



Predictable Profits

My Top 3 Penny IPOs for 2022

By Jeff Brown

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By Jeff Brown, Editor, *Early Stage Trader*

Welcome to *Early Stage Trader*. My name is Jeff Brown. I've devoted my entire life to studying, working with, and investing in bleeding-edge technology. I've worked as an executive for international technology firms. As an active angel investor, I've invested in more than 145 private technology companies.

And for the past five years, I've been using my technology and investing expertise to help everyday investors profit from the best technology companies in the world.

The investment research product that you've joined is the culmination of nearly half a decade of research. You see, during all my years as a technology analyst, I noticed a very unfair dynamic.

Today, some of the best technology investments are "off-limits" to everyday investors. For reasons I outlined in my *Early Stage Trader Manifesto*, some of the best technology companies are staying private for far longer than they used to. And because these companies stay private, retail investors are unable to invest. Instead, connected venture capitalist and high-net-worth individuals reap all the rewards.

I realized how unfair this was. And I wanted to do something about it. *Early Stage Trader* is my answer. Our mission with *Early Stage Trader*

is to invest in developmental-stage companies ahead of major catalysts that can shoot their share prices higher in days or even hours.

I refer to these investments as "Penny IPOs." That's because – unlike the overpriced and overhyped IPOs (initial public offerings) you hear about on CNBC – these companies are still at the earliest stages of their development. That means they have much higher return potential.

Again, I lay out our entire investment strategy in our manifesto. You can access that [right here](#).

What's great about our *Early Stage Trader* system is that we have a deep pipeline of excellent candidates. My system is actively tracking 20 early stage companies right now, and I expect seven or eight of these to ultimately result in new trades for us within the next several months.

In addition, I have three great early stage trades for you today. Each of these companies has catalysts coming soon... And that means each has the potential to soar 1,000% or more in a short period of time.

In fact, the first trade we closed out after launching *Early Stage Trader* was Synthorx (THOR), which soared 432% in just 41 days, with the bulk of that gain coming in a single day.

Each of the trades I'm going to show you today has that same potential. But first, we need to talk about portfolio management...

I highly recommend that investors establish a uniform position in each trade recommendation. I know it is tempting to cherry-pick and place big bets in the companies with sub-\$10 share prices, but that's not a recipe for optimal success.

In developing this system, my team and I did extensive backtesting on every single venture capital (VC)-backed tech IPO of the last decade. This helped us narrow down our criteria and understand which data points are most important to identify the best trade candidates.

From there, we backtested 88 early stage companies that met all the system's criteria. And the results were incredible...

Our average gain, across all 88 trades, was 227%. And our average time in the trade was less than 12 months.

Think about that. On average, this system can more than triple your money in less than a year. I doubt there are many other trading systems out there with such potential.

But here's the key point – **to get these results, we needed to put the same amount of money into each trade.** Cherry-picking could have stunted our results significantly.

In fact, more than half of these trades produced gains slightly below the 227% average. It was the outliers... the trades that generated gains of 800%... 900%... even 1,000%... that pulled our average up.

So if we cherry-pick, we run the risk of missing out on those outliers. That's why I always recommend placing the same amount of money into each trade. And by doing so, the first double or triple we hit will finance the next several trades... with no new money coming out of pocket.

And one final note: **Let's always remember to keep our position size rational.** These investments are naturally volatile. It's important that we only invest an amount that is appropriate for our personal situation. That will mostly depend on our risk tolerance and portfolio size.

A \$5,000 investment into each of our portfolio companies may be appropriate for some traders but not for others. That's okay. Even if we just invest a few hundred dollars into each trade, our returns on a percentage basis will be exactly the same. So please, let's stay rational with our position sizing.

Okay, let's get to our next three trades.

Penny IPO No. 1: Sana Biotechnology (SANA)



Founded:	2018
Headquarters:	Seattle, WA
Date of IPO:	February 4, 2021
Lock-up Expiration Date:	August 3, 2021
Enterprise Value:	\$1.21 billion

The Company

Sana Biotechnology (SANA) was founded by the key founders of Juno Therapeutics. Juno was a great biotech company specializing in CAR T-cell therapies for curing cancer. CAR T is a type of gene therapy that modifies a patient's T-cells (a kind of immune system cell) so that they will attack cancer cells.

I had planned on recommending Juno back then when the time was right... But pharmaceutical giant Celgene beat me to the punch. Celgene acquired Juno Therapeutics for a handsome price of \$9 billion. It was once of the most significant biotech acquisitions in history.

These kinds of deals are very common with early stage biotech companies. And I always follow the management team when a great early stage company is acquired.

Typically, the founders will stay on with the acquiring company for a defined period which is typically linked to their employment agreement. Key members of the management team always have a lockup clause tied to equity, vesting, and typically a large bonus payout if they stay on for an additional year or two.

Then, once their bonus and equity have been earned out, they often leave to start a new company.

That's the game: Form a startup → Get acquired → Form a new startup. Wash, rinse, repeat.

So I have had my eye on Sana Biotechnology since its founding. But the thing is, the company was incredibly secretive at first. Until recently, only the insiders knew what the company was up to.

Well, we now know that Sana is working on a brand-new class of medicines called engineered cells. In fact, the founders believe that one of the most important advances over the coming decade will be the ability to modify genes and use cells as medicines.

To that end, Sana is developing a dynamic platform with three major capabilities...

First, it can repair, control, and replace the genes of any cells in the body. This is to “fix” whatever is broken and causing disease.

