the lack of any marketed products results in more unpredictable volatility. Abbvie is suffering from litigations of their own as well as competition on their blockbuster Humira. In a sector known for ups and downs, a month such as this warrants caution and monitoring, but overall no trades need to be made at this time.

Strongest Individual Holdings: *Monthly*

Concert Pharmaceuticals Inc. (CNCE) +9.8%

Concert Pharmaceuticals recent rise follows the success of their current clinical trials with CTP-543 as a treatment for alopecia. These medications also have potential to be used in other autoimmune disease states making them a great option going forward if the clinical trials are a success.

Abbott Laboratories (ABT) +6.2%

Abbott laboratories recently released their quarter 1 earnings which saw impressive sales and strength growth in earnings per share. Additionally their pipelines in diabetes, structural heart and diagnostics have all shown success. These products include, but not limited to Mitra Clip for heart valve repair, a high sensitivity troponin test to detect heart attack months in advance, and long-lasting glucose sensors.

Agios (AGIO) +5.02%

Agios has seen a rise due to recent FDA approval for their drug Tibsovo for the treatment of refractory acute myeloid leukemia. They have seen immediate sales of this product during their third quarter. They also have several drugs in different stages of clinical trials targeting the same set of disease states.

competition of Merck's Keytruda and Roche's Tecentriq, both of which have also been performing very strongly and will continue to limit Opdivo's potential going forward.

Strongest Individual Holdings: Overall

Idexx (IDXX) +26.3%

Idexx has shown strong growth throughout the year thanks to its success in sales throughout the world. Recently it launched its in-house kidney function test that can be done at veterinary clinics. There has also been an increase in the sales to Brazil.

Abbott laboratories (ABT) +23.8%

Abbott laboratories showed continuing success throughout the year thanks to its diagnostic and medical research. There are products in the pipeline for diabetes, structural heart and diagnostics have all shown success. These products include, but not limited to Mitra Clip for heart valve repair, a high sensitivity troponin test to detect heart attack months in advance, and long-lasting glucose sensors.

Medtronic (MDT) +22.7%

Medtronic has been performing exceptionally well since initial investment. The company has taken steps to strengthen its leadership and develop shareholder friendly strategies. The company released its Q4 fiscal 2018 earnings report on May 24th, posting an adjusted EPS of \$1.42 beating analyst estimates by 2.9%. In fact, the report showed that earnings beat growth estimates on all lines. Worldwide revenues for the quarter were \$8.14 billion up 6.5% on an organic basis. Other factors contributing to the firm's success include: growth in their cardiovascular, minimally invasive therapies, restorative therapies, and diabetes divisions, FDA approval and indication expansion for the MiniMed 670G insulin pump, as well as an increase to their quarterly dividend. However, the company is facing significant competition in the diabetes space from Tandem Diabetes Care and DexCom, which have had considerable success developing competing insulin pumps and continuous glucose meters respectively. They have also announced the acquisition of mazor robotics, a small medical device company specializing in robots for orthopedic and neurosurgery.

Weakest Individual Holdings: Monthly

Johnson & Johnson (JNJ): (-3.3%)

J&J has seen a recent decline due to a decrease in pharmaceutical sales. This has been primarily due to the expired patent on Remicade which has allowed Pfizer to develop a biosimilar product to compete. Their medical devices segment has not been doing as well lately partly due to J&J's decreased investment in the field.

GlaxoSmithKline (GSK): (-0.3 %)

GSKs slight decline over this month could be due to the continued job cuts the company has been doing since CEO Emma Walmsley took over. This effort was to downsize the company's sterile injectibles division.

Merck & Co., Inc. (MRK): (-0.23 %)

Merck saw a slight decrease over this month due to setbacks related to its lung cancer treatment in Europe. This drug has already been approved in the U.S, but the company has faced a setback in Europe.

Weakest Individual Holdings: Overall

Concert Pharmaceuticals Inc (CNCE): (-22.7%)

Concerts poor overall performance is due to the lack of drugs that can generate revenue for the company. The company does currently have 5 drugs in various stages of development both as proprietary and as a partnered development with other companies. There has been a jump this past month caused by positive results from their CTP-543 clinical trial. This is positive news for a stock that has been struggling for a while. This company should still be monitored going forward to ensure that their stock continues to rise.

Agios Pharmaceuticals Inc (AGIO): (-10.3%)

Agios stock has always been on the low end and continued to lose money because of a lack of revenue, which is to be expected given their situation. This loss likely will not last long as they have been a top performer for the month of October thanks to recent FDA approval of their new drug Tibsovo. It is likely that their stock will continue to improve as sales of this drug continue to rise.

Market Comparison:

The Pitt Pharmacy Investment Portfolio saw a growth of 1.32% from the period of 9/22/18 to 10/22/18. Since the original investment on 4/23/18, the portfolio is up 12.6% overall. Over this same period, the S&P 500 Healthcare Index (SPXHC) had a monthly gain of 1.32%, and an overall gain of 3.54%. Although being outpaced by the SPXHC for the month of June, the graphs below indicate that the portfolio is still performing very similar to the index. During this month, the portfolio also received its first dividend payment, a total of \$24.30 from Johnson and Johnson. In the next month, the portfolio is set to receive dividend payments from Merck, United, and Gilead.

