



July 29-30, 2016
Queenstown · New Zealand

*The Essential Australian
Biotech Investment Event*

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2nd Early Bird Offer Closes June 20

Companies covered: IMU, VHT

	Bioshares Portfolio
Year 1 (May '01 - May '02)	21.2%
Year 2 (May '02 - May '03)	-9.4%
Year 3 (May '03 - May '04)	70.6%
Year 4 (May '04 - May '05)	-16.3%
Year 5 (May '05 - May '06)	77.8%
Year 6 (May '06 - May '07)	17.4%
Year 7 (May '07 - May '08)	-36%
Year 8 (May '08 - May '09)	-7.4%
Year 9 (May '09 - May '10)	50.2%
Year 10 (May '10 - May '11)	45.4%
Year 11 (May '11 - May '12)	-18.0%
Year 12 (May '12 - May '13)	3.1%
Year 13 (May '13 - May '14)	26.6%
Year 14 (May '14 - May '15)	23.0%
Year 15 (May '15 - May '16)	33.0%
Year 16 (May '16 - current)	2.6%
Cumulative Gain	656%
Av. Annual gain (14 yrs)	17.7%

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Bioshares

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Delivering independent investment research to investors on Australian biotech, pharma and healthcare companies

Extract from *Bioshares* –

A Pre- BIO Q&A With Pharmaxis CEO Gary Phillips

The BIO International Convention is the biotech world's largest meeting in terms of attendance, conference program and business development opportunities. This year BIO is being held in San Francisco from June 6-9.

Almost 16,000 people attended last year's event in Philadelphia.

Many companies use BIO for business development activities, especially for organising meetings between potential licensors and licencees.

For drug discovery and development companies such as Pharmaxis, the event is a valuable opportunity to sound out potential partners about what they might like to see in a drug development program. Partnering meetings have increased by 266% over the ten years to 2015, with 29,000 meetings place in that year, between more than 3,000 companies.

We put several questions to the CEO of Pharmaxis, Gary Phillips, about his plans for attending this year's BIO. We will follow-up with Gary after his return, for a post-event analysis.

What will Pharmaxis be doing at BIO this year?

This year I probably have the most ambitious set of objectives I have had going into the BIO conference:

- I'll be catching up with companies who we have previously discussed our LOXL2 anti fibrotic program for NASH and IPF with to keep them informed of progress and timelines.
- Check on interest in our neuro inflammation SSAO/MAOB program amongst companies that are looking for Alzheimer's drugs. Do they believe that the target has a place in treatment and what pre clinical models would convince them of the potential value? What other neurology indications do they think it might be appropriate for?
- Discussing our oligonucleotide phase 2 respiratory program for interest amongst orphan drug companies. It hits multiple inflammatory targets and has a profound effect on eosinophils so we might find an application there.
- Talking with several smaller companies and universities / research institutes who have interesting anti inflammatory or anti fibrotic programs for potential in licencing.

Cont'd over

What is the mindset you have to bring to the business development tasks you have set for yourself at BIO?

The format of BIO restricts most meetings to a maximum of 30 minutes so everything has to be packaged neatly – no time for long scientific debates!

- For companies we are meeting for the first time it is really important to get straight down to business and work out if there is enough interest to make it worthwhile scheduling follow up talks post BIO.
- For companies that we are meeting for the second, third or even fourth time it's about building the relationship, providing enough information to keep their interest and letting them know the timelines for when you will be ready to partner.
- The larger companies have different BD staff for each therapy area so you can also spend time working out with the people you meet how to navigate their internal politics and get to the right person for the asset you are marketing.

What does BIO offer that other events don't e.g is it a superior event for gathering competitive intelligence?

What makes BIO stand out is the sheer quantity of companies and assets that you can assess in a relatively short period of time. The time frame for meetings means that it's more of a triage exercise for opportunities than looking to negotiate and complete transactions.

The other major partnering event of the year is at the annual JP Morgan conference in January. There are less meeting opportunities but the big companies bring larger scientific teams to this conference taking out whole floors in hotels so the meetings are longer and go far deeper.

How many meetings will you conduct?

Well as I write this there are still three days to go before it all kicks off and a lot can happen in that time. My calendar is currently showing that I have 27 meetings scheduled and I have declined more than a 100.

How do you plan to make the most efficient use of your time?

You have to prioritise meetings according to your objectives. It would be very easy to get swamped by accepting meetings that whilst interesting have no immediate value. For example most of the meetings I have accepted are with large Pharma companies that are interested in partnering our assets.

Most of the meetings I have declined are from service providers offering new pre-clinical proof of concept models or companies offering to help with capital raising or business development.

Some of these could be very useful so I make a point of referring them onto appropriate managers in Pharmaxis who might have a use for them in the future and suggest they catch up by teleconference or email after BIO.

How do you avoid 'meeting burn-out'?

I try to have a good set of notes before BIO starts so that I can refresh my mind quickly before each meeting on what I want to achieve with that particular partner. That helps – but so does trying to get some sleep and avoiding the BIO networking events with free alcohol – except the wine tasting at the Australian pavilion of course!

Bioshares

How Bioshares Rates Stocks

For the purpose of valuation, Bioshares divides biotech stocks into two categories. The first group are stocks with existing positive cash flows or close to producing positive cash flows. The second group are stocks without near term positive cash flows, history of losses, or at early stages of commercialisation. In this second group, which are essentially speculative propositions, Bioshares grades them according to relative risk within that group, to better reflect the very large spread of risk within those stocks. For both groups, the rating “Take Profits” means that investors may re-weight their holding by selling between 25%-75% of a stock.

Group A

Stocks with existing positive cash flows or close to producing positive cash flows.

- Buy** CMP is 20% < Fair Value
- Accumulate** CMP is 10% < Fair Value
- Hold** Value = CMP
- Lighten** CMP is 10% > Fair Value
- Sell** CMP is 20% > Fair Value
(CMP–Current Market Price)

Group B

Stocks without near term positive cash flows, history of losses, or at early stages commercialisation.

Speculative Buy – Class A

These stocks will have more than one technology, product or investment in development, with perhaps those same technologies offering multiple opportunities. These features, coupled to the presence of alliances, partnerships and scientific advisory boards, indicate the stock is relative less risky than other biotech stocks.

Speculative Buy – Class B

These stocks may have more than one product or opportunity, and may even be close to market. However, they are likely to be lacking in several key areas. For example, their cash position is weak, or management or board may need strengthening.

Speculative Buy – Class C

These stocks generally have one product in development and lack many external validation features.

Speculative Hold – Class A or B or C

Sell

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