Second, Sana's platform will be able to build any cell of the body from scratch. This will address diseases caused when a key cell is missing.

And third, Sana's platform seeks to broadly expand access to cell and gene therapies by significantly simplifying the process of making

those therapeutics, and thus lowering the cost of therapies. In other words, the company wants to ensure that “normal” people can benefit from the work it is doing.

To that end, Sana is splitting its pipeline into two areas of focus – *in vivo* and *ex vivo* cell engineering. For *in vivo* cell engineering, the goal is to deliver a payload to any cell in a specific and repeatable way.

And the *in vivo* approach is very simple. It's just a single intravenous injection of the engineered CAR T-cells. From there, the body can act as a “bioreactor” and reproduce the desired cells.

And here's the key – the success of any one of the six therapies currently in the *in vivo* pipeline will all but guarantee the success of the other *in vivo* therapies. That's because each therapy is similar...The main difference is the cell target.

As for Sana's *ex vivo* therapies, its goal is to manufacture cells at scale outside the body. These cells are then inserted into the body where they can start reproducing themselves and provide critical functionality to combat disease. At the top of the next page is the full pipeline.

Our Catalysts

As we can see, Sana's pipeline is balanced between *in vivo* and *ex vivo* therapies. The company expects to advance two to four of these therapies into Phase 1 clinical trials each year for the next several years.

Sana Biotechnology's lead *in vivo* therapies are SG295 for blood cancers like non-Hodgkin lymphoma (NHL), acute lymphoblastic leukemia (ALL), and chronic lymphocytic leukemia (CLL), and SG239 for multiple myeloma. Sana seeks to address strong unmet needs with these two therapies. Roughly 100,000 people die each year in the U.S. and Europe from these cancers.

Sana's platforms, technology and programs

PLATFORM	TECHNOLOGY	PROGRAMS (CELL TYPES)	THERAPEUTIC AREA	PRODUCT CANDIDATE	POTENTIAL INDICATIONS	POTENTIAL IND SUBMISSION
<i>in vivo</i> cell engineering	Fusogen	T cells	Oncology	SG295 (CD8/CD19)	NHL/ALL/CLL	As early as 2022
				SG239 (CD8/BCMA)	Multiple myeloma	As early as 2024
				SG242 (CD4/CD19)	NHL/ALL/CLL	As early as 2023
				SG221 (CD4/BCMA)	Multiple myeloma	As early as 2024
		Hepatocytes	Liver-related genetic disorders	SG328	OTC ¹	As early as 2023
		Hematopoietic stem cells	Hemoglobinopathies	SG418	Sickle cell disease Beta-thalassemia	As early as 2023 As early as 2023
<i>ex vivo</i> cell engineering	Hypoimmune donor-derived	T cells	Oncology	SC291 (CD19)	NHL/ALL/CLL	As early as 2022
				SC255 (BCMA)	Multiple myeloma	As early as 2023
	Hypoimmune stem cell-derived	Beta cells	Diabetes	SC451	Type 1 diabetes	As early as 2023
	Stem cell-derived (to migrate to hypoimmune)	Glial progenitor cells	Central nervous system (CNS)	SC379	Huntington's disease	As early as 2023
					Pelizaeus-Merzbacher disease	As early as 2023
					Secondary progressive multiple sclerosis	As early as 2023
		Cardiomyocytes	Cardiovascular	SC187	Heart failure	As early as 2023

¹Ornithine transcarbamylase deficiency

What's more, Sana's approach promises to tackle these cancers at scale.

Existing CAR T therapies targeting these cancers have been effective in clinical trials. But the problem is manufacturing. Simply put, making first-generation CAR T therapies is quite complex and very expensive. Moreover, many of these CAR T therapies still require patients to undergo chemotherapy.

As I mentioned, Sana's *in vivo* approach requires just a single injection. That's it. It's far cheaper than trying to manufacture CAR-Ts at scale. And no chemotherapy is required.

Moving over to the *ex vivo* pipeline, Sana's lead two therapies are SC291 for NHL, ALL, and CLL and SC255 for multiple myeloma.

Sana Biotechnology plans to file an investigational new drug (IND) application with the Food and Drug Administration (FDA) for two therapies – SG295 and SC291 in 2022. These are our first potential catalysts.

And given how exciting Sana's engineered cells approach is, I fully expect the company to start attracting major attention well before those IND filings happen. In fact, the magic window has been open for the past few months.

As a reminder, the "magic window" is the ideal time to invest in technology companies. It typically "opens" around six months after an IPO. For a complete refresher on our strategy, check out our special report on the magic window [here](#).

The Magic Window

Sana Biotechnology was founded in 2018 in Seattle, WA. The company also has offices in South San Francisco, CA, and Cambridge, MA. As regular readers know, these are two leading biotech hubs in the United States – one on the West Coast and one on the East Coast.

As a private company, Sana Biotechnology raised nearly \$865 million in venture capital (VC) across its three early stage funding rounds. And the company had some big-time backers.

ARCH Venture Partners, Flagship Pioneering, F-Prime Capital, Omega Fund, Altitude Life Sciences Ventures, Bezos Expeditions, and GV (Google Ventures) each participated in Sana's early stage rounds.

This is an impressive list that includes several biotech-focused VC firms as well as the VC arms of both Jeff Bezos (founder of Amazon) and Google. Clearly, there's a lot of excitement around this company.

Sana then went public on February 4 of 2021 at \$25 per share. The IPO raised \$626.4 million for the company.

