

Subscribe to
Bioshares
\$550/
48 issues

More details can be found
on the back page

Companies covered: **Top Six Stock Picks - IAD, CGS, CYC, CYP, MX1, PAB**

	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)	-35.8%
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 - May '17)	16.8%
Year 17 (May '17 - May '18)	-7.1%
Year 18 (May '18 - May '19)	-2.3%
Year 19 (May '19 - May '20)	39.5%
Year 20 (May '20 - Current)	75.4%
Cumulative Gain	1810%
Av. Annual gain (20 yrs)	20.2%

Bioshares is published by Blake Industry & Market Analysis Pty Ltd.

Blake Industry & Market Analysis Pty Ltd
ACN 085 334 292
PO Box 193
Richmond Vic 3121
AFS Licence No. 258032
Enquiries for Bioshares
Ph: (03) 9326 5382
Fax: (03) 9329 3350
Email: info[at]bioshares.com.au

David Blake - Editor/Analyst
Ph: (03) 9326 5382
Email: david[at]bioshares.com.au

Mark Pachacz - Editor/Analyst
Ph: 0403 850 425
Email: mark[at]bioshares.com.au

Individual Subscriptions (48 issues/year)
\$500 (Inc.GST)
Edition Number 874 (18 December 2020)

Copyright 2020 Blake Industry and Market Analysis Pty Ltd. ALL RIGHTS RESERVED.
Secondary electronic transmission, photocopying, reproduction or quotation is strictly prohibited without written consent of the publisher.

Bioshares

18 December 2020
Edition 874

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

Extract from Bioshares –

Top Six Stock Picks for 2021

Patrys (PAB:\$0.018)

Patrys' PAT-DX1 Hijacks a Nucleoside Transporter to Cross Cell Membranes

Patrys has been developing antibodies with unusual properties, derived from patients with lupus, an autoimmune disease. For clinical studies in humans, it has engineered two humanised and modified versions of the murine antibody, Deoxymab 3E10. These are PAT-DX1 and PAT-DX3.

These antibodies not only get inside cells and the cell's nucleus but bind to the DNA of cancer cells to inhibit their repair, and can cross the blood-brain barrier. Each of these three features is equally significant.

The antibodies can also be engineered to carry payloads to add to their cancer cell killing capability.

For many years it was believed that antibodies could not penetrate cells including the cell nucleus. As James Hansen, an inventor of the Patrys technology, and others wrote in 2015, "The unrivalled specificity of binding by antibodies to their antigens gives them a compelling therapeutic advantage over other molecules that have significant off target effects. *However, most antibodies do not cross plasma membranes and cannot directly affect intracellular processes.* Select lupus autoantibodies have the unusual capacity to penetrate into cells, and we now recognize a potential new paradigm in antibody-based cancer therapy in which cell-penetrating lupus autoantibodies are used to disrupt key intracellular processes to selectively affect cancer cells." (*Cancer Res*; 75(11); 2285-91) (our italics)

Hansen's research group has established that PAT-DX1 'hijacks' the nucleoside transporter ENT2 to enter the nucleus, where it disposes of cancer cells which have a defective DNA-damage response mechanism, leaving normal cells alone.

This suite of capabilities has potential for the treatment glioblastoma, a cancer with a poor prognosis and limited treatment options, but specifically brain cancers which lack the PTEN gene.

In general, antibodies are unable to cross the blood-brain barrier, so an antibody that overcomes that limitation, along with the potential to hit a key target, such as one related to glioblastoma (a brain cancer), is significant.

Patrys is in the possession of a potentially powerful new approach for addressing difficult-to-treat cancers, such as brain cancers, but melanoma, breast, prostate and ovarian cancers.

Continued over

2021 will see Patrys continue with pre-clinical studies of PAT-DX1 and finalising GMP manufacturing ahead of launching a Phase I study in 2022. The commencement or completion of studies in patients are typically value drivers for biotechs. However, we have included Patrys in our Top Six Stock Picks because the company's novel technology has the potential to be licensed or acquired by large pharmaceutical companies seeking access to new and promising approaches. (see *Bioshares* 862 - "Major Cancer Deals in DNA Repair").

Patrys is capitalised at \$33 million. The company retained \$7 million at the end of the September quarter and recently raised \$7.3 million through a rights issue and placement.

Bioshares recommendation: **Speculative Buy Class B**

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 Some 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 of 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

Corporate Subscribers: Cogstate, LBT Innovations, Opthea, ResApp Health, Pharmaxis, Dimerix, Adalta, Actinogen Medical, Patrys, Cyclopharm, Antisense Therapeutics, Imugene, Exopharm, Immutep, Neuroscientific Biopharmaceuticals, Invex Therapeutics, Anteris Technologies

Disclaimer:

Information contained in this newsletter is not a complete analysis of every material fact respecting any company, industry or security. The opinions and estimates herein expressed represent the current judgement of the publisher and are subject to change. Blake Industry and Market Analysis Pty Ltd (BIMA) and any of their associates, officers or staff may have interests in securities referred to herein (Corporations Law s.849). Details contained herein have been prepared for general circulation and do not have regard to any person’s or company’s investment objectives, financial situation and particular needs. Accordingly, no recipients should rely on any recommendation (whether express or implied) contained in this document without consulting their investment adviser (Corporations Law s.851). The persons involved in or responsible for the preparation and publication of this report believe the information herein is accurate but no warranty of accuracy is given and persons seeking to rely on information provided herein should make their own independent enquiries. Details contained herein have been issued on the basis they are only for the particular person or company to whom they have been provided by Blake Industry and Market Analysis Pty Ltd. The Directors and/or associates declare interests in the following ASX Healthcare and Biotechnology sector securities: Analyst DB: ACR,ADR,COH,CSL,CYC,HXL, MX1,OPT,SOM,TLX. Analyst MP: ACR,CGS, CYC, IMM, OPT,CUV,MX1,PAB, PXS,RNO,SOM. These interests can change at any time and are not additional recommendations. Holdings in stocks valued at less than \$100 are not disclosed.

Subscription Rates (inc. GST)

48 issues per year (electronic distribution): **\$550**

For multiple email distributions within \$900 2-3 email addresses
 the same business cost centre, our \$1200 4-5 email addresses
 pricing structure is as follows: \$1500 6-10 email addresses

To subscribe, post/fax this subscription form to:

Bioshares
PO Box 193 Richmond VIC 3121
Fax: +61 3 9329 3350

I enclose a cheque for \$ _____ made payable to **Blake Industry & Market Analysis Pty Ltd**, or

Please charge my credit card \$ _____ MasterCard Visa

Card Number

Signature _____ Expiry date _____

Subscriber details

Name _____

Organisation _____

Ph () _____

Emails _____

The information provided in Bioshares, including general investment advice, is provided only for receipt and use in Australia and New Zealand, for subscribers to Bioshares, who are Australian or New Zealand citizens or commercial entities.