



PRUDENT BIOTECH™

PRUDENCE • PATIENCE • PERFORMANCE

APRIL 2017

www.PrudentBiotech.com

Portfolio

	Name	Symbol	Added to Portfolio	Current Price	Action
1	Tesaro	TSRO	Jul-16	\$153.87	Maintain
2	Achaogen Inc	AKAO	Jan-17	\$25.23	Maintain
3	Clovis Oncology Inc	CLVS	Jan-17	\$63.67	Maintain
4	Loxo Oncology	LOXO	Feb-17	\$42.08	Maintain
5	Portola Pharmaceuticals	PTLA	Feb-17	\$39.19	Maintain
6	Esperion Therapeutics	ESPR	Mar-17	\$35.31	Maintain
7	TG Therapeutics	TGTX	Apr-17	\$11.65	New Buy
8	Nektar Therapeutics	NKTR	Apr-17	\$23.47	New Buy

Portfolio Performance

	YTD 2017	2016	2015	2014	2013	2012
Prudent Biotech	+24%	7%	20%	99%	195%	96%
Nasdaq Biotech Index IBB	+11%	-21%	12%	34%	67%	32%
S&P 500 Index SPY ETF	+5%	12%	1%	13%	32%	16%

Positions Closed this Month

	Name	Symbol
1	Array Biopharmaceuticals	ARRY
2	Acadia Pharmaceuticals	ACAD

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Portfolio Update

The Biotech sector remains a leading performer in 2017, but continues to be held hostage by limited clarity on regulation relating to prescription drug prices.

Last month, as the administration nominated a new FDA commissioner with stated positions favoring the streamlining of drug approval process to bring down costs, the focus remains on what will be the Trump administration's eventual policy in bringing down drug prices. This was discussed in greater detail in our article, [Positives and Momentum Build for Biotechnology](#). A suggestion by President Trump that the new policy will be forthcoming "very soon," after the healthcare repeal, should make this month quite newsworthy, and the sector even more volatile. With the halting of the healthcare repeal, one has to wonder though if the timeline will be maintained.

April has the potential to be a stronger month for the overall stock market as corporate earnings season picks up pace in two weeks. We believe earnings momentum will be higher than reported in the past 4 quarters. Besides the healthcare pricing policy uncertainty, the stock market may also be buffeted by concerns of a government shutdown if the spending cap isn't raised by end of the month.

The Prudent Biotech Portfolio (PBP) was down -2% in March, while the benchmark Nasdaq Biotech Index, IBB, was down -1%. For the year, the PBP is up +24% compared to +11% for IBB. At this time the portfolio remains fully invested, although we continue to brace for further volatility as the White House tweets on prescription drug prices and Medicare.

