Pitt Pharmacy
Investment Portfolio

June 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 6/22/18, with focus on the period from 5/24-6/22. After initial investments, the account was valued at $49,937.11. The total account value at the end of this period was $51,655.04. 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 3.44%. In the period from 5/24-6/22, the portfolio saw a growth of 1.14%

Monthly Gain: +1.14%
Quarterly Gain: +3.44%
Year to Date Gain: +3.44%
One-Year Gain: +3.44%

Figure 1: Current Securities

Company	Ticker	Share Price Market Close on 6/22	Monthly Performance	Overall Performance	Actual Holding Value
Abbott	ABT	$61.94	+$8.40 (0.16%)	+$223.44 (4.49%)	$5,202.96
JNJ	JNJ	$122.84	-$16.47 (0.49%)	-$109.08(3.18%)	$3,316.68
Agios	AGIO	$97.38	+$143.65 (9.50%)	+194.31 (13.30%)	$1,655.46
Merck	MRK	$61.47	+$66.88 (3.88%)	+$107.92 (2.36%)	$4,671.72
GSK	GSK	$40.89	+$71.00 (1.77%)	+$72.00 (1.79%)	$4,089.00
Gilead	GILD	$71.07	+$136.30 (4.25%)	-$141.47 (4.06%)	$3,340.29
Medtronic	MDT	$86.81	+$96.10 (1.81%)	+$412.92 (8.31%)	$5,382.22
Concert	CNCE	$19.37	-$21.84 (-4.15%)	+$4.68 (0.94%)	$503.62
Bristol Myers	BMY	$55.14	+$256.08 (5.02%)	+$377.33 (7.59%)	$5,348.58
United Health	UNH	$254.37	+$212.31 (4.14%)	+$400.68 (8.11%)	$5,341.77
Abbvie	ABBV	$93.49	-$641.83 (11.47%)	$+29.68 (0.60%)	$4,954.97
Novartis	NVS	$75.06	-$87.68 (1.79%)	-$179.20 (3.60%)	$4,803.84
Idexx	IDXX	$222.9	+$224.88 (9.17%)	+$302.40 (12.75%)	$2,674.80
				Portfolio Value	$51,285.91
				Cash	$344.83
				Dividend (JNJ)	$24.30
				Total Account Value	$51,655.04

Table 1: Current Securities. Data for the table was collected from Investopedia. All values

represent the market close for the individual securities and the overall portfolio on 6/22/18. The performance section represents the growth of each security and the overall portfolio against the market close on 4/23, when all current securities were originally purchased.

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 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*
Agios (AGIO) +9.50%

On June 1st, Agios announced positive results in the Phase 1 trial of their compound AG-881. The compound, intended to treat advanced glioma and other solid tumors, demonstrated a favorable safety profile and showed signals of clinical activity. AG-881 utilizes a novel mechanism in the treatment of low-grade glioma, for which there are currently no curative or approved targeted treatment therapies. The encouraging trial data, novelty the therapy, and analyst enthusiasm caused Agios shares to rise nearly 8% from the end of May to the beginning of June. The company's stock remained relatively stable until June 18th when the company announced the initiation of a Phase 3 trial of AG-348, a first-in-class treatment for pyruvate kinase deficiency. This resulted in another significant rise in the Agios' stock price, bolstering it by nearly another 8% over the two days following the announcement.

Idexx (IDXX) +9.17%

In early May, Idexx released their Q1 earnings report in which they posted a EPS of $1.01, representing a 31.2% year over year increase and beating analyst estimates by nearly 9%. The upside in the reported EPS was driven by revenue growth, solid operating margin gains, and impressive benefits from the U.S. tax reform. The veterinary diagnostics company's stock owes much of its impressive revenue performance to robust sales by its Companion Animal Group subsidiary, which has increased revenues 13% year over year.

Bristol Myers (BMY) +5.02%

Bristol Myers stock has also been rising steadily over the course of the month. Much of this growth was driven by the performance of the company's cancer drug Opdivo. Throughout the month, Opdivo produced positive results in multiple studies and achieved significant milestones such as regulatory approval in China as well as FDA approval for label expansion. However, the stock's growth was limited due to disappointing results in the Phase 1-2 clinical trial for the combination of Opdivo and partner Nectar's NKTR-214 compound, resulting in a 3.3% and 43.6% loss for each company respectively. Additionally, growth was stunted by Opdivo's fierce competition of Merck's Keyturda 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*

Agios (AGIO) +13.30%

Despite posting greater than expected loss and missing sales estimates in their Q1 report, Agios stock has recovered well in the wake of an advancing pipeline. The company currently has only one drug on the market, Idhifa, a treatment for relapsed or refractory acute myeloid leukemia. Their top line mainly comprises of collaboration revenues and milestone payments. Therefore, positive results in their pipeline have led to the stock performing exceptionally well. For instance, the NDA for their most advanced candidate, Tibsovo, (indicated for acute myeloid leukemia with an IDH2 mutation) was accepted by the FDA under priority review in February and its set action date of August 21st, 2018. This pending approval, in addition to milestones achieved by candidates: AG-881 and AG-348(described above) and other promising novel compounds have driven up Agios' stock price. Future performance will be dependent on the further pipeline development and potential approval of these candidates.

