Profit Now With

3 BIOTECHS SET TO SOAR

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Editors of *Profit Point Alert*

INVESTING is almost always a game of "coulda, woulda, shoulda."

You know exactly what I mean.

If only you had invested in Netflix at its low. Or in Amazon, back when the internet was just "a fad."

Or — more recently — if only you'd bought Moderna or Pfizer right before the COVID-19 panic.

There's no way to undo the past.

But there is a way to change your future.

With our *Profit Point Alert* strategy, we identify a company before the mainstream catches on. This gives us the best opportunities to seize the biggest profits.

It doesn't matter if the market is moving up, down or sideways. With these *Profit Points*, there are always opportunities to seize.

As it turns out, one particular sector is full of opportunities right now — biotech.

And in this special report, we're going to give you all the details about our top three biotechs to buy now.

With each of these stocks, there are micro-catalysts that we believe will send shares skyrocketing.

Keep reading below for:

- All the details on each micro-catalyst.
- Specific time frames to show when we expect shares to skyrocket.
- When to buy each recommendation.

Why Biotech, and Why Now?

Everyone invests for a unique reason.

But typically, everyone has one goal in common: to make huge gains.

And if you can make a positive impact on humanity at the same time, even better.

That's why you want to be trading biotech stocks right now.

Historically, biotechs have handed investors lucrative returns. And they've helped mankind battle everything from disease to old age.

When looking at calendar years from start to finish, biotech just now churned out the most triple-digit winners in a year since 2000.

Since 2000, the biotech industry has had over 1,161 stocks with gains of 100% or more for a given year.

These gains are set to continue too.

Biotech companies will *always* be in demand. Our world is always going to be plagued by health issues. Which means humanity will always search for improved health care.

As this cycle continues, we'll see more big winners in the future.

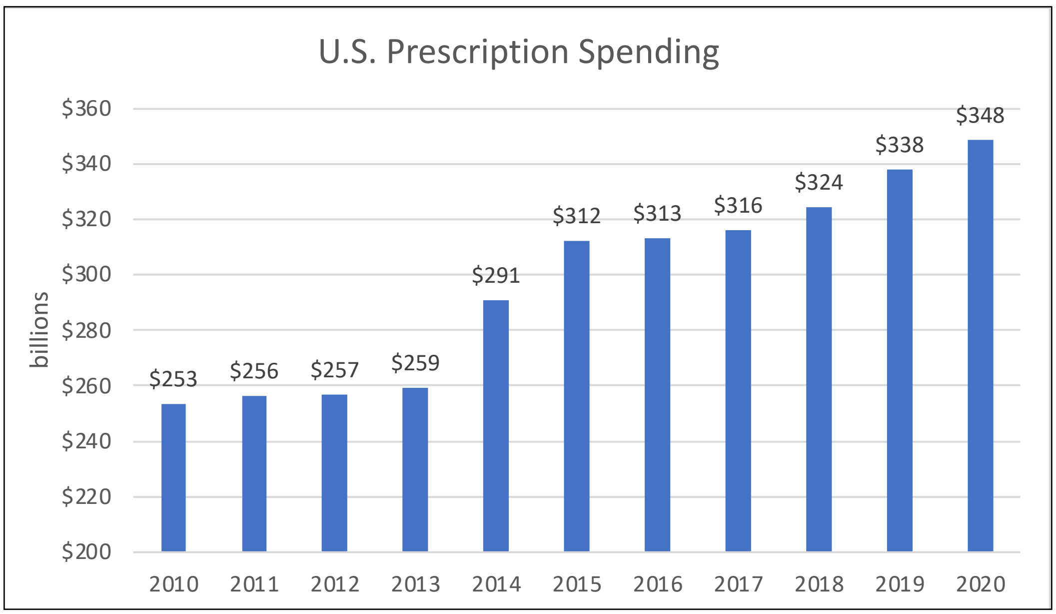
Now, although biotech companies save lives, they are, first and foremost, businesses.

That means they're looking to develop treatments that will eventually convert into pharmaceutical sales.

Pharmaceutical sales have become a recurring, steady revenue stream. With prescriptions filled on a regular schedule and many covered by insurance, these rising pharma sales create a huge opportunity for income.

And even better? This revenue stream is climbing each year.