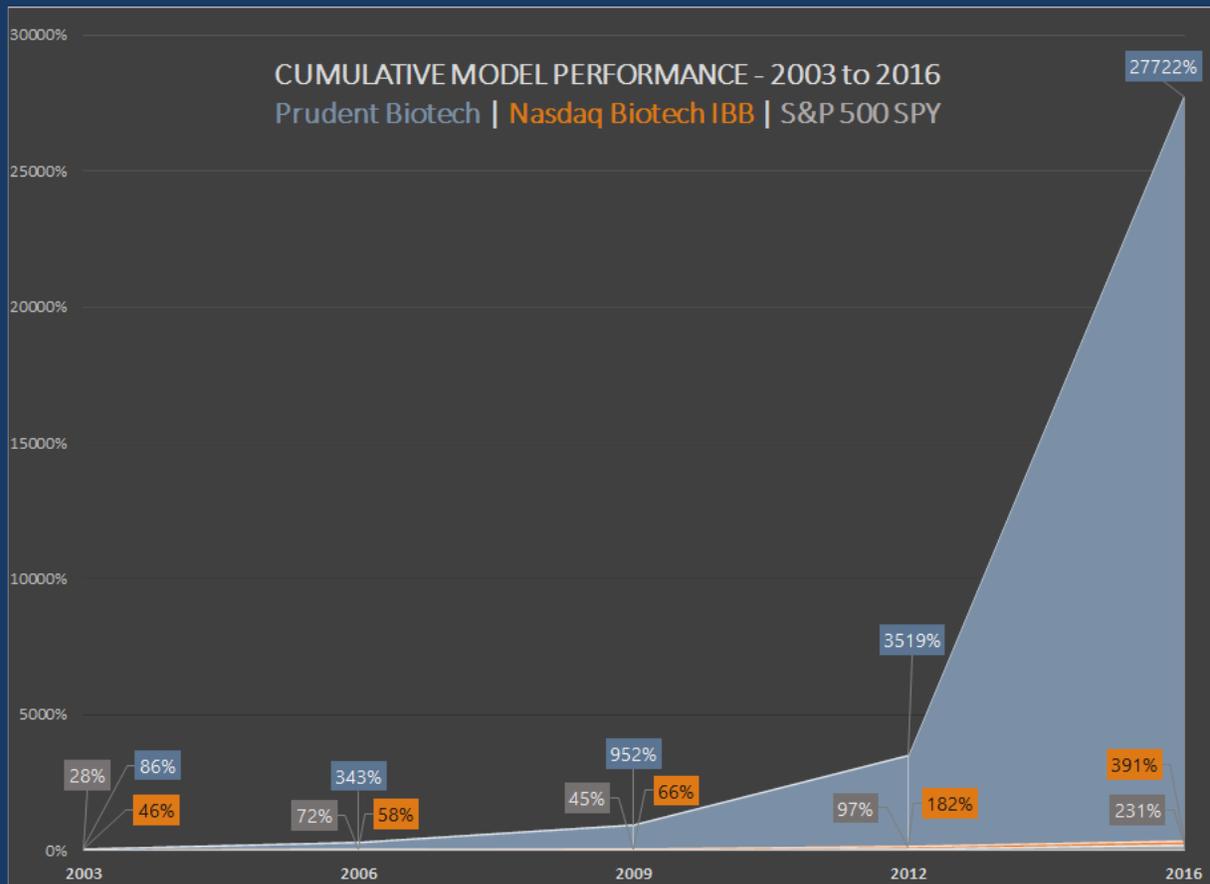
	Prudent Biotech	IBB ETF	S&P500 SPY
3-Year (2014-16)	163%	17%	29%
\$10,000 Portfolio	\$26,275	\$11,733	\$12,865
5-Year (2012-16)	1478%	157%	97%
\$10,000 Portfolio	\$157,802	\$25,662	\$19,742
10-Year (2007-16)	6179%	248%	94%
\$10,000 Portfolio	\$627,892	\$34,766	\$19,435

"If you do fundamental trading, one morning you feel like a genius, the next day you feel like an idiot...by 1998 I decided we would go 100% models...we slavishly follow the model. ...And that turned out to be a wonderful business."

Jim Simons, Founder, Renaissance Technologies hedge fund founder and billionaire

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During the above period, Prudent Biotech model portfolio was up over 27,700%, followed by the Nasdaq Biotechnology Index ETF (IBB) up 390%, and the S&P 500 Index ETF (SPY), up 230%. A \$10,000 starting portfolio tracking the Prudent Biotech model would have surged to \$2.7 million over a period of 13 years. This compares to the same portfolio invested in the Biotech Index benchmark growing to \$49,000, while an S&P 500 investment would have yielded \$33,000.

But the underlying success is based on a carefully developed and calibrated system, and a commitment to follow the system. Volatility is part of stock market investing, and much more so for a highly volatile speculative sector like Biotechnology. Discipline and Consistency are important keys towards building Wealth.

Please note that the model historical performance is considered hypothetical as it is based on back-tested results, and will vary when we change the model .

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About

We aim to use disciplined systematic investing using quantitative models to outperform the market. My name is Tarun Chandra, and I am the Editor of our model portfolio service. I was an Analyst on Wall Street on the Buyside and Sellside for 8 years. Thereafter, I worked with technology companies in a Strategy/Finance role. For many years I have been working on quant models, and believe this targeted product can tap into the potential of the Biotech market, while managing and surviving its volatility.

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