And SANA was a hot commodity coming out of the gate. The stock jumped 40% on its first day of trading. And SANA ultimately hit a post-IPO high of \$43.50 about a week after it went public.

SANA has since fallen from its post-IPO high. It now trades at an enterprise value of \$1.2 billion.

For perspective, Sana Biotechnology was valued at \$2.7 billion after its Series B venture capital round in June of 2020. That's the valuation at which those big VC backers we mentioned earlier invested. Of course, this means we can establish an investment in SANA today at roughly the same price as the Series B "smart money."

Sana's lock-up expiration date was August 3. That was the first day that anyone who invested in Sana when it was a private company could sell their shares. That's when the Magic Window opened.

And the overall market volatility we have been experiencing past two weeks brought down SANA's share price to all-time low levels. That makes this the ideal time to strike.

Two of the very best biotech venture capital firms, ARCH and Flagship Pioneering, haven't

sold a single share of Sana yet. There is clearly a reason why. I believe, as they do, that Sana has the potential to become as valuable, even more so, than Juno Therapeutics.

Looking at the financials, Sana Biotechnology had \$866 million in cash and cash equivalents. That will provide a cash runway through the end of 2023. That's plenty of time for our first catalysts to hit.

So let's take advantage of this great opportunity and buy SANA today. I expect the stock to rise sharply toward the middle of 2022 as we experience our first catalysts.

Action to Take: For our most recent buy price for **Sana Biotechnology (SANA)**, please refer to our [model portfolio](#). There will be no stop loss for this position.

Risk Management: Because we will be holding this stock without a stop loss, I encourage all readers to use rational position sizing. We should remember to never go "all in" on any one investment. Our mission is to build a portfolio of our companies. That's how we'll optimize our success.

As a reminder, these early stage companies have a lot of volatility in share prices. We often see an initial surge in the price right after our trade alerts go out. But as we have seen with our other trades, we almost always get at least two chances to get into the trade at a good price.

So please don't chase SANA higher if the price spikes. Instead, consider placing a good-'til-canceled (GTC) buy limit order at or below our buy-up-to price. As always, I will let you know if I decide to raise our buy-up-to price.

Penny IPO No. 2: Precision BioSciences (DTIL)



Founded:	2006 (Spun out of Duke University Endowment)
Headquarters:	Durham, NC
Date of IPO:	March 28, 2019
Lock-up Expiration Date:	September 24, 2019
Market Capitalization:	\$443 million

The Company

Precision BioSciences (DTIL) is a genome editing company focused on curing cancer and other genetic diseases. The company utilizes a proprietary genetic editing method called ARCUS to target cancer and other genetic diseases.

What I like about ARCUS is that it taps into the body's natural genetic editing system. Our bodies use enzymes to cut our DNA in specific places, triggering precise genetic modifications.

The backbone of this platform is a synthetic enzyme called the ARCUS nuclease. This is an enzyme created to be similar to the body's natural DNA-cutting enzymes. And the ARCUS nuclease can be customized to recognize a DNA sequence within any target gene. This ensures efficiency and reduces off-target cuts, which we can think of as side effects.

Below, is a visual to help explain how ARCUS mimics the body's natural genetic editing process.

What's great about ARCUS is that it can be used to insert, delete, or edit any specific piece of DNA. It's fully customizable. That means there's no limit to which cancers or genetic diseases Precision BioSciences can target.

And to start with, Precision Bio is focusing on cancer immunotherapy. This is a form of treatment that harnesses the body's immune system to fight cancer.

Readers may recognize a trend here. We have recommended several early stage companies targeting cancer in this service... And all of them employ noninvasive therapies.

Traditional cancer treatments require chemotherapy, radiation, and even surgery. They basically burn everything down, hoping to take out the cancerous cells in the process. It's a miserable experience for patients...

And the chances of success are low for patients who have advanced stages of cancer.

Cancer immunotherapy at the cellular level is a far better approach. It's a better experience for patients. And as I believe our early stage companies will show, it's far more effective. That's because these therapies are integrated at the genetic level, according to the patient's own DNA.

It's precision medicine. This is the next generation of medical technology. Ultimately, this is how we are going to cure cancer – and indeed, all human disease.

Our Catalysts

Precision BioSciences' lead therapy is PBCAR0191, which is a cancer immunotherapy targeting non-Hodgkin lymphoma (NHL) and acute lymphoblastic leukemia (ALL).

According to the Lymphoma Research Foundation, more than 70,000 people are diagnosed with non-Hodgkin lymphoma each year. And right now, chemotherapy is the recommended treatment. We want to change that. Precision medicine is a better way.

Homing endonucleases

Homing endonucleases are nature's genome editing system. They are site-specific DNA-cutting enzymes encoded in the genomes of many eukaryotic species. Homing endonucleases have the unusual ability to precisely recognize long DNA sequences (12-40 base pairs) that are typically rare enough to occur only once in a complex genome. These non-destructive enzymes trigger gene conversion events that modify the genome in a very precise way, most frequently by the insertion of a new DNA sequence. The ability to target a single DNA break in a complex genome and to achieve gene modification without random off-targeting makes homing endonucleases the ideal starting material for a therapeutic-grade genome editing technology.

ARCUS

The backbone of the ARCUS technology is the ARC nuclease – a fully synthetic enzyme similar to a homing endonuclease but significantly improved to be the starting point for the first therapeutic-grade genome editing platform. The ARC nuclease is small, has unparalleled specificity, and can be customized to recognize a DNA sequence within any target gene. ARC nucleases are created using a set of proprietary in silico and lab-based techniques to ensure maximum gene editing efficiency with minimum off-target activity. Importantly, ARC nucleases can be optimized to control potency and specificity based on the analysis of cutting activity in a relevant model organism.