Spending on prescriptions in the U.S. totaled nearly $350 billion in 2020. That's up from just over $250 billion in 2010.



SOURCE: Bloomberg

This means one thing: The end-market for biotech companies is booming.

And that makes potential payoffs for us even higher.

But here's the thing: We're not looking at biotech just because of its booming business.

Biotech is where we want to be right now because the entire industry is at a tipping point.

This is all thanks to artificial intelligence (AI).

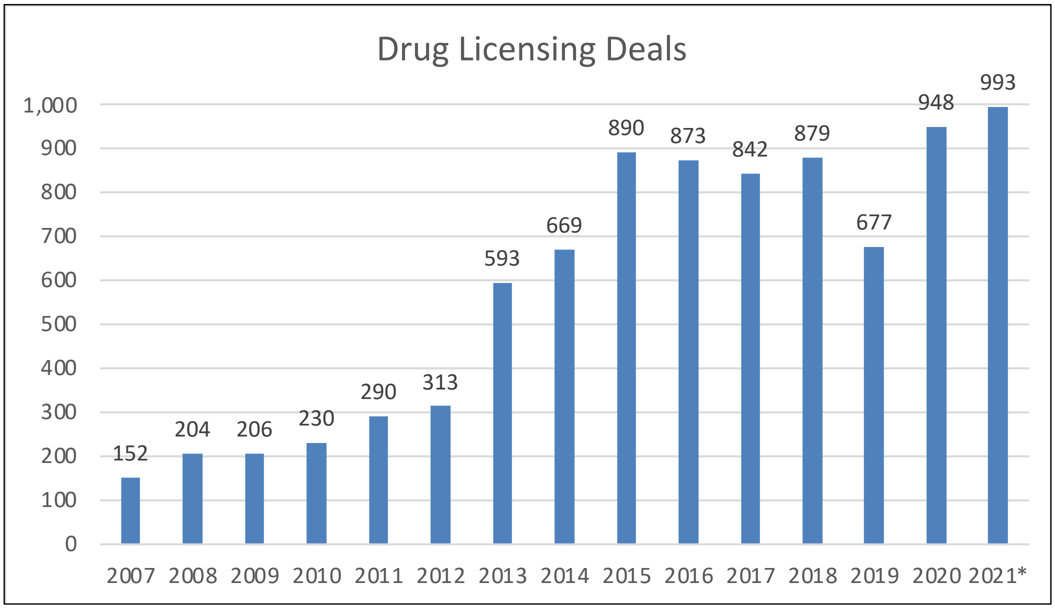
Computing power is increasing while also getting cheaper. This is making it more efficient and effective to develop drugs.

With AI, biotech companies can determine optimal drug targets and dosing and quickly sift through clinical data.

This is a strong reason we're seeing an influx of FDA-approved drugs.

According to Bloomberg, the average number of new drugs approved per year since 2017 is up 39% from the previous five-year period.

The number of U.S. drug licensing deals per year has also been trending higher.



SOURCE: Bloomberg. *2021 number is annualized based on first- through third-quarter 2021 deal totals.

Here's why that's significant.

With more drug approvals and drug licensing deals, smaller biotechs are getting more revenue opportunities.

And as artificial intelligence makes it easier to develop drugs from an initial idea to a real-life product, biotechs are set to reap the profits.

Right now, there are several major opportunities in biotech. In the U.S. alone, there are massive unmet treatment needs for a slew of medical conditions.

Let's take a look at three prevalent conditions in the U.S., as well as the companies that are looking to help.

Neurodegenerative Diseases Need New Treatments

One of the largest opportunities in biotech lies in neurodegenerative disease treatments.

Neurodegenerative diseases develop when nervous system cells in the brain and spinal cord start to deteriorate.

The most common are Alzheimer's and Parkinson's, which account for roughly 75% and 15% of cases respectively. They're also considered to be incurable.

Unfortunately, they're relatively common, affecting 6.5 million people in the U.S. alone.

But that number may soon go up.

You see, neurodegenerative diseases generally develop after the age of 65. As a result, they're more prevalent in an aging population.

And as it turns out, the U.S. population is exactly that: aging.

By 2030, 21% of the U.S. population will be over 65. That's up from 17% today.

