December 18, 2025 | 04:05 ET~

BioPharma

IN Depth

BMO Capital Markets

2026 BioPharma Outlook: Gonna Stand My Ground, And I Won't Back Down

BioPharma

Evan David Seigerman — Analyst
evan.seigerman@bmo.com — (212) 444-4328

Malcolm Hoffman, CFA — Senior Associate
malcolm.hoffman@bmo.com — (646) 438-2627

Conor MacKay — Senior Associate
conor.mackay@bmo.com — (347) 988-4235

Theo Chen, PhD — Senior Associate
theo.chen@bmo.com — (646) 901-8788

Legal Entity: BMO Capital Markets Corp.

Bottom Line:

HODL*: BioPharma in 2025 was marked by sector turbulence yet ended with sentiment on the rise. Throughout the year we faced: tariff threats and MFN proposals, leadership turnover at FDA/CDC/HHS, subdued deal flow, frozen capital markets, and looming LOEs. As the year progressed, sentiment markedly improved, driven by fundamental execution, clinical wins, clarity around regulatory and policy issues, M&A, and successful equity raises. With what felt like sector whiplash in 2025, we remain optimistic into 2026. Sector headline risk has meaningfully dissipated, driving what we believe will be increased exposure to U.S. BioPharma, with favored longs (GILD/LLY) and select "value" names (REGN/MRK) still compelling, despite recent performance.

Momentum exiting 2025 sets up upside if overhangs continue to ease: policy clarity, stable vaccine guidance, and a more benign rate backdrop. A thaw in capital markets, focused BD/M&A, and continued operational discipline should support a continued re-rating across the sector.

*hold-on-for-dear-life.

Key Points

Weathered 1H25 storms brought new life to the BioPharma sector into the end of the year. Investor frustration and macro uncertainty gave way to overhang removals, positive data readouts, and an M&A renaissance. Clarity on tariffs/MFN pricing, and the Trump administration's willingness to work with the industry to improve patient access to medicines, have helped to reinstate investor confidence that a worst case scenario outcome on pricing is unlikely.

Cautious optimism: Momentum of 2H25 to continue into 2026. Potential improvements in the rate environment, increased clarity on potential vaccine scheduling changes, and continued capital markets activity (both in the way of IPOs and BD) could all be positive catalysts that would support further sector performance in the new year. Continued clarity on the sector overhangs that existed at the beginning of 2025 could help to renew generalist interest in the BioPharma sector and help to drive sustained growth.

Changing therapeutic themes reflect market evolution. Obesity in 2026 will be all about the oral evolution and key next gen assets like Retatrutide and CagriSema — Novo will be looking to regain its footing while Lilly will look to extend its lead as patient access in obesity continues to grow. Alzheimer's revenue could accelerate in the near future, likely underappreciated by many, with trials like TRAILBLAZER-ALZ 3 possibly expanding therapeutic markets. 2026 also will bring more clarity on the leaders in B-cell target therapies, PD-1/VEGF and MM cell therapy.

In conjunction with our 2026 Outlook, we have upgraded MRK shares to Outperform on improving clarity into the post Keytruda story. Following a course reversal for Merck sentiment, driven by stabilizing Gardasil estimates, recent U.S. government agreements, and positive trials like CADENCE, we believe investors see more upside to MRK in the near term. While not all questions have been answered to replace Keytruda revenue, we see a credible path to solve most of the picture with upside still attainable regardless of mild EPS contraction through the LOE.

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Industry Research

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Executive Summary: We Nearly Made It to 2026

- **2025 has been a wild ride for BioPharma (we know you don't need to be reminded).** Optimism from a Trump adminstration faded quickly and hard as tariffs (remember Liberation Day?), regulatory and policy instability (FDA in disarray), concerns around MFN pricing, and villainization of vaccines drove challenged performance over 1H (IHE +0%, IBB -4% vs. SPX +5% during this time).
- Investors have faced significant declines from the concerns over tariffs, most-favored nations pricing, and vaccine skepticism, only to see both Pharma and Biotech rebound in 2H25.
- For those bold enough to invest in the face of uncertainty, BioPharma has rewarded investors with **the best 6-month (July-YTD) period for both Biotech and Pharma in the past 10 years (IHE and IBB up +30% and +37%, respectively, during this time vs. +10% for SPX).**
- **Throughout 2H25, we have seen improvements in M&A that have buffered Biotech valuations and reminded investors of the true upside from these acquisitions.** Large deals like Novo acquiring Akero, Genmab (Merus), Merck (Cidara), and the Novo/Pfizer bidding war for Metsera all validate Pharma's need for revenue in the next 3 years to patch key LOEs.
- **Capital market activity is showing signs of a return to strength**. Biotech IPOs remain limited but strong recent secondary activity from companies like Structure, Kymera, and Terns have offered investors an opportunity to reengage with quality names at a time when the sector is seeing its best rebound. Year to date, we've seen $24.6B in new equity raised, with $5.1B in December alone.
- **Looking to 2026, we expect M&A to only further increase.** LOE holes are drawing nearer and competition will increase for commercial and near-commercial opportunities. While IPOs have been limited, we also expect stabilizing policy conditions to provide an opening for public market entry for the first time in several years.

Sentiment Survey Key Takeaways: 2H25 Momentum Continues Into 2026?

Exiting the year we have seen sentiment for BioPharma has improved meaningfully with modestly higher investor preference for Biotech. In stark contrast to our previous sentiment survey, taken mid-year 2025, we see the majority of investors bullish into the new year. 82% of respondents were bullish on biotech while 45% and 68% were bullish on EU and U.S. Pharma respectively. Concerns regarding potential sector specific tariffs/ MFN pricing have largely subsided, with most comfortable with the deals we have started to see being struck with the administration.

Investors appear comfortable with how they are positioned into the new year. Most respondents have been indicating that they don't plan to shift exposure for any kind of factor tilt (50% of polled individuals). The next most common response was an increase in growth holdings (32%); growth was a heavy favorite over the balance of 2025 with names like LLY, ABBV, and GILD continuing to outperform peers despite slightly higher multiples. 14% of respondents indicated that they were interested in shifting towards value; here, we could see some increased interest in names like BMY, PFE, and MRK, which are facing near-term LOEs, but are working to bridge the gap with clinical and BD efforts.

Key Sector Themes

2025 has been a volatile year, but we are exiting in a better place than many (including we) had initially expected. Going into the year, many were optimistic about the potential of a Trump administration that could be pro-business and better for the sector than a Harris administration. While to some extent this has held true, Trump created intense uncertainty for Pharma through threats of tariffs and most-favored nations pricing, while the FDA, HHS, and CMS appointees have created new concerns about vaccine policy and trial design alignment. BioPharma was broadly pressured in 1H25, but U.S. Government agreements like those inked with Pfizer demonstrated that tariffs were avoidable and concessions to achieve this outcome were less onerous than initially feared. This realization has now positioned BioPharma with the greatest 6-month period for stocks in the past decade. Generalists are beginning to engage with the sector again for the first time in several years. These tailwinds have propelled both our Biotech and Pharma coverage, with Biotech benefiting slightly more on renewed M&A activity.

Can the momentum continue into 2026? BioPharma enters 2026 with renewed optimism following a volatile 2025, as sector indices rebound and key overhangs begin to clear. Sustaining current momentum will hinge on progress across several areas: 1) easing interest rates/ improving funding conditions; 2) normalization of political and regulatory risks following recent pricing and tariff agreements; and 3) greater stability at agencies like HHS, CMS, and the FDA. Execution, positive clinical readouts, and more M&A are all required for this to continue. With these factors aligning, the sector has a clear path to sustained outperformance if execution remains strong, marking a pivotal shift away from the doldrums of recent years.

Pharma impending LOEs combine with significant deal capacity to position the sector for stronger M&A in 2026. In 2H25, investors started to see an improvement in M&A outlook with several large acquisitions and even a bidding war for Metsera. Looking to 2026, we expect M&A volume and valuations to increase even further as several names from our coverage barrel down on near-term LOE events. Consistent with these key upcoming LOEs, we believe Amgen, Bristol, Merck, Incyte, and Novo all need to be acquisitive in 2026. Among these names, Merck has the largest deal capacity — able to lever up to ~$65B in 2025 by our calculations. While Novo faces only a semaglutide LOE in select ex-U.S. markets, its erosion of incretin market share likely necessitates more bold and decisive M&A action.

The recent reshaping of the CDC's ACIP (Advisory Committee on Immunization Practices) has emerged as a meaningful overhang for the BioPharma sector as the replacement of experienced members with known vaccine and COVID-19 skeptics raised concerns regarding vaccine access, reimbursement, and durability of longstanding recommendations. In 2H25, the committee enacted changes to COVID-19, hepatitis B, and MMRV vaccine recommendations despite what many see as insufficient supporting data and expressed concerns from medical experts in attendance. While near-term outcomes have proven less disruptive than initially feared, the message to investors is clear: volatility within ACIP increases unpredictability around future vaccine access, reimbursement, and regulatory pathways to new approvals, reinforcing policy risk and volatility across vaccine-exposed BioPharma names.

Upcoming Medicare Part D coverage represents a major positive update for the weight-loss medicine space. Unlocking access to both injectable and oral incretin therapies from NVO/LLY at an out-of-pocket cost as low as $50/month copay. This, expanded access to a large portion of the obesity market, and is anticipated to ultimately drive substantial demand and revenue growth. We note nuances between NVO/LLY's agreements, and we wait and see clarity around potential implications on NVO/LLY competitive positioning.

Key Therapeutic Themes

Obesity/ Metabolic — the oral evolution is here. The obesity and metabolic market is entering a major inflection point with the arrival of true oral GLP#1 options for obesity. Eli Lilly's orforglipron and Novo Nordisk's higher#dose oral semaglutide (25#mg) could both see commercialization in 2026. These therapies promise greater convenience, broader access, and potential cost advantages. Shifting focus (in select populations) from maximal weight loss toward practical use in less severe patients, long#term maintenance, and low#access settings. Orforglipron's small#molecule profile offers a key adherence edge with no food/water restrictions, unlike Novo's peptide#based tablet. Manufacturing and supply constraints that have hampered injectables should ease with oral formulations, enabling global access. Pricing is expected to strike a balance between value and affordability, positioning orals as a catalyst for market expansion and sustained growth in 2026 and beyond.

B-cell kidney therapies are increasingly competitive, but Vertex appears differentiated heading into 2026. Several competitors are challenging for position in IgA Nephropathy (IgAN) including Biogen with felzartamab, Otsuka with sibeprenlimab, Vera with atacicept, and Vertex with povetacicept. While each therapy has its own merits, we are particularly optimistic that Vertex can gain a clear advantage in 2026, given the early benefits demonstrated from povetacicept on improving eGFR slope, a strong indicator of kidney functioning. Sibrenlimab has shown encouraging early efficacy, leading to its commercial lead, but we view differences in GD-IgA1 reductions and UPCR as favoring povetacicept heading into the new year. On the surface felzartamab appears less competitive based on UPCR changes, but longer dosing intervals could carve out a separate advantage for the asset that could still make for a viable product in a high unmet need. Recent pricing announcements for Voyxact further improve our confidence in the commercial potential of pipeline IgAN therapies like povetacicept and felzartamab.

Cell therapy advancements are continuing to improve the multiple myeloma treatment paradigm while bispecific still make a case for access. Coming out of ASH, we were particularly conscious that next generation CAR-T agents like Anito-cel are clearly demonstrating efficacy and improved safety (i.e., no delayed neurotox) that is further pushing for a broader embrace of the modality earlier in the treatment paradigm for multiple myeloma. While bispecifics remain a viable option for patients in the community, many physicians remain cautious using the agents ahead of CAR-T due to concerns over BCMA antigen depletion. Heading into 2026, we will be closely watching bispecific sales for Pfizer's elranatamab and Regeneron's linvoseltamab to see how this dynamic evolves. At this time, we are appreciative of linvoseltamab's profile in particular, but remain cautious about our sales estimates for the full year given these sequencing concerns.

PD-(L)1/VEGF bispecific competitors will demonstrate a wider variety of data in 2026, allowing investors to start to discern which company could be a true leader. To this point, several PD-(L)1/VEGF competitors exist including Merck, Akeso/Summit, BioNTech/Bristol, Pfizer/3SBio, but despite this variety of competitors, we have yet to see data that has clearly differentiated any agents in the mechanism. We expect 2026 will start to elucidate these differences with agents like pumitamig demonstrating Ph 2 global NSCLC data. We remain optimistic about the mechanism and its potential to create a meaningful OS benefit in competitive indications like NSCLC, but until additional data is available, investors will be challenged to take a definitive stance. This dynamic could create significantly volatility in BNTX/MRK/PFE/BMY shares if/when a leader is ultimately crowned in this mechanism.

SubQ approval for Leqembi and Kisunla's TRAILBLAZER-ALZ 3 interim readout could be key drivers in AD space come 2026. Leqembi showed early sign momentum with 2Q25 sales that reflect both the growth of the beta-amyloid market and its first-mover advantage. While Leqembi is losing market share to LLY's Kisunla, potential approval of subQ Leqembi for treatment initiation in 1H26 can further fuel the growth momentum. For the broader beta-amyloid space, we note significant opportunity exists with the treatment for presymptomatic/preclinical AD, which can be partially derisked by an TRAILBLAZER-ALZ 3 interim analysis readout, potentially by early 2026 (see our expectations here). For GLPs, we see uncertainties in their opportunities in the AD space following EVOKE/EVOKE+ miss, while encouraging trends in biomarkers warrant the need for longer-term studies in population of early/milder AD.

Coverage Universe at a Glance

Top Pick	Relative Ranking	Ticker	Company	Market Cap ($M)	Closing Price 12/16/25	Target Price	% Upside/Downside	BMO Rating
✓	1	GILD-US	Gilead Sciences	$148,609	$119	$135	14%	Outperform
✓	1	IRON-US	Disc Medicine	$3,473	$91	$120	31%	Outperform
	2	LLY-US	Eli Lilly and Company	$1,004,177	$1,054	$1,200	14%	Outperform
	3	REGN-US	Regeneron Pharamaceuticals	$77,732	$746	$850	14%	Outperform
	4	VRTX-US	Vertex	$115,622	$455	$530	16%	Outperform
	5	TERN-US	Terns	$4,680	$43	$54	26%	Outperform
	6	PTGX-US	Protagonist	$5,926	$92	$112	22%	Outperform
	7	ABBV-US	AbbVie	$401,992	$224	$258	15%	Outperform
	8	GPCR-US	Structure Therapeutics	$4,480	$62	$130	111%	Outperform
	9	MRK-US	Merck & Co.	$248,848	$98	$130	32%	Outperform
	10	PFE-US	Pfizer	$150,273	$26	$30	18%	Outperform
	11	ACAD-US	Acadia	$4,612	$27	$34	27%	Outperform
	12	AMGN-US	Amgen	$175,173	$327	$372	14%	Outperform
	13	SRRK-US	Scholar Rock	$4,615	$44	$50	13%	Outperform
	14	BNTX-US	BioNTech	$22,557	$92	$143	55%	Outperform
	15	TSHA-US	Taysha	$1,578	$6	$7	20%	Outperform
	16	SDGR-US	Schrodinger	$1,175	$18	$32	78%	Outperform
	17	ABCL-US	AbCellera Biotechnology	$1,051	$3	$7	102%	Outperform
	1	BIIB-US	Biogen	$25,781	$172	$165	-4%	Market Perform
	2	BMY-US	Bristol-Myers Squibb	$110,521	$54	$47	-13%	Market Perform
	3	NVO-US	Novo Nordisk	$168,891	$49	$46	-6%	Market Perform
	4	NBIX-US	Neurocrine Biosciences	$15,361	$149	$147	-1%	Market Perform
	5	REPL-US	Replimune Group	$781	$10	$11	14%	Market Perform
	1	INCY-US	Incyte Corporation	$19,365	$97	$75	-23%	Underperfom

Source: BMO Capital Markets

Key Changes to Our Coverage Financials

				2025				2026				
Company	Prev.	New Price Target	% Change	Prev.	New EPS	% Change	Consensus	Prev.	New EPS	% Change	Consensus	Explanation of Change
Acadia (ACAD)	$26	$34	31%	$0.83	$0.83	0%	$0.82	$1.19	$1.06	-11%	$0.74	We have updated our model by reducing Acadia's WACC from 12% to 11% reflecting improved capital stability with consistent Daybue and Nuplazid revenue. We have also increased our peak sales for Nuplazid consistent with improved commercial uptake of the product and additional sales efforts from management.
Biogen (BIIB)	$150	$165	10%	$14.82	$14.81	-0.1%	$14.99	$14.84	$15.83	7%	$15.20	We have updated our model to improve Biogen's long term terminal value growth rate from -5% to 0%. This change is reflective of our increase in the number of discounted years accounted for in the model, which now captures a greater portion of planned MS franchise revenue erosion. We have also, reduced expected operating expense planned for 2026.
Novo Nordisk (NVO)	$46	$46	0%	DKK 22.99	DKK 22.99	0%	DKK 23.30	DKK 22.09	DKK 21.70	-2%	DKK 22.38	We have updated our model to include greater than previously expected Ozempic erosion in 2026 driven by further pricing concessions and headwinds on GLP-1 pricing more broadly.
Pfizer (PFE)	$30	$30	0%	$3.13	$3.11	-1%	$3.13	$3.02	$2.95	-2%	$3.05	We have updated our model to reflect the company's updated 2025 and recent 2026 guidance. As a result of these guidance changes and current trends related to Covid infection rates we have reduced our Covid business estimates in both FY25 and FY26. Taget price maintained at $30/share.
Taysha (TSHA)	$5	$8	60%	($0.35)	($0.35)	0%	($0.33)	($0.35)	($0.35)	0%	($0.40)	We have updated our model to include greater market penetration from TSHA-102 vs. competitors in Rett syndrome. Given the strength of REVEAL Part A data, we believe Taysha will be able to achieve its interim REVEAL Part B efficacy threshold, allowing for earlier FDA approval and uptake.
Neurocrine (NBIX)	$147	$147	0%	$6.98	$6.89	-1%	$6.91	$8.02	$9.24	15%	$9.11	We have updated our model to reflect the company's commentary on 4Q25 Ingrezza growth trends. We have also increased our Crenessity 2026 numbers to reflect recent launch strenght and increased go forward R&D spend based on R&D day commentary outlining numerous trials in the coming years.

Source: BMO Capital Markets

Current Market Sentiment & Positioning for 2026 Across Our Coverage

Key Drivers for BioPharma & SMID Cap Biotech: 2025 vs. 2026

Driver	2024	1H25	2H25	2026 Expectations and Yearly Comparisons
Fundamentals and Valuation				**BioPharma:** Valuations for BioPharma have markedly improved recently, but questions remain within our coverage on how key LOEs will be resolved in the coming years.
				SMID-Cap Biotech: Expect valuations to further improve in 2026 with potential M&A activity increasing and strong clinical readouts driving upside.
Investor Sentiment				**BioPharma:** Expect sentiment to continue to improve as tariffs, MFN, and pricing agreements all become clearer. Not all manufacturers have secured their future with government deals, but the lack of onerous standards for early deals improves confidence.
				SMID-cap Biotech: Sentiment will likely improve yet again in 2026 with IPO activity likely increasing, driving renewed interest in the sector.
Inflation, Economy, and Macro Policy				**BioPharma:** Potential rate cuts remain on the table, potentially helping improve M&A financing for large Pharma in the new year.
				SMID-cap Biotech: Trending lower interest rates have been a boon for Biotech as investors look to diversify within risk assets (maybe away from tech?). Lower interest rates are also likely to benefit Biotech with increased M&A in 2026.
Regulation and Domestic Policy				**BioPharma**: MFN agreements remain a consideration, but most investors have become comfortable with the shape of any future deals given roadmap laid out by LLY/NVO/PFE/AZN.
				SMID-cap Biotech: MFN/tariffs are less impactful to SMID-cap investment as most SMID-cap Biotech does not yet have commercially approved products.
Deals and M&A				**BioPharma:** Expect M&A to pick up noticeably with Pharma looking to replenish their pipeline ahead of key readouts.
				SMID-cap Biotech: Increased M&A and the first occurrence in recent memory of a bidding war (Metsera) have shown the value of Biotech once again. We anticipate deal volume and valuations to increase with some IPO activity growing for the first time in recent memory.

Positive Sentiment Neutral Sentiment Negative Sentiment

Source: BMO Capital Markets

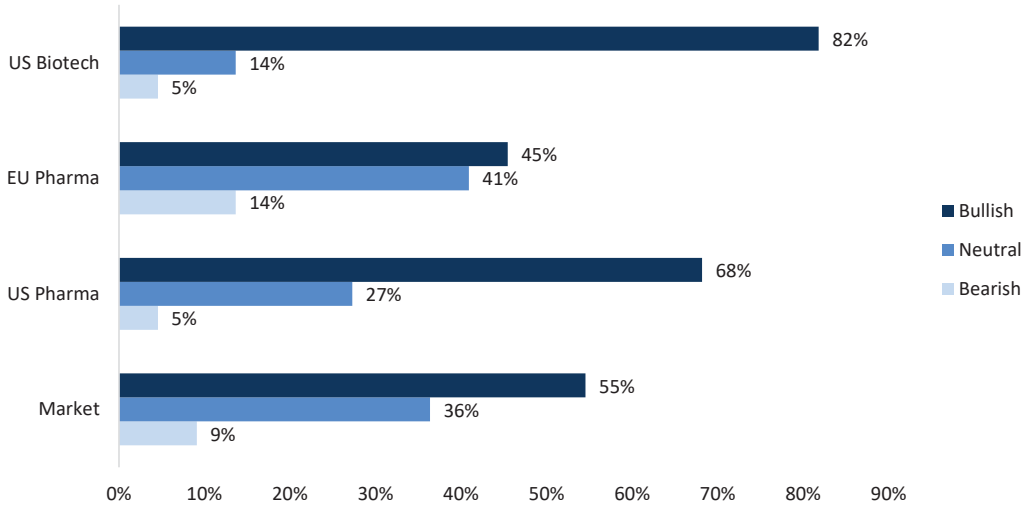
Key Takeaways From Investor Sentiment Survey

We have compiled key takeaways from our regular Buy Side investor survey heading into 2026. As a part of this survey, we gathered data from 22 unique buy side investors with mean exposure to U.S. Pharma of 35%, EU Pharma of 20%, and U.S. Biotech of 36%. We conducted our survey from December 3 to December 12, 2025.

Sector-Specific Takeaways

Investor sentiment appears to have meaningfully improved across the U.S. Pharma, EU Pharma and U.S. Biotech sectors since August 2025. Of respondents, only 5% indicated they would consider U.S. Pharma sentiment as "Bearish," an improvement from 50% in August. 68% now also rate U.S. Pharma sentiment as bullish, up from 33% in August 2025. We see a similar story ring true for U.S. Biotech sentiment, with 82% of investors rating sentiment as bullish and only 5% rating sentiment as bearish, both improved from 28% and 22%, respectively, in August 2025. This sentiment analysis highlights the significant improvements in sector outlook we have seen as we exit the year with concerns around an RFK or MFN doomsday scenarios fading.

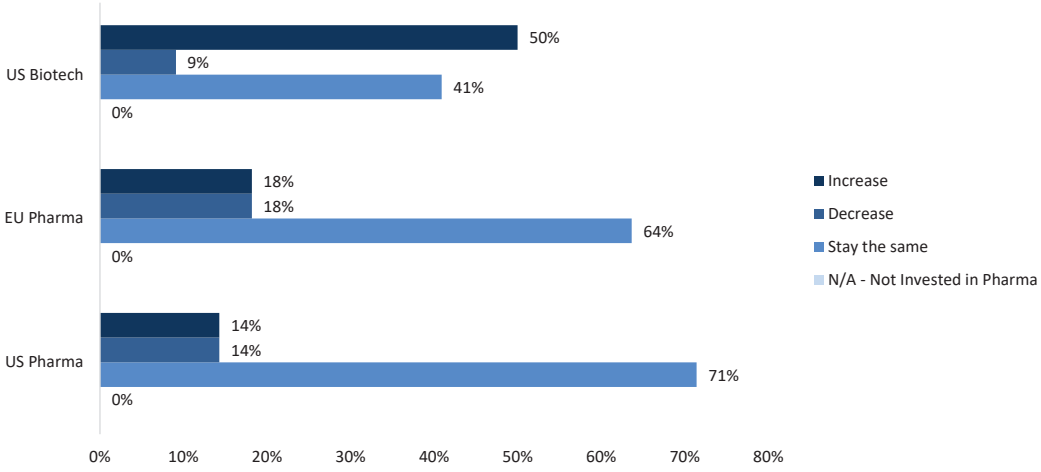
Exhibit 4 - Biopharma Investor Sentiment Into 2026



Source: BMO Capital Markets

Shifts in market sentiment are also appearing in how investors think about portfolio allocation. Most investors are looking to either increase or maintain exposure to U.S. Pharma, U.S. Biotech and EU Pharma. 14% and 71% of investors indicated that they wanted to increase or maintain exposure to U.S. Pharma, respectively, while 50% and 41% of investors indicated that they wanted to increase or maintain exposure to U.S. Biotech, respectively. Such planned action shows the continued underlying strength of BioPharma investment as sentiment overhangs continue to improve.