Source: Precision BioSciences ([Click here to view larger version](#))

Market research shows that the global market for NHL treatments was \$4.8 billion in 2017. That's expected to grow to \$7.7 billion by 2024.

So not only does PBCAR0191 represent a better alternative to chemotherapy, but it also addresses a massive market.

As for acute lymphoblastic leukemia, it is a relatively common form of cancer. According to the National Cancer Institute, ALL now affects 1.7 out of every 100,000 people.

And once again, chemotherapy is the recommended treatment. So this is an area of critical need.

Precision BioSciences reported positive interim results from the Phase 1/2a clinical trial of PBCAR0191 back in December 2020.

(For a refresher on how the Food and Drug Administration (FDA) trial process works and how it fits with our trading strategy, see our *Early Stage Trader Manifesto* [right here](#). I outline the FDA process on page nine of this report.)

The therapy demonstrated an acceptable safety profile, and the results were solid. The data release included data from 27 patients: 16 with non-Hodgkin lymphoma (NHL) and 11 with b-cell acute lymphoblastic leukemia (B-ALL)

In the NHL cohort, 100% of the patients had aggressive lymphomas, 81% had stage III/IV

disease, and 63% had previously received four or more courses of a different treatment without lasting results.

In the B-ALL cohort, 82% of patients had received four or more different treatments previously without lasting results.

PBCAR0191 resulted in an objective response rate of 83% across both patient cohorts. And 75% of NHL patients had a complete response within 28 days of treatment. This is great.

The NHL patients also demonstrated peak CAR T Cell expansion of 95X, an early indication of efficacy.

Looking forward, Precision BioSciences is on track to present another data read-out around mid-year. That has the potential to be a very strong catalyst for our trade.

Precision BioSciences' second therapy is PBCAR20A, which is a cancer immunotherapy targeting chronic lymphocytic leukemia, small lymphocytic lymphoma, and non-Hodgkin lymphoma.

This is a great therapy because it catches similar cancers that the lead therapy misses. In other words, it just modifies the therapy a little bit.

Precision is studying PBCAR20A in a Phase 1/2 clinical trial as well.

CAR T Pipeline

Product Candidates	Pre-clinical	Clinical
PBCAR0191 (CD19)	NHL and B-ALL	
PBCAR19B Stealth Cell (CD19)	NHL	
PBCAR20A (CD20)	NHL, CLL, SLL	
PBCAR269A (BCMA)	MM	
Hematology	2 UNDISCLOSED BLOOD CANCERS	
Solid Tumor	2 UNDISCLOSED SOLID TUMOR CANCERS	

Precision BioSciences' third therapy is PBCAR269A for patients with relapsed/refractory multiple myeloma. This therapy is currently undergoing a Phase 1/2 clinical trial, and we can expect interim data later in 2021 as well.

The next therapy in the pipeline is PBCAR19B. This is a next-generation therapy for patients with relapsed/refractory non-Hodgkin lymphoma.

The FDA just accepted Precision's IND for PBCAR19B back in January. And the company plans to dose the first patient in a Phase 1 clinical trial in the coming months. That has the potential to be another nice catalyst for our trade.

In addition, Precision BioSciences has several programs for the treatment of blood cancers and solid tumors in earlier stages of development. However, these therapies won't be a major focus for us given their timeline.

Above is a visual of the full CAR T pipeline.

Waiting for a Buy Window

As I remain very bullish on this company, I suggest that investors establish a position at or below our current buy-up-to price. Only by placing our trades at the right valuations can we stack the deck in our favor.

Action to Take: Please see our [model portfolio](#) for the latest buy-up-to price for **Precision BioSciences (DTIL)**. We will hold the position without a stop loss.

Risk Management: Because we will be holding this stock without a stop loss, I encourage all readers to use rational position sizing. We should remember to never go "all in" on any one investment. Our mission is to build a portfolio of our companies. That's how we'll optimize our success.

Penny IPO No. 3: LogicBio Therapeutics (LOGC)



Founded:	2014
Headquarters:	Cambridge, MA
Date of IPO:	October 19, 2018
Lock-up Expiration Date:	April 17, 2019
Market Capitalization:	\$170.5 million

The Company

LogicBio Therapeutics (LOGC) is a genome editing company focused on genetic therapies for pediatric patients under 18 years of age. The company is initially targeting rare liver disorders that develop during childhood. These are genetic disorders where it is critical to treat patients early in life... before the disorders become life-threatening.

In developing therapies, LogicBio utilizes a proprietary genome editing platform called GeneRide. Here's how it works...

Genetic disorders occur when a specific gene mutates or becomes damaged. To combat this, GeneRide inserts a corrective copy of the gene at exactly the right spot in a patient's genome.

This therapeutic gene is called a transgene. The transgene uses the cell's natural DNA repair process to fix the damaged gene, thus curing the disorder.

GeneRide uses what's called a viral vector to deliver the transgene. This is an efficient method that has been proven in the clinic. In fact, LogicBio is drawing upon a library of viral vectors developed at Stanford University. These offer a safe, reliable way to deliver therapies.

LogicBio believes GeneRide will ultimately

enable it to develop genetic therapies for many different diseases. That's because it's a flexible platform. The company can simply use different corrective genes within the GeneRide platform to target different diseases.