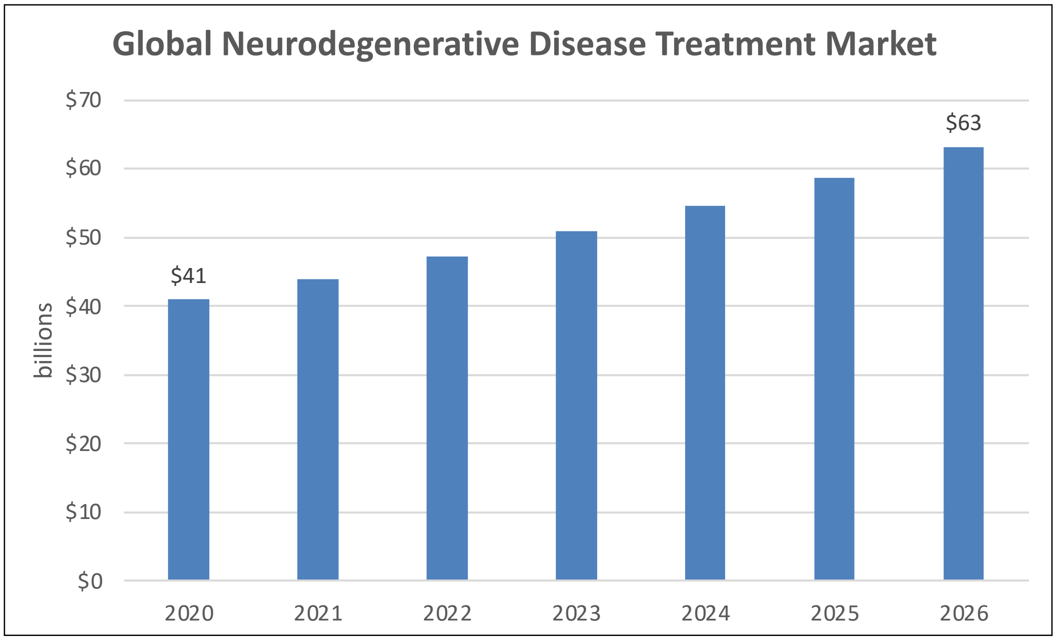
Forecasts now have neurodegenerative diseases nearly doubling to 12 million cases by the end of the decade.

It won't be a temporary spike either. As life expectancy rises (expected to be up to 82 by 2050), these diseases will continue to grow.

This means there will always be demand for new, superior treatments.

The neurodegenerative disease treatment market is already massive. But it's just getting started.

Forecasts have it climbing to $63 billion globally by 2026. That's up from roughly $40 billion in 2020.



SOURCE: IMARC.

Despite that, there has been little change to treatments over the past few decades.

Until last year, the FDA had not approved a new drug for Alzheimer's for 18 years. So you would think that the new treatment was a breakthrough.

But the FDA's decision to approve Biogen's aducanumab drug in June 2021 puzzled researchers. To them, the data did not support the drug as an effective therapy for Alzheimer's.

To us, this proves one thing. The FDA cleared a drug despite questionable data because it's anxious to get new treatments on the market.

For biotech companies developing treatments for neurodegenerative diseases, this is great news. It increases the likelihood that any new drug developments will successfully pass the FDA.

Even better news for competitors is Biogen's hefty price tag.

Biogen is charging $28,000 per year for its new drug despite its questionable benefits.

So companies have two opportunities: to undercut Biogen on price and to improve on its treatment's effectiveness.

That's where our first biotech stock comes in.

Stock No. 1: Athira Pharma (Nasdaq: ATHA)

Athira Pharma (Nasdaq: ATHA) develops treatments for neurodegenerative diseases.

The company is already evaluating its treatments in several advanced clinical trials.

Athira's lead candidate, ATH-1017, is being evaluated for the treatment of Alzheimer's disease, Parkinson's disease and Lewy body dementia.

Micro-Catalyst	Indication(s)	Time Frame
ACT-AD data	Alzheimer's	Q2 2022
LIFT-AD data	Alzheimer's	1H 2023

The drug is designed to support the growth and survival of nerve cells in the brain.

Early results have been promising. Phase 1 data showed patients saw improved P300 latency, a measure of working memory processing speed.