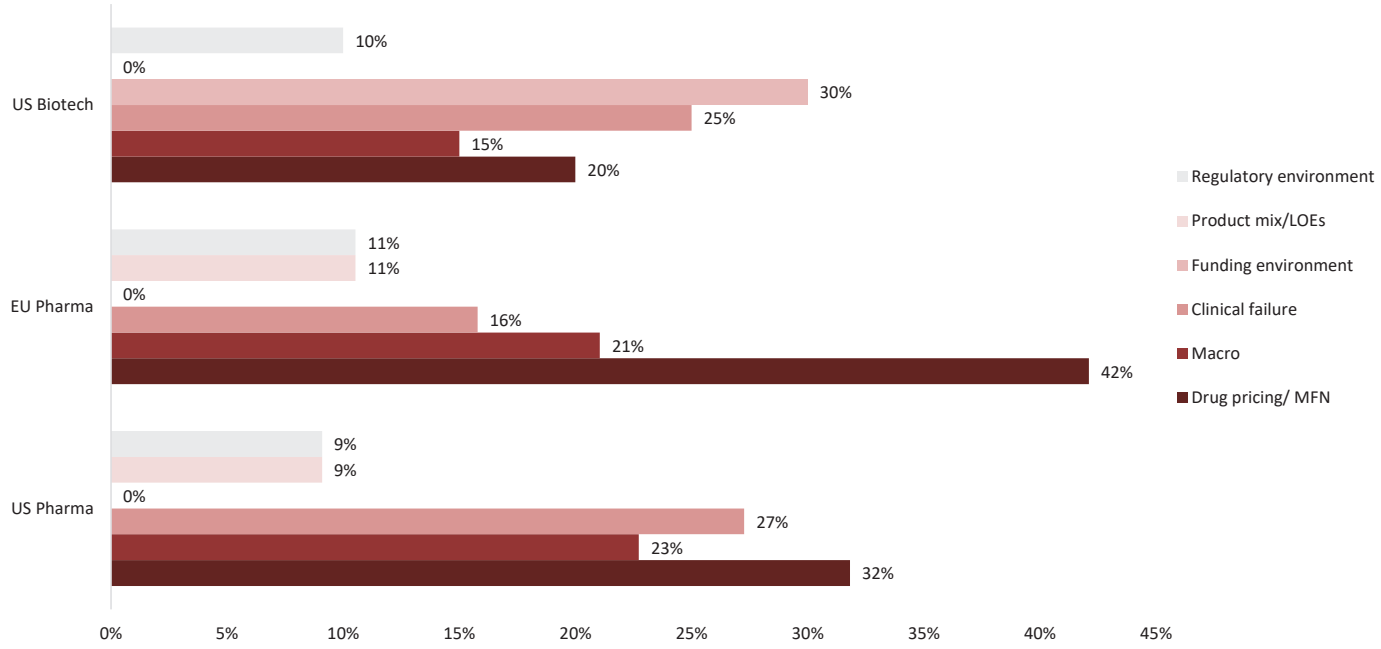
Exhibit 5 - Expected Changes to Portfolio Allocation in 2026



Source: BMO Capital Markets

Drug pricing and macro overhangs remain top-of-mind across Pharma and EU Pharma while the funding environment is more of a focus for U.S. Biotech. Although sentiment around each of these areas (MFN, RFK, and high interest rates) has improved, investors are still waiting for more clarity on sector-specific tariffs/MFN pricing as only a handful of Pharma names have struck deals with the Trump administration to date. As a result, drug pricing/MFN remains the number one concern for most investors. Funding and clinical failure appear logical in the case of U.S. Biotech.

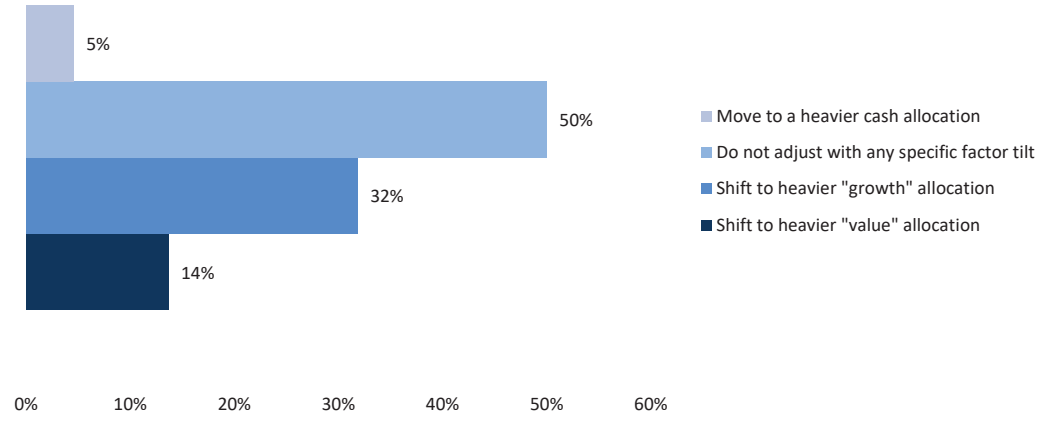
Exhibit 6 - Biggest Risks to Pharma and Biotech



Source: BMO Capital Markets

Despite improvements in investor sentiment, sector volatility remains, as evidenced by some of the Biotech moves we have seen exiting the year. Still, with ongoing sector volatility well-established as an ongoing trend at this point, we are not seeing investors making any clear changes in risk strategy, with most opting to keep their allocations the same we anticipate a continuation of current trends into 2026.

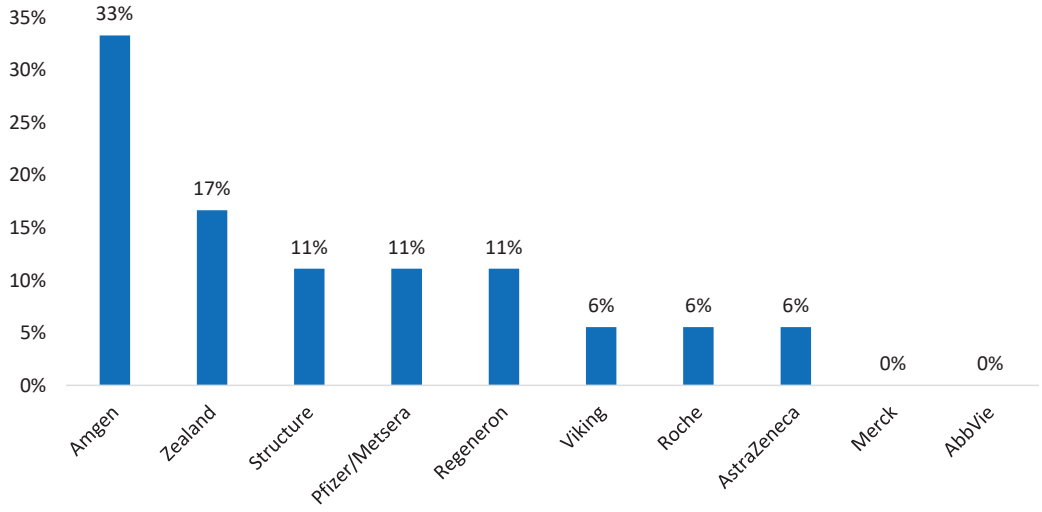
Exhibit 7 - Changes in Risk Allocation Following Market Volatility



Source: BMO Capital Markets

With Lilly now firmly in the lead, we surveyed investors to gauge opinions on who is best-positioned to challenge the current market leaders. Amgen was the leading response by a reasonably wide margin at 33%. Differentiation and positioning to challenging Lilly and Novo likely rests on: 1) the advanced stage of Amgen's development program; and 2) the company's broad manufacturing network that would potentially be able to side-step the early constraints that plagued Lilly and Novo.

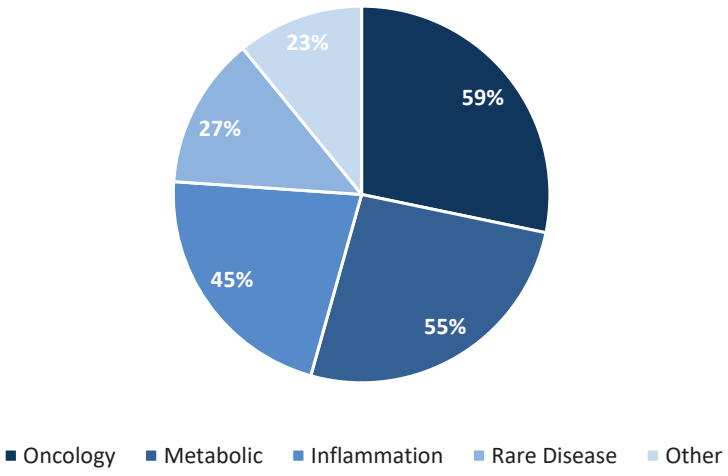
Exhibit 8 - Which Obesity Player Is Best Positioned to Challenge Lilly & Novo?



Source: BMO Capital Markets

Oncology, metabolic, and inflammation were noted as the likely most active M&A takeout areas in 2026. Metabolic, Oncology, and inflammation are likely attractive given the market sizes, while rare disease remains attractive given the opportunity for differentiation/ limited competition.

Exhibit 9 - Therapeutic Areas of M&A Focus in 2026

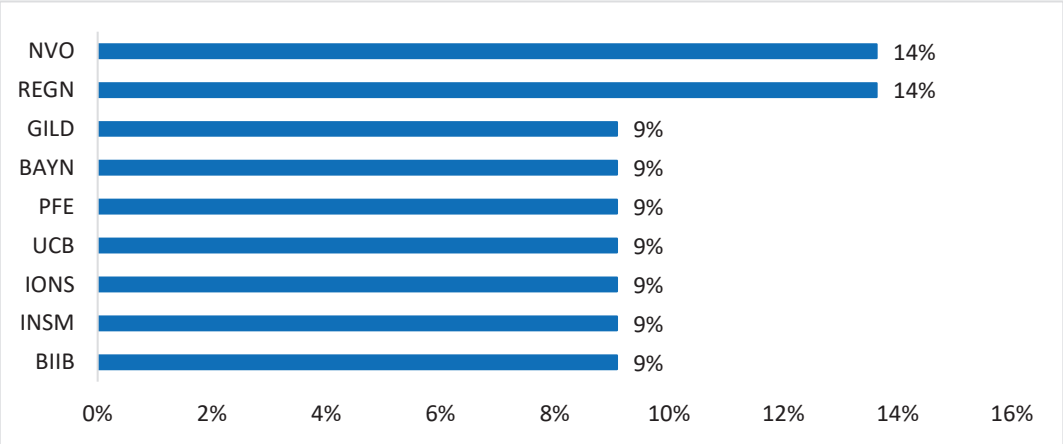


Source: BMO Capital Markets

Stock-Specific Takeaways

Investors remain polarized on several names across our coverage. Specifically highlighted in our survey results were Pfizer and Novo, which appeared on both most bullish and most bearish lists. Division is emerging as we see investors continuing the trends of crowding into favored longs like GILD and starting to do work on stocks that have underperformed in recent quarters like Regeneron and Novo. Some are trying to make a call on valuation while others expect near-term trends to persist.

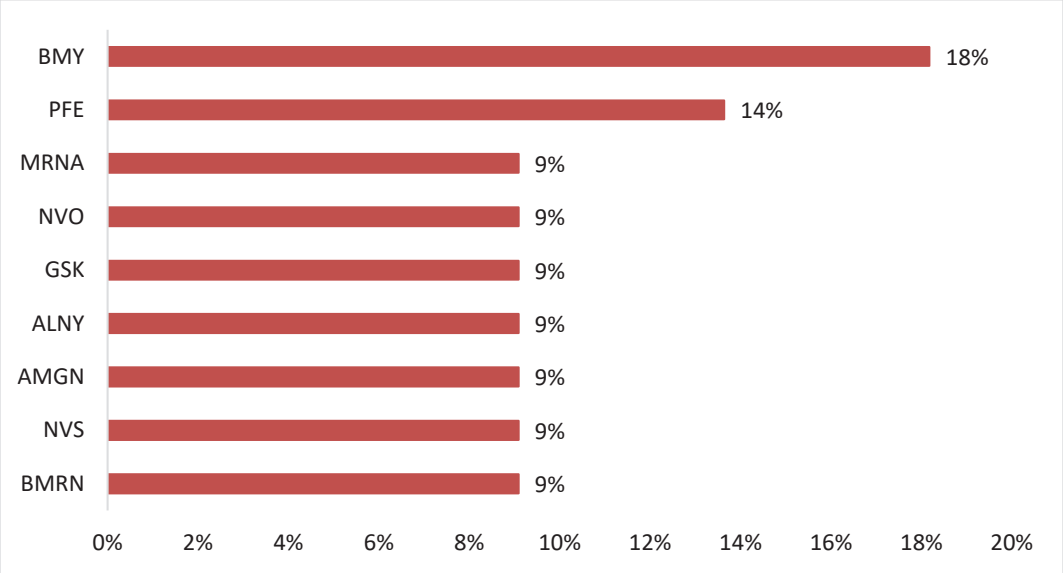
Exhibit 10 - Stocks Investors Are Most Bullish on



Source: BMO Capital Markets

Negativity around BMY and PFE likely aligns with concerns around near-term LOEs while negativity for MRNA and NVO is likely related to executional missteps. Other listed stocks like GSK, ALNY, AMGN and BMRN have faced their share of commercial, clinical, and regulatory hurdles through the balance of 2025.

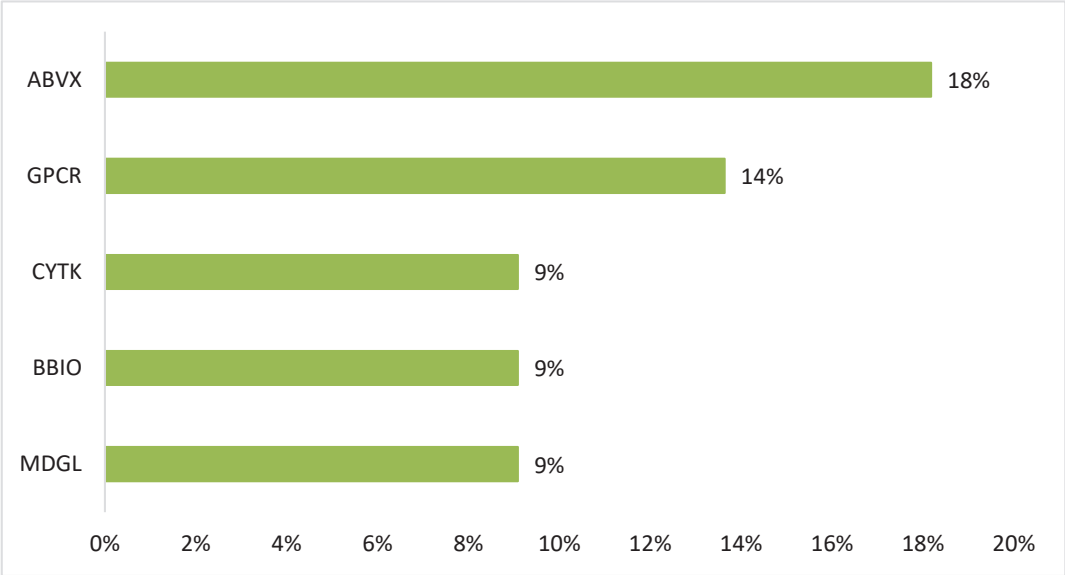
Exhibit 11 - Stocks Investors Are Most Bearish On



Source: BMO Capital Markets

Limited consensus exists across investor responses for M&A takeout favorites, but ABVX and GPCR saw the most votes. Each of these come on the heels of big clinical wins, with investors now expecting a takeout post derisking event. Other mentioned names included CYTK, BBIO, and MDGL.

Exhibit 12 - Most Likely M&A Targets



Source: BMO Capital Markets

2025 Performance and 2026 Outlook for the Sector: Return to Sector Is Likely to Continue in 2026, but at a Slower Pace

1H25 started with strong optimism only to be followed by a volatile ride with macro pressures and potential policy overhangs, all while LOEs for key products loomed. Trump's election as the U.S. president in November 2024 appeared to set up the BioPharma sector for a more pro-business year. Rhetoric from the president going into the election seemed to call out drug pricing reform, but in no more serious a way than any other prior U.S. president, leaving many to believe Trump would be beneficial for the sector by being broadly pro-business. What followed included: 1) more static interest rates than many had previously expected; 2) shakeups at the FDA, CMS, and HHS (most of whom were widely viewed as having questionable opinions on vaccine policy), and 3) political pressures from the Trump administration to reshore U.S. manufacturing and IP or face pharmaceutical tariffs.

Headwinds created opportunity for those bold enough to take it. Despite the sector being pressured for most of 1H25, we continued to highlight to investors that Trump's desire for Pharma tariffs was likely more a negotiating strategy, rather than a true attempt to punish the sector. We saw this play out with Pfizer announcing the first true Pharma-U.S. government tariff deal. Said deal set a precedent for Pharma that demonstrated concessions to avoid tariffs; and most-favored-nations pricing were reasonable and not onerous to the long-term health of the BioPharma industry. The result — widespread sector appreciation over the past six months.

Since the easing of Pharma tariff concerns, we have seen strong appreciation across BioPharma (Biotech performing the best). Generalists are again engaging with the sector now that they have a feeling of safety and confidence that revenues will not be challenged overnight. While the IBB and IHE still lag relative performance of the S&P 500 since 2020, the past six months has meaningfully closed this gap, adding promise for a better future in 2026.

Where do we go from here? Sentiment has improved meaningfully, but we think there is still more upside for the sector going into 2026, especially in Biotech. 2026 will start to make key patent LOEs become more topical, pressuring BioPharma's long-term revenue trajectory. With these pressures, we expect Pharma to respond with increased M&A. Significant dry powder remains for most of our large-cap coverage, setting the stage for high valuation takeouts.

Pharma is still expected to appreciate in 2026, but potentially at a slower pace. In the start of 2026, we expect more generalist money to flow back into the sector with many looking to Pharma for

potential value plays in light of challenged valuations in other sectors. While this is a positive, we expect generalist money to return more slowly than the rapid speed we saw with specialists pouring into the sector over the past six months. As such, expect continued outperformance for Pharma, but at a more measured pace throughout the year.

Exhibit 13 - Relative Performance BioPharma vs. Key Indices

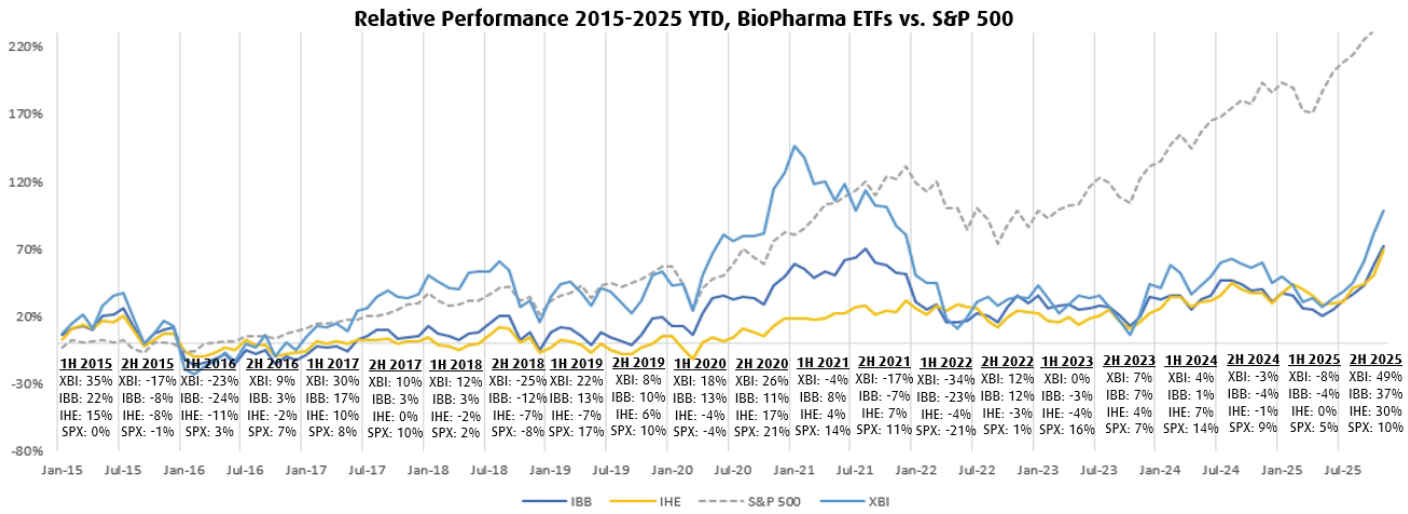


Source: BMO Capital Markets, FactSet

BioPharma Roars Back With Best 6 months in the Past 10 years (no, we're not kidding)

BioPharma has notably lagged the S&P 500 throughout the past 10 years. S&P 500 returns have been boosted higher repeatedly by tech growth, especially recently with the advent of AI. While this has created a feeling of a lost decade for some BioPharma investors, 2H25 notably did not have this feeling at all. 2H25 demonstrated the best 6-month span for SMID-cap Biotech (XBI), large-cap Biotech (IBB), and large-cap Pharma (IHE) all within the past 10 years. XBI performance in particular appreciated nearly 50% as macro headwinds eased and new large-scale M&A has become more common.

We see reasons why this trend can continue into 2026. Even with most BioPharma indices moving violently upward in the past six months, we still expect this outperformance to continue, particularly in Biotech, where we see M&A takeouts becoming increasingly common. Key product LOEs for Pharma are likely to put pressure on revenue growth plans, prompting further M&A and bolstering XBI / IBB gains even further.



Source: BMO Capital Markets, FactSet

S&P Healthcare Sub Sector Performance in the S&P 500 2015-2025

2025 was the third time in the past decade where Pharma and Biotech outperformed the S&P 500. Both Biotech and Pharma subsector have shown +24% year-to-date appreciation as of 12/15/2025, besting the S&P 500's +18%. While BioPharma has not been the best performer within healthcare (Distributors are up +50%), growth in the subsector has been nearly the best in the past 10 years (Pharma was only better in 2021). This extreme swing to favorability is likely to attract new investor and generalist participation in the new year, as other sectors in the economy (Tech) may become less favored.

Exhibit 15 - Healthcare Performance Heatmap

Performance Heatmap

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025YTD
Mgd Care 20%	Mgd Care 18%	Lifesci tools 44%	Lifesci tools 15%	Lifesci tools 32%	Lifesci tools 33%	Mgd Care 41%	Distributors 40%	S&P 500 26%	Services 25%	Distributors 50%
Lifesci tools 14%	S&P 500 10%	Mgd Care 42%	Equip/Sup 13%	S&P 500 29%	Equip/Sup 19%	Lifesci tools 39%	Biotech 16%	Distributors 23%	S&P 500 17%	Services 31%
Distributors 5%	Equip/Sup 5%	Equip/Sup 30%	Mgd Care 10%	Equip/Sup 28%	S&P 500 18%	Services 37%	Pharma 8%	Equip/Sup 10%	Lifesci tools -18%	Biotech 24%
Healthcare 5%	Pharma -4%	Healthcare 20%	Pharma 5%	Healthcare 19%	Distributors 16%	S&P 500 29%	Mgd Care 7%	Biotech 4%	Equip/ Sup 8%	Pharma 24%
Biotech 5%	Healthcare -4%	S&P 500 19%	Healthcare 5%	Mgd Care 19%	Mgd Care 16%	Distributors 29%	Services 5%	Healthcare 2%	Distributors 3%	S&P 500 18%
Equip/Sup 5%	Lifesci tools -6%	Biotech 17%	Services 0%	Distributors 17%	Healthcare 13%	Healthcare 26%	Healthcare -2%	Pharma 0%	Pharma 1%	Healthcare 14%
Pharma 3%	Services -11%	Pharma 10%	S&P 500 -6%	Services 15%	Biotech 9%	Pharma 26%	S&P 500 -18%	Mgd Care -2%	Mgd Care -3%	Equip/ Sup 8%
Services 3%	Biotech -14%	Services -6%	Biotech -7%	Biotech 14%	Pharma 8%	Equip/Sup 20%	Equip/Sup -21%	Lifesci tools -3%	Healthcare -10%	Lifesci tools 4%
S&P 500 -19%	Distributors -22%	Distributors 1%	Distributors -22%	Pharma 12%	Services 3%	Biotech 12%	Lifesci tools -23%	Services -8%	Biotech -18%	Mgd Care -25%

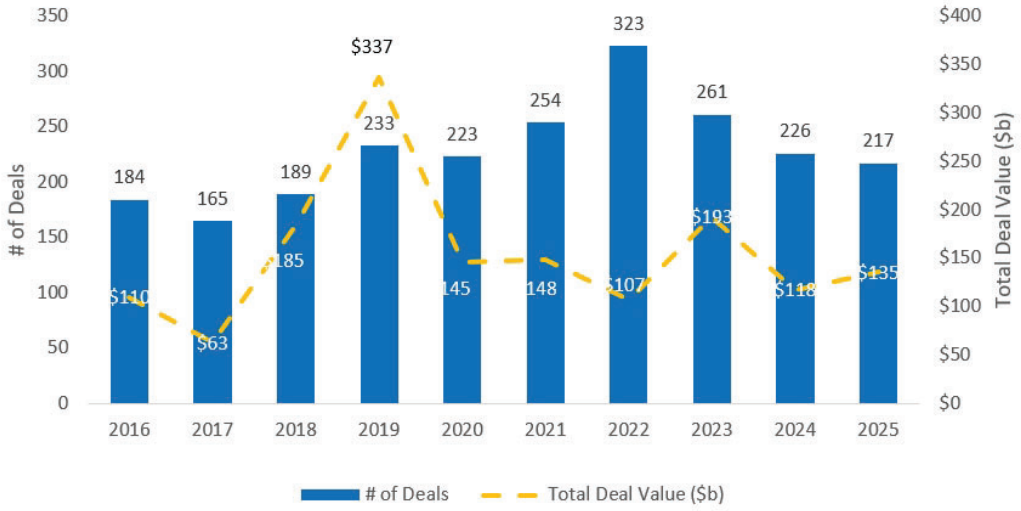
Source: BMO Capital Markets, FactSet

Capital Markets Show Improvement With Increasing M&A Value and Strong Secondary Engagement

Deal volume is likely to remain largely in line for 2025, but value has increased notably. With roughly two weeks left in 2025, we expect total BioPharma deals to approximately equal the 226 we saw in 2024. Although static deal volume alone does not tell the full story. In 2H25, we saw a substantial increase in larger deals with some notable acquisitions including MRK (Verona), Novartis (Avidity), Novo (Akero), and Pfizer (Metsera) after besting Novo in a bidding war. We view the return of competitive acquisitions as a meaningfully positive sign for the sector, reflecting Pharma's desire to plan for and patch their LOE holes that are upcoming. In total, we have seen an increase in M&A deal value for 2025 relative to 2024, improving to $135B in total vs. $118B previously.

