

TKL #1 STOCK PICK OF THE YEAR

PULMATRIX, INC. - NASDAQ - PULM - 3.00

It is estimated that 350 mil. people worldwide suffer from rare diseases. A rare disease, also referred to as an orphan disease, is one that affects fewer than 200,000 people in the U.S. There are approx. 7,000 different types of rare disease and disorders, with more being discovered each day. More than 30 mil. Americans and 30 mil. Europeans have one.

PULM is a clinical stage biopharmaceutical company developing innovative inhaled therapies to address serious pulmonary disease. PULM's proprietary product pipeline is focused on advancing treatments for rare diseases, including PUR1900, an inhaled anti-fungal for patients with Cystic Fibrosis (CF), as well as PUR1500, an inhaled product for the treatment of idiopathic pulmonary fibrosis (IPF). CF and IPF are rare diseases with a substantial unmet need and are marked by steady decline in lung function and quality of life. In addition, PULM intends to pursue opportunities in major pulmonary diseases through collaborations that include PUR0200, a branded generic of a global approved drug for chronic obstructive pulmonary disease (COPD). PUR0200 is in clinical development in Europe and in partnership with Mylan N.V., one of the world's leading global pharmaceutical companies.

In fact, utilizing PULM's iSPERSE™ technology, the company seeks to create better products for patients. iSPERSE™ technology enables easier and more effective delivery of drugs to the lung and can be applied to multiple types of therapeutic agents (small molecules and antibodies) and diseases.

PULM has \$22 mil. in cash, cash equivalents and short-term investments ending Sept. '15. Of the 14,516,010 shares outstanding, 26% are closely held and 36% owned by institutions. Recommended last month, the stock jumped off its Oct. 3.30 low and hit 5.00, up 44%, reclaimed its 50-Day MA and closed above the 5.00 level of resistance, and then traded at 5.50, signaling our 1st target of 8.50-9.50. The stock has since pulled back to the 3.00 area where we would Add/Buy, especially since people with rare disease aggressively pursue treatments that are still in development. PULM recently reported that its European pilot bioequivalence study of PUR0200, a proprietary iSPERSE™ engineered dry powder formulation of a marketed long-acting muscarinic antagonist (LAMA) bronchodilator for the treatment of COPD. Enrollment is expected to be completed in Q1'16 and top-line results are expected to be reported in the Q2'16.

PULM expects to be in the clinic with CF patients with PUR1900 in the second half of '16. PUR1900 also has potential prophylactic applications in other immunocompromised patients who are at risk of fungal infections associated with their diseases. Considering parallel clinical development of PUR1900 for these other rare and orphan immunocompromised indications, the anticipated annual worldwide market opportunity exceeds \$1 bil. Ultimate target 14.00.

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