From: Tazia Smith [redacted]
Sent: 3/25/2014 9:30:03 AM
To: jeevacation@gmail.com
CC: Paul Morris [redacted]; Vinit Sahni [redacted]; Nav Gupta [redacted];
[redacted]
Subject: Biotech Sell-Off.... [I]
Attachments: pic18427.gif; pic32145.gif; pic19647.gif; pic07634.gif; pic00882.gif; pic18938.gif; pic19032.gif; pic24269.gif; pic27759.gif; pic32626.gif; pic31712.gif; pic27299.gif; pic09443.gif

Classification: For internal use only

Jeffrey -

Biotech posted sharp declines. You are up $970,282 across your basket of names as of yesterday's (3/24) close (detail below along with chart of Nasdaq Biotech Index and your holdings). Consider unwinding or hedging now and watching for entry point via total return swap or zero cost risk reversal as this negative momentum bottoms out. Note: Ariad an outlier (incrementally positive news on drug, Iclusig).

The Financial Times features an article this morning suggesting that the sell-off in Biotech is a signal of a broader market peak.

A letter from congressional representatives to Gilead questioning its plans to sell a hepatitis C drug (named Sovaldi) for $84,000 per dose has put the spotlight on Congress' concerns that the expense might saddle state Medicaid programs with steep costs. US is the only major health-care market remaining without any meaningful drug price controls -- increased risk for the sector once the Congress gets involved, especially if focused primarily on pricing.

(Embedded image moved to file: pic18427.gif)

Nasdaq Biotech Index - 1yr Price History
(Embedded image moved to file: pic32145.gif)

Ariad - 1yr Price History
(Embedded image moved to file: pic19647.gif)

Biogen - 1yr Price History
(Embedded image moved to file: pic07634.gif)

Foundation Medical - 1yr Price History
(Embedded image moved to file: pic00882.gif)

Gilead - 1yr Price History
(Embedded image moved to file: pic18938.gif)

Sangamo - 1yr Price History
(Embedded image moved to file: pic19032.gif)

Healthcare sector has outperformed S&P500 last 4 years and has been the best-performing sector YTD

- Improving R&D returns
- Ongoing efficiency gains due to various 'self-help' measures
- More supportive regulatory and payor environment
- Increasing number of financings and IPOs in Q1
- Frequent upward revisions lately to sales estimates at the largest biotechnology companies