

XBI

NASDAQ

SALE

SALE SALE SALE

SALE SALE SALE

BLACK FRIDAY

56% OFF



**STONEGATE
HEALTHCARE**

Black Friday Biotech Sale

Shopping List of 12 Stocks for XBI-MAS

November 2023

www.stonegatehealthcarepartners.com

Black Friday Biotech Sale: 12 Stocks for XBI-MAS

A Generational Opportunity to Invest in Biotech

Despite healthy equity markets, biotech stocks have experienced significant declines, presenting what we believe could be a once-in-a-generation opportunity to invest in this sector. The XBI biotech index is 56% lower than its 5-year high, compared to NASDAQ being close to its all time high. An astounding 30% of NASDAQ-listed biotech companies are trading at negative enterprise value.

Opportune Time to Have a Shopping List

It is important to note that due to year-end tax loss selling, biotech stocks may face continued challenges in the next 1-2 months. Additionally, we expect a broad market reset as investors move to fixed income assets over equity. However, since the biotech indices have already significantly underperformed, we believe biotech stocks could outperform broader markets going forward. The current period serves as an opportune time to compile a shopping list for investments.

Top 1% Publicly Traded Biotech Companies

We evaluated 2,251 publicly traded biotech companies, screened 266 companies that are listed on NASDAQ, of which 82 companies are trading at a negative enterprise value. For our shopping list, we picked 12 companies that have highest institutional shareholder support. These 12 companies are in the top 1 percent of biotech companies using these criteria: one for each day of XBI-MAS!

We will continue to do research on the sector generally, and these companies specifically. Our research focus lies on companies with robust pipelines, upcoming milestones that could unlock value, and strong management teams.

The Shopping List

The following is our shopping list for Winter 2023. Notice that the top 3 companies on this list each have more than 50% of their shares with institutions.

Company	Exchange Ticker	Total Enterprise Value (\$M)	Market Cap (\$M)	Institutional Ownership (%)
aTyr Pharma	LIFE	(20.3)	66.8	55.55
Rezolute	RZLT	(64.0)	32.4	53.4
Vincerx Pharma	VINC	(3.69)	14.3	50.08
Jasper Therapeutics	JSPR	(30.7)	70.2	38.74
Aadi Bioscience	AADI	(2.45)	115.5	38.56
Minerva Neurosciences	NERV	(10.4)	36.5	37.79
Benitec Biopharma	BNTC	(16.5)	8.82	37.52
Forte Biosciences	FBRX	(29.9)	16.3	35.51
Leap Therapeutics	LPTX	(33.6)	46.8	32.98
Dianthus Therapeutics	DNTH	(21.0)	168.2	30.57
Precision BioSciences	DTIL	(46.4)	51.9	30.08
Surrozen	SRZN	(25.4)	14.1	27.04

Note: All data was sourced from CapIQ November 2023. Values in (#) are negative.

Recent Updates from 12 Selected Companies

1. aTyr

aTyr is a clinical-stage biotechnology company utilizing evolutionary intelligence to develop novel therapies for fibrosis and inflammation by leveraging tRNA synthetase biology. The company's lead candidate, efzofitimid, is a first-in-class biologic immunomodulator designed to treat interstitial lung disease (ILD), specifically pulmonary sarcoidosis and systemic sclerosis-related ILD. The Phase 3 EFZO-FIT™ study, evaluating efzofitimid's efficacy and safety in pulmonary sarcoidosis patients, is ongoing, with positive interim results reported. Additionally, the Phase 2 EFZO-CONNECT™ study for SSc-ILD has commenced. Recent achievements include the dosing of the first patient in the latter study, positive exposure-response analyses published in a peer-reviewed journal, and the presentation of new data at the European Respiratory Society International Congress. aTyr's pipeline includes other therapeutic candidates derived from their tRNA synthetase platform targeting fibrosis and inflammation.



2. Rezolute

Rezolute is a clinical-stage biopharmaceutical company focusing on transformative therapies for serious metabolic and rare diseases. The company's lead product candidate, RZ358, is a human monoclonal antibody initiating its registrational Phase 3 study (sunRIZE) for the treatment of congenital hyperinsulinism, an ultra-rare pediatric genetic disorder. RZ358 works downstream from the pancreas, binding non-competitively at the insulin receptors to counteract the effects of elevated insulin levels and restore glucose levels. Rezolute has received Orphan Drug and Pediatric Rare Disease Designation from US FDA, and Priority Medicines (PRIME) eligibility from the European Medicines Agency for RZ358, based on highly significant data from the Phase 2b RIZE study. Rezolute plans to announce topline results from Phase 3 in the first half of 2025. Further, the company is developing RZ402, an oral - once daily - plasma kallikrein inhibitor, for diabetic macular edema (DME). Rezolute's PKI acts via an independent pathway from SOC, inhibiting the formation of bradykinin, a key mediator in the up-activation of the Kallikrein Kinin System (KKS). Vitreous KKS levels are universally elevated in DME, whereas only 50% of patients have elevated VEGF. RZ402 is a potential early intervention opportunity to support prevention or treatment of DME, as well as a possible treatment alternative for patients with suboptimal response to anti-VEGF therapies.



