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EMERGING HEALTHCARE

Monthly Update
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We have a great mix of generally small emerging drug or biotechnology companies in the portfolio. This strategy is very interesting as a long-term allocation in an overall portfolio. If the companies in the portfolio execute, by getting their drugs approved by the FDA, each stock has very significant upside. We do own two large cap companies, Pfizer for the Covid-19 vaccine which will be a cash cow for years, and Bristol-Myers due to their robust pipeline of drugs with very a cheap valuation of their shares. There are over 500 small cap healthcare companies we track and follow their progress with the help of a proprietary database. This is a very inefficient market as not a lot of analysts cover all the companies, which provides opportunities for us to exploit this compelling industry.

We are highlighting three different stocks this month, the first is **OncoSec Medical (ONCS).** Certain cancers can bypass or hide from the immune system by engaging an immune checkpoint called PD-1, which represents an “off-switch” that cancers can exploit to escape from cancer-fighting T-cells. New treatments, called checkpoint inhibitors, block these “off-switches” and help keep cancer-fighting T-cells in attack mode to eliminate tumor cells.

However, anti-PD-1 checkpoint inhibitors that work to turn off the “off-switches” are only effective in an estimated 30% of the patients that receive these drugs. The other 70% of patients who receive anti-PD-1 checkpoint inhibitors don’t see their tumors go away. Those tumors lack essential immune elements that enable anti-PD-1 checkpoint therapy benefits. They are known as “cold” tumors – while “hot” tumors are more likely to receive a benefit from checkpoint inhibitors. Our lead product candidate, TAVO (tavokinogene telseplasmid) is designed to help turn “cold” tumors “hot.”

We believe ONCS has very significant upside potential.

The second stock is **Chimerix CMRX),** which has two late stage drugs and another in phase 2. One drug is to treat Smallpox, which when approved will garner a very large and ongoing contract from the Federal Government. The other late stage drug is for AML and appears to significantly improve the overall survival rate. CMRX is well financed with a clear path.

Lastly, **Auris Medical (EARS),** this is a true gem. The stock has a very tiny market cap of just $7 million currently. This is an extremely low market cap for a company that has that has 5 potential products. The issue for the company is it needs financing to develop their main drug, AM-125 for vertigo. The company plans to partner some of the other drugs in their pipeline to obtain the needed money to develop AM-125. EARS is currently trading at around $1.00 per share and we estimate the stock should be at least $5.00 per share currently, but if financed properly $10 to $20 per share, this financing is being worked on. This investment has more risk than most of the stocks in our portfolio, but if only this stock works for us in the next 12 months the returns for the strategy will be very compelling.

We have an entire portfolio of unique and compelling healthcare stocks. Overtime, as the fundamentals of these companies' playout (which is a significant risk as this is drug development and many drugs do not work) the return potential is very large.

This strategy is unique. It should be considered as high risk. It should be used as only a portion of an overall portfolio. There are times when there is very little correlation with the overall market, which can be both positive and negative.

*Performance results are presented in U.S. dollars and are Net of any actual fees and reflect the reinvestment of dividends and capital gains. Actual fees may vary based on, among other factors, account size and custodial relationship. The Composite Returns are of a private fund managed by Patrick Adams and are net of management fees but not net of performance fees. PVG does not manage any accounts with performance fees. The Composite included the returns from investment in private companies and public companies, the Emerging Healthcare strategy will not invest in private companies, just public securities. *Annual returns are compounded over the specified period. No current or prospective client should assume future performance of any specific investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Investors should consider this strategy as highly risky and invest accordingly. Changes in investment strategies, contributions or withdrawals may cause the performance results of your portfolio to differ materially from the reported composite performance. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client's investment portfolio. Historical performance results for market indices generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. Economic factors, market conditions, and investment strategies will affect the performance of any portfolio and there are no assurances that it will match or outperform any particular benchmark or index. The model portfolio will have materially different volatility than the given index. Portfolios in the composite utilize inverse index products. Inverse ETFs are considered risky. The use of inverse strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain or loss. Most inverse ETFs "reset" daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time. Exchange traded funds (ETFs) are offered by prospectus only. Investors should consider a fund's investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing. The investment return and principal value of an investment will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. ETFs trade like stocks and may trade for less than their net asset value. The S&P 500 Total Return Index is the total return version of the S&P 500 Index which includes the effects of reinvested dividends. The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. Additional information is available upon request*