2026 could further extend this trend. LOEs for major Pharma players continue to approach (specifically thinking of Merck, Pfizer, Bristol, and Amgen). These near-term patent cliffs and limited current solutions to solve revenue gaps for some companies will be a positive driver of deal activity, likely through 2026 and 2027. Balance sheets for many of these players still leave room for sizable deals, which will also support higher valuation in Biotech going forward.

Exhibit 16 - Historical M&A Activity in BioPharma



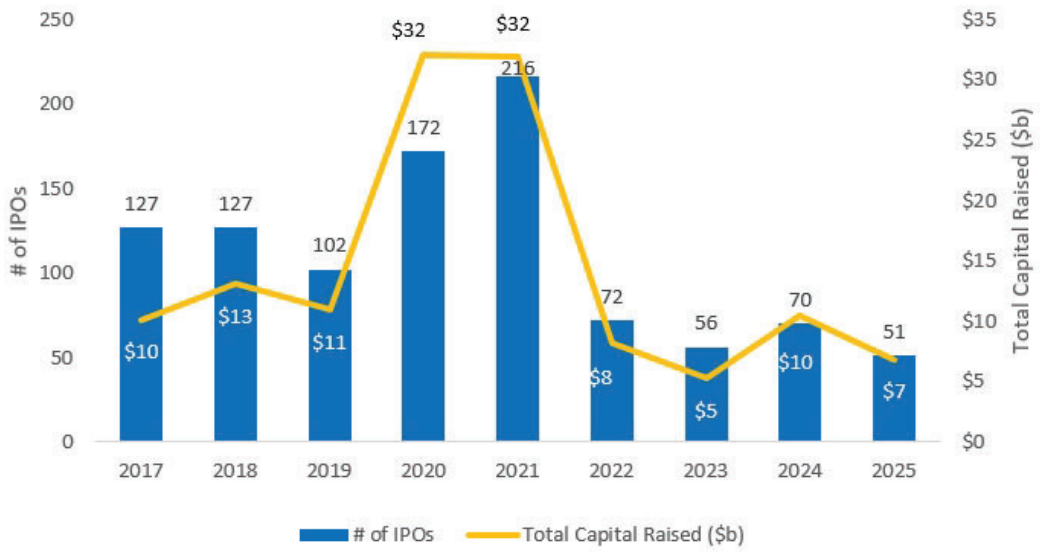
**we are excluding deals where transaction values were not disclosed*

Source: BMO Capital Markets, Company Reports

IPO volume has remained slow to increase, but 2026 appears more promising. Unlike M&A recovery, IPOs continue to see some stagnation for BioPharma. We interpret this as more a reflection of the longer lead time required for companies to go public, rather than any residual true fear of entering the markets at this point. With macro pressures lessening, we anticipate an increase in both IPO deal volume and value in 2026, potentially moving higher than the recent highs of 2022 (72 deals ~$8B in valuation).

Recent secondaries have painted a more promising picture. Several notably recent secondaries increase our confidence in the strength of the U.S. capital markets and the return of BioPharma deals in 2026. In one day alone (December 10th) we saw 6 notable secondaries/warrants all priced for TERN, GPCR, KYMR, DYN, WVE, and DNLI. Several of these offerings were upsized as well, with Structure nearing a billion dollar raise. Investor participation with these public offerings clearly shows an appetite for Biotech that recognizes the potential for upside on both derisked data and potential M&A. In total, we have seen $24.6B in equity secondaries in 2025 with nearly $6B of this coming within the last month. This acceleration in financing further adds fuel to positive sentiment going into the new year.

Exhibit 17 - Historical IPO Activity

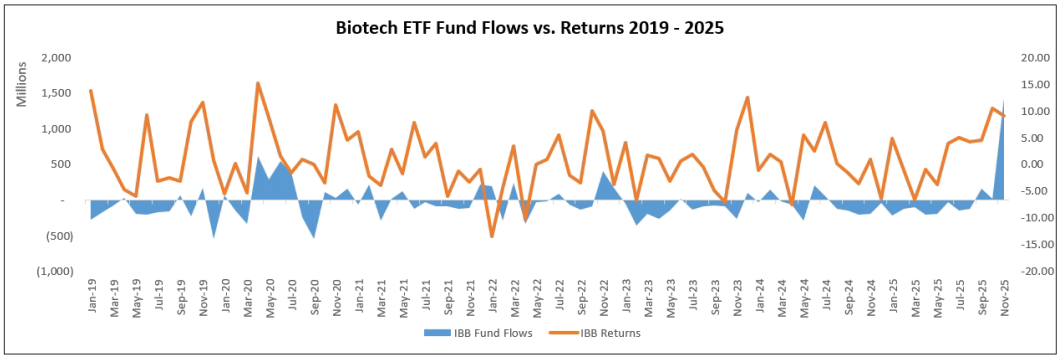


**we are excluding deals where transaction values were not disclosed*

Source: BMO Capital Markets, FactSet

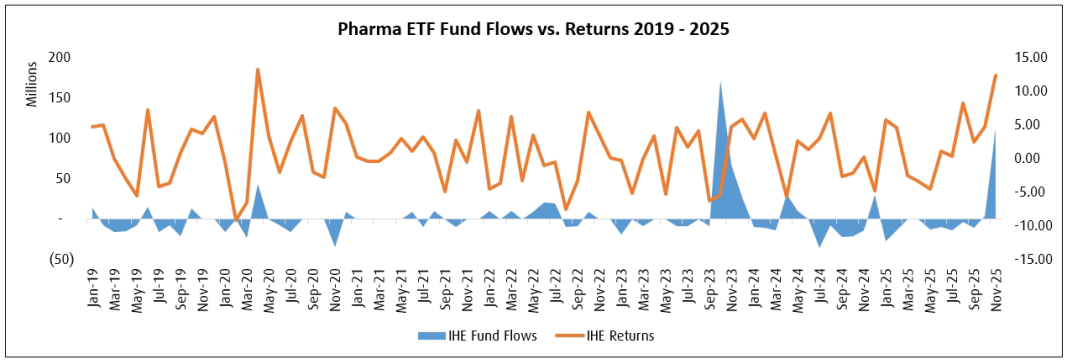
Fund Flows spike Into Year-End on Improving Biotech and Pharma Sentiment

November funds for Biotech saw the highest incoming flow in the past 7 years. Going back to January 2018, we have not seen a larger increase in fund flows directed at large-cap Biotech (IBB). Aligning with our recent sentiment survey, both generalists and specialists are seeing significant opportunity to invest in Bitoech as M&A has accelerated, and macro conditions have improved (i.e., fewer policy concerns).



Source: BMO Capital Markets, FactSet

Pharma sees similar strength, nearly reaching its 7-year fund flows high watermark. Only October 2023 demonstrated a greater new influx of funds for Pharma (IHE). While Pharma is enjoying the same reprieve from concerns over MFN and tariffs, some hesitancy likely still remains for large manufacturers looking to patch their LOE holes. These hesitations are clearly not dampening sentiment, but the lack of M&A takeout premium likely reflects the minor divergence in fund flows between Pharma and Biotech.



Source: BMO Capital Markets, FactSet

How to Think About Our Coverage in 2025

Legacy Pharma Faced the Greatest Concerns Over MFN and Tariffs, but Resolution Has Shifted Focus to LOEs

When macro and policy concerns became prominent in BioPharma, large Pharma appeared the most exposed. Due to Pharma's significant international revenue exposure (see names like Merck), many investors viewed potential ex-U.S. tariffs and most-favored nations pricing as an existential concern which could meaningfully impair Pharma's top-line revenue for the coming years. Instead, what we saw was a long period of policy overhang where Trump continued to pressure Pharma to reinvest in the U.S. without any true execution of Pharma tariffs or MFN pricing. While an outline was formed over how these tariffs would be executed, rhetoric as it relates to pricing was more volatile than actual action.

Static interest rates likely slowed potential M&A in 1H25. With most of Pharma approaching notable LOEs in the coming year and Biotech valuations seeing significant declines to start the year, it appeared somewhat surprising that M&A was not more substantive to start. This was likely driven by the persistently higher interest rates, limiting the economic value of issuing new debt to fund M&A. Pharma still needed key solutions to their LOEs, but many took a backseat on potential M&A deals, especially while tariffs and MFNs remained a potential issue that needed to be addressed more imminently.

In 2H25, we finally saw a break in concerns around MFN drug pricing. Pfizer's deal with the U.S. government cleared a path for other Pharma manufacturers to execute similar deals, securing their fate free of tariffs and significant MFN pricing agreements. After removing this cloud, we saw a return of Pharma considering big M&A. Multiple deals were executed, even at higher valuations as Pharma could now focus on thoughtful diligence and capital planning with a more certain future appearing on the horizon. A clear policy path has also benefited Pharma significantly on a share basis, although not all Pharma has outperformed this year (BMY, NVO, and PFE to name a few).

With macro and policy concerns easing, some of Pharma has benefited significantly with increased investment, while others have more questions to be answered:

- **AbbVie** —Skyrizi and Rinvoq continue to see durable growth while Aesthetics has added new questions to otherwise typically consistent business. Commercial stability has pooled capital away from more volatile stories, but with policy overhangs removed, we have seen some rotation away from ABBV as a favored long, redeployed in names like PFE, MRK, and more recently BMY.
- **Bristol** — The value trap that remains stuck in a rut … Bristol had multiple high-profile clinical catalyst opportunities to change the sentiment around the name heading into 2025 (see ARISE, nHCM for Camzyos, INDEPENDENCE for Reblozl), yet all failed to meet expectations, continuing to hold valuation below its peers. Recent sentiment has turned somewhat more positive on the possibility that ADEPT-2 could still work with a re-enrolled site and CELMoD/CAR-T readouts coming in 2026, but we think more work needs to be done quickly to prepare for significant revenue erosion.
- **Lilly** — Lilly's dominance in the incretin market was solidified in 2025. While ATTAIN-1 results slightly underperformed expectations, retatrutide showed the strongest weight loss we have seen in a Ph 3 trial to date. Lilly is poised to command greater incretin market share in 2026 with the launch of orforglipron, expanding access to even more patients.
- **Merck** — Gardasil pressures remained in 1H25, but recently sentiment has turned to the positive. As a part of our rating change to Outperform, we highlighted that 2026 could surprise investors commercially as clinical updates like CADENCE full data continue to outline the progress the company has made in preparing for a robust Keytruda LOE solution.
- **Novo Nordisk** — Gone are the days of easy incretin growth to the moon. 2025 exposed flaws in Novo's commercial strategy and clinical assets leading to a -41% decline year to date. Oral semaglutide's profile looks relatively improved in light of ATTAIN-1, but multiple guidance cuts and a new management leave questions and concerns that need to be proven wrong through

execution going forward, not underperformance of competitor trials. 2026 will be all about oral semaglutide for better or worse.

- **Pfizer** — Winning the Metsera deal was a significant sentiment shift for the company, positioning Pfizer to once again compete in obesity. Commercially, the business faces near-term challenges that still need to be resolved (see its multiple LOEs), but for now the dividend feels safe and Metsera is giving investors a list of clinical catalysts to get excited about in the new year, breathing new energy into the company, which has needed it for several years.

Just because Pharma is back in style, doesn't mean all companies are equally likely to benefit from new positive sentiment. Following U.S. government agreements, we get the sense that some investors are increasing exposure to Pharma more broadly. While this has worked in 2H25, we think 2026 will require more discerning investment. Names like NVO have been called out several times as potential value opportunities. We understand the logic behind this; Novo is competing in a large TAM market with a new product set to launch. However, we have seen time and time again that Lilly out-competes Novo in the incretin market, clinically and commercially. We have no reason to believe the oral launch will reflect a difference in outcome, potentially trapping investors in further multiple contraction. Bristol has more to get excited about with CELMoD and CAR-T development, but relative to other clinical peers, we have not seen these assets as differentiated in increasingly crowded spaces, potentially setting up for some share price downside.

Large Cap Biotech Has Seen Less Pressure From Near-Term LOEs, Making a More Compelling Investment Case in the Near Term

Large-cap Biotech names in our coverage (with the exception of Amgen) do not face impending near-term LOE events. As a result, they have been even stronger beneficiaries of the return to positive BioPharma sentiment. We expect this dynamic to continue in 2026 as long as key clinical catalysts continue to read out positively.

- **Amgen** — Highly-anticipated Ph 2 MariTide data largely underperfomed investor expectations with worse-than-anticipated tolerability profile issues (and we're still waiting on part 2, recently pushed to 2026). Despite this, AMGN is up 25% year to date as the company's commercial portfolio has shown better durability even with the LOEs looming. Going into 2026, these dynamics may become more impactful, especially with a somewhat lighter catalyst path for the company appearing on the horizon. We expect increased deal volume, as management has highlighted that the leverage ratio has returned to pre-Horizon levels.
- **Biogen** — Biogen feels like it is finally hitting its stride with Viehbacher at the helm. With BIIB up +15% on the year, we sense investors are becoming increasingly interested in the opportunity for SLE/CLE and the kidney. We view felzartamab as less differentiated on efficacy for IgAN vs. agents like povetacicept, but potential varied dosing could carve out a space that incentivizes stronger investment going forward.
- **Gilead** — Strong initial Yeztugo sales (guided to $150M for 2025) and near-term expansion opportunities within PrEP are continuing to make a solid investment thesis for Gilead. Solid tumor oncology remains challenging with Trodelvy losing more share, but the company's core HIV business remains robust with more opportunity for expansion.
- **Regeneron** — Early failures in COPD and too many CRLs have shifted the thesis to that of a more value-oriented investment. Investors are starting to come around to the reality that the Eylea franchise will not erode overnight (and the all important patient assistance programs could be re-funded for next year, or sooner), and Dupixent could still be a much larger revenue opportunity than analysts expect. Pipeline expansion efforts appear promising, but programs like Factor XI and early linvoseltamab myeloma studies may be more concentrated in the back half of the decade, favoring long-term investments. We also highlight the CFO's preference for share buy-backs as an efficient way to return capital to holders, further bolstering potential share upside.

- **Vertex** — Misses for '993 in acute pain and an unlikely path for suzetrigine's broad approval in PNP pressured Vertex shares to start, but the name continues to benefit as a favored long for investors. Despite pain struggles, Vertex has quickly shifted the narrative to focus on kidney, an area where we think it could be particularly differentiated in with povetacicept, leaving the company ready to exit 2025 with a strong investment thesis as long as Sionna updates do not become an existential issue to the core CF franchise.
- **BioNTech** — Cash reserves and consistency of COVID have not been enough to buffer the shares in 2025. We think pumitamig is undervalued given early data we have seen to date, but 2026 will need to be the year when the company makes it clear it has the leading PD-(L)1/VEGF. With multiple players in the space, we expect investors to make direct comparisons between assets, positioning BNTX shares for more high volatility if is not or is not chosen as the favored asset in this mechanism.

SMID Cap Biotech Has Shown the Best Clinical Differentiation in Recent Memory

Across our SMI- Cap Biotech coverage, our coverage has returned an average of 115% YTD (vs. SPX +15%). Part of this impressive return on the year has been attributed to broad reinvestment in SMID-Cap Biotech as M&A takeouts have become more common. However, we note the quality of clinical readouts for our coverage has been impressive. In the years of Biotech stagnation, a consistent theme we highlighted was how the glut of pandemic IPOs had created a diluted sense of quality in the XBI. Today, we are seeing the benefit of the acceleration of bankruptcies for some of these "zombie companies." Today, SMID-Cap Biotech remains with fewer companies, but overall better returns with improved quality science.

Merus started some of the initial uptick in 2H25 M&A. Following robust data for petosemtamab in head and neck cancer, Merus was acquired by Genmab. This acquisition demonstrated that differentiated data would be paid for by large-cap players immediately when validated.

Protagonist nearly saw the same fate when speculation of a JnJ takeout were circulated (e.g., Reuters). We still see Protagonist as one of the strongest clinical companies to invest in regardless of whether it is acquired. Icotrokinra's oral profile in inflammatory conditions is differentiated, even relative to injectable agents, leaving room for a strong upside valuation without a buyout.

GPCR, TERN, and TSHA all demonstrated their own derisking data, clearing a path for upside in significantly different indications. Structure's ACCESS and ACCESS II data has now positioned the company as a key competitor in obesity with efficacy from aleniglipron that may be even better than oral semaglutide. 2026 will likely highlight amylin advancements as the company proceeds with aleniglipron's Ph 3 trial design.

Tern's CML Ph 1 data at ASH largely defied expectations for what efficacy could look like in the indication. TERN-701 now appears a clearly differentiated product, which will likely be able to demonstrate continued efficacy in a Ph 3 trial, positioning as the clear choice in 2L+ CML to start. Going forward, investors may see less upside from clinical events in 2026, but we see a significant takeout opportunity for TERN going forward.

Taysha's REVEAL data and aligned regulatory path appear to set a clear attainable bar for potential approval even at an interim analysis in the Part B portion of REVEAL. With Taysha still racing Neurogene to reach approval in Rett first, we see potential interim efficacy as a key point that could advance the TSHA-102 faster than other competitors.

Scholar Rock, Replimune, and Disc Medicine highlight the importance of regulatory alignment. Scholar Rock remains on the verge of an FDA approval for apitegromab in SMA, but approval remains hampered by Novo's Catalent site reinspection. Without a clean reinspection, the company may elect to submit in 2026 with a different site, realizing more delays to approval.

Replimune's RP1 whipsaw of expectations now stands with a PDUFA expected in April. Initial indications suggested there was not a path forward for approval for the drug given the IGNYTE data package, but

instability at the FDA and a realignment with officers appear to provide a second chance at life for the melanoma asset. We remain uncertain given the recent shakeups at the FDA and seemingly inconsistant views on Replimune's non-placebo controlled trial.

Disc has secured one of the U.S.'s first Commissioner's National Priority Vouchers, potentially affording the company bitopertin's approval by January 2026. Interest is now shifting to the company's hepcidin portfolio, where we still believe DISC-0974 and '3405 appear differentiated.

Commercial companies like Acadia, Incyte, and Neurocrine have varied paths forward. We are increasingly positive on **Acadia** following court cases upholding the company's IP for Nuplazid and increasing consistency for commercial growth of both Nuplazid and Daybue. 2026 will likely focus heavily on ACP-204 in Alzheimer's psychosis, but commercial growth will remain top of mind.

Neurocrine has shown the strength of crinecerfont with sales surpassing most expectations. However, 2026 could be a year of less significant catalysts with Ph 1 muscarinic data maturing, but investors will need to wait for 2027 and beyond to see Ph 3 data for direclidine and osavampator in schizophrenia and MDD.

We remain Underperform on **Incyte** shares but are becoming more optimistic about mCALR as a benefit to the company in the future. While we find it unlikely Incyte will be able to fully replace Jakafi revenues in time, it is making strides clinically and commercially to start to make erosion more palatable.

Schrödinger and AbCellera face diverging paths with AbCellera leaning in on its internal clinical development and Schrödinger appearing to step back from commitments following some disappointing readouts in 2025. 2026 will show initial clinical data for AbCellera, putting the company to its first serious test since prioritizing development.

M&A Positioning Across Our Coverage: Who Needs to Buy?

Recent uptick in Pharma M&A volume (and competitive M&A!) highlights a change in Pharma disposition as key LOEs approach closer. 1H25 was characterized by more of the same with regard to M&A activity. We saw limited deal activity despite more depressed Biotech valuations and clear need from Pharma to replace revenues in the future. However, 2H25 has proven to be an opening of the floodgates, so to speak, with multiple high-profile deals materializing including Merck's takeout of Cidara ($9.2B), Novartis with Avidity ($9.4B), Bristol with Orbital ($1.5B), Novo with Akero ($4.1B), Genmab with Merus ($6.7B), and most interestingly, Pfizer's ultimate takeout of Metsera for over $10B after a bidding war with Novo.

What does all this deal volume show? Pharma needs revenue and they need it now. Key LOEs are approaching for players like Amgen, Bristol, Merck, and Pfizer, and investors are starting to look to these LOEs with hesitation, prompting more active deal flow in 2H25. Pressured SMID-cap Biotech valuations have also created the perfect storm for Pharma to entertain M&A more seriously than in recent memory.

Who needs to buy? Among our coverage, Amgen, Bristol, Merck, Incyte, and Novo are the most in need of an acquisition in the near term. As **Amgen** proceeds through its current LOEs (this year denosumab), Horizon products have largely underperformed in providing the commercial lift the company may have expected to offset these declines. The company has been disciplined in delevering from the Horizon deal, but another deal is likely needed unless Horizon products can inflect higher.

Bristol entered 2025 with more optimism and potential than several others in our coverage, but failures in: 1) nHCM for Camyzyos; 2) myelofibrosis anemia for Reblozyl; and 3) a delay of the Cobenfy Alzheimer's psychosis readout have left the company not making much progress against its LOEs. ~$28B in deal capacity gives the company decent flexibility to pursue opportunities, but action is needed quickly to prevent further multiple contraction.

Merck appears in better shape exiting 2025, but more work is needed. While we are more constructive about Merck and its ability to slow the revenue declines from the coming Keytruda LOE, more work can and should be done over the next two years to prepare for these declines. Internal development efforts post-BD (e.g., sotatercept with CADENCE) have proven effective and add pieces to the story of how the company will solve the LOE. Merck is one of the best-positioned within our coverage

from a deal capacity perspective (~$65B available in 2025) due to its significant cash flow generation from Keytruda. This gives Merck the optionality to pursue deals it sees as promising, but also forces discretion when faced with inflated valuations for near commercial companies.

Incyte has also made strides in addressing its Jakafi LOE with mCALR, but we see these efforts as less fulsome than what is required to really have a solution. Unlike other names in our coverage, Incyte's ~$8.4B in deal capacity appears relatively undersized and less competitive when trying to look to buy derisked assets.

Novo's situation is appearing more troubling by the day, but there is time to act. Erosion of Novo's incretin dominance is potentially setting up for revenue declines in the future. Today, Novo still has significant capacity to acquire outside assets to offset or diversify beyond this, but the window is closing. We appreciate the recent Akero deal as we believe the FGF21 mechanism is most promising for potential combinations to resolve liver fibrosis. However, this is unlikely to fully stymie any future declines.

Exhibit 20 - Our BioPharma Coverage Deal Capacity

Company	Deal capacity through 2025 ($B)	Deal capacity through 2027 ($B)
AbbVie	33.5	53.0
Acadia	1.3	1.9
Amgen	26.8	31.8
Biogen	8.5	14.1
BioNTech*	19.5	19.1
Bristol	28.0	29.5
Eli Lilly	54.8	87
Gilead	32.7	38.1
Incyte	8.4	11.2
Merck	65.4	71.8
Neurocrine	4.4	6.3
Novo Nordisk*^	53.7	48
Regeneron	33.9	40.4
Pfizer**	36.7	45.8
Vertex	30.1	41.2

**Calculated as USD values converted from DKK/EUR at current exchange rates*

^Includes additional $4.7B in debt financing for Akero

**Includes additional $6B in debt financing for Metsera

Source: BMO Capital Markets, Company Reports, FactSet

A note about Pfizer ... While Pfizer has significant deal capacity on paper assuming a 3x net debt/ EBITDA maximum leverage ratio, it may be more limited in its efforts to acquire further companies given the need to maintain the dividend. Additional debt would likely pressure free cash flow in the coming years, making the company's ability to service the dividend more challenging. We aren't saying Pfizer can't acquire anything, just that deals are likely to be smaller than Metsera and executed at a discount (as we saw with the recent small molecule GLP-1 deal).

Lilly, Regeneron, Vertex, and Gilead remain in the driver's seat, with capacity to deal, but not an urgent need. All four of these companies have a substantial ability to lever up further if they want to be tactical and invest from a position of strength. Regeneron has historically been resistant to do this, favoring smaller licensing deals, but given recent concerns over the Eylea franchise, maybe this will be the time this changes. Gilead likely faces a key decision point with M&A. Recent challenges in solid tumor oncology with Trodelvy and slower growth for the company's commercial cell therapies will force management to decide whether to dig their heals in for oncology expansion or diversify further into the liver or inflammation. Given Gilead's previous strength with hepatitis and successful acquisition of seladelpar, we see a better track record in liver / inflammatory expansion, but there remains significant opportunity within oncology that can be capitalized on.