3. Vincerx Pharma

Vincerx Pharma is a clinical-stage biopharmaceutical company dedicated to addressing unmet medical needs in cancer treatment. The company's pipeline includes enitociclib, a cyclin-dependent kinase-9 inhibitor in Phase 1 trials for hematologic malignancies; VIP236, a small molecule drug conjugate in Phase 1 trials for solid tumors; and preclinical stage candidates VIP943 and VIP924 targeting hematologic malignancies. Notably, VIP943, the first antibody-drug conjugate (ADC) from Vincerx's VersAptx Platform, has progressed rapidly in Phase 1 trials, demonstrating promising safety and early efficacy in patients with relapsed/refractory acute myeloid leukemia, myelodysplastic syndrome, and B-cell acute lymphoblastic leukemia. The company reported positive results for VIP236 and enitociclib, with plans for further clinical development. Vincerx aims to leverage its next-generation bioconjugation platform, VersAptx, to advance innovative therapies, and its financial results indicate sufficient resources for planned operations into late 2024. The company's commitment to addressing cancer treatment challenges is reflected in its strategic focus on advancing lead programs and exploring business development opportunities.



4. Jasper Therapeutics

Jasper Therapeutics, Inc., a clinical-stage biotechnology company based in Redwood City, California, specializes in developing therapeutic agents for hematopoietic stem cell transplantation and gene therapies. The company's focus encompasses chronic spontaneous urticaria, lower to intermediate risk myelodysplastic syndrome, and novel conditioning regimens for stem cell transplantation and ex-vivo gene therapy. Jasper's lead product candidate, briquilimab, is a novel antibody therapy designed to clear hematopoietic stem cells from the bone marrow, particularly for patients undergoing allogeneic stem cell therapy or stem cell gene therapy. The company aims to target mast cells and stem cells to address chronic diseases and make safer and potentially curative therapies accessible to a broader patient population. Recent developments include the FDA clearance of an investigational new drug (IND) application for a Phase 1b/2a clinical study of subcutaneous briquilimab in chronic spontaneous urticaria, demonstrating significant progress in clinical development.



5. Aadi Bioscience

Aadi Bioscience is a clinical-stage biopharmaceutical company dedicated to developing precision therapies for genetically defined cancers with alterations in mTOR pathway genes. The company's lead drug product candidate, FYARRO, is a form of sirolimus bound to albumin. Aadi Bioscience is actively engaged in the evaluation of FYARRO for cancers with known mTOR pathway activation, focusing on tumor-agnostic indications targeting specific genomic alterations. Notably, the company reported FYARRO sales of \$6.0 million in the third quarter, representing a 40% year-over-year increase. The company's PRECISION1 trial, a tumor-agnostic study of nab-sirolimus, is on track for an early interim analysis by mid-December 2023, with multiple catalysts expected in 2024. Recent developments include the initiation of Phase 2 studies for endometrial cancer and neuroendocrine tumors, reflecting Aadi's commitment to advancing precision therapies across various indications. The company's financial results indicate solid performance, with total revenue from FYARRO sales, and cash, cash equivalents, and short-term investments supporting operations into 2025 based on current plans.



6. Minerva Neurosciences

Minerva Neurosciences is a clinical-stage biopharmaceutical company dedicated to the development and commercialization of innovative therapies for central nervous system diseases. The company's primary focus is on two key product candidates. The lead candidate, roluperidone (MIN-101), is intended for the treatment of negative symptoms in patients with schizophrenia and has a New Drug Application currently under review by the FDA, with a Prescription Drug User Fee Act (PDUFA) date set for February 26, 2024. Additionally, Minerva is advancing MIN-301, a soluble recombinant form of the neuregulin-1b1 protein, targeting the treatment of Parkinson's disease and other neurodegenerative disorders. The company collaborates with Mitsubishi Tanabe Pharma Corporation for the global development, sale, and import of roluperidone, excluding Asia. The recent financial results for the third quarter of 2023 indicate ongoing efforts in research and development, with a focus on minimizing costs associated with the FDA's review process.