Remember, as we outline in our trading manual, in *Profit Point Alert,* we trade around micro-catalysts. These are events affecting a particular stock. A few examples include earnings announcements, clinical trial data releases or product launches.

Based on the huge opportunity in neurodegenerative disease treatments, each micro-catalyst can lead to a big move in the company's stock price.

ATH-1017 will provide several micro-catalysts over the coming years.

Athira is expected to provide initial data for its Phase 2 "Act-AD" trial in the second quarter of 2022 (Q2).

Its Phase 3 trial, "Lift-AD," just expanded its enrollment from 300 to 420 patients. This will extend its initial data release to the first half (1H) of 2023. Although the move increases the wait time, opening the study to more patients will increase the statistical significance of its results.

Act-AD and Lift-AD are both similar in trial design and are evaluating ATH-1017's treatment for Alzheimer's, but measure different outcomes.

I expect the release of its Act-AD results in the second quarter of 2022 could go down as Athira's *Profit Point*.

It will set the tone for its Lift-AD data release and future expectations for the company's pipeline.

Athira's Shape Trial, which is evaluating ATH-1017 for Parkinson's disease and Lewy body dementia, began in December 2021 and should be completed by early 2023.

Athira has other early-stage programs as well.

The company began a Phase 1 study for ATH-1020 in the first quarter of 2022. The study will assess the safety and tolerability of the drug.

From there, Athira can determine specific indications with which to evaluate the efficacy of ATH-1020.

ATHA is only trading at a market cap of $418 million. This is a small fraction of the $40 billion neurodegenerative disease treatment market.

This valuation is far too low, considering researchers' view that existing treatments are ineffective.

If Athira's ATH-1017 drug continues to progress, it deserves to be a multibillion-dollar company.

Institutions realize this. So they increased their holdings by 66% in the fourth quarter of 2021.

Let's follow their move! Buy Athira ahead of its data release in the second quarter of 2022.

Action to take: Buy Athira Pharma (Nasdaq: ATHA) at the market price.

Moving Toward Affordable Cancer Treatments

Cancer will always be front and center in the biotech industry.

That's because cancer is a relatively common disease.

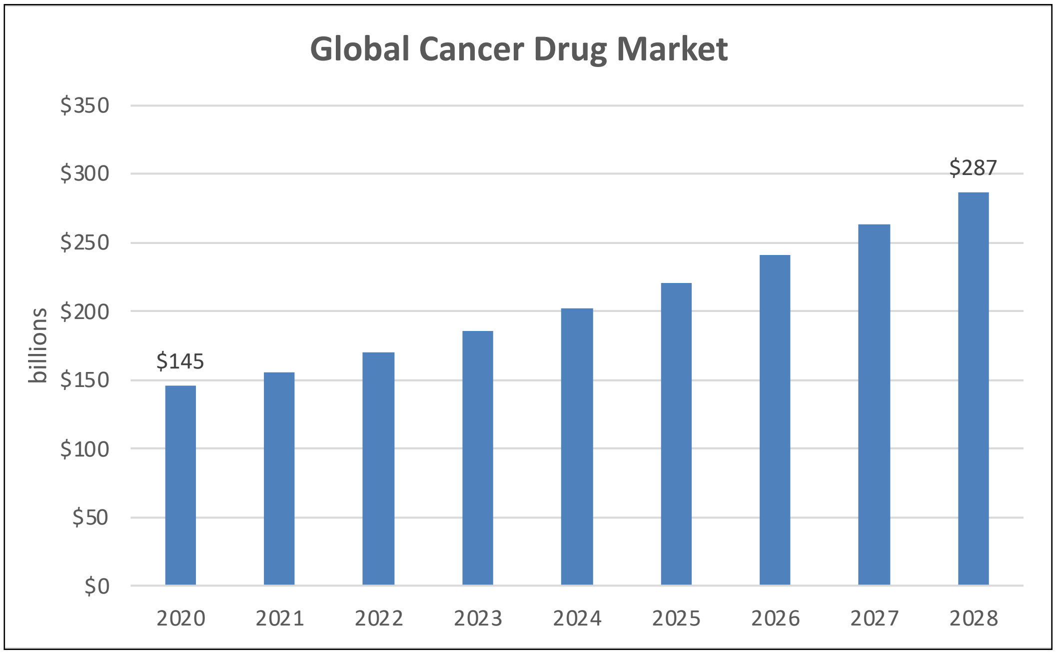
The American Cancer Society estimates there will 1.9 million new cancer diagnoses and 609,000 cancer-related deaths in 2022.