Key Sector Themes

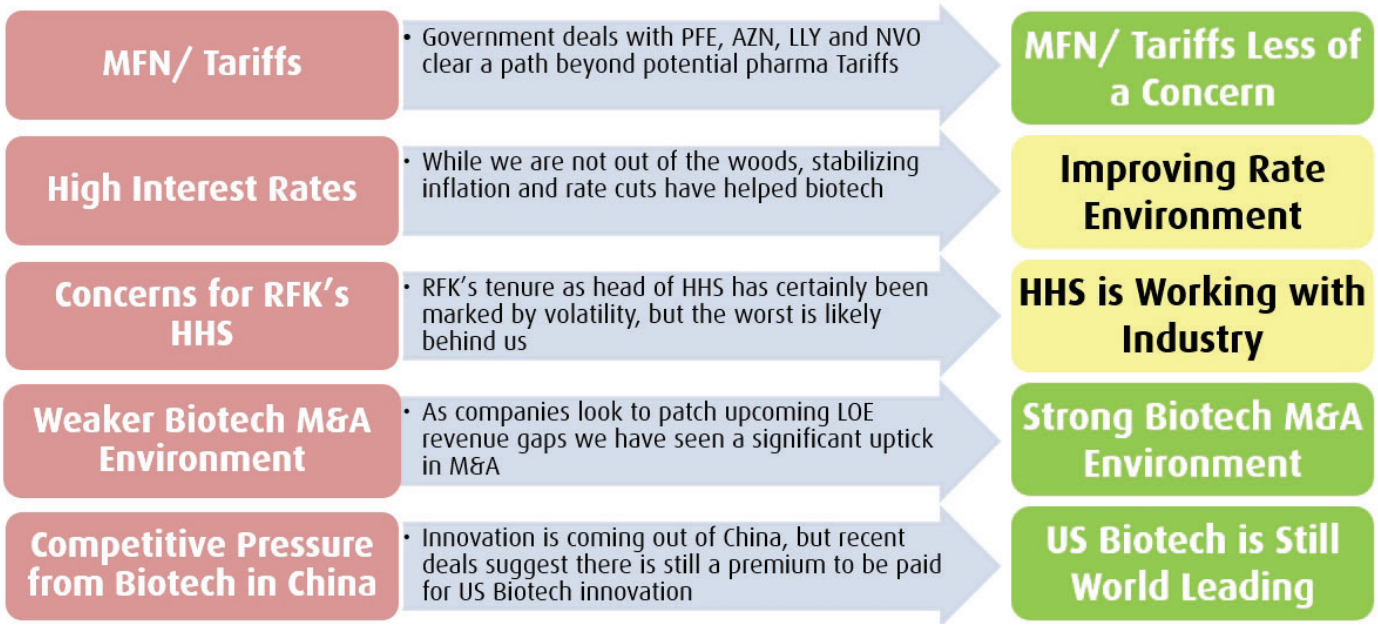
Can the Momentum We Are Starting to See Build in 2H25 Continue Into 2026?

We are exiting a volatile 2025 on a high note with the XBI and DRG up +35% and 19%, respectively, year to date. Investors will be looking to 2026 with fresh eyes as the overhangs of 2025 appear to be clearing. To continue the momentum into the new year, investors will want to see progress across key areas of focus:

- **Lower interest rates. W**e are not out of the woods here, but as inflation normalizes somewhat and interest rates come down, we could start to see the funding environment open up further.
- **Normalization of political/regulatory risk** with several companies striking deals with the Trump administration over MFN pricing/ Pharma tariffs, we are seeing the risk of major pricing changes in the sector shrink. Additional details are expected to come Friday, December 19, 2025 with several more BioPharma — Trump deals to be announced.
- **Regulatory Agency uncertainty** with new members of the HHS/CMS/FDA all establishing new precedents or overturning historical norms, investors will be looking for signs of normalization in the new year. Early signs that these agencies are willing to work with industry (like the rapid approval of Regeneron's Eylea HD label expansion) have helped to buoy sentiment.
- **Increased U.S. M&A activity** fueled by lowering interest rates and an increasing need to replace LOE gaps, we have seen a meaningful uptick in M&A as we have exited 2025.
- **Solving for upcoming LOEs** for most of our large-cap coverage, necessitating decisive decisions or M&A to patch these revenue gaps. We have seen some taking steps in the right direction, but more progress is needed.

Addressing each of these key areas of investor concern in the new year could help to build on the momentum we've seen the sector gather as we round out 2025. We see a path to sustained outperformance if the sector is able to achieve these milestones as they have been laid out. **With the worst likely behind us, 2026 will be all about Biopharma's execution on the pivot out of the doldrums that have plague the sector for the past four years or so.**

Exhibit 21 - Systemic Risks to Biopharma Have Eased Considerably



Source: BMO Capital Markets

Restructuring in HHS Under RFK Jr.'s Leadership Is Likely to Pose Additional Mild Headwinds to the Sector in 2026

Significant restructuring within the U.S. Department of Health and Human Services (HHS) under Robert F. Kennedy, Jr.'s tenure as HHS Secretary created uncertainty for the sector in 2025. Under RFK Jr.'s leadership, we saw sweeping layoffs across the FDA, NIH, and CDC, coupled with high-profile resignations of senior officials citing concerns of politically-motivated policy changes, promotion of an anti-science agenda, and growing risk to public health. Some resignations of note include that of Dr. Peter Marks, CBER Director at the FDA, Dr. Susan Monarez, CDC Director, Dr. Demetre Daskalakis, Director of the National Center for Immunization and Respiratory Diseases, Dr. Dan Jernigan, Director of the National Center for Emerging Zoonotic and Infection Diseases, and Dr. Deb Houry, CMO and Deputy Director for Program and Science. These restructuring efforts, resignations, and new appointments, including the instating of Dr. Vinay Prasad as CBER Director, highlight potential ambiguity that still remains in BioPharma supported by Prasad's history of COVID-19 pandemic and vaccine skepticism, and criticism of single-arm clinical trials.

In the ~10 months of RFK Jr.'s HHS leadership, anti-vaccine rhetoric, anti-science sentiments, and an expressed distrust of established regulatory agencies have moved from the fringes into official policy discourse. This shift has prompted concerns pertaining to regulatory approval timelines and feasibility, CRL issuance following prior alignment with regulators, and subsequent volatility for smaller biotech and vaccine-focused BioPharma names.

CRLs of Note: Replimune and uniQure

Replimune

This past July, Replimune (REPL; $9.66; Mkt; $11 target) received a CRL for RP1 + nivolumab in melanoma despite previously perceived alignment with the FDA on the single-arm trial design in Ph 2 IGNYTE and confirmatory studies (here). While unconfirmed, it is believed that changes in FDA leadership and Vinay Prasad's appointment as CBER Director contributed to the FDA's change in stance

regarding the initial single-arm study design. Upon receiving the CRL, REPL shares declined sharply, trading down ~77% on the news as the FDA's published explanation indicated that the company would need to rerun trials with a control arm. This request was widely viewed as being unfeasible given the company's financial positioning. Limited clarity emerged from the Type A meeting, leading the Street to question the future of the RP1 program and future company prospects.

However, we note that there is an argument to be made against enrolling a nivolumab control arm in advanced melanoma where patients already have poor prognoses. Given that the study is evaluating RP1 efficacy in patients who previously progressed on or failed to respond to PD-1 therapy, enrollment of a nivolumab control arm raises serious ethical concerns as such a control could cause unnecessary patient deaths.

Sentiments began to skew more positive following the FDA's October acceptance of Replimune's BLA resubmission, highlighting a possible path to approval by the 4/10/26 PDUFA date (here). While Replimune's circumstances appear to be improving, the initial CRL validates growing concerns surrounding regulatory outcomes and FDA review processes, especially in cases where companies believe they have achieved alignment with regulators.

uniQure

In October, uniQure (NASDAQ: QURE, Not Covered) experienced a similar regulatory setback with its Huntington's disease gene therapy, AMT-130. In this case, the FDA reversed its prior position on the acceptability of an external control arm in Ph 1/2 studies, introducing significant uncertainty regarding the timeline and feasibility of a BLA submission for the asset.

Similar to Replimune, uniQure had maintained active dialogue with the FDA, and it was believed that both the company and the agency were aligned on the study design and evidentiary requirements for a BLA. In an earlier Type B meeting, the FDA indicated that Ph 1/2 data compared against an external control could serve as the basis for an Accelerated Approval BLA. Following these discussions, uniQure was granted Breakthrough Therapy designation for AMT-130 and received confirmation that ENROLL-HD (a longitudinal, observational, and multinational study for Huntington's disease) would be an acceptable control dataset.

The Ph 1/2 trial met its primary and key secondary endpoints where 75% slowing on the composite Unified Huntington's Disease Rating Scale (cUHDRS), improvements in total functional capacity, and reductions in disease biomarkers in cerebrospinal fluid at 36 months were observed. Based on these data, the company had expected to submit a BLA in 1Q26 after presenting positive top-line data in 4Q25. However, during pre-BLA discussions, the FDA reversed course on its prior stance regarding the use of external datasets as a control, stating that the AMT-130 dataset is unlikely to provide primary evidence supportive of a BLA submission.

These regulatory outcomes emphasize current regulatory unpredictability in BioPharma, particularly for smaller biotechs and pre-revenue companies. As such, regulatory risk remains a concern for some investors.

Advisory Committee Changes Pose Headwinds to Vaccine Manufacurers and Future Vaccine Approvals

The ousting and replacement of members of the Advisory Committee on Immunization Practices (ACIP) (here and here) became a focal point in 2025, with appointments of known vaccine and COVID-19 skeptics clouding the future of vaccine access, reimbursement, and new approvals. Many of the newly appointed members of ACIP have documented histories of vaccine skepticism, COVID-19 contrarian views, and/or affiliations with organizations criticized for promoting medical misinformation. The appointments only added to the mounting uncertainty regarding the impact to BioPharma, prompting heightened volatility of vaccine names, including covered names MRK ($130, OP), BNTX ($143, OP), and PFE ($30, OP). Recall, appointments that drew particular concern include:

- **Dr. Robert Malone**, a former professor who falsely claimed to be the inventor of mRNA vaccines and that mRNA vaccines could cause a form of AIDS;
- **Dr. Vicky Pebsworth**, board member of a nonprofit organization widely criticized for spreading vaccine misinformation;
- **Dr. Retsef Levi**, Professor of Operations Management at MIT Sloan and known COVID-19 vaccine skeptic;
- **Dr. Kirk Milhoan**, pediatric oncologist who promoted the use of ivermectin and hydroxychloroquine for treatment of COVID-19 infections; and
- **Dr. Catherine Stein**, Epidemiology Professor at Case Western who gave testimony against COVID-19 pandemic health orders and mask mandates.

The newly-appointed ACIP panel convened in September (here, here, and here) and December 2025 to address high-impact topics including: 1) measles, mumps, rubella, and varicella (MMRV) vaccine dosing and inclusion in the Vaccine for Children (VCF) program; 2) the hepatitis B birth dose; and 3) safety of the COVID-19 vaccines and a possible prescription requirement. However, these meetings raised procedural, governance, and transparency concerns. In several instances, votes were not disclosed until time to voting. Additionally, during the September ACIP meeting, the vote on the hepatitis B birth dose was ultimately postponed due to apparent confusion regarding the wording and actual implications of the motion. More concerning, there was little clarity about whether an Evidence-to-Recommendation framework was used, if at all, to sufficiently vet the quality and integrity of evidence leveraged to support votes on new or modified recommendations. **Recommendation modifications and changes coming out of these meetings include the following:**

- **COVID-19 vaccine recommendation updates** — The panel ultimately voted against requiring a prescription to receive a COVID-19 vaccine. Instead, members voted in favor of strengthening informed-consent materials to better educate patients on possible vaccine injury risks despite insufficient evidence and dissent from medical experts.
- **Hepatitis B birth dose recommendation updates** — The panel voted to recommend postponing the hepatitis B birth dose to no earlier than 2 months of age, making an exception for newborns born to mothers who test positive for the hepatitis B virus. Panel members also voted to recommend antibody testing after each hepatitis B vaccine to determine whether infants have achieved sufficient immunity or require additional doses. The antibody testing component of the hepatitis B recommendation modification is particularly alarming as trials assessed efficacy of a 3-dose regimen. Medical experts in attendance argued that this new recommendation makes assumptions about efficacy without sufficient supporting data and were unsuccessful in convincing the panel to vote against the motion.
- **MMRV vaccine recommendation updates** — The panel voted to delay the MMRV vaccine from 12 to 15 months to 4 years of age. ACIP members opted to recommend separate shots as an alternative, citing higher, albeit still rare, risks of febrile seizures associated with the MMRV vaccine. Medical experts in attendance stressed the importance of administration convenience where a recommendation of separate shots is likely to reduce patient compliance during a time of record high measles infections in the U.S.

While outcomes were less disruptive to BioPharma than initially anticipated by the Street, **these meetings nonetheless underscored concerns regarding ACIP's approach to decision-making where scientific evidence, data, and expert input appear to carry less weight.**

What to Expect for 2026?

Regulatory uncertainty is poised to persist into the new year, driven by a combination of ongoing anti-vaccine rhetoric and seemingly unreliable regulatory communication. Recent CRLs highlight that regulatory expectations are subject to abrupt change, even in situations where active discussions

with the FDA appear supportive of alignment on requirements for clinical study designs and regulatory submissions. These unexpected regulatory outcomes highlight challenges companies can expect to face in the foreseeable future in terms of approval pathway anticipation and possible last-minute, costly requests for trial modifications.

The recent revival of the HHS Childhood Vaccine Safety Task Force further reinforces our view that 2026 may bring growing headwinds to vaccine-exposed names as heightened scrutiny and shifting political narratives weigh on access assumptions, reimbursement clarity, and market sentiment. **All in, we see increased risk of future recommendation volatility that could disrupt vaccine policy stability and introduce new barriers for future vaccine approvals.**

Medicare Coverage to Expand Obesity Medicine Access Providing Additional Revenue Growth Opportunities

Medicare coverage is a major positive update for the weight-loss medicine space, which can ultimately drive revenue growth. Starting in 2026, a pilot program for Medicare Part D coverage of obesity medicine products will be available to patients with severe obesity (BMI ≥35) or overweight/obese individuals with comorbidities. Excluding those already covered through diabetes, CVD, or moderate-to-severe OSA, we estimate that incretins will become accessible to approximately 10M additional patients (Exhibit 22).

Furthermore, the low out-of-pocket (OOP) cost of about $50 after deductible is significantly lower than Wegovy/Zepbound's cash price of $299+/$199+ per month, which could drive strong demand among Medicare beneficiaries. While reduced cost for weight-loss medicines under this arrangement may create short-term pricing pressure due to gross-to-net adjustments and partial follow-through to commercial coverage, we believe the market unlocked by expanded Medicare coverage will outweigh these impacts and ultimately support revenue growth.

Exhibit 22 - Estimate of Medicare Coverage Impact on Patients Access to Incretins

	# of Patients *(In Millions)*
Medicare Part D Population	55
Overweight/Obese Population (BMI 27+)	30
BMI 27-30 (1+ comorbidity)	10
BMI 30-35 (1+ comorbidity)	11
BMI 35+	8
Gross Eligible Population	29
Net: Diabetic/CVD	13
Eligible Population Ex-T2D/CVD	16
Net: Moderate-to-Severe OSA Patients[1]	6
Net Eligible Population Ex-T2D/CVD/OSA	10

(1) ~26%/41% overweight/obese patients experience moderate-to-severe OSA

Source: BMO Capital Markets, JAMA Health Forum, Congressional Budget Office, eClinicalMedicine

Deals that LLY/NVO struck with the administration contain slight differences.
The key nuances include: **(1)** Both orfoglipron (LLY) and oral semaglutide (NVO) received CNPV for accelerated review; **(2)** LLY's deal allows addition of future programs (e.g., Retatrutide) to the agreement, with pricing reflecting their value and not necessarily matching Zepbound/Orfoglipron. It remains unclear whether NVO's deal includes similar provisions; **(3)** TrumpRx pricing for NVO ($350/mo) and LLY ($346) assets are slightly different. In addition, NVO currently offers a $199+/month introductory cash-pay price through its DTC program, which is lower than TrumpRx pricing. Conversely, LillyDirect pricing (starting from $299/mo) for cash-paying patients is more similar to TrumpRx pricing.

Key Therapeutic Themes

The Obesity Medicine Oral Evolution Is Here — How We Are Thinking About the Relative Positioning for Lilly and Novo

The entry of true obesitiy medicine oral options, Eli Lilly's small#molecule GLP#1 orforglipron and Novo Nordisk's higher#dose oral semaglutide 25#mg, pushes the obesity/metabolic market into a key point of inflection. Here we will see the market expand in terms of convenience, scale, and formulary access where headline weight loss could take a back seat (in select less severe populations). As we look to the market evolution in 2026, we anticipate that the early uptake of orals can be categorized in the following ways:

- **Less severe patients are more likely to be treated by orals.** The lower cost, and more convenient once-a-day oral dosing could shift the paradigm in overweight (lower BMI) patients, potentially supporting use in primary care and DTC settings. In this setting where maximal weight loss is not the end-all-be-all, we could see some substitution for the added convince of a once-a-day pill.
- **Long-term treatment could be better suited for orals, in particular for maintenance therapy.** Both T2D and obesity are chronic conditions, and studies suggest stopping treatment reverses benefits on glycemic control and weight reduction. As a low-cost oral option, oral treatments may be favored as a long-term or maintenance therapy after injectables or even bariatric surgery. Data coming in the new year for Lilly's ATTAIN-MAINTAIN study could help solidify this positioning
- **Orals may dominate in low access settings.** Economics of an oral option can help remove barriers to access, although pricing can still be a limiting factor. In high-income geographies, uptake of injectable GLP-1RAs is limited by their cost, which results in a restrictive payer environment. In low access countries where injectables are out of reach for the broader population, oral treatments could open access for patients. Orals could see increased uptake in primary care settings where doctors may be less willing to negotiate logistical barriers observed with injectables.

Thinking through the key recent data readouts for each of these assets, Novo's OASIS#4 program set a clear efficacy bar: the once#daily 25#mg tablet achieved **16.6% mean weight loss** in the efficacy estimand analysis (13.9% pbo adjusted) over 64 weeks, and we saw these data published in NEJM. The FDA accepted the NDA and, as of our recent catch-up with the company, a U.S. decision is still expected by year#end (launch likely early 2026 if approved). Lilly, meanwhile, has completed a broad Phase#3 package for orforglipron.

In **ATTAIN#1** (obesity without diabetes), the highest dose delivered 12.4% mean weight loss (11.5% pbo adjusted) at 72 weeks; **ATTAIN#2** (obesity with type 2 diabetes) showed a 10.5% mean loss at the highest dose, and **ACHIEVE#1** (type 2 diabetes) demonstrated A1C reductions of 1.3–1.6% with weight loss ~7.9% at 40 weeks collectively validating "injectable#like" GLP#1 efficacy from a once#daily pill without food/water restrictions.

Importantly for diabetes positioning, the **ACHIEVE#3** head#to#head trial found orforglipron superior to oral semaglutide 7/14#mg for A1C and weight over 52 weeks. Cross-trial comparisons remain difficult given the potential differences in patient population, treatment Titration, and duration of therapy (among other things), but these studies begin to lay the groundwork for how physicians will think about oral treatment options in obesity.

Exhibit 23 - Orforglipron vs. 25mg Oral Semaglutide in Obesity

	Orforglipron	25mg Oral Semaglutide
Phase	NDA Filing	NDA Filing
Trial	ATTAIN-1	OASIS-4
Time (Weeks)	72	64
Type of molecule	Small molecule	Oral peptide
Dosing	36mg QD	25mg QD
Weightloss (placebo-adjusted)	12.4% (11.5%)	16.6% (13.9%)
Nausea	33.7%	46.6%
Vomitting	24.0%	30.9%
Diarrhea	23.1%	17.6%

Source: BMO Capital Markets, Company Reports

On administration and adherence, Novo's tablet still inherits the familiar oral#peptide constraints (empty stomach, specific water volume, pre#meal timing) that come with SNAC#enabled absorption. In contrast, orforglipron's small#molecule profile allows dosing without food/water restrictions, a practical edge for broad primary#care use and maintenance strategies after injectable#induced weight loss.

Manufacturing and supply issues that plagued the launches of the injectable peptides are likely to be avoided in the launch of these new oral options. Orals could be the supply chain solution that Lilly and Novo have been looking for — cheaper to make and ship than refrigerated injectables, and they bypass aseptic fill#finish bottlenecks seen with the autoinjector pens. Lilly has been investing "at risk" to stand up tablet capacity for orforglipron (Lilly noted $952.3M in capitalized pre-launch inventories, primarily related to Orforglipron as of 9/30/25); Novo's supply build (including the Catalent transaction) has focused on semaglutide scale#up, with the oral route offering another lever on access. Net#net, the arrival of pills should relieve a portion of the class's structural supply constraints and could support more aggressive payer contracting in 2026+. We expect pricing to track a pragmatic middle ground, balancing value and access as Lilly and Novo look to grow the obesity market.

B-Cell Targeting Agents for the Kidney — Vertex May Be Positioned to Win in Increasingly Crowded Space

Multiple competitors have entered the race to develop IgA nephropathy (IgAN) agents, but early data has favored Vertex. Vertex's pain launch has admittedly struggled as scripts for Journavx have improved, but revenue still remains moderate at best. Despite this headwind, we are more optimistic for VRTX shares heading into 2026 than we have been over the past six months. With Vertex's prior acquisition of Alpine, it gained access to povetacicept, a dual BAFF/APRIL inhibitor, which is now being explored in a variety of immunological and kidney specific conditions. Most notable among these, we highlight IgAN where data coming out of ASN 2025 from the RUBY-3 study appears to show a differentiated advantage that we think will support VRTX throughout the year.

Dual BAFF/APRIL inhibition appears capable of improving eGFR slope, a critical differentiator in IgAN. Povetacicept was tested in the Ph 2 RUBY-3 study at 80mg Q4W dosing. This monthly dosing is similar to Otsuka's silbeprenlimab, which is commercially ahead with Ph 3 data. While Otsuka is more advanced, we have yet to see an eGFR benefit from sibeprenlimab, while povetacicept 80mg dosing led to a +3.3 mL/min/1.73m2 improvement in eGFR slope at 48 weeks. This improvement in eGFR marks actual improvement in kidney functioning, which will likely be key for both physician therapy selection and insurer coverage considerations.

Biogen's felzartamab stands separate from sibeprenlimab and povetacicept. Biogen's felzartamab looks to tackle IgAN through a different approach (CD38 inhibition). Data for felzaratamab in the Ph 2a IGNAZ trial appears on the surface less differentiated with an ~1.4 negative change in eGFR slope at ~48 weeks. Changes in UPCR are also lower than both povetacicept and subeprenlimab at ~-22% vs. -57% and -50% respectively. However, it is important to note, felzartamab may be differentiated on dosing. Ph 2a treatment only allowed felzartamab monthly dosing up to month 6, where dosing stopped after, potentially indicating that felzartamab may be a more durable approach (albeit slightly less efficacious), allowing for longer treatment intervals for patients.

Exhibit 24 - Competitive IgAN Therapies and Associated Profiles

	Voyxact (sibeprenlimab)	Povetacicept	Felzartamab	Atacicept
Manufacturer	Otsuka	Vertex / Alpine	Biogen / Hi-Bio	Vera
Mechanism	IgG2 Ab APRIL Inhibitor	Dual BAFF / APRIL Inhibitor	Anti-CD38 Ab	Dual BAFF / APRIL Inhibitor
Phase	Ph 3	Ph 2	Ph 2a	Ph 3
Dosage	400mg Q4W	80 mg Q4W	5 weekly doses followed by Q4W dosing, last dose month 6	150mg QW
Method of Administration	SubQ	SubQ	IV	SubQ
N	259	21	13	106
Median Age (years)	42.0	47.6	39.2	40.1
24-Hr UPCR (geometric / median)	1.33 / 1.22	1.3 / ND	1.7 / 1.1	1.7
eGFR (mL/min/1.73m2) (mean / median)	63.5 / 57.5	76.9 / ND	70.7 / 62.3	65.3
Change in eGFR Slope at 48 Weeks	ND	+3.3	~-1.4	ND
UPCR Ratio Reduction at 36 Weeks (placebo-adjusted)	-50.2% (-51.2%)	~-57% (ND)	-29.5% (-23.8%)	-45.7% (-41.8%)
APRIL Reduction at 48 weeks	-95.8%	ND	ND	ND
Galactose-Deficient IgA1 Reduction at week 48 (placebo-adjus	-67.1%	-77.0%	~-22%	ND
TEAE (%)	74.1%	76.2%	92.3%	59.3%
TSAE	3.5%	4.8%	0.0%	0.5%
TRAE (%)	29.0%	28.6%	ND	29.4%
TRSAE	0.4%	0.0%	ND	0.0%

ND = not disclosed

Source: BMO Capital Markets, Company Reports, NEJM

Malignant Hematology Developments at ASH Set Up for 2026 Battles With New Mechanisms and Access Considerations

Fresh off the American Society of Hematology (ASH) 2025, we came away from the conference noting several points: 1) cell therapy efficacy and safety in myeloma is rapidly improving beyond initial efforts from Legend with Carvykti; **2)** many competitors (Regeneron, Pfizer especially) are trying to make a case for bispecifics to see improved use in earlier lines of therapy, potentially even in 1L in some instances; and **3)** key readouts in 2026 for Bristol's CELMoDs could expand available treatments, but data to date has not made differentiation yet clear.