GeneRide harnesses the cell's natural DNA repair process to integrate its therapy holistically. This allows LogicBio to deliver one-time treatments with durable results. Patients do not have to undergo lengthy treatment schedules, as they do with so many legacy therapies.

What we're talking about here is precision medicine. LogicBio's therapies are integrated at the genetic level, according to the patient's DNA.

This is the next generation of medical technology – and one that I've been following extensively in *Early Stage Trader*. Now that the industry has the tools to enable precision medicine, the race is on to develop the therapies.

Our Catalysts

LogicBio's lead therapy is LB-001 for methylmalonic acidemia (MMA). This is a life-threatening disease that is often fatal in newborns. And there are no approved therapies on the market today. For that reason, MMA patients have an average life expectancy of just 20–30 years, and, sadly, they experience a very low quality of life.

Simply put, this is a huge area of unmet medical need. For parents whose children are diagnosed with MMA, there's little they can do right now. There's no cure. It's heartbreaking.

LogicBio wants to change that with its top therapy. And because the situation is so dire, the FDA granted LB-001 both orphan drug designation and rare pediatric disease designation. These designations mean the therapy will move quickly through the FDA process. That's great for patients. And it's great for our trade.

After an initial delay, LogicBio advanced LB-001 into a Phase 1/2 clinical trial. The company is on track to provide an operational update on the trial around mid-year. And then it expects to release interim data later in the back half of the year. That data read-out is our first expected catalyst.

[You can always keep track of our upcoming catalysts by accessing our *Early Stage Trader* catalyst table [right here](#).]

In addition to LB-001, LogicBio is doing discovery work on several other therapies. These candidates are not at the IND-enabling stage yet, however, so they won't be a factor for us at this time. We will focus on LB-001 with our trade.

Below is LogicBio's full pipeline for reference.

Our Buying Window

LogicBio Therapeutics was founded in 2014 in Cambridge, MA. Cambridge is a hotbed for bleeding-edge biotech startups.

The company raised \$50 million in venture capital while private. Among the backers were Arix Bioscience, OrbiMed, Edmond de Rothschild Investment Partners, Pontifax, OrbiMed Israel Partners, and SBI Holdings.

These are solid backers. Astute investors may even recognize Edmond de Rothschild Investment Partners as the investment arm of the Rothschild banking dynasty. Big money.

LogicBio Tx (LOGC) went public at \$10 per share on October 19, 2018. The IPO raised \$70 million for the company.

LOGC gained nearly 80% in its first month of trading. But then the stock pulled back in anticipation of lock-up expiration, as we always expect to see.

Then the stock rallied 115% as it moved through lock-up expiration, nearly surpassing its previous high. But then the FDA placed a clinical hold on the LB-001 trial... and then COVID-19 hit.

LogicBio's Clinical Pipeline

Program	Candidate	Discovery	IND Enabling	Phase 1/2	Phase 3	Partner
Liver	LB-001	Methylmalonic acidemia (MMA)				LogicBio
	LB-301	Crigler-Najjar				LogicBio Takeda
	LB-201	A1ATD				LogicBio
	LB-101	Hemophilia B				LogicBio
	Undisclosed	Undisclosed				LogicBio

These events caused shares of LOGC to plummet 76% from the post-lock-up high. And the stock is still down more than 52% from that previous high.

This string of unpredictable events has created another fantastic buying window.

As we can see in the chart above, LOGC is trading right back where it was before it soared 115% coming out of its lock-up expiration. What's more, LOGC is trading at a discount of more than 17% from its IPO price.

We are going to capitalize on this opportunity today. But time is short. The upcoming update on the LB-001 clinical trial has the potential to send LOGC soaring back toward its all-time highs. Let's make sure we are in before that happens.

Looking at the financials, LogicBio currently has \$70.1 million in cash and cash equivalents on the books. The company believes that will fund operations through the first quarter of 2022.

That's plenty of time for our next catalysts to hit, but we can expect LogicBio to look to raise money on the back of good news. We'll need to be diligent.

As always, I will send out a separate sell alert when my system tells us it's time to exit our trade.

And remember, these early stage companies have a lot of volatility in share price. We often see an initial surge in the price right after our trade alerts go out. But as we have seen with our other trades, we almost always get at least two chances to get into the trade at a good price.

So please don't chase LOGC higher if the price spikes. Instead, consider placing a good-'til-canceled (GTC) buy limit order at or below our

LogicBio Therapeutics (LOGC)



buy-up-to price. As always, I will let you know if I decide to raise our buy-up-to price.

Action to Take: Please see our [model portfolio](#) for the latest buy-up-to price for **LogicBio Therapeutics (LOGC)**. We will hold the position without a stop loss.

Risk Management: Because we will be holding this stock without a stop loss, I encourage all readers to use rational position sizing. We should remember to never go "all in" on any one investment. Our mission is to build a portfolio of our companies. That's how we'll optimize our success.

Bonus Penny IPO: Gossamer Bio (GOSS)



Founded:	2015
Headquarters:	San Diego, CA
Date of IPO:	February 8, 2019
Lock-up Expiration Date:	August 7, 2019
Market Capitalization:	\$317.6 million

The Company

Gossamer Bio (GOSS) is a biopharmaceutical company focused on developing therapies in the areas of immunology, inflammation, and oncology. Gossamer's goal is to be an industry leader in each of these areas.

And the company is pursuing therapies that address areas where there is a high unmet need. That means the company is targeting illnesses for which we need better treatment options.

To this end, Gossamer Bio has assembled an experienced group of industry veterans, scientists, clinicians, and researchers from leading biotechnology companies and academic centers around the world.