7. Benitec Biopharma

Benitec Biopharma is a clinical-stage biotechnology company that specializes in the development of novel genetic medicines using its proprietary DNA-directed RNA interference ("ddRNAi") platform. Focused on addressing chronic and life-threatening human conditions, the company's lead product candidate is BB-301, an adeno-associated virus-based gene therapy designed for the treatment of Oculopharyngeal Muscular Dystrophy (OPMD). BB-301 is currently in late-stage nonclinical development, and IND-enabling studies are underway. Benitec is also exploring BB-103, a therapeutic candidate demonstrating robust nonclinical activity against Chronic Hepatitis B Virus infection and is actively seeking strategic partners to advance it through IND-enabling studies. The company recently reported financial results for the first quarter of 2024, highlighting the progress in the OPMD Natural History Study and the FDA clearance for the BB-301 IND application. With a focus on safety and efficacy, Benitec aims to provide innovative genetic medicines to patients with unmet medical needs, leveraging its unique ddRNAi platform.



8. Forte Biosciences

Forte Biosciences is a biopharmaceutical company specializing in autoimmune diseases. Its flagship product, FB-102, is a proprietary molecule designed for the treatment of autoimmune conditions, including graft-versus-host disease (GvHD), vitiligo, and alopecia areata. FB-102 targets CD122, a subunit of IL-2/IL-15 receptors crucial for regulating NK cells and T cell subsets. The company emphasizes FB-102's potential to mediate NK and CD8+ T cells specifically, supported by substantial proof-of-concept preclinical data demonstrating activity in GvHD and vitiligo. In the third quarter of 2023, Forte Biosciences achieved significant progress on FB-102, securing approximately \$25.0 million in gross proceeds through a private placement. The funding positions the company well for advancing FB-102 into human clinical trials by early 2024. Financial results for the third quarter reflected increased research and development expenses associated with the FB-102 program's advancement. Forte Biosciences ended the quarter with around \$46.2 million in cash and equivalents. The company's commitment to addressing unmet needs in autoimmune diseases underscores its strategic focus and potential impact on patients' lives.



9. Leap Therapeutics

Leap Therapeutics is a biopharmaceutical company specializing in the development of targeted and immuno-oncology therapeutics for cancer treatment. The company's lead product candidates include DKN-01, a monoclonal antibody inhibiting Dickkopf-related protein 1 (DKK1), currently undergoing multiple clinical trials for esophagogastric and gynecologic cancers. Another key asset is FL-301, a monoclonal antibody targeting Claudin18.2, currently in phase I clinical trials. Leap also has two preclinical antibody programs, FL-302 and FL-501. The company holds an option and license agreement with BeiGene, Ltd. for the development and commercialization of DKN-01 in Asia (excluding Japan), Australia, and New Zealand. As of September 30, 2023, Leap reported a net loss of \$13.7 million for the third quarter, with cash and equivalents totaling \$80.7 million. The company is actively progressing its clinical studies, with ongoing trials such as the DeFianCe study evaluating DKN-01 in colorectal cancer patients. Leap's commitment to advancing its therapeutic pipeline underscores its potential impact on cancer patients, with the anticipation of presenting new data from clinical trials in the coming months.



10. Dianthus Therapeutics

Dianthus Therapeutics is a clinical-stage biotechnology company, focuses on designing , developing, and delivering novel monoclonal antibodies for severe autoimmune and inflammatory diseases. The company's lead asset, DNTH103, is a subcutaneous active C1s antibody currently in phase 1 clinical trials for generalized myasthenia gravis (gMG), multifocal motor neuropathy (MMN), and chronic inflammatory demyelinating polyneuropathy (CIDP). Positive top-line Phase 1 data from t2 healthy volunteers validate DNTH103's potent classical pathway inhibitor, extended half-life, and a potentially differentiated safety profile. Dianthus plans to initiate Phase 2 trials in neuromuscular indications, beginning with gMG in Q1 2024. The company recently reported robust financial results, including completing a \$72 million financing round, trading on Nasdaq under DNTH, and closing Q3 2023 with over \$189 million in cash. The successful

 **DIANTHUS
THERAPEUTICS**

11. Precision Therapeutics

Precision BioSciences is a clinical-stage gene editing company that focuses on developing ex vivo allogeneic chimeric antigen receptor (CAR) T immunotherapies and in vivo therapies for genetic and infectious diseases. The company utilizes its proprietary ARCUS genome editing platform. Precision's pipeline includes PBGENE-HBV, an in vivo gene editing program targeting chronic hepatitis B, which demonstrated strong proof-of-concept efficacy, with a clinical trial application (CTA) and/or IND filing targeted in 2024. The company has strategic partnerships, including collaborations with Les Laboratoires Servier, Tiziana Life Sciences, iECURE, Eli Lilly, and Novartis, focusing on various therapeutic areas such as CAR T cell therapies, lymphodepleting agents, and gene insertion therapies. Notably, Precision recently completed a strategic transaction with Imugene for its lead allogeneic CAR T candidate, azercabtagene zapreleucel (azer-cel), in cancer. The business update in November 2023 highlighted Precision's exclusive focus on its in vivo gene editing pipeline, featuring programs like PBGENE-PMM for mitochondrial myopathy, and its financial position, with a cash runway expected through the end of 2025. The company continues to advance its wholly-owned and partnered programs, emphasizing the potential of ARCUS in sophisticated gene edits for transformative treatments.