Idexx (IDXX) +12.75%

Idexx made a splash this past month due to exceptionally strong earnings. The optimism surrounding this company along with the wide-spread love for animals has made this veterinary diagnostic company one of the top earners for the portfolio to this point.

Medtronic (MDT) +8.31%

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. Future performance will depend on Medtronic's ability to maintain its leading position in the diabetes space as well as on continued growth in its other divisions.

Weakest Individual Holdings: *Monthly*

Novartis (NVS): -$87.68 (1.79%)

After political litigations in May, Novartis found itself in the negative spotlight once again this month, as they were hit with a gender bias lawsuit alleging discrimination against pregnant women. The publicity surrounding the company has been awful thus far, but the therapies they produce remain strong. After encouraging approvals for both Kymirah and Zessly in May, the company announced more strong trial data for Kymirah this month. Due to the performance of these therapies, no action needs to be taken at this time.

Concert Pharmaceuticals (CNCE): -$21.84 (-4.15%)

Despite a strong May, this small biotech suffered from a lack of current marketed products in June. Concert did announce their Q1 earnings around the end of May, which showed a loss in the first quarter of 2018 of $0.19 per share. This loss included an increase in spending on the phase II trial of CTP-543 in treatment of alopecia and the development of their schizophrenia therapy, CTP-692. Despite posting a negative EPS, their earnings did still top analysts' predictions for the 4th consecutive quarter. The drop may represent a fear in regards to the ongoing litigation against the patent of Incyte's Jakafi. Concerts lead candidate, CTP-543, is a deuterated version of Incyte's medication, which is indicated for cystic fibrosis. The current litigation is currently surrounding the use of CTP-543 for indications beyond alopecia atreata. Concert should continue to be monitored in regards to clinical trials and current litigations, but no portfolio action needs to be taken at this time.

Abbvie (ABBV): -$641.83 (11.47%)

Abbvie finished May as the portfolios top earner and showed signs of growth. After a very aggressive June, the stock was felt to be overvalued by some analysts resulting in a large trading volume. To go along with the overvaluation, the company completed a stock buyback worth about $7.5B. While some see this as a positive move, many feel as though this is money the company should have used toward R&D. Some analysts are worried about the competition facing Humira, which is Abbvie's (and the world's) number one selling drug. Despite competition, Humira is only expected to lose about 3% in sales per year through 2024. No action needs to be taken at this time.

Weakest Individual Holdings: *Overall*

Johnson and Johnson (JNJ): -$109.08(3.18%)

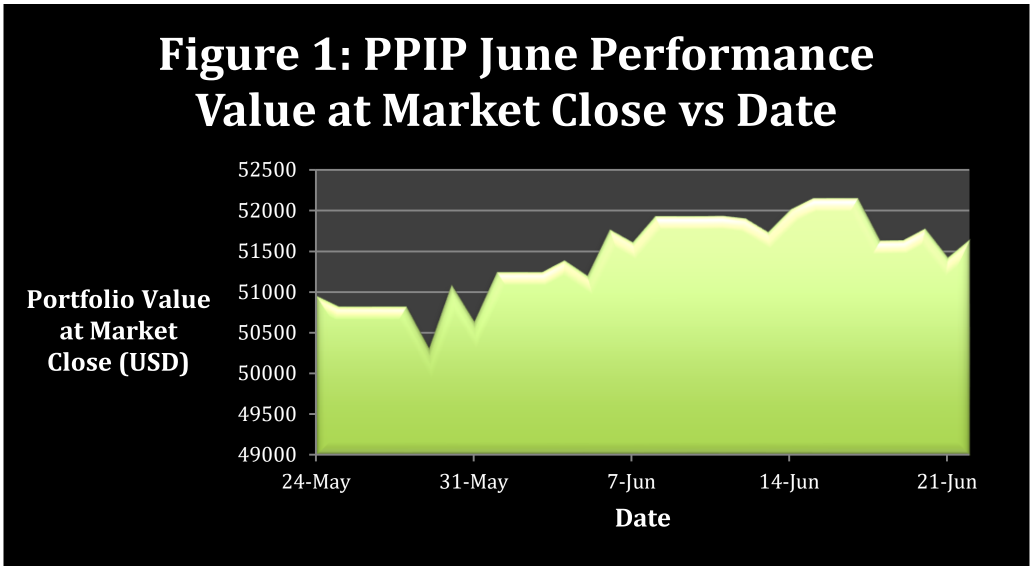
Johnson and Johnson took a hit just after our initial investments and continues to suffer from a large lawsuit over their talc based products, including their iconic baby powder, due to alleged carcinogenic effects from the products containing asbestos. Since the start of these lawsuits, the total number of cases now exceeds 9,000 totaling $55 million. However, the courts have recently dismissed these cases based on laws that limit which courts can make decisions on cases of this nature. J&J will also be seeing some drastic changes to its executive leadership, as Sandra Peterson, Group Worldwide Chairman, retires. In a corresponding move, Joaquin Duato, Executive Vice President, and Paul Stoffels, Chief Scientific Officer, will be taking over this position in partnership. The Pharma giant has shown resiliency in the past, and no action needs to be taken at this time.

