



Pittsburgh Pharmacy Investment Portfolio

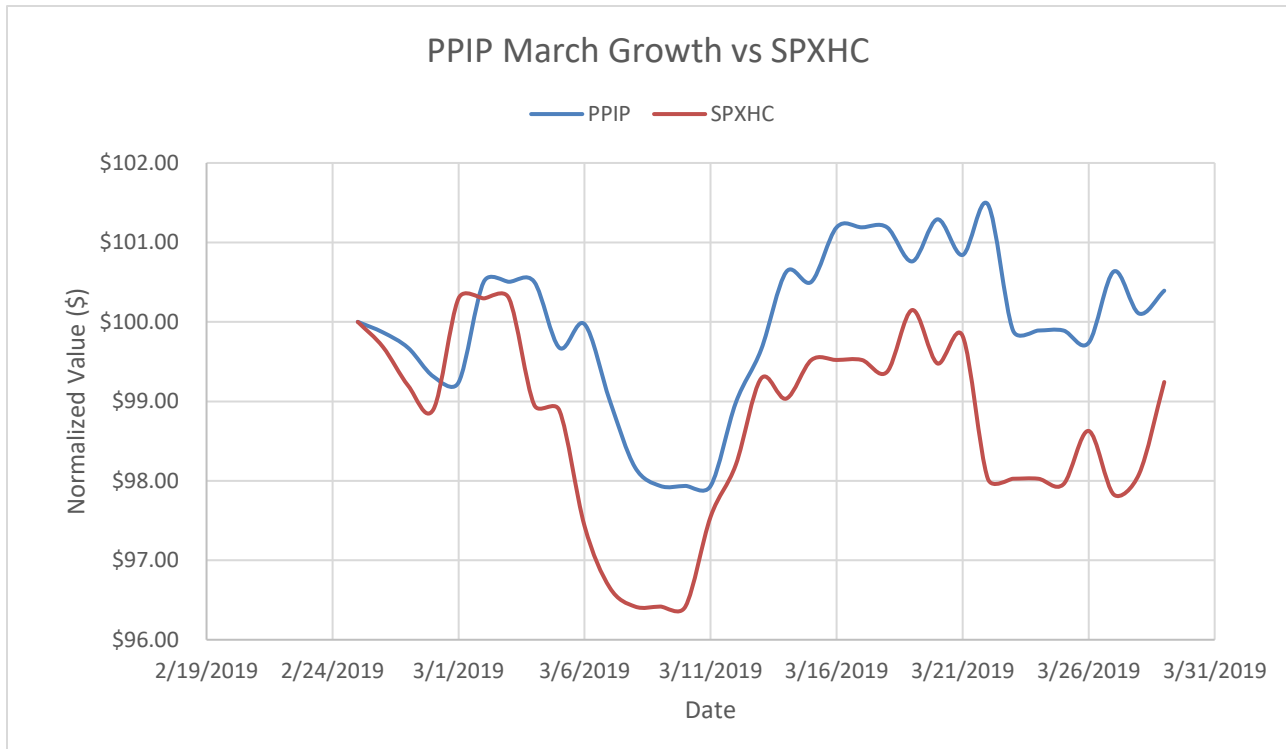
Monthly Report: March 2019

Prepared by: Corey Rantz , Ryan Jaehne, Mohamed Kashkoush

Vince Piro, Annalisa Nguyen, Colin Pfeiffer, Josh Cinicola

Market Comparison

From the period of February 24th through March 29th, the PPIP achieved an overall 0.39% gain. During this same period, the SPXHC decreased in value by 0.76%. In the context of a hypothetical initial \$50,000 investment, the PPIP would have achieved a value of \$50,195 during March while investing in the comparator SPXHC would have yielded \$49,620. Therefore, the PPIP has outperformed SPXHC by 1.15% during this period.