In fact, there is a 39% likelihood that an American will develop cancer at some point.

Given that cancer is so common, you might assume that treatments are somewhat affordable.

Nope. In fact, treatment methods are extremely expensive.

The annualized cost of cancer treatment exceeds $150,000. Of this, a little more than $7,000 goes to oral drugs.



SOURCE: Fortune Business Insights.

Clearly there's a need for much cheaper treatments.

Plus, oral drugs' share of total cost has room to increase.

This is great news for biotech companies developing cancer drugs.

The market is already heating up. Forecasts have the cancer drug market reaching $287 billion by 2028. That's up from $145 billion in 2020.

That's where our second biotech company comes in.

Stock No. 2: Surface Oncology (Nasdaq: SURF)

Surface Oncology (Nasdaq: SURF) develops immunotherapies to treat cancer.

Surface's antibodies are designed to activate both innate and adaptive immunity. This has the potential to dramatically improve patient responses to cancer immunotherapy.

Micro-Catalyst	Indication(s)	Time Frame
SRF-388 data	Kidney Cancer and Liver Cancer	Q2 2022
SRF-617 data	Solid Tumors	2H 2022

Surface's most advanced program is for SRF388. SRF388 is designed to treat patients with late-stage kidney cancer, liver cancer and non-small-cell lung cancer (NSCLC).

So far, the drug has shown promising results.

In early stage trials, SRF388 was well tolerated at all doses tested, and one patient with NSCLC saw 66% tumor shrinkage.

The reduction came after the patient was resistant to three prior cancer treatments.

Surface will be providing Phase 2 data for its SRF388 kidney and liver cancer programs in the second quarter of 2022.

If the data shows the treatment is effective, this could go down as Surface's *Profit Point*.

Surface will have another micro-catalyst not long after from its SRF617 program.

SRF617 is designed to promote anti-cancer immunity. Surface is evaluating the drug in clinical trials for the treatment of patients with gastric cancer, prostate cancer and pancreatic cancer.

SRF617 has already seen support from the FDA, as it was granted "orphan drug" designation for the treatment of advanced pancreatic cancer.

Like its SRF388 program, early data for SRF617 has been promising.

SRF617 was well tolerated at all doses tested, and a patient with pancreatic cancer saw 50% tumor shrinkage.

Surface plans on releasing data for SRF617 in the second half of the year.

And that's not its only would-be catalyst.

Surface is on track to move another program into clinical trials.

Its SRF114 program is still in pre-clinical stages, but the company plans to submit an investigational new drug (IND) filing this year.

If approved, SRF114 will be cleared to begin Phase 1 trials.

In addition to its three wholly owned programs, Surface is collaborating on two more. For these, it's partnered with biotech giants Novartis and GlaxoSmithKline.

The collaborations speak volumes about Big Pharma's bullish view on Surface's pipeline.

Surface granted global development and commercialization rights for NZV930 to Novartis in 2016.

In exchange, the company received an upfront payment of $70 million, with up to $525 million in future milestone payments.

In 2020, Surface allowed GlaxoSmithKline to exclusively license worldwide development and commercial rights to its preclinical program, SRF813.

As part of the agreement, Surface received $85 million upfront, with up to $730 million in future milestone payments.

In addition to the milestone payments as both programs progress, Surface is entitled to royalties from future drug sales. These royalties will range from a high single-digit to mid-teens percentage of sales.

Both collaboration programs are in Phase 1 trials with data slated to be released throughout the year.

Despite interest from Big Pharma, SURF has fallen over 60% since October 2021.

But now with a market cap of $135 million, institutions see huge upside in Surface.

They used the pullback to buy up shares.

Institutions added 147% to their stakes in the fourth quarter of 2021.

I don't expect Surface's stock price to stay this cheap for long, so let's pick up shares ahead of its data release in the second quarter of 2022.

Action to take: Buy Surface Oncology (Nasdaq: SURF) at the market price.