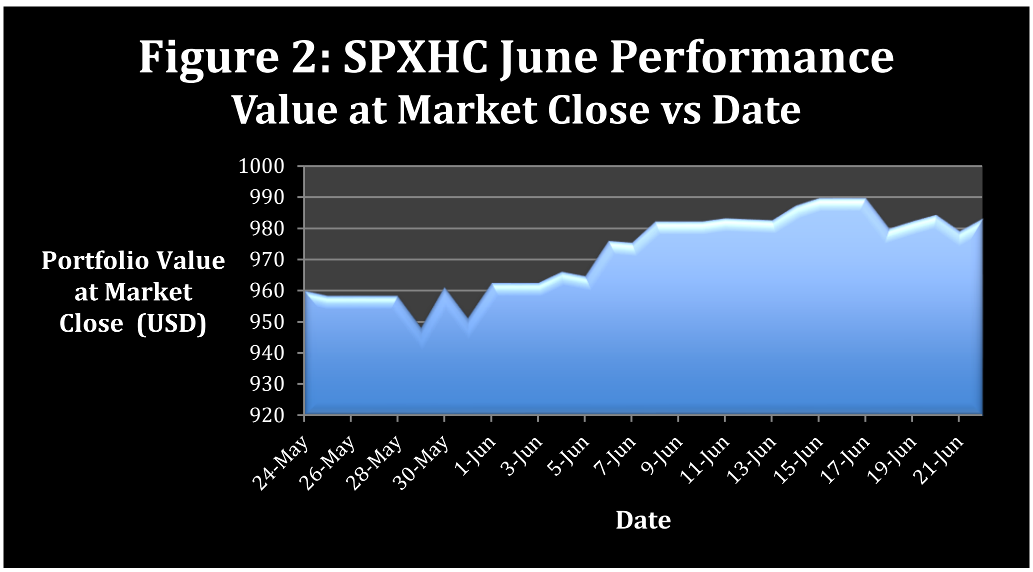
Gilead Sciences (GILD): -$141.47 (4.06%)

After a large drop in early May due to a poor earnings report, Gilead showed steady growth stretching into the early part of June. Competitor GlaxoSmithKline announced positive results for their 2-drug HIV treatment, a rival of Gilead's Biktarvy. These two medications are essentially in what some call a showdown against HIV, which could explain the decline, GILD's stock saw in the latter half of June. Despite the success of GSK, Biktarvy was approved in the EU in June. No action needs to be taken at this time.

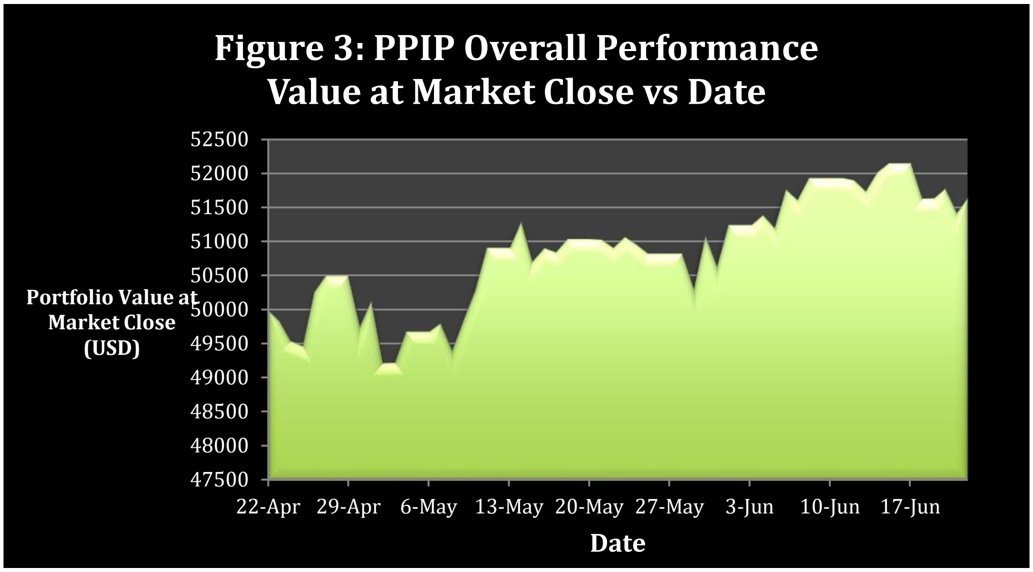
Market Comparison:

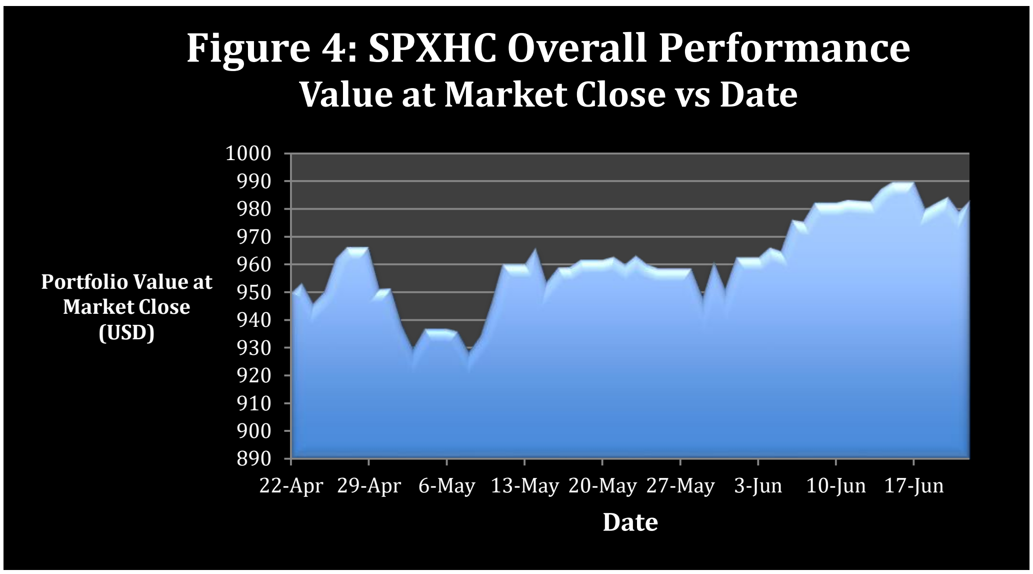
The Pitt Pharmacy Investment Portfolio saw a growth of 1.14% from the period of 5/24/18 to 6/22/18. Since the original investment on 4/23/18, the portfolio is up 3.44% overall. Over this same period, the S&P 500 Healthcare Index (SPXHC) had a monthly gain of 2.41%, and an overall gain of 3.54%. Although 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.





Figures 1&2: The above figures depict the trend of the PPIP and the SPXHC from 5/24/18 to 6/22/18. The SPXHC is an index comprised of the top companies in the healthcare sector and is a solid indicator of the sectors overall stability. The graphs depict a striking resemblance in growth trends between these two portfolios. The trend similarity can be denoted by similar stability between the two portfolios. The SPXHC slightly outpaced the PPIP for the month, with growths of 2.41% and 1.14% respectively. The data for the figures was collected from yahoo finance.





Figures 3&4: The above figures depict the trend of the PPIP and the SPXHC from initial investment on 4/23/18 to 6/22/18. The SPXHC is an index comprised of the top companies in the healthcare sector and is a solid indicator of the sectors overall stability. The graphs once again depict a striking resemblance in growth trends. The trend similarity can be denoted by similar stability between the two portfolios. Overall, both portfolios have performed almost identically, with the SPXHC posting a growth of 3.54% and the PPIP posting a growth of 3.44%.

Conclusion: This month, the Pitt Pharmacy Investment Portfolio saw a growth of 1.14% and relative stability when compared to the S&P 500 Health Care Index. Overall, the portfolio has grown 3.44% and showed continued stability and potential for growth over the first two months. The portfolio has begun to receive dividend payments, with more coming in the next month. Despite a few strong declines during the month, the overall outlook of the entire portfolio is very positive. Current market research shows mostly positive futures for all of the individual securities in the portfolio. Currently, there is nothing to warrant any holding adjustments for the portfolio.

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