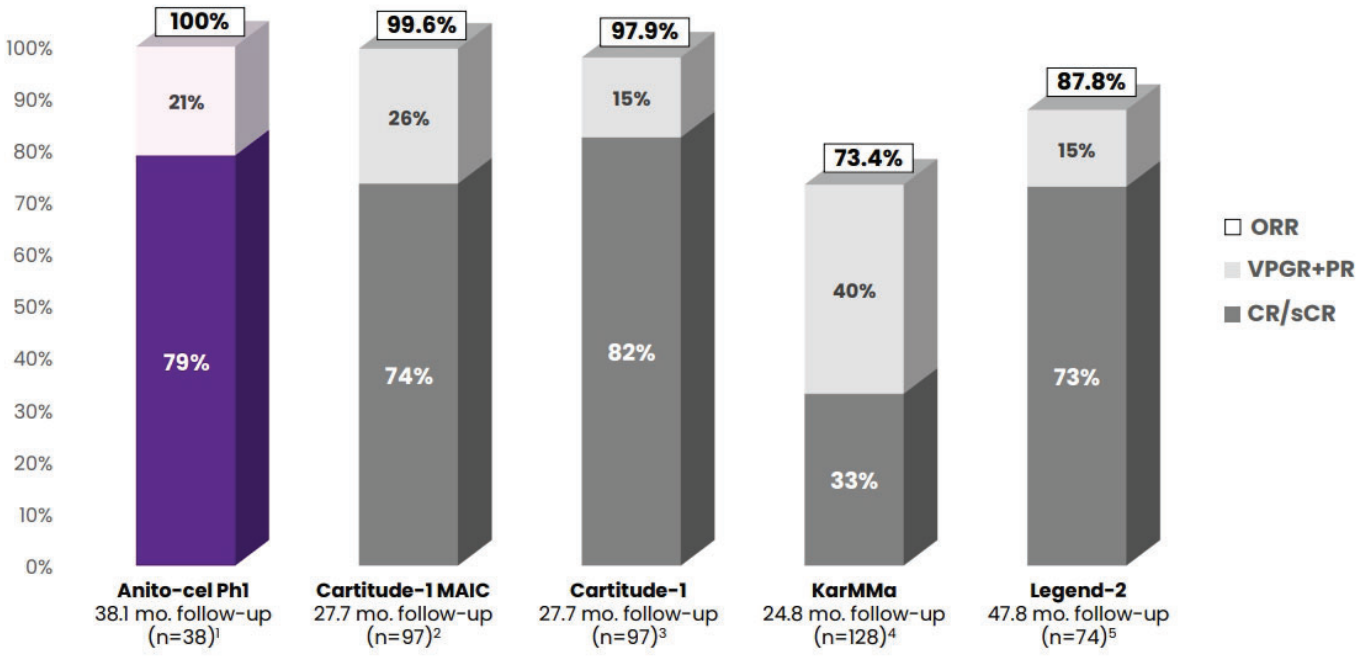
Cell therapies for myeloma and lymphomas have represented a massive advancement in the field. With the advent of products like Carvytkti and Abecma, multiple myeloma patients in refractory lines now have clear highly efficacious agents that can produce strong responses and CR rates. Improvements in myeloma therapy have been impressive and impactful for patients, but issues with Carvykti neuro toxicities and delayed Parkinson's have made some physicians hesitant when speaking with patients about the potential outcomes they could expect from treatment. Combined with access issues, myeloma CAR-T therapies have been limited in some sense to date. Enter new CAR-T agents ...

New in development agents like Gilead / Arcellx's Anito-cel look to provide even better efficacy with no concerns of delayed neurotoxicities. Such advancements again put CAR-T therapy back in the spotlight heading into 2026. Anito-cel could be approved in 2026, setting the stage for improved dominance for Gilead in cell therapy, potentially delivering a knock-out punch to Legend's Carvykti and seriously reducing the competitive advantage of Bristol's Abecma.

Despite advancements in CAR-T efficacy and safety, access remains a challenge. Some physicians in the community are either incapable or uncomfortable prescribing CAR-T therapy. Such a scenario results in patients being referred to academic centers often; however, there remains a significant bias to try and maintain control over a physician's patients, thus the potential for bispecifics. Bispecifics make sense from an access perspective, providing more opportunity for community physicians to maintain control and treatment over their patients, but 2026 will be a key year to see whether this logic can overcome differences in efficacy and concerns over BCMA antigen depletion.

Most physicians remain cautious prescribing myeloma BCMA bispecific ahead of CAR-T due to studies demonstrating reduced efficacy of the subsequent CAR-T therapy, but not the reverse treatment order. Heading into 2026, we will be closely watching bispecific sales for Pfizer's elranatamab, and Regeneron's linvoseltamab to see how this dynamic evolves. At this time, we are appreciative of linvoseltamab's profile in particular, but remain cautious about our sales estimates for the full year given these sequencing concerns.

Exhibit 25 - Anito-cel Competitive Efficacy in Myeloma



Source: BMO Capital Markets, Arcellx Company Reports

Key CELMoD readouts in 2026 are set to assess the true potential of the mechanism. Despite Bristol's stumbles in 2025 with notable readouts, 2026 could be an important year for the company where it is looking to begin to test its CELMoD portfolio in influential trials. Among these, we see golcadomide's 1L DLBCL trial in combo with R-CHOP, iberdomide EXCALIBER-RRM PFS data, and mezigdommide SUCCESSOR-1/2 data as all key for understanding the potential for CELMoDs in myeloma and lymphoma. To date, we have viewed the efficacy of these agents as somewhat promising, but yet unproven, setting up 2026 to be a key decision point for the value of the mechanism going forward.

The PD-(L)1 x VEGF Race Remains Front and Center Into 2026 as Pharma Looks to Compete in Next-Gen I/O Therapy

Solid tumor oncology looks to better understand who is truly differentiated with PD-(L)1/VEGF agents in 2026. 2025 has been littered with Pharma interested in jumping into the PD-(L)1/VEGF battleground from Pfizer licensing from 3SBio, Bristol partnering with BioNTech, and Merck licensing from LaNova. All of these deals reflect the same desire to identify a differentiated agent in the PD-(L)1/VEGF mechanism, but data to date has not made this differentiation yet clear. Advanced products like Akeso/Summit's ivonescimab have shown mixed benefit without true statistical significance yet from HARMONi-2 in NSCLC. Regardless, these early results have been promising, suggesting the mechanism is viable and potentially better than existing therapies in solid tumors.

In 2026, we expect key data readouts to start to clear up who is truly differentiated in the space. BioNTech is expected to read out global Ph 2 NSCLC data for pumitamig during that time, potentially able to be compared across Chinese data from 3SBio and ivonescimab's NSCLC trials to date. So far, we have been particularly impressed by BioNTech's pumitamig, especially in indications like TNBC where recent SABC data was shown to potentially be competitive with ivonescimab and maybe meaningfully better than most TROP2 agents (potential exception of Merck's sac-TMT).

Exhibit 26 - PD-(L)1/VEGF Bispecific Comparisons in 1L TNBC

	Pumitamig (BNT327)	Ivonescimab	Trodelvy (Sacituzumab Govitecan)	Datroway (Datopotamab deruxtecan)	Sacituzumab tirumotecan
Manufacturer	BioNTech / Bristol	Akeso / Summit	Gilead	AstraZeneca	Merck
Mechanism	PD-L1/VEGF bispecific	PD-1/VEGF bispecific	TROP2 ADC	TROP2 ADC	TROP2 ADC
Phase	Ph 2	Ph 2	Ph 3	Ph 3	Ph 2
Dosage	15mg/kg and 20mg/kg Q2W + nab-paclitaxel	20mg/kg Q2W + 90mg/m2 paclitaxel	10mg/kg days 1 and 8 of of 21-day cycle	6mg/kg Q3W	5mg/kgQ2W
N	40	30	279	323	41
Median Age (years)	57.1	54	56	56	55
Median Follow Up (months)	7.7	7.2	13.2	27.5	18.6
ORR	76.50%	72.40%	48.40%	62.50%	70.70%
DCR	92.30%	100%	89%	89%	93%
6-month PFS	72.10%	68.40%	65.00%	~68%	~83%
TRAE (total / grade 3)	97.5%/42.5%	100% / 46.7%	99%/61%	92.8%/32.9%	100% / 63.4%
TRSAE	20.00%	30.00%	26%*	9.10%	14.60%

Source: BMO Capital Markets, SABC 2025, Company Reports

SubQ Regimen and Early AD Treatment Could Move Beta-Amyloid Space Forward in 2026 and Beyond

We see early signs of Leqembi momentum that could lead to strong growth in 2026, supported by subQ approval in the treatment initiation setting. Two years post-approval, Leqembi is beginning to show momentum, as evidenced by ~20% QoQ growth in 2Q25 sales to ~$63M that is significantly higher than its sales growth in 2024. This performance reflects Leqembi's first-mover advantage in the expanding beta-amyloid market. However, sustainability of this momentum is questioned by a recent consensus miss in 3Q25. This could be driven by declining market share as Lilly's Kisunla takes stronger hold with some prescribers. We believe approval of subQ Leqembi in the treatment initiation setting in 2026 could provide meaningful differentiation versus Kisunla, which is only available in IV formulation. Recall, subQ Leqembi has been available for dosing maintenance since October 2025, and approval for initiation is anticipated in 1H26. Taken together, we remain encouraged by signs of sales momentum and see potential for stronger growth in the back half of 2026, driven by increased uptake of subQ Leqembi.

Presymptomatic/Preclinical use of beta-amyloid treatments represents an important growth opportunity for Kisunla and Leqembi. Earlier disease detection and treatment remain systemic barriers to rapid uptake of beta-amyloid therapies, but preclinical/presymptomatic trials by LLY (TRAILBLAZER-ALZ 3) and BIIB (AHEAD 3-45) could help overcome these challenges. While enrollment criteria and primary endpoints differ (see Exhibit 16, here), positive readouts from these studies would validate the value of blood-based biomarker testing and early diagnosis/treatment.

We are expecting a positive interim analysis from TRAILBLAZER-ALZ 3 potentially in early 2026, which could partially derisk AHEAD 3-45 and pave the way for an AHEAD 3-45 interim readout that remains an option (top line expected in 2028 otherwise), according to BIIB management. Taken together, we look forward to a potential TRAILBLAZER-ALZ 3 readout by early 2026, and we are watching the evolving beta-amyloid landscape, where early AD treatment opportunity may start to unfold in 2026.

EVOKE/EVOKE+ failure suggests the need for further clinical exploration to clarify the potential benefit of GLPs in Alzheimer's Disease. Although EVOKE/EVOKE+ was always considered a high-risk, high-reward opportunity for semaglutide, failure to demonstrate clinical benefit in these trials pressured NVO shares and casts uncertainty on the future of GLP-1s in Alzheimer's. Encouraging biomarker trends, including NfL, GFAP, Neurogranin, p-tau, and t-tau (here, here), signal potential long-term benefit of GLPs in slowing AD progression for (early-stage) patients, but this would require future longer-duration trials. Currently, no other pivotal trials are ongoing for GLP-1s in AD, and recent LLY commentary indicates it is not actively pursuing this approach. See below for remarks at Citi conference from Ilya Yuffa, EVP and President of Lilly USA and Global Customer Capabilities, Eli Lilly.

> *"And after each study and failure, you learn a lot, and you iterate, and you incorporate that learning back into new science and innovation. And so, we've actually – we have that with Kisunla now, and we're continuing to learn more about Kisunla and looking at preclinical.* ***And obviously, the EVOKE, we need to study that once we get all of the readout from EVOKE to understand that and the implication there and whether or not there's something for us to pursue.*** *We're committed to Alzheimer's space and we have that expertise. We have the expertise in incretin. And so, if there is a pathway there for the future, we'll go after it and we have that expertise to incorporate. "*

BMO BioPharma Top Picks Heading Into 2026

Top Picks Into 2026: Gilead (GILD) & Disc Medicine (IRON)

Large-Cap BioPharma — Gilead (GILD) – Outperform, $135 Target Price

Our View: We remain bullish on the opportunity for Gilead's long-acting PrEP medication Yeztugo, with >$150M guided in 2025 sales. This novel agent has the potential to drive improvements in patient persistence and compliance in this large setting, while early script trends continue to look strong. Gilead's HIV franchise remains best-in-class and with no major LOEs expected until 2033. We also like the opportunity for the company's cell therapy Anito-cel, which has demonstrated differentiated safety vs. other agents culminating in the recent presentation of data from the company's Ph 2 iMMagine-1 program in later line r/r multiple myeloma. A near-term filing and potential approval could help diversify Gilead's cell therapy business with an opportunity to further differentiate with its best-in-industry cell therapy manufacturing.

Key Catalysts: Upcoming filing/ potential approval of Anito-cel in late line r/r multiple myeloma. More importantly, we remain positive Gilead's launch of Yeztugo in HIV PrEP. Coupled with an ongoing EU launch, we expect investors could use this opportunity to increase investment in preparation for greater commercial growth from the company's robust HIV portfolio.

Valuation: Our target price of $135 is derived from our sum-of-the-parts (SOTP) discounted cash flow (DCF) analysis. Our 6.2% discount rate is in line with the Bloomberg consensus WACC. We assume a terminal value growth rate of 2% reflective of improvements in growth from PrEP.

SMID-Cap BioPharma — Disc Medicine (IRON) – Outperform, $120 Target Price

Our View: Following strong DISC-0974 data in myelofibrosis anemia at ASH, we are even more bullish on the asset heading into full RALLY-MF top-line results in 2H26. With no approved agents in MF anemia, DISC-0974 has shown an impressive profile that would be competitive even if agents like luspatercept had received approval. Approval of bitopertin is likely in January 2026, setting the company up for a commercial transition. Disc's connection with the EPP/XLP community is likely to help aid in increasing initial awareness and uptake of the product, potentially leading to better-than-expected sales outperformance.

Key Catalysts: FDA approval of bitopertin January 2026 is likely more assumed at this point, but we still expect some IRON appreciation from the event. Full Ph 2 RALLY-MF results and the end of Ph 2 meeting for DISC-0974 in MF anemia will likely be the most consequential for shares. Given the strength of data we have seen to date, we remain confident results will demonstrate a meaningful anemia benefit across transfusion dependent and independent patients. Ph 2a DISC-3405 PV data could again expand investor horizons, broadening their appreciation for the hepcidin portfolio in 2H26.

Valuation: Our $120 target price is based on a risk-adjusted sum-of-the-parts discounted cash flow analysis. This DCF estimates significant per share contributions from Disc's bitopertin, DISC-0974, and DISC-3405 assets.

BMO BioPharma Single Stock Drivers Likely to Impact Performance

Key Catalysts to Watch in 2026

Company	Catalyst	Upside/ Downside	High Impact	High Risk/Reward	Most Watched	High Conviction	Under the Radar
Acadia	ACP-204 Ph 2 Alzheimer's psychosis data (mid-2026)	+20%/-30%	X		X	X	
Amgen	MariTide Part 2 Ph 2 data readout (1H26)	+10%/-5%		X			
BioNTech	Pumitamig Ph 2 1L NSCLC global data (2026)	+10%/-7%			X		
Bristol	KarXT ADEPT-1, 2 and 4 Ph 3 readouts in Alz psychosis (2026)	+15%/-10%	X		X		
Disc Medicine	RESTORE-PV initial Ph 2 data (2H26)	+10%/-7%					X
Disc Medicine	Ph 2 RALLY-MF full data (2H26)	+15%/-20%				X	
Eli Lilly	TRIUMPH-1 Ph 3 data for Retatrutide in Obese patients (1H26)	+7%/-10%			X	X	
Gilead	Yeztugo sales/ 2026 guide (4Q25)	+5%/-5%			X	X	
Incyte	Ph 1 data for JAK2V617Fi in MF (1H26)	+10%/-10%	X				X
Novo Nordisk	REDEFINE-4 Cagrisema vs tirzepatide H2H study (1Q26)	+10%/-5%	X		X		
Protagonist	FDA approvals for icotrokinra in PsO and rusfertide approval in PV	+20%/-40%	X		X	X	
Regeneron	Fianlimab w/ Libtayo in 1L metastatic melanoma Ph 2/3 data (1Q26)	+7%/-5%				X	
Structure	Topline data for ACCESS OLE, ACCESS 2 Extension, and T2D studies	+30%/-20%	X		X	X	
Taysha	Interim Part B REVEAL data (2026)	+40%/-25%	X	X			X
Vertex	Povetacicept approval in IgAN	+5%/-5%				X	

Source: BMO Capital Markets

Single Stock Drivers Likely to Impact Performance 1/4-

Drivers Organized by Company	
Pfizer	• Focus on ongoing launches (Abrysvo, Elrexfio, Padcev in Urothelial Cancer) • Metsera integration and near-term clinical updates with the VESPER-3 monthly and VESPER-2 T2D data expected in early 2026 • Additional updates in oncology for the company's EZH2i and PD-1/VEGF biospecific
Eli Lilly	• Mounjaro/Zepbound launch in T2D/obesity ongoing—focus on 2026 guide • Robust performance of Mounjaro/Zepbound likely to continue as Lilly continues to gain share, with DTC channels of increasing importance • The potential launch of Orforglipron will be another key area of focus in 2026 as Lilly looks to differentiate in the oral race • I&I portfolio updates including the launch of Ebglyss in Atopic Derm • Clinical updates for Retatrutide will also be critical as we think about the evolution of treatment in obesity metabolic
Merck	• Ph 2 ATHENA data for tulisokibart • Efinopegdutide in pre-cirrhotic NASH Ph 2b data • Ph 2 CADENCE data presentation • Islatravir ISLEND-1/2 Ph 3 data • Winrevair commercial sales
Bristol-Myers Squibb	• Cobenfy launch, performance in 2025 was steady but investors are looking for more in 2026 • Commercial progress with newer products (Camzyos) • Growth in cell therapy (particularly for Breyanzi) following improvements in manufacturing • ADEPT-1,2 and 4 data in Alzheimer's Psychosis are all expected 2026
Amgen	• MariTide phase 2 part data in obesity; additional obesity franchise updates. • Ongoing launch of Imdelltra in ES-SCLC • Other novel I&I updates (Tezspire in COPD and path forward), Rocatinlimab in AD
Novo Nordisk	• GLP-1 commercial revenue inflections following pricing cuts, this could drive headwinds in early 2026 with some volume gains to come later • US compounder lawsuit updates • OASIS-4 FDA approval for oral semaglutide/ commercialization of oral semaglutide • Data for their REDEFINE-4 H2H study between tirzepatide and cagrisema

Source: BMO Capital Markets

Single Stock Drivers Likely to Impact Performance 2/4

Drivers Organized by Company	
AbbVie	• Continued but more measured growth in I&I led by Skyrizi/Rinvoq – impact from Tremfaya label expansion and icotrokinra approval in PsO • Rinvoq Ph 3 HS and SLE data supporting indication expansion • Aesthetics marketing progress and impact on business recovery • Tavapadon approval in Parkinson's disease, strengthening positioning in neuro • Ph 1 data for ABBV-295 in obesity following Gubra license agreement
Gilead	• Ongoing dynamics for the Yeztugo launch • Updates on the Anito-cel program – potential approval/ commercialization in later line RRMM in 2026 • Go forward strategy for solid tumor oncology • Commercialization of Seladelpar for PBC
Regeneron	• Eylea HD launch progress post label expansions, potential approval of PFS • Updates on the at-risk launch of Amgen's Eylea biosimilar • Oncology updates for their PD-1 + LAG3 combos in melanoma and NSCLC
Vertex	• Continued focus on the commercial launches of Alyftrek, Journavx, and Casgevy • Submission of rolling BLA and full BLA for povetacicept in IgAN • FDA decision on povetacicept approval in IgAN
Biogen	• TRAILBLAZER-ALZ 3 interim update • Spinraza high-dose PDUFA (4/3/2026) • Leqembi sales uptake • BIIB080 Ph 2 data in Alzheimer's • Litifilimab second Ph 3 data
Incyte	• Niktimvo launch updates in GVHD • Jakafi and Opzelura commercial progress • Ph 1 data for JAK2V617Fi in MF

Source: BMO Capital Markets

Single Stock Drivers Likely to Impact Performance 3/4

Drivers Organized by Company	
AbCellera	• Updates regarding existing/continued partnerships • Amlitelimab competitive updates • Ph 1 data for ABCL575 and '635 • Advancement of IND submission for ABCL688
Schrodinger	• Commercial performance of the company's software and drug discovery business lines • Ph 1 data for SGR-3515 in patients with solid tumors
Neurocrine	• Muscarinic Ph 1 data updates • Crenessity sales • Ingrezza commercial commentary and contracting • NBIP '355 Ph 1 data in epilepsy • NBIP '1435 Ph 1 CAH data
Acadia	• Ex-US launch of Daybue • ACP-204 Ph 2 Alzheimer's psychosis data • Daybue and Nuplazid commercial revenue growth
Replimune	• RP1 approval decision (PDUFA 4/10/26)
Structure	• Topline data for ACCESS OLE, ACCESS 2 Extension, and T2D studies • Ph 3 study initiation for aleniglipron in obesity • Ph 1 data for oral amylin ACCG-2671 in healthy volunteers • Potential partnerships / licensing agreements with large Pharma
Scholar Rock	• Catalent site reinspection for apitegromab • Apitegromab FDA approval • Apitegromab EU approval • Initial apitegromab early sales when approved

Source: BMO Capital Markets

Single Stock Drivers Likely to Impact Performance 4/4

Drivers Organized by Company	
Disc Medicine	• FDA PDUFA for bitopertin in EPP/XLP • Ph 2 full RALLY-MF data • RESTORE-PV Ph 2 data for DISC-3405
Protagonist	• FDA decision on icotrokinra approval in PsO • FDA decision on rusfertide approval in PV • Decision on asset licensing to Takeda for rusfertide
Taysha	• 12-month REVEAL Part A data • Interim Part B REVEAL data • Competitive updates from Neurogene
BioNTech	• Pumitamig 1L NSCLC global Ph 2 data • HARMONi-2 OS data updates • Gotistobart 2L sq NSCLC Ph 3 Stage 2 data • BNT113 HNSCC Ph 2/3 combo data with pembro • T-pam 2L endometrial cancer Ph 2 data • COVID / vaccine commentary and changes from FDA / HHS
Terns	• Additional dose expansion data for TERN-701 • End of Ph 2 meeting and dose selection for Ph 3 of TERN-701 in CML

Source: BMO Capital Markets

Company-Specific Outlooks for 2026

Companies Listed in Ranked Order

Gilead Sciences (GILD) — Outperform, Target Price: $135.00

Top Pick

Positioning for 2026

- **We will continue to see a keen investor focus on Gilead's Yeztugo launch in 2026.** Early commentary from the company on the launch continues to point positive with management noting on the 3Q call that they expect $150M in sales for FY25. With $39M printed in the third quarter, this means we will likely see $96M in 4Q — accounting for what was sold in 2Q25 and 3Q25 ($54M total), this would be reflective of 146% growth QoQ. Following script trends closely, we continue to see the uptake of Yeztugo broaden, supported by improving payer coverage, the product's differentiated profile and a strong data package.
- **Beyond the focus on HIV, anito-cel remains top of mind as we look to the new year, with the pivotal iMMagine-1 readout in the rearview and a potential approval/ product launch coming in 2026.** The data we have seen for anito-cel positions the product as differentiated vs. JnJ/Legend's Carvykti. In our view, this could present a significant opportunity to grow Gilead/Kite's cell therapy franchise, especially given Kite's positioning with industry-leading manufacturing.

YTD 2025 Stock Performance

- +29% (as of 12/16/25)

What's most important for 2026

- Ongoing commercial launch of Yeztugo for PrEP
- Ongoing commercial launch of Livdelzi
- Filing and potential approval for anito-cel in RRMM (2026)

2025 in Review

- We saw a relatively straightforward path to approval for Yeztugo given the strength of the data for PURPOSE-1 & 2, buoying investor sentiment and serving as an uncontroversial long amid a more turbulent tape. Beyond the approval for Yeztugo, Gilead continued to execute across all of its commercial HIV franchises across the first half of the year, beating consensus HIV expectations by +1% in the third quarter.
- Gilead's anito-cel continued to demonstrate robust efficacy with improved safety at EHA 2025 and ASH 2025 updates. As part of this year's ASH conference, we saw updated data from GILD/ACLX's iMMagine-1 study in RRMM. These data solidified anito-cel's differentiated profile vs. key competitors like JNJ/LEGN's Carvykti and cleared the path to a potential 2026 approval/launch. Safety remained a key point of differentiation with no delayed or non-ICANS neurotoxicities (e.g., Parkinsonism, cranial nerve palsies, and Guillain-Barré syndrome) detected as of the October 7, 2025 data cut-off.

Exhibit 32 - Gilead's Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Anito-cel	r/r Multiple myeloma	Launch progress	2026	High
GS-4571 (GLP-1)	Obesity	Updates on the Ph 1 program	2026	High
GS-1427	UC	Ph 2 SWIFT data	TBD	Medium
Islatravir/Lenacapavir	HIV	Phase 3 ISLEND-1 & 2 data update	2026	Low

Source: BMO Capital Markets, Company Reports

Disc Medicine (IRON) — Outperform, Target Price: $120.00

Top Pick

Positioning for 2026

- **Bitopertin commercialization takes stage in early 2026.** Disc is positioned to receive its first FDA approval in EPP/XLP, potentially before the end of January 2026. Approval will start to transition the company to a commercial stage, changing investor focus slightly. Upon approval of bitopertin, expect investors to focus heavily on the launch by trying to understand what barriers to access may or may not exist and how many patients have started on treatment. With approval moved up significantly from initial expectations, commercial timelines have been compressed, putting pressure to perform early in 2026.
- **Expect DISC-0974 development to become the key clinical asset of consideration in 2026.** Strong ASH data for DISC-0974 in myelofibrosis anemia has continued to strengthen the products profile and draw attention from investors to the rest of the company's portfolio. While we have been consistently focused on the company's evolving hepcidin portfolio, others doing new diligence may be surprised to realize the strength of profile demonstrated to date. Expect increased volatility around shares heading into 2H26 as the company looks to complete its end of Ph 2 meeting with FDA and present full RALLY-MF data.
- **Polycthemia vera data appears competitive with more validation need.** Disc's hepcidin inducer, DISC-3405, has shown strong induction in early Ph 1 data, but 2026 will be the first time we see mid-phase data from the product. Given the recent strides we have seen in polycythemia vera with assets like rusfertide, we note that the bar has been raised meaningfully for the indication. As we enter the back half of 2026, expect management to provide more details on expectations for this readout and how the product will fit into the evolving PV landscape.