A New Crisis: Mental Illness

Mental health has been a hot topic over the past several years and for good reason. More than one in five adults in the U.S. have a mental illness.

Its prevalence has created a $50 billion market for the treatment of mental health disorders.

Mental disorders can be fatal, with studies showing they contribute to roughly 14% of deaths each year.

In addition, data is surfacing that shows mental disorders like depression can contribute to other health problems.

People with depression are 40% more likely to develop cardiovascular and metabolic diseases.

Depression can be as big a risk factor for coronary heart disease as smoking, high cholesterol levels and high blood pressure.

Despite these data, mental health is notoriously neglected.

But that's quickly changing.

In 2020, 46% of U.S. adults with a mental illness received mental health services. That's up from 39% in 2010.

This is telling, as costs associated with these services have typically been out-of-pocket.

Only 22% of companies offer health insurance that covers mental health, which is unchanged from 2019.

But insurance coverage will likely improve, as the COVID shutdowns amplified the need for mental health care.

According to a 2021 study, 76% of full-time U.S. workers experienced at least one symptom of a mental health condition during the previous year. That's up from 59% in 2019.

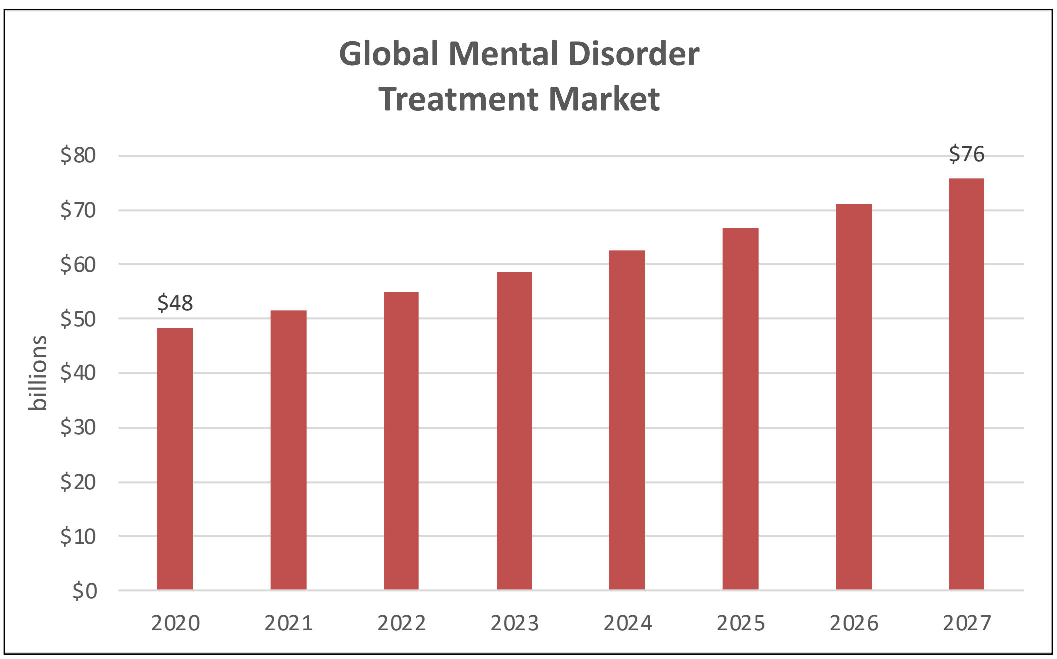
This pressures employers to prioritize their employees' mental health.

In an effort to retain and attract new employees, more businesses will have to offer mental health coverage.

And as insurance coverage improves, I expect more adults will seek services. As a result, service frequency will increase too.

Regardless of insurance coverage, spending on treatments for mental illness will increase dramatically over the coming years.

Forecasts have the market growing to $76 billion by 2027, up from $48 billion in 2020.



SOURCE: Coherent Market Insights.

I expect a good chunk of this spending will be allocated to new, alternative treatments.

That's because current treatments are inadequate.

Conservative estimates indicate over 20% of mental disorders are treatment-resistant.

In other words, more than 10 million U.S. adults need new treatment options.

This opens the door for biotech companies developing new treatments for mental disorders.

That brings us to our last recommendation.