12. Surrozen

Surrozen is a clinical-stage biotechnology company dedicated to discovering and developing drug candidates that selectively modulate the Wnt pathway for tissue repair and regeneration. The company's focus spans various disease areas, including the intestine, liver, retina, cornea, lung, kidney, cochlea, skin, pancreas, and central nervous system. With a pipeline consisting of SZN-043 and SZN-1326 in Phase 1a clinical trials, Surrozen targets severe liver diseases and inflammatory bowel disease, respectively. Additionally, the company is developing SZN-413, a Fzd4 targeted bi-specific antibody for retinal vascular-associated diseases, in the preclinical stage. Surrozen strategically collaborates with Boehringer Ingelheim for the development of Fzd4 bi-specific antibodies. Recent business updates include progress on Phase 1a studies, an expected initiation of Phase 1b studies in 2024, the strengthening of the portfolio through granted patents, and a cash position of \$43.4 million, ensuring a cash runway into 2025. The company anticipates releasing data from Phase 1a studies in Q1 2024.



Important Disclosures

The following disclosures are related to Stonegate Healthcare Partners' (SHP) market intelligence reports. The information used for the creation of this report has been obtained from sources we considered to be reliable, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice and SHP does not undertake to advise you of any such changes. In preparing this market intelligence report, SHP analysts obtain information from a variety of sources, including but not limited to, the issuing Company, a variety of outside sources, public filings, the principals of SHP, and outside consultants. SHP and its analyst may engage outside contractors in the preparation of this report. The information contained in this report by the SHP analyst is believed to be factual, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. While SHP endeavors to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. Reproduction or redistribution of this report without the expressed written consent of SHP is prohibited. Additional information on any securities mentioned is available on request. SHP does not rate the securities covered in its market intelligence. SHP does not have, nor has previously had, a rating for any securities of the Company.

Recipients of this report who are not market professionals or institutional investors should seek the advice of their independent financial advisor before making any investment decision based on this report or for any necessary explanation of its contents. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. Rezolute is paying Stonegate Healthcare Partners \$10,000/month for general consulting services. This report is the independent work of SHP and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein.

SHP does not provide, nor has it received compensation for investment banking services on the securities covered in this report. SHP does not expect to receive compensation for investment banking services on the securities covered in this report. SHP's equity affiliate, Stonegate Capital Markets (SCM) - member FINRA/SIPC - may seek to provide investment banking services on the securities covered in this report for which it could be compensated.

SHP Analysts are restricted from holding or trading securities in the issuers which they cover. Analyst and/or a member of the Analyst's household do not own shares of this security. Analyst, employees of SHP, and/or a member of the Analyst's household do not serve as an officer, director, or advisory board member of the Company. SHP and SCM do not make a market in any security, nor do they act as dealers in securities.

SHP Analysts are paid in part based on the overall profitability of SHP. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by SHP for services described above. No part of Analyst compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article. This security is eligible for sale in one or more states. This security may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.



Shiv Kapoor

shiv@stonegateinc.com

Managing Partner

Shiv is a biotech veteran with over 25 years of experience in investments and the development of Oncology therapeutics. He has been rated among the top three biotechnology analysts by Forbes in the US. Shiv ran the Smith Barney Biotech fund at Citigroup and started sell-side Biotech practices at Montgomery & Co. and Morgan Joseph. His opinion on the US Biotechnology sector has been widely quoted in leading US media including CNN, CNBC, Bloomberg, and Barron's Guide. In the past decade, Shiv led investor relations and corporate strategy at Spectrum pharmaceuticals. Shiv has a BA in Biochemistry from UC Berkeley and an MBA from the University of Chicago Booth School of Business.



Alamgir Singh Kandhari

alamgir@stonegateinc.com

Healthcare Analyst

Alamgir has a BA in Biology from the University of California Santa Cruz and a Master of Biotechnology from San Jose State University. Prior to his role at Stonegate Alamgir ran GMP production processes at BioMarin Pharmaceuticals, led a project at an immune-oncology start-up to target leukemia stem cells in AML, and researched aberrant pre-mRNA splicing leading to genetic diseases in the Sanford Lab at UCSC. He has experience in scientific writing, planning, presenting, GMP production, and project management.



STONEGATE HEALTHCARE

Contact Information



Stonegate Healthcare Partners
500 Crescent Court, Suite 370
Dallas, TX 75201



Phone: (214) 987-4121



www.stonegatehealthcarepartners.com