Our Catalysts

Gossamer Bio's lead therapy is GBO02 for pulmonary arterial hypertension. This is a condition of increased blood pressure within the arteries of the lungs, resulting in shortness of breath, tiredness, chest pain, leg swelling, and a fast heartbeat.

Gossamer has advanced GBO02 into a Phase 2 clinical trial, and the therapy has been dubbed serralutinib for commercialization purposes. The company expects to present topline data from Phase 2 in the first half of 2022.

While this won't be our first catalyst, positive Phase 2 results could send shares of GOSS ripping higher.

[You can always keep track of our upcoming catalysts by accessing our *Early Stage Trader* catalyst table [right here](#).]

Gossamer Bio's second therapy is GBO04 for ulcerative colitis (UC). This therapy is now undergoing a Phase 2 clinical trial, and the company expects to release topline data in the first half of 2022 as well.

Gossamer's third therapy is GB1275 for cancerous solid tumors. Gossamer is studying this therapy in a Phase 1/2 trial in which the Phase 1 portion is currently underway. We can expect Gossamer to present interim data from the GB1275 trial in 2021. That's our first expected catalyst.

It's also important to note that GB1275 has been granted the FDA's orphan drug designation. This will help expedite the FDA review process.

In addition to these three therapies, Gossamer is currently engaged with U.S. and European regulators regarding GBO01 for eosinophilic asthma. This was originally Gossamer's lead therapy, but clinical trial results were disappointing and did not warrant further advancement initially.

That said, Gossamer is working to determine if there is a development path forward for GBO01, though it appears unlikely at this time.

As we'll see in a minute, GBO01's disappointment has already been priced into Gossamer's share price. So any positive news on this front would simply be a bonus. On the next page is Gossamer Bio's full pipeline.

Our Buying Window

Gossamer Bio was founded in 2015 in San Diego, CA. And the company raised a whopping \$330 million in venture capital (VC) while private.

Among the backers were: Omega Fund Management, ARCH Venture Partners, Invus Group, The Baupost Group, Polaris Partners, Hillhouse Capital Group, Sirona Capital, Altitude Life Science Ventures, Bay City Capital, Nan Fung Life Sciences, Abu Dhabi Investment Authority, and EcoR1 Capital.

Gossamer Bio went public on February 8, 2019, at \$16 per share, raising \$276 million for the company. Shares immediately surged 50% right out of the gate, before pulling back heading into Gossamer's lock-up expiration date in August.

Gossamer Bio Pipeline

Product Candidates	Discovery	Phase 1	Phase 2	Phase 3
Seralutinib (GB002) – Pulmonary Arterial Hypertension Inhaled PDGFR, CSF1R, c-KIT inhibitor Phase 1b ongoing, Phase 2 ongoing				
GB004 – Ulcerative Colitis Oral HIF-1 α stabilizer Phase 2 ongoing				
GB1275 – Solid Tumors Oral CD11b modulator Phase 1/2 ongoing				
GB001 – Asthma Oral DP2 antagonist Phase 2b complete				
Discovery Programs Multiple Preclinical Programs				

Gossamer's stock price began to surge again coming out of lock-up expiration, and GOSS ultimately hit an all-time high of \$26.79 in December 2019.

That's when the viability of GB001 came into doubt, which was later confirmed. This caused a sharp sell-off. And then COVID-19 struck several months later, causing another sell-off.

This chain of events caused shares of GOSS to plummet 70% from December 2019 to March 2020. And because the company hasn't had a major catalyst since, the stock has only barely recovered.

GOSS is still down more than 63% from its all-time high. This sets us up with a major opportunity.

Without any recent catalysts to buoy its share price, Gossamer Bio has essentially been left for dead. It's been forgotten about.

However, the company finally has some big catalysts coming up. It starts with the release of

GB1275 data in 2021, and that will be followed up with data readouts from the Phase 2 trials of GB002 and GB004 in 2022.

What's more, Gossamer Bio has been especially excited about both of its therapies in Phase 2. Here's what CEO Faheem Hasnain said back in February:

The Gossamer team enters 2021 excited and focused on clinical trial execution. Both seralutinib and GB004 are potentially paradigm-shifting product candidates in indications of significant unmet patient need, and I am very proud of our team's ongoing efforts to conduct our Phase 2 proof-of-concept studies for these programs despite the challenges of the pandemic.

So I'm very bullish on Gossamer Bio going forward. I expect we'll get positive news with the upcoming data releases. And given how hard GOSS has been hit, I expect we'll see the stock explode higher on the back of these announcements.

And I should point out that investors taking action today will be getting in at a better price than what we display in our *Early Stage Trader* model portfolio. That's because we established a position in GOSS back in July 2019 ahead of its first catalyst.

Our timing was spot-on, and we were up about 40% on the trade until the series of events outlined above struck.

We will continue to track gains from our original entry point of \$19.24 in the *Early Stage Trader* model portfolio. And investors getting in today will see much larger gains than what we report.

Looking at the financials, Gossamer Bio has \$512.6 million in cash and cash equivalents on the books. That will provide cash runway into the second half of 2023. That's plenty of time for our next catalysts to hit.

Action to Take: Please see our [model portfolio](#) for the latest buy-up-to price for **Gossamer Bio (GOSS)**. We will hold the position without a stop loss.

Risk Management: Because we will be holding this stock without a stop loss, I encourage all readers to use rational position sizing. We should remember to never go "all in" on any one investment. Our mission is to build a portfolio of our companies. That's how we'll optimize our success.