Stock No. 3: ATAI Life Sciences (Nasdaq: ATAI)

ATAI Life Sciences (Nasdaq: ATAI) focuses on developing treatments for mental health disorders.

The company is backed by Peter Thiel, the co-founder of PayPal and the first outside investor in Facebook.

ATAI operates as a holding company for startups developing innovative therapies to treat mental disorders.

This is a unique model in the biotech industry.

The business model provides ATAI with a diverse clinical pipeline and more opportunities for growth.

It also reduces the risk associated with the failure of specific treatments.

If one clinical trial is a bust, it will not directly impact the entire holding company.

ATAI's business model is just one factor that separates it from the herd.

The other differentiator lies in its methods of treatment.

ATAI's companies are developing therapies that include psychedelic compounds.

Since the majority of psychedelics are illicit substances, the potential benefits touted in the past were primarily anecdotal.

But in recent years, the use of psychedelics to treat mental illness has been a major area of research.

Data is emerging that indicates psychedelic therapies can be effective for several mental disorders, especially major depressive disorder.

Micro-Catalyst	Indication(s)	Time Frame
PCN-101 data	Treatment-Resistant Depression	Q4 2022
COMP360 Phase 3 trial initiation	Treatment-Resistant Depression	2H 2022

ATAI has cast a wide net, with six psychedelic programs and five non-psychedelic programs.

But it's heavily exposed to therapies treating treatment-resistant depression (TRD).

Treatment-resistant depression drugs are a practically untapped market. That's despite the fact the treatment-resistant depression affects nearly 3 million U.S. adults each year.

The majority of treatment options rely on electrical stimulation, which is problematic.

These methods can require devices to be implanted in the body and regular, inconvenient treatments.

Plus, the data shows they are relatively ineffective and can cost more than $10,000 per year.

ATAI is looking to shake up this market.

It holds a 59% stake in Perception Neuroscience, a company developing a formulation of R-ketamine, a rapid-acting antidepressant.

R-ketamine has the potential to be a superior alternative to S-ketamine, which is already FDA approved for TRD.

Unlike S-ketamine, which is dissociative and creates a sense of detachment from the body, R-ketamine is non-dissociative.

This enables R-ketamine to be an at-home treatment option without the detachment side effect.

Perception's PCN-101 program is currently evaluating R-ketamine's effectiveness for TRD in a Phase 2 trial.

This will run through late 2022 and top-line data should be available in the fourth quarter. ATAI also has high upside due to its 20.8% stake in Compass Pathways.

Compass Pathways is evaluating the use of psilocybin for treatment-resistant depression in its COMP360 program. It released promising data for this treatment in November 2021. Patients participating in therapy showed a statistically significant reduction in depression severity.

COMP360 plans on beginning a Phase 3 trial in the second half of 2022, making it the most advanced psychedelic program in the world.

Data from PCN-101 and COMP360 both have potential to go down as ATAI's *Profit Point*.

If either therapy emerges as a viable treatment option for treatment-resistant depression, ATAI's stock price should soar.

ATAI has several more early-stage programs in the pipeline.

This gives ATAI exposure to therapies for other mental disorders, like opioid and substance use disorders, eating disorders and PTSD.

At its current valuation of $890 million, ATAI is cheap in relation to the $50 billion market for mental disorder treatment.

The company's stake in Compass Pathways alone was worth $400 million in November 2021.

With exposure to psychedelic therapies, ATAI is also positioned to benefit from a thematic-based rally.

We saw this occur in late 2020, when psychedelic stocks rallied in unison on the back of industry catalysts.

ATAI has seen its share price fall more than 70% since June 2021, when it debuted via an initial public offering.

But with its progress going as planned, the pullback has presented a great buying opportunity.

Institutions agree, as they have already started buying up shares. They increased their holdings by 258% in the fourth quarter of 2021.

Let's add shares ahead of its end-of-year catalyst, and before the rest of the market bids up psychedelic stocks.

Action to take: Buy ATAI Life Sciences (Nasdaq: ATAI) at the market price.

And make sure to follow along in our weekly webinars, as we'll keep you up to date on these positions and the rest of the *Profit Point Alert* portfolio.

If you have any questions about these trades, write to us at ProfitPoint@BanyanHill.com.

Regards,

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