



Pitt Pharmacy Investment Portfolio

Reporting Committee

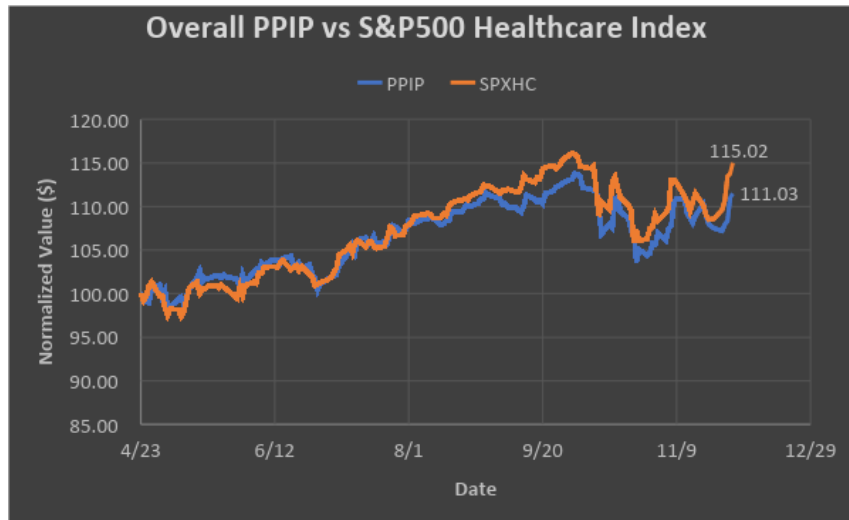
Monthly Report: November 2018

Prepared by: Andrew Haddad, Ryan Jaehne, Mohamed Kashkoush, Kevin Mahar, and
Dafonso Davage

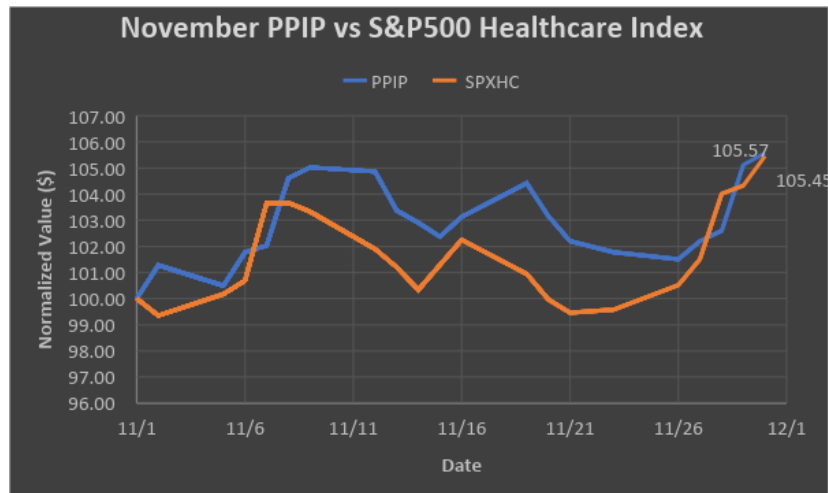
Reviewed By: Rick Jones, Sam Bott, Corey Rantz, Vince Piro, Colin Pfeiffer, Josh
Cinicola, Annalisa Nguyen

Market Comparison

From the initial investment date through November 30th, 2018 the PPIP achieved an overall 11.03% gain. During this same period, the S&P 500 Healthcare Index (SPXHC) increased in value by 15.02%. In the context of the initial \$50,000 investment, the PPIP has achieved a value of \$55,515 as of November 30th while investing in the comparator SPXHC would have yielded \$57,510. Therefore, the SPXHC index has outperformed the PPIP by 3.99% during the period of 4/23/18 – 11/30/18.



From the period of November 1st through November 30th, the PPIP achieved an overall 5.57% gain. During this same period, the SPXHC increased in value by 5.45%. In the context of a hypothetical initial \$50,000 investment, the PPIP would have achieved a value of \$52,785 during November while investing in the comparator SPXHC would have yielded \$52,725. Therefore, PPIP has outperformed the SPXHC index by 0.12% during the period of 11/1/18 – 11/30/18.



Weakest Earners

IDEXX Laboratories, Inc. (IDXX) -7.29%

IDEXX laboratories had promise with a great third quarter earnings of \$245 mil (up 11% from last year) which showed improvement in most segments. Despite the increased gross revenue for the company, expenses rose disproportionately which has resulted in decreased cash and cash equivalents for the company, as well as decreased net revenue. These are minor problems as the company is expected to continue to grow for the rest of 2018 as well as 2019.

Gilead Sciences, Inc. (GILD) -0.55 %

Gilead Sciences has not been doing well as of late. They are experiencing a host of setbacks. Plagued with the uncertainty of who will operate the company as CEO since the departure of John Milligan, investors seem to be concerned. They also face a decline of sales of its hepatitis C drugs Harvoni and Epclusa, in combination with the rise of generic competition in the HIV drug market. These are all causes of concern that once compounded has caused the decline we are seeing.

Top Earners

AbbVie (ABBV)- 21.09%

AbbVie saw promising news regarding their new cancer therapy, Venclexta. Venclexta was developed in a partnership between Roche and AbbVie and is trying to gain FDA approval in patients with acute myeloid leukemia aged 75 or older. In November, Venclexta received accelerated approval from the FDA which was based on two open-label non-randomized clinical trials proving the promising efficacy of Venclexta. AbbVie also recently beat Wall Street estimates for 3rd quarter profits with strong performances by their leading cancer therapy Imbruvica and their most profitable medication, Humira. The duo brought in \$972 million and \$5.12 billion respectively.

Medtronic (MDT)- 8.58%

In mid-November, Medtronic acquired an Israeli nutrition data startup called Nutrino Health. The two companies have been long time partners in the nutrition space and Medtronic aims to enhance their diabetes management capabilities by utilizing Nutrino's food database, food analysis system, and nutrition-science expertise. This acquisition could align Medtronic to be competitive in the diabetes care device market which is expected to grow to a value of \$30bil by 2021. Furthermore, Medtronic posted impressive 3rd quarter numbers, attributed to the company's top selling cardiac and vascular medical device unit. Medtronic's earnings per share of \$1.29 beat Wall St estimates of \$1.24 per share. This unit produces defibrillators, pace-makers, heart valves, and stents and pulled in \$2.86 billion in revenue during the 3rd quarter. Overall, Medtronic's net sales rose to \$7.48 billion, beating analysts estimates of \$7.35 billion.

Merck (MRK)- 7.78%



Merck's 7.78% stock price increase can be attributed to a number of things, most notably the impressive 3rd quarter sales of their blockbuster cancer drug Keytruda. Merck beat Wall Street's 3rd quarter profit expectations with a revenue of \$10.79 billion and a net income of \$1.95 billion. Since 2017's third quarter, Keytruda sales rose 80% to \$1.9 billion, becoming Merck's top selling asset. Keytruda continues to be a subject of a number of clinical trials in different indications within oncology. Another reason for the continuing increase in Merck's stock has to do with their HPV vaccination Gardasil 9. Gardasil recently won US approval for use in adults aged 27 to 45 which opens the door for millions more potential patients. Gardasil is also boosting sales by launching in China.

Final Thoughts

November has proved to be a solid month for PPIP. We have seen a growth of 11% since our inception and 5.5% growth on the month. Gilead Science has faced minor hiccups this month that are anticipated to return to a positive future. With Venclexta's continued success, our stock in AbbVie appears promising. This month has been an overall win without cause for any holding adjustments.