YTD 2025 Stock Performance

- +44% (as of 12/16/25)

What's most important for 2026

- Bitopertin FDA approval (Jan 2026)
- DISC-0974 end of phase 2 and full RALLY-MF data (2H26)
- Initial RESTORE-PV Ph 2 data for DISC-3405 (2H26)

2025 in Review

- In June, Disc initiated a Ph 2 PV study investigating DISC-3405 in PV patients following positive data in healthy volunteers showing meaningful declines in serum iron and increases in serum hepcidin.
- Disc was notified it had been selected for the Commissioner's National Priority Voucher (CNPV), allowing the company to submit its NDA for bitopertin in November, guaranteeing an expedited review within 1-2 months of acceptance.
- DISC-0974 myelofibrosis anemia data presented at ASH continued to show strong anemia responses, particularly in non-transfusion dependent, and transfusion dependent low patients. While no major responses were seen for TD-high patients, 3 patients had yet to receive a transfusion through 8 weeks of treatment.

Exhibit 33 - Key Disc Medicine Catalysts

Asset	Indication	Milestone	Timing	Importance
Bitopertin	EPP/XLP	Submit NDA for approval	October 2025	High
DISC-0974	Anemia of CKD	Ph 1b MAD data	4Q25	Medium
DISC-0974	Anemia of MF	Initial Ph 2 data	4Q25	High
DISC-0974	Anemia of CKD	Ph 2a topline data	2026	High
DISC-3405	PV	Ph 2a data	2026	High

Source: BMO Capital Markets, Company Reports

Eli Lilly (LLY) — Outperform, Target Price: $1,200.00

Positioning for 2026

- **All else held equal, the continued outperformance of Lilly's incretin franchise remains our base case into 2026.** Lilly entered its era of market dominance in 2025 and investors will be looking for this to continue into the new year. Uptake in the Lilly Direct cash pay channel, expanded coverage for Zepbound in obese patient populations, and the approval/ launch of orforglipron in obesity will all be core contributors to the commercial story. Reports have indicated that following the receipt of the commissioner's priority review we could see a decision on Orforglipron as early as 3/28/26 (here).
- **Full data for several Ph 3 retatrutide clinical studies in 2026 could help paint a picture beyond tirzepatide.** TRIUMPH-1,2,3 and 5 + TRANSCEND-T2D-1&3 are all expected to complete in 2026 and will add clarity to the clinical profile of retatrutide in both T2D and Obesity. Investors will be looking for Retatrutide to further expand the opportunity in the obesity/ metabolic market, offering a treatment option for patients with more severe metabolic disease.
- **2026 is a catalyst-packed year for Lilly shares even beyond the data we are getting for retatrutide.** Top of mind for us are the SURMOUNT-MAINTAIN and the ATTAIN-MAINTAIN studies, which will crystallize the opportunity in the maintenance setting for GLP-1+ therapeutics, potential data in Alzheimer's for Lilly's TRAILBLAZER-ALZ 3 and TRAILRUNNER-ALZ-1 studies and data in alternative indications like the Ph 2 study of Mazdutide in alcohol use disorder.

YTD 2025 Stock Performance

- **+37% (as of 12/16/25)**

What's most important for 2026

- **Orforglipron launch in overweight / obese patients**
- **TRAILBLAZER-ALZ 3 interim analysis**
- **TRIUMPH-1 Data for Retatrutide in overweight / obese patients**

2025 in Review

- Commercially, Lilly firmly solidified itself as the leader in the obesity metabolic space in this year. Capturing share from Novo and overtaking both Ozempic and Wegovy with the most-prescribed GLP-1+ products in the U.S. (per IQVIA). As of the end of 3Q, Mounjaro reached >40% TRx share of the US market with Zepbound even stronger with >60% TRx share of the U.S. market. Both products continued to benefit from strong underlying demand. Beyond the dynamics with incretins, we also saw outperformance from other launch products like Lilly's Ebglyss.
- The ACHIEVE-1 and ATTAIN-1 readouts solidified Lilly's orforglipron as the first oral small molecule GLP-1 likely to gain U.S. approval in 2026. Achieve-1 hit first and came in better than expected, leaving a high bar into the ATTAIN-1 obesity data. Lilly printed a competitive 11.5% placebo-adjusted efficacy estimand weight loss at the 36mg dose. In our view, these results were good enough for Lilly to capture a sizable portion of the oral market, given orforglipron's lack of a food effect.
- Lilly's head-to-head SURPASS-CVOT study comparing the efficacy for Mounjaro to Trulicity in the prevention of adverse CV outcomes. The result of "non-inferiority" read as good enough, not what investors had been hoping for but enough to solidify Mounjaro's longer-term positioning. The armamentarium of data Lilly has generated will likely be enough to drive continued preferential use of tirzepatide over dulaglutide even after the product's LOE.

Exhibit 34 - Lilly's Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Retatrutide	Obesity	Ph 3 TRIUMPH-1 data	1H26	High
Retatrutide	Obesity / T2D	Ph 3 TRIUMPH-2 data	1H26	Medium
Retatrutide	Obesity	Ph 3 TRIUMPH-3 data	2026	Medium
Retatrutide	T2D	Ph 3 TRANSCEND-1 data	2026	High
Retatrutide	T2D	Ph 3 TRANSCEND-3 data	2026	Medium
Orforglipron	T2D	ACHIEVE-4 data	2026	Medium
Donanemab	Alzheimer's disease	TRAILBLAZER-ALZ 3 interim analysis	2026	High
Orforglipron	Obesity	FDA approval	2026	High
Orforglipron	Obesity	ATTAIN-MAINTAIN data	2026	High
Remternetug	Alzheimer's	TRAILRUNNER-ALZ 1 data	2026	High
Tirzepatide	Obesity	SURMOUNT-MAINTAIN	2026	High
Brenipatide (GIP/GLP-1 Coagonist III)	Obesity	Ph 1 data	2026	Medium
Eloralintide	T2D	Ph 2 data	2026	Medium
Mazdutide	Alcohol use disorder	Ph 2 data	2026	Medium
Epiregulin Ab	Neuropathic pain	Ph 2 data	2026	Medium
C19 Ab	Rheumatoid Arthritis	Ph 2 data	2026	Medium
Naperiglipron	Obesity	Ph 2 data	2026	Medium
Bimagrumab	Obesity	Ph 2 data	2026/2027	Medium

Source: BMO Capital Markets, Company Reports

Regeneron Pharmaceuticals (REGN) — Outperform, Target Price: $850.00

YTD 2025 Stock Performance

- **+5% (as of 12/16/25)**

What's most important for 2026

- **Eylea HD commercialization (ongoing)/ launch of prefilled syringe (TBD)**
- **Fianlimab + Libtayo 1L melanoma and NSCLC data 1H26**

Positioning for 2026

- **The turnaround of Regeneron's Eylea franchise will continue to be a core focus for investors as we look to 2026.** We saw some signs of life with the strong 3Q print, and we only expect the momentum to continue into the new year. Eylea HD label expansions, and a normalization of funding at the Good Days foundation, will help bolster commercial performance with Roche seemingly likely to start contributions.
- **With headwinds normalizing in other areas of Regeneron's business, Dupixent will continue to drive commercial stability.** End-user sales came in 5% ahead of consensus expectations in the third quarter as the launch in COPD continues to progress. Other therapies, like Lilly's Ebglyss, are seeing some early uptake, but we continue to view the threat to Dupixent as limited. We could see margins on the company's Sanofi collaboration significantly improve in 2026 with the development balance expected to be paid off no later than 3Q26.
- **From a pipeline perspective, we are most focused on the upcoming PD-1/LAG3 Melanoma & NSCLC data that's expected in 1H26.** Although the bar in Melanoma is relatively high, success with either of these two programs could help add to the company's turnaround story, with the opportunity in adjuvant Melanoma fully open following Bristol's failure in that setting.
- **Investors will be looking for Regeneron to be more active on the BD front as we look to the new year.** Exiting 3Q25 with $18.7B in cash and equivalents, investors may be looking for the company to flex its balance sheet for a larger-scale deal.

2025 in Review

- **Focus on Eylea commercial performance continued throughout 2025.** We saw some more meaningful improvements in 2Q and 3Q, with Eylea and Eylea HD coming in ahead of consensus expectations by +4% and +21%, respectively, in 2Q and +1% and +2%, respectively, in 3Q25 after a slower start to the year in 1Q. The softer 1Q was fueled by branded and biosimilar competition, along with a lack of funding to the Good Days foundation.
- **Beyond the ups and downs for the Eylea franchise, clinical and regulator missteps weighed on Regeneron shares over the first half of the year.** A miss for itepekimab in COPD and CRLs for several submissions, including Eylea HD prefilled syringes, drove investor frustrations. We saw sentiment gradually start to improve in the back half of the year, however, with the company's successful approval of label expansions for Eylea HD.

Exhibit 35 - Key Regeneron Catalysts

Asset	Indication	Milestone	Timing	Importance
Eylea HD	wAMD / DME	PFS FDA Submission	1Q26	High
EGFRxCD28	Solid Tumors	Dose expansion data	1H26	Medium
Fianlimab with Libtayo	1L metastatic melanoma	Pivotal Ph 2/3 data	1H26	High
Fianlimab with Libtayo	Advanced NSCLC	Initial Ph 2 data	1H26	High
Fianlimab with Libtayo	1L metastatic melanoma	Submit BLA	1H26	Low
MUC16xCD28+ubamatamab	Ovarian Cancer	Report data	2026	Low
Eylea HD	wAMD / DME	PFS FDA Approval	mid-2026	High
Ordspono (odronextamab)	Lymphoma	CRL Resolution	TBD	Medium

Source: BMO Capital Markets, Company Reports

Vertex Pharmaceuticals (VRTX) — Outperform, Target Price: $530.00

Positioning for 2026

- **Povetacicept is poised for a potential approval in IgAN in 2026, with a complete regulatory submission targeted for 1H26.** Vertex plans to submit a rolling BLA by YE25 and a full BLA in 1H26 for the Ph 3 RAINIER trial for povetacicept in IgAN. Granting of the priority review voucher will shorten review time down to six months, supporting a potential regulatory decision by YE26 as the company attempts to compete on timeline. Povetacicept's profile appears differentiated vs. Vera's (NASDAQ:VERA, Not Covered) atacicept and Otsuka's (TYO: 4578, Not Covered) Voyxact, given the early data we have seen for the asset.
- **Slower-than-expected Journavx launch is likely to improve as efforts to expand access continue.** Thus far, Vertex achieved coverage agreements with two out of three major PBMs and is in active discussions with the remaining major PBM to secure Journavx coverage. If an agreement is reached in the next year, we could see less use of patient assistance programs, declining gross to net, reduced step edits, and more patient uptake. No Pain Act exclusion has been limiting to Journavx sales. Inclusion in the program, coupled with added launch spend, could further support revenue inflection. **In contrast, the Casgevy launch is unlikely to reach profitability in the next year as high upfront expenses, complex manufacturing, and logistical constraints pose hurdles to adoption.** However, as the company attempts to streamline processes such that treatment times are reduced, we may see improvements in uptake in the future.
- **CF remains a bright spot in Vertex's commercial story.** We expect continued momentum in 2026 where recently implemented parity pricing should encourage accelerated patient switching from Trikafta to Alyftrek in light of historical Trikafta brand loyalty. 6-month liver monitoring is likely still limiting to switches, but this continues to be countered by improved sweat chloride levels seen with Alyftrek treatment vs. Trikafta.

YTD 2025 Stock Performance

- **+13% (as of 12/16/25)**

What's most important for 2026

- **Alyftrek's CF launch (ongoing)**
- **Journavx's launch in acute pain (ongoing)**
- **Casgevy commercial uptake (ongoing)**
- **Updates on Povetacicept clinical progress (multiple)**
- **Povetacicept full BLA submission in IgAN**

2025 in Review

- **'993's failure in acute pain and lack of alignment with regulators on PNP broad labeling for Journavx prompted significant share decline in mid-2025.** Following '993's inability to demonstrate statistically significant improvement in pain intensity vs. placebo and superiority to Journavx, investors questioned the validity and targeting of Nav1.8 for pain management, and the future of Vertex's pain franchise. While this suggests that there may be a lower ceiling as it pertains to market growth and expansion, we note that the Journavx launch progressed with measured momentum as demonstrated by script trends, patient switches, and broadening coverage.
- **Ph 2 RUBY-3 data for povetacicept presented at Kidney Week 2025 highlighted the asset's differentiated profile where improvements in eGFR suggest possible improvement in kidney function with treatment.** This contrasts to competing assets in development and on the market (e.g., Vera's atacicept and Otsuka's Voyzact) where only eGFR stabilization was observed. Positive data in pMN further validated povetacicept's exciting profile in IgAN. While exciting, we look to Ph 3 RAINIER data for confirmation on possible eGFR benefit and PoS.

Exhibit 36 - Key Vertex Catalysts

Asset	Indication	Milestone	Timing	Importance
Zimislecel	T1D	Resume dosing	Ongoing	Medium
Alyftrek	CF	Updates on the Alyftrek Launch	Ongoing	High
Suzetrigine (VX-548)	Acute Pain	Launch progress	Ongoing	High
Inaxaplin	AMKD	Complete enrollment in AMPLIFIED	YE25	Medium
Povetacicept	IgAN	Submit first module of BLA	YE25	Medium
VX-670	DM1	Complete MAD dosing	1H26	Medium
Povetacicept	IgAN	Submit full BLA	1H26	High
Povetacicept	IgAN	FDA approval decision	2H26	High

Source: BMO Capital Markets, Company Reports

Terns Pharmaceuticals (TERN) — Outperform, Target Price: $54.00

Positioning for 2026

- Updates are likely to be more focused on FDA interaction than clinical in 2026. Following Tern's surprising and impressive TERN-701 CML data at ASH, the company now turns to the FDA to further discuss dosing and trial considerations for a Ph 3. While 500mg dosing appears a clear likely favorite to proceed to Ph 3, Terns will need to conduct its end of Ph 2 meeting before proceeding with a full Ph 3 trial design.
- Additional dose expansion data may have some positive benefit as investors wait. Management expects to produce additional Ph 1 CML dose expansion data in 2026. Looking toward this data, we expect this to be less impactful than initial ASH data, but we could see response rates improve slightly with longer treatment. Such a result is a possibility, but we view the responses demonstrated by TERN-701 to date as more than sufficient to support Ph 3 development, likely dampening any volatility associated with such updates.

YTD 2025 Stock Performance

- **+675% (as of 12/16/25)**

What's most important for 2026

- **Additional dose expansion data from CARDINAL (2026)**
- **End of phase 2 meeting for TERN-701 and Ph 3 dose selection (2H26)**

2025 in Review

- Limited efficacy and liver concerns for TERN-601 in its Ph 2 obesity study led to the program being discontinued in an effort to prioritize efforts on the company's CML asset, TERN-701.
- TERN-701 demonstrated impressive rates of MMR achieved and maintained, well above current standards of care (namely asciminib) in CML. Results remained robust at the ASH conference in December, exhibiting a cumulative MMR rate of 74% that remained highly tolerable.
- Following data, Terns increased its cash balance by announcing a $650M equity financing that had been unsized. Cash from this financing will fund development efforts throughout 2026 and into the planned Ph 3 (likely late 2026 and beyond).

Exhibit 37 - Terns Key Catalysts

Asset	Indication	Milestone	Timing	Importance
TERN-701	CML	End of Ph 2 meeting with FDA	2H26	High
TERN-701	CML	Additional CARDINAL dose expansion data	2026	High

Source: BMO Capital Markets, Company Reports

Protagonist Therapeutics (PTGX) — Outperform, Target Price: $112.00

YTD 2025 Stock Performance

- **+137% (as of 12/16/25)**

What's most important for 2026

- **Icotrokinra FDA approval in PsO**
- **PN-477 Ph 1 initiation (subQ in 1H26 and oral in 2H26)**
- **Rusfertide FDA approval/ Takeda opt-in or out decision**

Positioning for 2026

- **Icotrokinra regulatory submission sets Protagonist up for a potential approval in plaque psoriasis (PsO) next year.** This past July, J&J (NSE: JNJ - Not Covered) submitted an NDA for icotrokinra in PsO based on compelling data from ICONIC trials demonstrating significant improvement in psoriasis severity following treatment. Based on the company's licensing agreement with J&J, Protagonist is eligible to receive upward tiering royalties on net icotrokinra sales, with percentages ranging from 6% to 10% (10% royalties will only be paid out for net sales exceeding $4.0B). This milestone provides a clear path for revenue generation where Protagonist can continue to invest in its growing pipeline with potential to drive future partnerships. Whether a J&J takeout will come to fruition in 2026 is yet to be determined, but we see continued upside to the name in either scenario with a potential approval of icotrokinra also driving shares higher.
- **Extended 52-week Ph 3 Verify rusfertide data presented at ASH 2025 demonstrating treatment durability points to an NDA filing by year-end and a potential 2H26 approval in PV.** A decision on whether or not to opt out of the 50:50 US profit split with Takeda is expected after the rusfertide NDA filing submission in 4Q25. In the case of an opt-out, Protagonist will be eligible for additional cash payments, milestone payments, and royalties on global net sales. While an opt-out would likely be received positively by the Street as it would give the company more flexibility to focus on development. All available options are supportive of revenue generation and company growth in the near and long term.
- **We could see Protagonist's triple receptor agonist (GLP-1, GIP, and GCP) oral/subQ obesity asset PN-447 become a greater focal point of company's clinical development story.** With IND-enabling studies currently under way, we can expect Ph 1 initiations for subQ and oral formulations in 1H26 and 2H26, respectively. Coming out of recent positive TRIUMPH-4 data from Lilly's GLP-1R/GIPR/GCGR agonist retatrutide, we see this as a positive readthrough to the PN-477 program where successful development and/or partnership agreements with more experienced players can support greater value.

2025 in Review

- **We saw top-line and full Ph 2b ANTHEM-UC data for icotrokinra in ulcerative colitis (UC) where encouraging, "injectable-like" efficacy offered greater confidence in the asset's clinical profile.** As no efficacy plateau was observed as of the most recent trial update, we see greater room for higher efficacy potential with longer treatment duration. With Ph 3 ICONIC-UC and Ph 2/3 ICONIC-CD studies in Crohn's disease initiated in 4Q25, updates won't be available until 2028, but we continue to feel confident in icotrokinra's clinical profile and cross-indication potential.
- **As later stage assets inch toward approval, earlier stage assets like oral/subQ triple receptor agonist obesity asset (GLP-1/GIPR/GCGR), PN-477, and recently Ph 1 initiated oral IL-17 inhibitor PN-881, highlight the company's continued development momentum.** PN-477 is still in IND-enabling studies with Ph 1 initiations expected in 2026. Given that both assets are early in development with no near-term readouts, it is unlikely that investors will ascribe meaningful value to these assets at this time. However, pre-clinical data thus far is encouraging and supportive of further evaluation.
- **Updated 52-week Ph 3 VERIFY data for rusfertide in PV further validated response robustness.** Data showed that phlebotomy ineligibility was maintained at 52 weeks with no median time to phlebotomy. Furthermore, 78% of patients in the placebo group during Part 1a (20 weeks to 32 weeks) moved to treatment achieved absence of phlebotomy eligibility by Week 52. In our view, these data increase the regulatory PoS for rusfertide, especially considering the lack of effective treatment options available to PV patients.

Exhibit 38 - Protagonist's Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Rusfertide	PV	US NDA filing	4Q25	Medium
Icotrokinra (JNJ-2113)	Psoriasis	FDA approval	2026	High
PN-477sc	Obesity	Ph 1 Initiation	1H26	Medium
PN-477o	Obesity	Ph 1 Initiation	2H26	Medium
Rusfertide	PV	FDA approval	2H26	High

Source: BMO Capital Markets, Company Reports

AbbVie (ABBV) — Outperform, Target Price: $258.00

Positioning for 2026

- **Strength in I&I is likely to continue into 2026, but we will be closely following potential pressures from competing assets.** In 2025, we saw Skyrizi and Rinvoq consistently beat expectations in each quarter, largely supported by strong patient uptake. While we expect continued growth into 2026, we could see more mild upward trends as commercial strength of new entrants (e.g., Tremfaya label expansion in plaque psoriasis and psoriatic arthritis, and potential icotrokinra approval in plaque psoriasis) take shape.
- **AbbVie's aesthetic franchise is likely to exhibit continued strain due to persistent macroeconomic uncertainty, subsequent declines in discretionary spending, and evolving beauty standards around dermal fillers.** We could, however, see slight improvements in sales as the company invests in marketing efforts (e.g., Botox DTC launch), with management noting during the 3Q25 call that the company was seeing some uptick in Botox sales (possibly boding well for marketing outcomes in 2026). However, filler marketing efforts are likely to be more challenged as beauty standards shift towards a preference for a "less filled" look.

  "We have a significant Botox consumer campaign that's in the market, we're starting to see some nice pickup there. So we're encouraged. We have a HA filler sentiment campaign to make sure that we're working with all of our clinics to make sure we can revitalize and get that market stabilized and more robust because you really do need HA fillers to really get the aesthetics outcome, so we believe we can rehabilitate that segment and we also have opened three very significant training and sort of practice growth centers around the country to continue to lead that marketplace." **Jeffrey Ryan Stewart, EVP and CCO at AbbVie, 10/31/25.**
- **Neuroscience may become a growing focal point in 2026 as the Vyalev launch continues to exceed expectations.** The launch has been strong thus far with the Parkinson's disease asset capturing ~80%-85% of the international market. However, as U.S. sales have been limited to the commercial market (~30% of the total U.S. market), we could see additional revenue inflection come 2026 as full Medicare reimbursement is expected imminently.
- **2026 is set to provide additional catalysts for AbbVie, building on the company's compelling commercial story.** We can look forward to continued development in I&I where Rinvoq is poised for potential label expansion with filings in vitiligo and alopecia areata, and Ph 3 data updates in HS and SLE. Ph 1 data for recently in-licensed Gubra amylin asset ABBV-295 (formerly GUB014295) in healthy volunteers will give us a first look at the asset's profile and how AbbVie may compete in the rapidly-growing obesity market. While a 2026 approval of BoNT/E in glabellar lines is around the corner, our launch expectations are more tempered given the macroeconomic sensitivity of Aesthetics.

YTD 2025 Stock Performance

- **+26% (as of 12/16/25)**

What's most important for 2026

- **Tavapadon approval in PD and Rinvoq vitiligo/alopecia areata FDA approvals**
- **Ph 1 obesity data for ABBV-295**
- **I&I portfolio growth**
- **Competitive updates from Tremfaya (ongoing) and icotrokinra (post-2026 approval and launch)**

2025 in Review

- **BD in 2025 was very active, with numerous acquisitions providing a path to growing dominance in I&I and neurology, along with diversification into obesity.** AbbVie acquired numerous companies and assets in 2025 including: 1) Capstan Therapeutics along with its *in vivo* CAR-T lead asset CPTX2309 for treatment of B-cell-mediated autoimmune diseases; 2) Nimble Therapeutics and its preclinical lead asset oral peptide IL-23R inhibitor; 3) Gilgamesh's bretisilocin for treatment of MDD; and 4) Gubra's long-acting amylin obesity asset. While 2025 was largely a commercial story for AbbVie, these acquisitions provide clinical catalysts in the near and long term.
- **Strength in I&I was a key theme of 2025 where better-than-expected Skyrizi and Rinvoq performance supported guidance raises in each quarter and considerable share appreciation throughout the year.** Meaningful growth in I&I was largely attributed

to strong patient uptake. Together, Rinvoq and Skyrizi have been capturing an estimated 50% of newer switching Crohn's and psoriasis patients across all lines of therapy, along with ~33% of switching UC patients. Rinvoq IP protection, now extended by four years to 2037, will help facilitate continued growth in the franchise into the next decade.

- **2025 was a tough year for Aesthetics as macroeconomic uncertainty led to tighter consumer wallets as it pertains to discretionary spending.** Botox cosmetics and filler revenues are down -7.3% and -17.2% YTD, respectively. The company continues to attempt to improve sales through investing in marketing efforts. However, the benefit to be realized from these efforts is yet to be determined.