Gossamer Bio (GOSS)



Bonus Penny IPO: Black Diamond Therapeutics (BDTX)



Founded:	2014
Headquarters:	Cambridge, MA
Date of IPO:	January 30, 2020
Lock-up Expiration Date:	July 28, 2020
Enterprise Value:	\$474 million

The Company

Black Diamond Therapeutics (BDTX) is a precision medicine company developing master key therapies to treat multiple cancer types. This is incredibly promising work.

Black Diamond is built on a deep understanding of cancer genetics and protein structure. That's driven by the company's proprietary Mutation-Allostery-Pharmacology (MAP) platform.

The MAP platform employs machine learning to comb through genetic sequencing data. It can identify mutations among hundreds of unique alterations within a single gene.

And using this data, it classifies mutations as either pathogenic (i.e., disease-causing) or benign. This allows Black Diamond to group subsets of mutations into “families” based on similar protein structures and genetic profiles. And that’s what separates Black Diamond from other oncology companies...

Where many oncology therapies target a single genetic mutation in individual tumor types, Black Diamond is developing therapies that target multiple cancers at the same time. That’s the power of applying machine learning to precision medicine. Black Diamond refers to this as a “tumor agnostic” precision medicine strategy.

Our Catalysts

Black Diamond’s lead therapy is BDTX-189 for bladder, breast, colon, endometrial, gastric, and non-small cell lung cancer.

BDTX-189 is the company’s top master key therapy. And it represents a greenfield opportunity. There are currently no FDA-approved medicines that target all these cancers with a single therapy.

Granted, most patients will only need treatment for one of these cancers. Why is an all-in-one therapy significant?

The answer is in the economics. Most oncology therapies cost hundreds of millions of dollars to develop and advance through the FDA clinical trial process. And sometimes the costs are even in the billions.

Since BDTX-189 can treat six different cancers in a single therapy, it costs Black Diamond one-sixth of what it would cost to develop individual therapies for each of these cancers.

Yet the company’s addressable market will encompass patients needing treatment for each cancer type. That means Black Diamond should be able to price BDTX-189 lower than competing

therapies that only treat a single cancer type.

Black Diamond is currently wrapping up the Phase 1 portion of the Phase 1/2 clinical trial of BDTX-189. The trial will be complete in the coming months.

From there, Black Diamond plans to present Phase 1 data at the American Society of Clinical Oncology (ASCO) annual meeting in June. The company will also summarize its conversations with the FDA surrounding Phase 2 trial design at this conference.

And get this – Black Diamond believes that BDTX-189 could treat over 30,000 cancer patients in the U.S. right now. That’s the power of a master key therapy.

Yet the work Black Diamond is doing is still largely flying below Wall Street’s radar. Positive Phase 1 data in June will change that.

Right now, Black Diamond Therapeutics is valued well under \$1 billion. But with such a promising lead therapy that can treat so many cancer patients, I don’t expect this sub-\$1 billion valuation to last.

We can expect shares of BDTX to surge on the back of a strong data presentation in June. All investors need to establish a position well in advance.

Black Diamond’s second master key therapy is BDTX-1535 for the treatment of glioblastoma (GBM). This is an aggressive form of cancer that occurs in the brain or spinal cord and results in stroke-like symptoms.

Right now, the only treatment for GBM is surgery, followed by radiation and chemotherapy. This results in a miserable patient experience.

And this form of treatment often isn’t even effective. Black Diamond wants to change that with a precision medicine approach.

The company is on track to file an Investigational New Drug Application (IND) for BDTX-1535 in the first half of 2022. Once approved by the FDA, this will give Black Diamond the green light to begin the Phase 1 trial.

Given the timeline, I don't expect BDTX-1535 to have a major impact on our trade right now. We will focus on BDTX-189 and the ASCO conference in June.

Action to Take: Please see our [model portfolio](#) for the latest buy-up-to price for **Black Diamond Therapeutics (BDTX)**. We will hold the position without a stop loss.

Risk Management: Because we will be holding this stock without a stop loss, I encourage all readers to use rational position sizing. We should remember to never go "all in" on any one investment. Our mission is to build a portfolio of our companies. That's how we'll optimize our success.

Bonus Penny IPO: Homology Medicines (FIXX)



Founded:	2015
Headquarters:	Bedford, MA
Date of IPO:	March 28, 2018
Lock-up Expiration Date:	September 24, 2018
Enterprise Value:	\$257 million

The Company

Homology Medicines (FIXX) is a genetic medicine company focused on curing rare genetic diseases. To this end, the company maintains both a gene editing and a gene

therapy platform for developing treatments. This may sound redundant, but there is a distinct difference between the two.

Homology's gene editing approach focuses on gene correction, and it leverages the DNA's natural repair process.

Gene editing is employed in cases where the disease is caused by a single genetic mutation. Using adeno-associated virus (AAV) vectors, gene editing inserts a corrected gene directly into the genome. This enables the DNA to properly repair the specific genetic mutation, thus permanently correcting the DNA.

Homology believes this allows for precise on-target editing while minimizing unwanted off-target modifications. In other words, gene editing accurately delivers the corrected genes where they are supposed to go in the body, and they do not cause unwanted side effects.

Homology's gene therapy approach targets cells where a particular gene is either missing or not functioning normally.

These therapies involve the transfer of corrected genes to specific cells of the body, but these genes do not integrate into the genome. Instead, the inserted genes function as normal, making up for the missing or mutated gene.

