

Pharmaceutical Sector – Searching for Exciting Opportunities among the Small Caps

OVERVIEW

In this report, we will profile 4 small cap pharmaceutical companies, looking for companies with exciting growth prospects in a low growth world. Development stage companies can provide investors with non-correlated returns. If these companies are able to gain approval and generate sales of their products, it won't matter what the Federal Reserve does with interest rates or what happens to the growth rate in China or if Greece defaults on their debt, these stock will follow their news flow rather than the market's news flow.

The companies that we will review are ContraVir Pharmaceuticals, Keryx Biopharmaceuticals, TetraLogic Pharmaceuticals, and Trovogene Inc. After we profile these companies, we will give a recommendation of which ones appear to have the best prospects for aggressive growth investors.

ContraVir Pharmaceuticals, Inc. (NASDAQ – CTRV)

COMPANY DESCRIPTION:

ContraVir Pharmaceuticals is a development stage biopharmaceutical company focused on the development of targeted antiviral therapies. The company has two candidates in clinical development. The first product, FV-100, is in Phase III study for the treatment of shingles and Phase II study for the reduction of the incidence of debilitating shingles-associated pain known as post-herpetic neuralgia. The company's other product, CMX157, is being developed for the treatment of Hepatitis B.

POTENTIAL ADVANTAGES OF FV-100 OVER MARKETED SHINGLES THERAPIES

	FV-100	Acyclovir	Valacyclovir	Famciclovir
Formulation(s)	PO	IV, PO (capsule, tablet, suspension), topical	PO (tablet, caplet)	PO (tablets, which contain lactose)
Dose	400mg PO 1x/day for 7 days	800mg PO 5x/day for 7-10 days	1000mg PO 3x/day for 7 days	500mg PO 3x/day for 7 days
Specificity for HZV	+++	+	++	++
Adjustment for renal disease?	No	Yes	Yes	Yes

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Source: *Contravir*

RECENT NEWS

October 5 – The company announced preliminary data indicating that CMX157 was 60-fold more active than Gilead’s Viread (tenofovir) against the hepatitis B virus. The company plans to conduct a Phase II study in 2016 to further investigate CMX157.

August 3 – ContraVir announced the enrollment of the first patient in the Phase III study of FV-100 for the treatment of shingles-associated pain

STOCK PERFORMANCE



Source: Big Charts

Stock jumped on heavy volume following the release of the positive data on CMX157.

Keryx Biopharmaceuticals, Inc. (NASDAQ – KERX)

COMPANY DESCRIPTION:

Keryx Biopharmaceuticals, Inc. is focused on the research, development, and commercialization of pharmaceutical products geared towards addressing unmet needs and providing unique and meaningful advantages to patients with renal disease and their healthcare providers.

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The company's lead product, Auryxia (ferric citrate), is an oral phosphate binder used to maintain phosphorus and iron levels by patients during dialysis treatment. The current treatment is generally administered intravenously, so an oral treatment could be an improvement from the patient's perspective.

RECENT NEWS

September 24 – Keryx received European approval for Fexeric for the treatment of Hyperphosphatemia in adults with chronic kidney disease.

August 5 – Announced disappointing 2nd quarter results

STOCK PERFORMANCE



Source: Big Charts

The company's stock has been under pressure over the past year as sales of Auryxia have disappointed.

TetraLogic Pharmaceuticals (NASDAQ – TLOG)

COMPANY DESCRIPTION:

TetraLogic is a clinical-stage biopharmaceutical company focusing on the development of treatments for cancer and infectious diseases. Currently, the company has two candidates in clinical development.

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The first product, birinapant, is designed to mimic the activity of an endogenous protein which is involved in the regulation of the apoptotic process within cells. This process is important in cancer tumor development and certain infectious diseases.

The company's second product, suberohydroxamic acid phenyl ester (SHAPE), is a histone deacetylase (HDAC) inhibitor. HDACs have been linked to tumor development.

RECENT NEWS

August 5 – Announced 2nd quarter financial results and updated the status of their clinical programs.

July 20 – Company announced their intention to initiate a new trial of birinapant for the treatment of hepatitis B in 2016 after suspending an earlier trial in May.

STOCK PERFORMANCE



Source: Big Charts

Trovogene, Inc. (NASDAQ – TROV)

COMPANY DESCRIPTION:

Trovogene is a molecular diagnostic company specializing in cell-free non-invasive diagnostics. Currently, the company is developing its technology for Precision Cancer Monitoring, using a urine test to monitor cancer.

VLM Research – Independent Equity Research

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RECENT NEWS

September 24 – Clinical data for Trovogene’s Precision Cancer Monitoring platform was presented at the European Cancer Congress.

September 21 – Data from the company’s second large-scale clinical trial for their HPV test were presented at the 30th International Papillomavirus Conference.

STOCK PERFORMANCE



Source: Big Charts

CONCLUSION

In this report we have looked at 4 companies with interesting products in development. Of the four, we favor ContraVir (CTRV) and Trovogene (TROV) as they have products that are further along in development with compelling data to back up their approval prospects. Keryx has had disappointing sales results as it appears that doctors have been reluctant to prescribe Auryxia despite compelling pharmacoeconomic and patient comfort arguments for its use. TetraLogic has struggled with potential side effects of its Hepatitis B treatment.

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RISK FACTORS:

An investment in the common stock of a company is subject to a number of risks. A detailed list of the risk factors which may affect the company's fundamentals may be found in its most recent form 10-K located on the SEC's website, www.sec.gov. Investors should carefully consider these risk before making an investment decision. We assume no obligation to update or revise any such forward-looking statements to reflect events or circumstances that occur after such statements are made.

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Disclosure: I, Michael McCord, CFA have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions. I have no business relationship with any company whose stock is mentioned in the article.

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