Exhibit 39 - AbbVie's Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Emraclidine	Schizophrenia	Ph 1 MAD	Early 2026	Medium
Rinvoq	Vitiligo	Regulatory filing (sNDA) planned	1H26	Low
Rinvoq	Alopecia Areata	Regulatory filing (sNDA) planned	1H26	Low
TrenibotE	Essential Tremor	Ph 2 trial initiation	2026	Low
TrenibotE	Ventral Hernia Repair	Ph 2 trial initiation	2026	Low
Tavapadon	Parkinson's	FDA approval	2026	Medium
Venclexta	BPDCN	FDA approval	2026	Medium
Pivekimab Sunirine	Higher risk MDS	FDA approval	2026	Medium
Tavapadon	Parkinson's	FDA approval	2026	High
TrenibotE	Glabellar Lines	FDA approval	2026	High
Rinvoq	HS	Ph 3 data	2026	High
Rinvoq	SLE	Ph 3 data	2026	High
Epkinly	DLBCL	Ph 3 1L data	2026	Medium
ABBV-RGX-314	wAMD	Ph 3 subretinal delivery data	2026	Medium
ABBV-932	BPD	Ph 2 data	2026	Medium
ABBV-932	GAD	Ph 2 data	2026	Medium
ABBV-295	Obesity	Ph 1 HV data	2026	High
ABBV-1354	BPD	Ph 2 data	2026	Medium

Source: BMO Capital Markets, Company Reports

Structure Therapeutics (GPCR) — Outperform, Target Price: $130.00

Positioning for 2026

- **Following overwhelmingly positive top-line Ph 2b aleniglipron ACCESS/ACCESS II obesity data released earlier this month, Structure aims to validate the oral GLP-1's best-in-class potential.** Numerous impactful readouts are anticipated for aleniglipron in 2026. In 1H26, new data from ACCESS OLE assessing weight loss plateau at 120 mg out to 44 weeks, ACCESS II extension evaluating higher doses of 180 mg and 240 mg, and body composition studies testing a lower starting dose of 2.5 mg are expected to build on recently released results. Additional data in 2H26 will provide more clarity on whether patients previously treated with injectables can safely switch to high-dose aleniglipron without retitration, along with aleniglipron's therapeutic potential in T2D treatment. All in, 2026 will be a catalyst-rich year for Structure as the company works to initiate Ph 3 obesity studies in 2H26 following discussions with regulators expected to conclude in 1H26.
- **Structure's amylin program is beginning to take shape with Ph 1 studies of its DACRA asset ACCG-2671 recently initiated and data expected later in 2H26.** While early, we expect investors to begin ascribing value to the company's amylin pipeline given Ph 1 data expected in the near term. Expanding on this program, Structure recently selected a second DACRA development candidate, ACCG-3535, for which we can expect Ph 1 initiation in 2H26. The combination potential of these amylin agents with other assets in development creates room for enhanced efficacy and indication expansion, possibly pointing to greater upside in the long term.

YTD 2025 Stock Performance

- **128% (as of 12/16/25)**

What's most important for 2026

- **End of Ph 2 meeting with FDA (1H26)**
- **ACCESS OLE top-line data (1H26)**
- **ACCESS 2 Extension Top-line data (1H26)**
- **Body Composition top-line data (1H26)**
- **Ph 3 aleniglipron pivotal trial initiation (2H26)**
- **SWITCH study top-line data (2H26)**
- **T2D top-line data (2H26)**
- **Ph 1 oral amylin ACC-2671 data (2H26)**
- **Ph 1 ACCG-3535 study initiation**

2025 in Review

- **Top-line ACCESS and ACCESS II data surpassed the Street's expectations, with promising weight loss efficacy providing further validation of the Chugai scaffold and highlighting aleniglipron's best-in-class potential.** Tolerability was also competitive, where Structure's "low and slow" titration approach resulted in significant reductions in nausea and vomiting vs. what we saw in Ph 2a studies. While incidences in nausea and vomiting remained slightly higher than that observed for Lilly's orforglipron and Novo's oral semaglutide, we could see further tolerability improvements in Ph 3 studies as the company intends to start titration at a lower dose of 2.5 mg (vs. 5 mg in ACCESS).
- **Following positive preclinical data for ACCG-2671 presented at ADA 2025, we are starting to see Structure's amylin program broaden** as demonstrated IND clearance and Ph 1 initiation for DACRA asset '2671. Second DACRA preclinical asset ACCG-3535 was recently selected as a second development asset, broadening the company's pipeline as aleniglipron progresses to later stages of development.

Exhibit 40 - Key Structure Catalysts

Asset	Indication	Milestone	Timing	Importance
Aleniglipron	Obesity	End of Ph 2 meeting with FDA	1H26	Medium
Aleniglipron	Obesity	ACCESS OLE Topline	1H26	High
Aleniglipron	Obesity	ACCESS 2 Extension Topline	1H26	High
Aleniglipron	Obesity	Body Composition Topline	1H26	Medium
Aleniglipron	Obesity	Initiation of the Pivotal Ph 3 Study	2H26	Medium
ACCG-2671	Obesity	Ph 1 oral amylin data	2H26	High
Aleniglipron	Obesity	SWITCH Study Topline	2H26	Medium
Aleniglipron	T2D	T2D Topline Data	2H26	High
ACCG-3535	Obesity	Ph 1 Study initiation	2H26	Medium

Source: BMO Capital Markets, Company Reports

Merck (MRK) — Outperform, Target Price: $130.00

Positioning for 2026 - Recent Upgrade to Outperform

- **Investor sentiment and understanding of the Keytruda LOE are changing into 2026.** Gardasil declines pressured MRK shares for most of 1H25 as investors saw these declines as digging a bigger hole of revenue that would need to be replaced when the Keytruda LOE arrives. These pressures are well-founded as the LOE event is expected to be one of the biggest in Pharma history, but we believe investors have begun to shift their expectations for the LOE, providing more upside for MRK shares in 2026. Rather than needing to fully replace all Keytruda revenue by 2028/2029, investors are becoming more comfortable with gradual multiple contraction with some recent BD and clinically developed assets buffering these declines and valuation in the back half of the decade. We now see a path to a controlled top-line contraction which can still support upside for the shares.
- **CADENCE data adds to Winrevair expansion efforts.** Recent positive top-line results for sotatercept in pulmonary hypertension further help expand the peak sales potential of one of Merck's best business development acquisitions. Full data to be presented in 1H26 is likely to further demonstrate the efficacy of sotatercept in the indication, likely demonstrating an improvement in 6-minute walk distance, an important key secondary endpoint.
- **TL1A mid-phase readouts start to take shape with implications for broader development.** Merck is set to present Ph 2 data for its TL1A asset, tulisokibart, in SSc-ILD and hidradenitis suppurativa in 2026. While we have been less optimistic about tulisokibart's potential in the past, we now acknowledge lower expectations for the drug could help drive shares higher if results exceed the these low expectations.

YTD 2025 Stock Performance

- **-1% (as of 12/16/25)**

What's most important for 2026

- **Ph 2 ATHENA data for tulisokibart (1H26)**
- **Efinopegdutie in pre-cirrhotic NASH Ph 2b data (1H26)**
- **Ph 2 CADENCE data for sotatercept presentation (1H26)**
- **Islatravir ISLEND-1/2 Ph 3 data (1H26)**

2025 in Review

- Gardasil struggles continued to plague Merck in 1H25. While expectations were reset to start the year in January, these expectations were missed for most of 1H25 until we saw an apparent bottom in 3Q25.
- Verona takeout for ~$10B looks to build ahead of the Keytruda LOE. With revenues for Gardasil becoming less certain and Merck needing to build revenues ahead of the Keytruda LOE, Merck bought Verona, gaining access to Ohtuvayre, which is estimated to provide ~$3.4B in revenue for maintenance COPD.
- Additional updates for enlicitide decanoate and sotatercept have shown promise for the company's cardiovascular pipeline. Positive studies for enliticitide in HeFH and as an add-on therapy and sotatercept with ZENITH and CADENCE have started to build appreciation for the company's cardiovascular pipeline.

Exhibit 41 - Merck Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Doravirine/Islatravir	HIV	FDA PDUFA	4/28/2026	Medium
Capvaxive	Pediatric Pneumococcal Disease	STRIDE-13 PDUFA	6/18/2026	Low
Islatravir/Lenacapavir	HIV	Ph 3 ISLEND-1 / ISLEND-2 data	1H26	Medium
Tulisokibart (MK-7240)	SSc-ILD	Ph 2 ATHENA Data	1H26	Medium
Efinopegdutide	Pre-cirrhotic NASH	Ph 2b data readout	1H26	High
Sotatercept	PH	Ph 2 CADENCE data presentation	1H26	High
Efinopegdutide	Compensated cirrhosis of MASH	Ph 2a data	2H26	High
Tulisokibart (MK-7240)	HS	Ph 2 data	2H26	Medium
Bomedemstat	2L ET	Ph 3 data in 2L ET	2026	High

Source: BMO Capital Markets, Company Reports

Pfizer (PFE) — Outperform, Target Price: $30.00

Positioning for 2026

- Pfizer's 2026 guide just missed street expectations of $61.6B, reporting midpoint expectations of $61.0B. Midpoint EPS expectations of $2.90 in 2026 (-5% vs. consensus), reflective of lower-than-expected revenues from the company's COVID business. We continue to believe the revenue guidance is likely conservative, especially for ex-COVID products, leaving room for future beats and raises to sustain the shares throughout the year.
- **More color on the Metsera deal potentially coming in 2026.** Pfizer paid the ~$10B price tag to enter the obesity/ metabolic race in a fulsome way, and now investors will be looking for the company to convert in the new year. We could see this helped by readouts for Metsera's VESPER program that are expected in the new year.
- **A stable dividend and improving operating margins continue to be key parts of the Pfizer story as we look to 2026.** On the dividend, we have seen concerns from investors begin to wane as confidence in management commentary and continued strong cash flows builds. Progress on cost-cutting also continues, with the company emphasizing R&D prioritization.

YTD 2025 Stock Performance

- **-4% (as of 12/16/25)**

What's most important for 2026

- **Launch progress for RSV, Elrexfio, and Padcev**
- **VESPER-3 Monthly data**
- **Progress in cost rationalization efforts (ongoing)**
- **Integration of Metsera**

2025 in Review

- Steady execution from Pfizer's commercial business has started to re-frame the name in the eyes of investors. A 3Q earnings beat, coupled with no guidance raise, was viewed as welcomed conservatism (a departure from past practices) rather than concerning in the eyes of investors, de-risking revenues for the company's COVID business into year-end. We also saw the company lead the charge for the sector, inking a deal with the Trump administration to resolve concerns over tariffs and MFN.
- Back to BD, several higher profile deals helped to bolster Pfizer's pipeline into the end of the year. 3Sbio, Metsera and YaoPharma all help to expand the company's competitive profile in obesity and oncology. Entering two how areas with a PD-1/VEGF bispecifics and obesity with broad portfolio of long-acting peptides, coupled with the optionality of an oral small molecule.

Exhibit 42 - Key Pfizer Catalysts

Asset	Indication	Milestone	Timing	Importance
MET-097i	Obesity	Initiate global Ph 3	Late 2025	Medium
MET-097i	Obesity	VESPER-3 monthly dosing topline data	YE25/Early 2026	High
MET-097i	T2D	VESPER-2 T2D topline data	Early 2026	High
Braftovi	1L BRAFm mCRC (PFS)	FDA approval	2026	Medium
Elrexfio	DCE Multiple Myeloma	Ph 3 data	2026	Medium
EZH2	Metastatic Castration Resistant Prostate Cancer	Ph 3 data	2026	High

Source: BMO Capital Markets, Company Reports

Acadia Pharmaceuticals (ACAD) — Outperform, Target Price: $34.00

Positioning for 2026

- **ACP-204 is most critical to Acadia's story in 2026.** Heading into 2026, we are more positive about Acadia's positioning within our coverage with a key clinical catalyst approaching in mid-2026. Acadia's ACP-204 study in Alzheimer's psychosis represents an opportunity to capitalize on its wealth of knowledge about the indication and pimavanserin's prior clinical properties to reach a successful trial. Success in the Ph 2 would be even more meaningful with other competitors (Bristol's Cobenfy) seemingly struggling to gain traction in the indication with multiple Ph 3 studies still planned for 2026.
- **Further expansion of Daybue and Nuplazid could further demonstrate the strength of Acadia's growing commercial presence.** While Daybue took time to hit its commercial stride, we are increasingly appreciative of management's efforts to educate physicians and caregivers on the GI symptoms of the drug and how to mitigate these. This education and additional DTC campaign efforts are likely to pay dividends with more revenue growth in 2026. Looking to 2026, we see upside to Street total revenue estimates (we estimate $1.235B vs. consensus' $1.206B), reflecting the potential disconnect between investors and management's recent efforts to improve the company's commercial standing.
- **European expansion of Daybue turns Acadia's commercial efforts international.** Given the nuanced process of securing reimbursement across European countries, we believe there is less certainty in sell-side estimates for how to expect Daybue to expand in Europe in 2026. This uncertainty leaves an opportunity for further upside to both estimates and ACAD shares going into the new year. We look to 4Q and the company's guidance announcement to better understand how Acadia can expand in this geography.

YTD 2025 Stock Performance

- **+46% (as of 12/16/25)**

What's most important for 2026

- **Ex-U.S. launches for Daybue in Rett Syndrome (ongoing)**
- **ACP-204 Alz psychosis Ph 2 data (mid-2026)**
- **Daybue/Nuplazid commercial growth (ongoing)**

2025 in Review

- U.S. district court ruling in favor of Acadia vs. Aurobindo noted that Aurobindo had infringed on Acadia's Nuplazid patents, potentially meaningfully expanding Nuplazid's patent protection up to 2038. ACAD shares had previously been hampered by this looming IP decision with some investors concerned about entering ahead of legal clarity.
- R&D event highlights breadth of Acadia's in development assets beyond Daybue and Nuplazid. In June, management spent the day outlining the opportunities Acadia has in development, among which we were potentially most optimistic about ACP-211 in MDD, which could improve on sedation effects seen with analogues like Spravato.
- ACP-101's failure in Prader-Willi Syndrome (PWS) was a meaningful step back for the company's development efforts, but prior lack of a dose response likely influenced investors to have lower expectations going into this Ph 3 data release. Since the failure in Ph 3, ACAD shares have sharply rebounded heading into the year-end.

Exhibit 43 - Acadia Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Daybue	Rett syndrome	EMA approval	1Q26	Medium
ACP-204	Alzheimer's disease psychosis	Complete Ph 2 enrollment	1Q26	Low
ACP-204	Alzheimer's disease psychosis	Ph 2 data	mid-2026	High
ACP-711	ET	Initiate Ph 2 study	2026	Low

Source: BMO Capital Markets, Company Reports

Amgen (AMGN) — Outperform, Target Price: $372.00

Positioning for 2026

- **As we look to 2026 for Amgen shares, we want to see greater clarity on the path forward for the company's offering in the obesity metabolic space.** Clean Ph 2 part 2 maintenance data could potentially help here. There is more to come from the Ph 3 program, which is evaluating 3-step dosing across three dosing arms (21mg/35mg/70mg followed by 140mg, 210mg, or 350mg) as the company looks to improve tolerability in Ph 3, with dose escalation occurring over 8 weeks.
- **Commercial execution from Amgen was consistent over the balance of 2025.** A strong 3Q beat (+7% and +12% on the top and bottom line, respectively) was supportive of the stock's year-to-date performance in what has been an improving market backdrop. As we look to 2026, we will be looking for Amgen's underlying business to perform with additional upside potentially coming from expansion of Horizon asset growth, continued outperformance from Uplizna and Repatha, the MariTide Ph 2 part 2 data and potential approval for rocatinlimab in Atopic Dermatitis.

YTD 2025 Stock Performance

- **+25% (as of 12/16/25)**

What's most important for 2026

- **MariTide Ph 2 Part 2 data**
- **Potential Rocatinlimab approval in Atopic Derm**

2025 in Review

- **We saw a continued focus from investors on the positioning of Amgen's MariTide in the broader obesity metabolic space over the balance of 2025.** This enthusiasm reached its fever pitch during the ADA presentation of the company's full Ph 2 part 1 MariTide data here. With some concerns raised around product tolerability in the full data set, Amgen will be looking to improve the product's profile with an improved dosing schedule in Ph 3.
- **Despite commercial performance in select parts of the business, investors are still looking for Amgen to accelerate the growth of its rare disease franchise, (anchored by Horizon assets).** Despite the strong 3Q for certain products, we saw more muted underlying growth as we look across the balance of the year. However, **Amgen did continue to execute in other areas of its commercial business with the company's launch of Pavblu (biosimilar to Eylea), gaining meaningful traction — selling $213M in the third quarter of 2025.**

Exhibit 44 - Amgen Key Catalysts

Asset	Indication	Milestone	Timing	Importance
MariTide (AMG 133)	Obesity / T2D	Ph 2 data readout - Part 2	1H26	High
MariTide (AMG 133)	T2D	Ph 2 data	1H26	High
Rocatinlimab	Atopic dermatitis (AD)	Potential approval	2026	High
Teppezza	TED	Continued expansion for Tepezza into low-CAS patients	2026	Low

Source: BMO Capital Markets, Company Reports

Scholar Rock (SRRK) — Outperform, Target Price: $50.00

Positioning for 2026

- **Delays for apitegromab approval have been challenging in 2025, but intelligent contingency planning all but ensures FDA approval in 2026.** No company has been more personally impacted by Novo's Catalent facility with the potential exception of Regeneron. Following the Catalent Official Action Indication (OAI) notification, the facility has officially been put on notice that specific remediations are necessary before a reinspection can be performed. This indication appears to outline more significant remediation efforts are necessary, but recent Scholar Rock commentary has indicated that Novo is comfortable with a year-end reinspection, potentially opening the door for an early 2026 resubmission of apitegromab if the facility is cleared. Such a result would likely be the fastest path to approval, but we believe SRRK shares have benefited more recently as there are efforts to begin preparing another facility for either a BLA or sBLA submission, increasing the company's resiliency to whatever outcome comes of the Catalent facility. Updates from the Catalent reinspection are still likely to meaningfully impact the shares, but we see approval delays as more bounded by the new pursuit of a facility.
- **Commercialization of apitegromab could be faster than analysts expect.** Once apitegromab is actually approved through either facility, we are growing increasingly confident in management's ability to quickly commercialize the drug given: 1) management experience commercializing rare disease; 2) known efficacy of apitegromab through the SAPPHIRE trial; 3) strength of engagement with Cure SMA, which has increased awareness significantly for apitegromab. With delays to approval, we see awareness for the product only growing, potentially creating a bolus of initial sales on approval.

YTD 2025 Stock Performance

- **+3% (as of 12/16/25)**

Wrong company! What's most important for 2026

- **Catalent site reinspection and resubmission updates (early 2026)**
- **Apitegromab FDA approval (2026)**
- **Apitegromab EU approval (mid-2026)**

2025 in Review

- SRRK announced additional positive Ph 3 SAPPHIRE data at MDA in March showing consistent motor function improvements across patient groups and measurements of motor function, building on primary endpoint data released in October 2024.
- In 2Q25, SRRK released top-line data for the EMBRAZE trial showing significant lean mass preservation of apitegromab in combination with tirzepatide compared to tirzepatide alone. While the data was promising, SRRK made the strategic decision to pivot away from obesity to focus on neuromuscular rare disease development.
- In January, SRRK submitted a BLA to the FDA, which was accepted in March through priority review, resulting in a PDUFA date of September 22, 2025. However, observations at Novo's Catalent facility resulted in delays and a CRL. Novo's Catalent facility was then given an official action indicated (OAI) notice following the company's Type A meeting. Novo indicated its facility will be reinspection ready by the end of 2025.

Exhibit 45 - Scholar Rock Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Apitegromab	SMA	Catalent facility reinspection update	Early 2026	High
Apitegromab	SMA	EU approval	mid-2026	Medium
Apitegromab	SMA	FDA approval decision	2026	High

Source: BMO Capital Markets, Company Reports

BioNTech (BNTX) — Outperform, Target Price: $143.00

Positioning for 2026

- **Pumitamig data reaches key point of comparison — time for the rubber to meet the road.** 2025 has been a building year for BioPharma PD-(L)1/VEGF agents. Merck has licensed a LaNova asset, Pfizer has done the same with 3SBio, and Bristol has now begun collaboration efforts with BioNTech to advance pumitamig. Initial data for pumitamig has been promising (particularly recent TNBC data), but investors have yet to get a true opportunity to determine who may be a leader in the PD-(L)1/VEGF landscape. We look to 1L NSCLC global Ph 2 data for pumitamig to provide one of these first opportunities. With pumitamig being tested in one of the largest, most important tumor types, success in this Ph 2 trial could meaningfully change the trajectory of BNTX shares.
- **Further expansion with CTLA-4 could drive broader appreciation beyond pumitamig.** Pumitamig remains dominant for most investors, but gotistobart's 2L sq NSCLC Ph 3 stage 2 trial data could help increase investor awareness of the company's development efforts beyond pumitamig. Data for gotistobart has shown promise with initial Ph 3 data showing clear separation on survival vs. docetaxel in 2L sq NSCLC, we are more optimistic heading into stage 2 data in 2026.
- **COVID-19 vaccine sales are likely to continue to decline and take on lesser importance.** We expect Comirnaty sales to continue to decline in 2026 as vaccination rates further step down from their pandemic peak. While this represents a negative headwind to BioNTech's top line, we think the change in investor focus away from COVID is a positive and could free up attention to review opportunities from the company's pipeline. Expect anti-vaccine rhetoric to continue to be a pressure to public sentiment, but this sentiment should be less impactful for BNTX shares in 2026 than 2025.

YTD 2025 Stock Performance

- **-19% (as of 12/16/25)**

Wrong company What's most important for 2026

- **Pumitamig 1L NSCLC global Ph 2 data (2026)**
- **SMMT's Ph 3 HARMONi-2 OS update (ongoing)**
- **Gotistobart 2L sq NSCLC Ph 3 stage 2 data (2026)**
- **BNT113 HPV+ PD-L1+ HNSCC Ph 2/3 combo data with pembro (2026)**
- **Trastuzumab pamirtecan 2L HER-endometrial cancer Ph 2 data (2026)**

2025 in Review

- BNTX announced a co-development and co-commercialization partnership with Bristol Myers Squibb for BNT327. This builds on promising data presented at conferences in 2024 showing monotherapy efficacy in NSCLC and combination therapy efficacy in TNBC.
- In a move to further develop its cancer vaccine capabilities, BNTX acquired CureVac this past June, complementing its FixVac and iNeST platforms.
- BNTX presented clinical data on BNT327 combinations with various ADC candidates at AACR, including early clinical data from the Ph 1/2 BNT327/BNT325 trial showing preliminary efficacy in patients with unresectable advanced/metastatic solid tumors. These findings highlighted that combination treatments were more efficacious than individual monotherapy treatment.
- At ASCO this past June, additional data demonstrating BNT327 efficacy in ES-SCLC (Ph 3 ROSETTA Lung-01), and NSCLC (Ph 2/3 ROSETTA Lung-02) provided additional validation of the asset's therapeutic potential. Also, Ph 2 TNBC data presented at SABC showed promising efficacy that shows early comparability to ivonescimab and other TROP2 competitors in the indication.

Exhibit 46 - BioNTech Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Trastuzumab pamirtecan	2L+ HER- expressing endometrial cancer	Regulatory submission	2026	Medium
Trastuzumab pamirtecan	2L+ HER- expressing endometrial cancer	Single arm Ph 2 data presentation	2026	Medium
Trastuzumab pamirtecan	Chemo naïve HR+ HER2 low BC	DYNASTY Breast-02 data (Global)	2026	Medium
Pumitamig	1L TNBC	Ph 3 China data in combo with chemotherapy	2026	Medium
Pumitamig	Breast / Gynecological Cancer	Pumitamig+ADC combo data	2026	Medium
Pumitamig	1L NSCLC	Global Ph 2 data	2026	High
Gotistobart	2L sq NSCLC	Ph 3 stage 2 data	2026	High
BNT113	HPV+, PD-L1+ HNSCC	Ph 2/3 data in combo with pembro	2026	High
BNT116	Multiple	Combo data with pumitamig, gotistobart, ADCs	2026	Medium
ivonescimab (SMT112)	1L NSCLC	HARMONi-2 Phase 3 OS update	Ongoing	High

Source: BMO Capital Markets, Company Reports

Taysha Gene Therapies (TSHA) — Outperform, Target Price: $8.00

Positioning for 2026

- **With Taysha's key clinical catalyst past in 1H25, attention shifts to enrollment in the pivotal trial.** Heading into 2026, we expect investors to carefully track enrollment progress for the pivotal Part B portion of the REVEAL trial. With data coming in 2026 for the interim readout, investors will likely try to get a better sense of enrollment uptake to begin to position around a potential positive interim analysis, allowing for filing and approval in Rett.
- **Supplemental Part A clinical data could provide some further benefit for the shares.** While most REVEAL data has already been presented, additional 12-month data could expand on the compelling profile we have already seen while building anticipation for the pivotal trial.
- **Interim Part B data remains most critical for TSHA shares in 2026.** As Taysha remains in a race with Neurogene to quickly gain approval of the first gene therapy for Rett, Part B interim data will be the company's most consequential clinical data to date. Positive interim results will likely set Taysha up for an approval as early as 2027, while a miss would be critical for further development. Going into this interim, we are bullish on the opportunity and TSHA shares given the low needed bar for patient responses in the interim to meet the statistical threshold for significance. If safety remains robust, we see few impediments to TSHA-102 reaching success in the interim read.

YTD 2025 Stock Performance

- +236% (as of 12/16/25)

What's most important for 2026

- 12-month REVEAL Part A data (1H26)
- Interim Part B REVEAL data (2026)

2025 in Review

- Regulatory pressures have been a volatile headwind at times for TSHA shares as the initial announcement of Vinay Prasad as director of CBER pushed the shares down 19% on the day. Since this time, investors have become less concerned about the impact of these regulatory changes as the company has gained alignment on key pivotal trial design elements for TSHA-102 in Rett.
- Part A REVEAL data demonstrated clear benefit of TSHA-102 therapy in Rett patients with 100% of treated patients identified as "responders" per the trial design proposed for the pivotal Part B trial. Lack of treatment-related SAEs or DLTs further added to the impressive profile for TSHA-102, inspiring confidence from investors to participate in a >$200M secondary offering.
- Established pivotal trial design with the FDA allows for single-arm trial design. While there was some debate from investors on whether the FDA would accept a single-arm trial design, Taysha was able to gain alignment, allowing for faster enrollment and expedited timelines relative to some expectations.