Because the DNA is not permanently corrected, gene therapies are used in cells that reproduce themselves either very slowly or not at all. The adult liver and the central nervous system are the top two areas where that's the case. Those are the areas where Homology Medicines is focused.

And pharmaceutical giant Pfizer gave Homology's development platform a big vote of confidence back in November 2020. The biotech giant invested \$60 million into the company, buying 5 million shares of FIXX at \$12 per share.

Here's Seng Cheng, Senior Vice President and Chief Scientific Officer of Pfizer's Rare Disease Research Unit, on the investment:

Our investment in Homology represents another example of our commitment to collaborate with the biotechnology community. We believe gene therapy could help provide a potentially transformational therapeutic option for patients living with PKU and is a good strategic fit with our rAAV-associated gene therapy portfolio.

Dr. Cheng will also join Homology's Scientific Advisory Board to participate in a matter related to the development of its lead therapies. This is a fantastic development.

And if we look at where Homology Medicines is trading today, those establishing a position can do so at an even better price than Pfizer. How's that for attractive?

Our Catalysts

Homology Medicines' lead therapy is gene therapy HMI-102 for adult phenylketonuria (PKU).

PKU is a genetic disease that causes metabolic problems, which can result in severe neurological impairment. It affects 50,000 patients worldwide, including 16,500 patients in the U.S. And newborn screening detects about 350 new cases in infants every year in the United States.

Current PKU treatments do not cure the disease. They simply treat the symptoms. And that means PKU patients require chronic dosing of available drugs.

Plus, PKU patients must maintain a strict diet that makes it impossible for them to get enough essential nutrients from food. Therefore, patients must consume a special "PKU formula" every day for the rest of their lives. Homology Medicines

has a better way.

And because HMI-102 is geared toward such a small patient population, it has received "orphan drug" designation in both the U.S. and Europe.

This will help the therapy advance more quickly through the Food and Drug Administration (FDA) trial process. The "orphan" designation is an incentive designed to entice biotech companies to work on therapies for rare diseases even though the market size is relatively small.

HMI-102 is undergoing a Phase 1/2 clinical trial right now, and the data from the Phase 1 portion of the trial was great. The data showed that HMI-102 was well tolerated, and it resulted in marked reductions in the target biomarkers for PKU at Dose Levels 2 and 3. Perhaps the only negative is that Dose Level 1 showed no signs of efficacy.

Based on this information, Homology will use Dose Level 2 and a new dosage in between Dose Level 2 and 3 in the Phase 2 portion of the trial. The company expects this to be the optimal range that maximizes effectiveness while minimizing any undesired effects.

Homology Medicines plans to release initial Phase 2 data later in 2021. And the company has indicated that positive results may enable it to convert Phase 2 into a registrational trial.

A registrational trial is typically the final clinical trial needed to gain regulatory approval. In this case, strong Phase 2 data may enable Homology to forego a Phase 3 trial altogether and submit a New Drug Application (NDA) to the FDA immediately after Phase 2.

Obviously, that would be a remarkable feat and it would send shares of FIXX soaring. This is why we must establish a position in Homology Medicines (FIXX) ahead of its initial Phase 2 data release. Positive results could be a major catalyst for the stock.

Homology's Pipeline

Indication	Research	Preclinical	Phase 1	Phase 2	Phase 3
Adult Phenylketonuria (PKU)	HMI-102 - Ph 2 Dose Expansion Phase				
MPS II (Hunter syndrome)	HMI-203 - Ph 1 Trial				
Metachromatic Leukodystrophy (MLD)	HMI-202 - Vector Optimization				
Paroxysmal Nocturnal Hemoglobinuria (PNH)	HMI-104				
Pediatric PKU	HMI-103 - Ph 1 Trial in Adults				
Human Stem Cells					
Eye					

HMI-102 will be our primary focus for this trade, but Homology does have a robust pipeline of therapies in development as seen above.

As we can see from its pipeline, Homology Medicines plans to start a Phase 1/2 trial for its next two therapies in 2021.

The company's second therapy is HMI-103 for pediatric patients with PKU. This is a genetic editing treatment that seeks to cure PKU in childhood.

And Homology's third therapy is gene therapy HMI-203 for Hunter syndrome. This is a rare genetic disorder where sugar molecules build up in cells and damage many parts of the body, including the brain.

Hunter syndrome typically shows up in children between 18 months and 4 years of age. It progresses rapidly as sugar molecules continue

to build up in the body. Children with Hunter syndrome typically suffer developmental decline and loss of skills. And in severe cases, the disease leads to death in the teenage years.

This is a heartbreaking disease that desperately needs a cure. Fortunately, HMI-203 is quite promising. The therapy crossed the blood-brain barrier and the blood-nerve barrier in preclinical trials. And it reached peripheral organs, helping to reduce the buildup of sugar molecules.

Homology Medicines also has four other therapies at various stages of early development right now. But given the timeline, these aren't likely to be a factor for our trade.

So we'll keep a close eye on HMI-103 and HMI-203 as they enter the clinic, and we'll focus especially on Phase 2 data for HMI-102. Positive results could quickly catapult us to triple-digit gains.

Action to Take: Please see our [model portfolio](#) for the latest buy-up-to price for **Homology Medicines (FIXX)**. There will be no stop loss for this position

Risk Management: Because we will be holding this stock without a stop loss, I encourage all readers to use rational position sizing. We should remember to never go “all in” on any one investment. Our mission is to build a portfolio of companies. That’s how we will optimize our success.

Regards,

Jeff Brown

Editor, *Early Stage Trader*

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