Top Performers

Glaxo Smith Kline (GSK): 3.54%

This month, a GSK subsidiary, ViiV, announced that they believed a 3rd person may have been cured of HIV following treatment of their long-acting injectable treatment. The treatment is still in phase 3 trials, but it is a combination of cabotegravir and rilpivirine is a once monthly treatment. This could mark a groundbreaking revolution, as current HIV regimens require adherence to a daily pill. For more, check out the FLAIR and ATLAS trial data, which demonstrate this treatment to be as efficacious as the current standard of care.^{1,2}

In other news, the UK's Serious Fraud Office (SFO) dropped a case in which they were investigating GSK. This case was opened after a whistleblower alleged that the company was involved in bribery tactics in China.³



Agios (AGIO): 3.96%

Agios has had a positive start to the year in part due to positive Q4 2018 numbers. Their revenue of \$30M for the quarter beat analysts' predictions of \$21M.⁴ A large contributor to these positive numbers was the success of TIBSOVO, approved in July 2018 for use in adults with relapsed or refractory AML with an IDH1 mutation⁵, which posted sales of \$9.4M.⁶ The company is currently preparing to apply for new indications for TIBSOVO, as well as run several other studies for pipeline oncology and rare genetic disease products through the rest of 2019.

Idexx Labs (IDXX): 5.96%

On March 1st, IDEXX named Sharon Underberg the new Corporate Vice President, General Counsel, and Corporate secretary. Prior to this, Underberg worked her way through Eastman Kodak Company until achieving this same roll four years ago. She was with that company for nearly 30 years before joining IDEXX⁷.

Bottom Performers

Novartis (NVS): -5.57%

It was announced on March 26 that Novartis had won FDA approval for their MS drug Mayzent. Although this may seem like a major win, the company has received push back from payers for its \$88,000 annual price tag⁸. The drug was only approved for relapsing forms of the disease, as it was not proven to be beneficial in non-active disease patients.⁸

There has been recent speculation that Novartis may look to sell off their Sandoz division, as the Q4 earnings call featured conversations about making the generic and biosimilars division a self-sustaining entity. Sandoz has faced pricing issues of late, with more and more generics hitting the market.⁹

Bristol-Myers Squibb (BMY): -7.65%

There continues to be scrutiny around the BMS acquisition of Celgene. On 2/27, top BMS shareholder, Wellington Management Company, spoke out against the deal. The company stated that the deal puts too much risk on the side of BMS, and is not a step in the right direction for the company.¹⁰ BMS still believes they bought Celgene at a good price point, and are supporting their decision with the hopes that Celgene assets can provide an innovative spark. On March 11, BMS met with analysts and stakeholders in an effort to successfully sell the positives of the deal and push forward.¹¹ This acquisition has been interesting and requires close monitoring.

Concert (CNCE): -20.54%

Concert announced the initiation of a new trial to evaluate the dosing interval of their lead compound, CTP-543, in patients with alopecia areata.¹² The company has not seen much success since initial purchase, as investors seem to be concerned over the reliance on a single pipeline product that is still in trials. The company bolstered investor backing due to smart business decisions over partnerships and asset selling agreements, but the company has seemingly lacked to gain new momentum. This is one company that will require a group vote after completion of due diligence in April.



Sources:

1. <https://www.proactiveinvestors.co.uk/companies/news/216067/glaxosmithkline-unit-viiv-moves-a-decisive-step-closer-to-producing-monthly-hiv-jab-216067.html>
2. <https://www.viivhealthcare.com/en-gb/media/press-releases/2019/april/viiv-healthcare-announces-chmp-positive-opinion-for-dovato/>
3. <https://seekingalpha.com/news/3436100-uk-fraud-watchdog-closes-glaxo-investigation>
4. <https://www.nasdaq.com/article/why-is-agios-pharmaceuticals-agio-up-132-since-last-earnings-report-cm1115838>
5. <https://www.fda.gov/news-events/press-announcements/fda-approves-first-targeted-treatment-patients-relapsed-or-refractory-acute-myeloid-leukemia-who>
6. <http://investor.agios.com/news-releases/news-release-details/agios-reports-fourth-quarter-and-full-year-2018-financial>
7. <https://finance.yahoo.com/news/idexx-names-sharon-underberg-general-123000957.html>
8. <https://www.reuters.com/article/us-fda-mayzent/novartis-ms-drug-wins-fdas-blessing-amid-scrutiny-of-88k-annual-price-idUSKCN1R8019>
9. <https://seekingalpha.com/article/4250489-sale-sandoz-will>
10. <https://www.marketwatch.com/story/celgene-stock-falls-8-after-top-bristol-myers-squibb-holder-opposes-deal-2019-02-27>
11. <https://www.biospace.com/article/bristol-myers-squibb-sells-celgene-buyout-to-analysts/>
12. <https://www.businesswire.com/news/home/20190306005059/en/Concert-Pharmaceuticals-Announces-Initiation-Open-Label-Trial>