Exhibit 47 - Taysha Key Catalysts

Asset	Indication	Milestone	Timing	Importance
TSHA-102	Rett syndrome	12-month Part A REVEAL data	1H26	Medium
TSHA-102	Rett syndrome	REVEAL Part B interim data	2026	High

Source: BMO Capital Markets, Company Reports

Schrödinger (SDGR) — Outperform, Target Price: $32.00

Positioning for 2026

- **With its leading computational drug discovery platform, SDGR continues to emphasize opportunities to leverage its unique physics-based and machine learning approaches** across its growing software licensing business, higher value drug discovery collaborations, and internal pipeline. We will also be looking for more updates on the company's new predictive toxicology offering, which presents an opportunity to meaningfully expand Schrödinger's software business.
- Investors will be looking for the software licensing business to continue its strong performance with 4Q an important quarter as we think about new contracts and contract renewals.
- **Schrödinger's focus on internal pipeline will begin to shift as we look to 2026.** The company emphasized on its 3Q earnings call that it is planning to shift away from the clinic development of internal assets, with an emphasis on earlier stage discovery and cost efficiency as it looks to improve the profitability profile of the company.

YTD 2025 Stock Performance

- **-7% (as of 12/16/25)**

What's most important for 2026

- **Commercial performance of the company's software and drug discovery business lines**
- **Updates on potential partnerships/ licensing deals for internal programs**

2025 in Review

- Commercially, Schrödinger continued to execute across 2025. The company beat consensus top-line expectations in 1Q, 2Q, and 3Q and demonstrated durable growth from its software business. Software revenues were up +28% YoY in the third quarter despite some investor concerns that recent Pharma cost-cutting measures could weigh on the business.
- We saw mixed results from Schrödinger's internal pipeline programs over the course of the year with a positive early Ph 1 readout for SGR-1505 (note here) coupled with the discontinuation of SGR-2921 (CDC7) due to target related toxicities. Despite mixed results from the company's internal pipeline, we continue to view Schrödinger's platform as validated by the company's numerous successful partnerships (see Nimbus, Morphic, and Structure).

Exhibit 48 - Schrodinger's Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Company	Various Life Sciences	Collaboration updates and partnership announcements	Ongoing	Medium
Company	Various Material Sciences	Additional Partnerships	Ongoing	Medium
Company	Various	Identify indications for undisclosed preclinical programs	Ongoing	Low
SGR-1505	r/r B-cell malignancies	Updates from FDA discussions	4Q25	High
SGR-3515	Solid Tumors	Share initial Ph 1 data	1H26	High

Source: BMO Capital Markets, Company Reports

AbCellera Biologics (ABCL) — Outperform, Target Price: $7.00

Positioning for 2026

- **Clinical readouts start to take front and center. 2024 and 2025 have been clear transition years for AbCellera as the company has moved away from actively pursuing external partnerships to prioritizing its own internal development with '635 and '575.** This transition has left investors with a sense of waiting at times, but this anticipation may start to break in 2026 as the company presents its first clinical data for both assets. Given limited credit given to AbCellera's in development assets, we could see the shares being particularly reactive to positive readouts for these initial Ph 1 results.
- **Additional details on ABCL688 start to form a more diversified portfolio of product candidates.** In 2026, we expect AbCellera to file for its IND submission of ABCL688. To date, limited (nearly no) information is available about ABCL688 other than it is intended for autoimmune conditions. Additional details providing more specificity about indications AbCellera is pursuing or potential differentiation for ABCL688 may also be a tailwind for the shares. Selection of a high value indication with limited available treatments today could start to make investors more comfortable with the array of assets in development, potentially reducing the risk of more challenging conditions like VMS and I&I (crowded market).
- **Further updates for Sanofi amlitelimab program remain core to investor understanding of OX40L differentiation.** Amlitelimab's OX40L program has shown mixed results with the Ph 2 asthma trial failing in the highest dose and atopic dermatitis COAST 1 data largely underperforming analyst expectations. While results make us incrementally more cautious on the OX40L mechanism, we still see potential for improved upside for ABCL if Sanofi's atopic dermatitis results can mature with improved responses with time.

YTD 2025 Stock Performance

- **+18% (as of 12/16/25)**

What's most important for 2026

- **Existing clinical partnership progression (ongoing)**
- **Additional internal developmental updates (ongoing)**
- **Updates from amlitelimab and fezolinetant programs (ongoing)**
- **Ph 1 data for ABCL575 (2026) and '635 (mid-2026)**
- **Advancement of IND submission for ABCL688 (mid-2026)**

2025 in Review

- AbCellera continued to develop its therapeutic portfolio, advancing '635 and '575 to Ph 1 clinical trials and announcing '688 in 2Q25 intended for patients with autoimmune conditions.
- Throughout the year, management began to shift focus away from external partnerships more and more to their own internal development efforts as they prepare for initial clinical readouts for '575 and '635 in 2026.
- Challenging readthroughs from Sanofi's amlitelimab have occurred in asthma and atopic dermatitis, with some opportunity for atopic dermatitis improvements with additional followup.

Exhibit 49 - AbCellera Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Various	N/A	Additional continued partnerships; molecules in clinic progression	Ongoing	High
Various	Various	Updates regarding internal development programs	Ongoing	Medium
ABCL575	I&I	Ph 1 Readout	2026	High
ABCL635	Endo / Women's Health	Ph 1 Readout	mid-2026	High
ABCL688	Autoimmune disease	IND submission	mid-2026	Medium

Source: BMO Capital Markets, Company Reports

Biogen (BIIB) — Market Perform, Target Price: $165.00

Positioning for 2026

- **Leqembi revenues face key test in 2026.** 2025 has exhibited better Leqembi revenue growth than some had expected. With both Biogen and Eli Lilly further building out the Alzheimer's market, Biogen has clearly benefited from multiple players driving awareness for new beta-amyloid therapies. While awareness has certainly increased, we get the sense that Biogen's market share in new patient initiations is declining with Kisunla taking on more share. We expect 2026 will test this thesis. If Leqembi share continues to decline, this may become more evident in consensus misses throughout the year. We still expect Leqembi revenues to continue to grow as the broader market expands, but this rate of growth may be slower than some analysts expect.
- **SLE sits on the precipice of full confirmation.** Biogen had previously announced positive results for litilifilimab in SLE as a part of the PHOENYCS-GO study, surprising many investors and analysts. Given the challenges developing in SLE, expectations were notably lower. Now with one positive study in hand, we look to the second Ph 3 for litilifilimab planned for late 2026. If results are positive, we could see BIIB shares react particularly positively as this would be one of the most high profile positive trials since Chris Viehbacher has reprioritized the company's portfolio.
- **Preclinical Alzheimer's readouts remain a possible tailwind.** We continue to expect that Lilly's preclinical TRAILBLAZER-ALZ 3 trial could reach an interim analysis early in 2026. Positive results at this interim could meaningfully rerate BIIB shares, demonstrating that earlier treatment of Alzheimer's can have significant impacts in slowing the disease. Such a result would dramatically change the revenue expectation for beta-amyloid products and how physicians think about the disease. While we believe a positive interim is possible (maybe even likely), investors should note the possibility of success remains more challenged given limited understanding of early Alzheimer's biology.

YTD 2025 Stock Performance

- **+12% (as of 12/16/25)**

What's most important for 2026

- **TRAILBLAZER-ALZ 3 interim readout (potentially 1H26)**
- **Spinraza high dose PDUFA (4/3/2026)**
- **Leqembi sales uptake (ongoing)**
- **BIIB080 Ph 2 data (mid-2026)**
- **Litifilimab Ph 3 second study results (late 2026)**

2025 in Review

- Leqembi Iqlik was approved for subcutaneous maintenance dosing, making it the first and only approved at-home anti-amyloid treatment. Leqembi sales continue to grow, but introduction of Kisunla has likely started to cut into early market share.
- This past May, BIIB partnered with City Therapeutics to develop novel RNAi-based therapies with an initial focus on central nervous system diseases.
- The FDA announced manufacturing CRL for high-dose Spinraza has led to some delays in launching a stronger version of Biogen's stalwart SMA product.

Exhibit 50 - Biogen Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Spinraza	SMA (higher does regimen)	FDA PDUFA	4/3/2026	Medium
Leqembi	Alzheimer's disease	subQ autoinjector initiation regulatory decision	1H26	Medium
BIIB080	Alzheimer's disease	Ph 2 data readout (pivotal)	Mid 2026	Medium
Felzartamab	LN	Ph 1 data	2026	Low
BIIB122	Parkinson's	Ph 2 data	2026	Medium
Litifilimab (BIIB059)	SLE	Ph 3 data	Late 2026	High
Litifilimab (BIIB059)	CLE	Ph 3 data	Late 2026 / Early 2027	High
Donanemab (LLY)	Alzheimer's disease	TRAILBLAZER-ALZ 3 interim analysis	TBD	High

Source: BMO Capital Markets, Company Reports

Bristol-Myers Squibb (BMY) — Market Perform, Target Price: $47.00

Positioning for 2026

- **Cobenfy commercial performance and clinical data (ADEPT trials) remain key for the franchise**
  Recent prescription trends have started to give us pause as we look to the new year; we are still seeing growth but at a more moderate rate than we saw in the early data of the launch. It is potentially too early to call it a trend, but the recent slowdown in prescriptions will be worth following closely in 2026
- The opportunity for Cobenfy will crystallize in 2026 with data for ADEPT-1, 2, and 4 all expected to read out. While the data from Lilly's 1997 trial looked supportive of a potential positive readout, delays to the program leave us more cautious on the program into the new year.
- Camzyos revenues continued to slowly grind higher over the balance of the 2025 (+26% vs. consensus in 3Q25), and we'll be looking for continued execution in the new year. Bristol shares need more than Cobenfy to change the narrative and Camzyos continues to be one of the company's brighter spots from a launch perspective.
- While heme is an increasingly competitive space, Bristol has discussed progress across treatment types and therapeutic areas, specifically multiple myeloma, lymphomas, MDS, and potentially lupus with CD19 NEX-T. Its strategy in MM and DLBCL was further underscored in a recent investor call where the company highlighted the opportunity for its CELMoDs and next gen cell therapy options.

YTD 2025 Stock Performance

- **-4% (as of 12/16/25)**

What's most important for 2026

- **Progress on the Cobenfy launch**
- **ADEPT-1, 2 & 4 data for Cobenfy in Alzheimer's Psychosis**
- **ALOFT-IPF data**
- **LIBREXIA registrational data in AF and SSP**

2025 in Review

- Despite three quarters of commercial execution coupled with beats and raises, we saw concerns around near-term LOEs and clinical missteps drive share performance over the balance of 2025. In terms of commercial performance, we saw Bristol execute in the early days of the Cobenfy launch, beating consensus expectations in both 1Q and 2Q by 48% and 9%, respectively, but a miss in the third quarter of -2% vs. consensus, coupled with slowing prescription trends, raised some questions for investors.
- From a pipeline perspective, 2025 was a more challenging year for Bristol shares with the clinical failures of RELATIVITY-098, ARISE, ODYSSEY-HCM, and the discontinuation of LIBREXIA-ACS. We are looking for Bristol to regain its clinical footing in 2026 with a rich catalyst path on the horizon.

Exhibit 51 - Bristol's Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Cobenfy	Schizophrenia	Launch progress	Ongoing	High
KarXT	Alzheimer's psychosis	Ph 3 data for ADEPT-2	2026	High
RYZ101	GEP-NETs	Ph 1b/3 readout for ACTION-1	2026	Medium
Sotyktu	SLE	POETYK SLE-1/2 pivotal data	2026	Medium
Cobenfy	Alzheimer's psychosis	ADEPT-4 and 1 pivotal data	2026	High
Milvexian	AF / SSP	LIBREXIA registrational data	2026	High
Admilparant	IPF	ALOFT-IPF registrational data	2026	High
Arlo-cel	r/r Multiple myeloma	QUINTESSENTIAL registrational data	2026	Medium
Golcadomide (GOLEEK-2)	1L FL	Phase 1L FL (GOLEEK-2) data readout	2026	Medium
MYK-224 (AURORA)	HFpEF	AURORA Phase 2 data readout	2026	Medium
FAAH/MAGL MSS (BALANCE-MSS-1)	MSS solid tumors	Phase 1/2 data readout	2026	Medium

Source: BMO Capital Markets, Company Reports

Novo Nordisk (NVO) — Market Perform, Target Price: $46.00

Positioning for 2026

- **Commercial performance of incretins is likely to become even more important for investors.** With script trends for key incretin franchises (Ozempic and & Wegovy) flattening as we exit 2025 and additional pricing headwinds on the horizon, investors will be looking for Novo to stabilize its commercial business in the new year. In the new year, Novo will be redoubling its efforts to combat compounded product and look to secure broader access across the obesity market. We continue to believe tirzepatide's improved profile over semaglutide will erode Novo's position, but incremental outperformance quarter to quarter could give investors some confidence that Novo can maintain ground in the market.
- Despite the efforts Novo is taking to stabilize its incretin commercial business, 2026 guidance may reflect YoY revenue declines (note).
- Key specific headwinds we are watching include: **1)** generic semaglutide entry in several international markets (including Canada); **2)** gross-to-net benefits in 2025, which will create a tougher comp in 2026; **3)** recent net pricing declines for the GLP-1 portfolio, which have been accelerated; **4)** expectations that penetration into Medicare / Medicaid market is unlikely to see benefits until 2H26; and **5)** higher API costs for oral semaglutide may pressure gross profit margins.
- **The Wegovy Pill will look to compete, as the oral antiobesity market takes center stage in 2026.** Following modest efficacy underperformance for Lilly's orforglipron in ATTAIN-1, 25mg oral semaglutide now has a potential to compete with the better headline weight loss that was seen in OASIS-4. Still, we continue to view the results of Lilly's ATTAIN-1 study as good enough to drive uptake in primary cary/ less severe patients. Orforglipron's lack of a food effect remains a key point of differentiation.

YTD 2025 Stock Performance

- **-43% (as of 12/16/25)**

What's most important for 2026

- **REDEFINE-4 CagriSema H2H vs tirzepatide in 1Q26**
- **Progress combating compounded product and stablization of Novo's commercial business**
- **Launch of oral semaglutide**
- **Additional data for CagriSema in T2D**

2025 in Review

- Commercially, 2025 was a challenging year for Novo. Competitive pressures from Lilly and compounders drove multiple guidance cuts that left investors questioning Novo's commercial positioning in the obesity and diabetes market. Throughout this time, Novo worked to secure access for products like Wegovy by reaching a CVS Caremark agreement, positioning Wegovy for exclusive coverage for plan participants, and gaining approvals indication like MASH.
- Shakeups with Novo management punctuated commercial and developmental missteps. Following disappointing CagriSema data in late 2024 and guidance cuts to start 2025, Novo made the decision to replace its CEO with Mike Doustdar, looking to change the direction of the company as competitive threats from Lilly and compounders have only intensified. Changes at the board level further emphasized the strategic shift.
- Development for amycretin was a notable bright spot for the company. While data for CagriSema has been somewhat underwhelming, amycretin initial data has been more promising, potentially adding a better path forward for amylin development. SubQ Ph 1b/2a amycretin data demonstrated 24% placebo-adjusted weight loss at 36 weeks in the 20mg dose, clearly offering a compelling efficacy profile for later development, which Novo has now prioritized.

Exhibit 52 - Key Novo Catalysts

Asset	Indication	Milestone	Timing	Importance
Oral Semaglutide	Obesity	OASIS FDA approval	4Q25	Medium
CagriSema	T2D	REIMAGINE 2 Ph 3 results	1Q26	Medium
CagriSema	Obesity	Regulatory filing	1Q26	Medium
CagriSema	Obesity	H2H vs. Tirzepatide REDEFINE 4	1Q26	High
CagriSema	T2D	REIMAGINE 3 Ph 3 results	1H26	Medium
Icodec	T2D	FDA PDUFA	1H26	Low
Etavopivat	SCD/TDT	Ph 2/3 data	1H26	Medium
CagriSema	Obesity	REDEFINE 3 CVOT results	2026	High

Source: BMO Capital Markets, Company Reports

Neurocrine Biosciences (NBIX) — Market Perform, Target Price: $147.00

Positioning for 2026

- **Crenessity commercial outperformance takes on added importance.** Crenessity has demonstrated a better-than-expected launch across all quarters in 2025. To start, many (we included) questioned the market opportunity for CAH, but Neurocrine's deep integration with the CAH community and Crenessity's strength of profile has led to exceptional early gains for the product. Going forward into 2026, we expect investors to continue to focus on the commercial expansion of the product with higher sales likely to put further upside pressure on peak sales estimates for the product.
- **Ingrezza pricing pressures appear better than feared, but volume uptake needs to still materialize in 2026.** Austedo IRA pricing has been a noted tailwind for NBIX shares since its announcement. Said pricing discounts have been interpreted as less onerous than initially anticipated, leading to many expecting Ingrezza pricing to remain more durable into the back half of the decade. While pricing may not be as negatively impacted as initially expected, we still need to see volume flow-through from new PBM pricing agreements to become comfortable with some analysts' more aggressive peak sales estimates for the product.
- **Early muscarinic data will be critical to assess the merits of Neurocrine's broad development.** Ph 1 data is expected for '567, '569, and '986 in 2026, all of which demonstrate slightly different M1/M4 preferences and half life properties that could create a more tailored set of applications to target neuropsychiatric conditions. However, given less impressive data from direclidine, we need to see more validation from the muscarinic platform to get excited about the possibility of any one of these individual agents to be differentiated.

YTD 2025 Stock Performance

- **+9% (as of 12/16/25)**

What's most important for 2026

- **'986, '567, '569 muscarinic Ph 1 data (2026)**
- **NBIP '1435 Ph 1 CAH data (2026)**
- **NBIP '355 Ph 1 epilepsy data (2026)**
- **Crenessity commercial updates (2026)**

2025 in Review

- New contracting dynamics for Ingrezza initially pressured with a lower-than-expected FY25 guide. With Austedo facing IRA pricing headwinds, it appears Ingrezza negotiations were moved up to address this new pricing dynamic that is evolving in TD. Since the release of Ingrezza's FY25 guide, revenue growth has been relatively stable with scripts improving, likely at a mild discount to price. Relatively lower-than-expected Austedo IRA pricing has been seen as a positive for Ingrezza, which appears less pressured in the near term.
- Crenessity's launch in CAH has surpassed our expectations two quarters in a row, beating consensus estimates both times. Growth has been driven by both pediatric and adult patient uptake with some concentration from pediatrics, driven by the engaged patient community, which has been actively involved since Crenessity's clinical development.
- Failures for '770 in MDD were surprising to investors given mechanistic similarities to JnJ's Spravato, again highlighting the challenges of neuropsychiatric development. R&D Day updates highlighted new efforts to expand in obesity with preclinical development for CRF2 and "triple G" agents.

Exhibit 53 - Neurocrine Key Catalysts

Asset	Indication	Milestone	Timing	Importance
NBI-'986 (M4 antagonist)	Movement disorders	Initial Ph 1 results	2026	Medium
NBI-'567 (M1 preferring agonist)	Alzheimer's Cognition	Initial Ph 1 results	2026	Medium
NBI-'569 (Dual M1/M4 agonist)	Alzheimer's Psychosis	Initial Ph 1 results	2026	Medium
NBIP-'1435 (CRF1 antagonist)	CAH	Initial Ph 1 results	2026	Medium
NBI-'355 (Nav1.2/1.6)	Epilepsy	Initial Ph 1 results	2026	Medium
Crenessity	CAH	Sales updates	Ongoing	High

Source: BMO Capital Markets, Company Reports

Replimune Group (REPL) — Market Perform, Target Price: $11.00

Positioning for 2026

- **A decision on the company's re-submission for RP1 remains top of mind for all investors as we look make sense of a more volatile FDA.** Vinay Prasad's departure and subsequent reinstatement as head of CBER, coupled with other shake-ups across the agency, have only added to the noise around a potential approval, but investors seem to be more comfortable following positive commentary coming out of the company's Type A meeting with the FDA.
- **In our view, Replimune shares will likely remain range-bound until we get greater clarity on a path forward for RP1.** We continue to think Replimune has developed an active drug that works in an area of high unmet need, but the potential risk of Replimune needing to re-run trials (if RP1 is not approved) on its remaining cash balance (note as $323.6M as of 9/30/25) leaves us more cautious on the name.

YTD 2025 Stock Performance

- **-21% (as of 12/16/25)**

What's most important for 2026

- **RP1 PDUFA (4/10/26)**
- **Progress and commentary on IGNYTE-3**

2025 in Review

- **2025 proved to be a volatile year for Replimune shares with a CRL decision on the submission for RP1 in combination with nivolumab for the treatment of advanced melanoma representing a significant negative update for the name.** The CRL indicated several notable issues with the RP1 program including: 1) the IGNYTE trial was not an adequate well-controlled trial sufficient to demonstrate effectiveness; 2) the IGNYTE trial results were not able to be interpreted reliably due to the heterogeneity assessed advanced melanoma patients; and 3) additional changes to the planned confirmatory trial need to be addressed. Recent FDA shake-ups likely drove what read as a late change of opinion by the agency. The company underscored in its release that the issues highlighted in the CRL were not raised by the agency during the mid- and late-cycle reviews, and the company had previously aligned with FDA on its confirmatory trial design.
- **Following the CRL, the company had a constructive Type A meeting with the agency and successfully resubmitted its application for approval.** From our conversations with the company, regulators seem to be most aligned on the design of the confirmatory trial, where some skepticism remains on the clinical data from the single-arm IGNYTE trial as the basis for accelerated approval.

Exhibit 54 - Replimune Key Catalysts

Asset	Indication	Milestone	Timing	Importance
RP1	Refractory melanoma	RP1 PDUFA	4/10/2026 PDUFA	High
RP1	Refractory melanoma	IGNYTE-3 trial progress	ongoing	High
RP1	CSCC	ARTACUS data publication	2026	Medium
RP2	HCC	Trial progress and updates	2026	Medium

Source: BMO Capital Markets, Company Reports

Incyte Corporation (INCY) — Underperform, Target Price: $75.00

Positioning for 2026

- **Growing demand for Jakafi, namely in PV, coupled with the potential launch of ruxolitinib XR, could support strong revenues in 2026, but add increasing pressure to fill the revenue gap caused by the approaching LOE.** In 3Q25, we saw Jakafi beat, with management citing higher paid demand across approved indications. While this is a welcomed outcome, we see this as adding pressure to Incyte and INCY shares as the company attempts to ensure continued revenue influx following the 2028 LOE. Opzelura and Niktimvo also outperformed during this past quarter with Opzelura continuing to benefit from ex-U.S. launches and Niktimvo's post-launch growth being driven by greater-than-expected underlying demand. However, when combined, these assets are unlikely to meet the revenue bar set by Jakafi, causing investors to look to Incyte's pipeline to bridge the gap.
- **We continue to monitor Incyte's pipeline and key 2026 readouts to better gauge the path to patching the Jakafi LOE.** This past December at ASH, we got a glimpse at the data for Incyte's mCALR asset, INCA033989, showing a meaningful benefit in both MF and ET patients. Though a step in the right direction, these data were still early and left questions into larger Ph 3 readouts. Incyte will continue to build on 2025 pipeline readouts with more coming in 2026. Top of mind for us are readouts for Povorcitinib in Asthma, Vitiligo and PN along with Ph 1 data for JAK2V617Fi in MF.
- **With new CEO Bill Meury now at the helm, we look forward to seeing how fresh ideas shape the company's strategy into 2026 — his first full year as CEO.** This past June, Incyte replaced Hervé Hoppenot with Bill Meury as CEO. While we view this change as a positive given our interactions and Mr. Meury's historical success in leading companies that were later acquired (e.g., Karuna Therapeutics acquired by BMY), we need to see more to change our view on the underlying business given the upcoming Jakafi LOE.

YTD 2025 Stock Performance

- **+41% (as of 12/16/25)**

What's most important for 2026

- **Jakafi/Opzelura commercial execution (ongoing)**
- **Niktimvo launch (ongoing)**
- **Readouts for Povorcitinib in Asthma, vitiligo, and PN**
- **Ph 1 data for JAK2V617Fi in MF**

2025 in Review

- Positive Ph 1 mCALR data in ET and MF presented at this year's ASH conference started to help answer the question of what comes after ruxolitinib. But with responses as expected after the abstract release, and some questions remaining around the ruxolitinib combo, the true commercial potential of this asset remains wait and see.
- While Ph 3 data for povorcitinib in HS achieved primary endpoint of HiSCR50 in both STOP-HS1 and STOP-HS2 placebo controlled trials, the placebo adjusted efficacy failed to meet the high bar set by Ph 2 leading to investor disappointment.
- In May, Zynyz became the first and only approved treatment for 1L anal cancer, specifically SCAC, in the U.S. following positive data from the POD1UM-202 study demonstrating durable response and disease control rate.
- The FDA approved Monjuvi for treatment of relapsed or follicular lymphoma in combination with rituximab and lenalidomide, expanding labeling from its initial 2020 approval in 1L DLBCL in combination with lenalidomide.

Exhibit 55 - Incyte's Key Catalysts

Asset	Indication	Milestone	Timing	Importance
Povorictinib	HS	NDA submission	Early 2026	Low
JAK2V617Fi	MF	Ph 1 data	1H26	High
Ruxolitinib XR	multiple	Ruxolitinib XR Launch	mid-2026	Medium
Povorictinib	Asthma	Ph 2 data	2026	Medium
Povorictinib	Vitiligo	Ph 3 data	2026	Medium
Povorictinib	PN	Ph 3 data	2026	Medium

Source: BMO Capital Markets

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The recommendation contained in this report was produced at December 17, 2025, 23:29 ET. and disseminated at December 17, 2025, 23:29 ET.

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