

# The Brookline Brief

## *Brookline Capital Markets*

Life Sciences, Med. Tech. and Diagnostics  
Equity Capital Markets Update

**July 2024**



Equity Market / New Issue Market **Tailwinds**

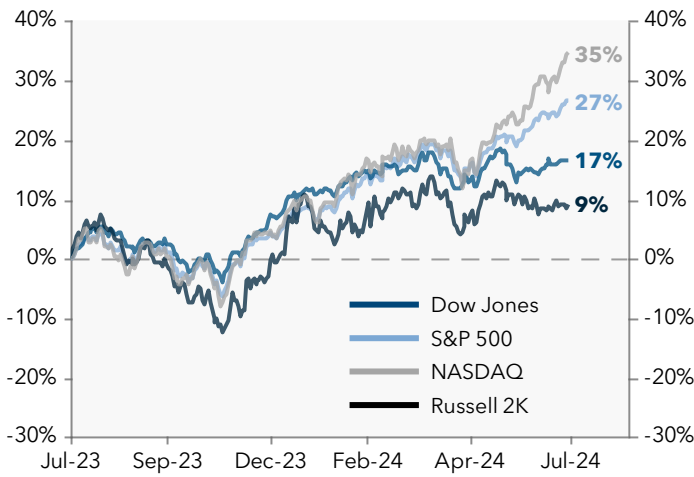
- › Fueled by an uptick in bullish sentiment emanating from a better-than-consensus May CPI print on June 12<sup>th</sup> (+3.3% vs. +3.4% cons., the first CPI beat vs. consensus since Oct. 2023), key sector-tracking ETFs and major US benchmark averages delivered strong performances during June. Specifically, the XBI and IBB rendered month-over-month gains of +4.0% and +2.5% respectively, while the S&P 500, NASDAQ Composite, and DOW each climbed +3.5%, +6.0%, and +1.1%, respectively. Though some remain frustrated by the XBI's underwhelming 1H 2024 performance versus major US equity benchmarks (-14% and -11% versus the NASDAQ Composite and S&P 500, respectively), others remain optimistic that the XBI's recent rally (+10% since May 1<sup>st</sup>) could be poised to continue during the second half of the year as rate cut expectations continue to build (as evidenced by CBOE futures trading data, which currently indicate an implied 78% chance of a rate cut at the September FOMC meeting).
- › June marked the first calendar month with more than 1 life sciences-, med. tech.-, or diagnostics-focused IPO since February 2024, with Rapport Therapeutics (RAPP) and Alumis (ALMS) completing their public debuts on June 7<sup>th</sup> and June 28<sup>th</sup>, respectively, and together raising a combined \$404mm of gross proceeds (prior to over-allotments, where applicable). Although the first-day performances for this pair of new entrants were decidedly mixed (ALMS closed -17% below its IPO issue price on its first day of trading, while RAPP closed up +22% vs. IPO price on its debut), market observers viewed last month's IPO activity as an encouraging signal for an IPO market that had remained effectively "closed" since CTNM's debut on April 5<sup>th</sup>. Through the first 6 months of the year, the 10-member IPO Class of 2024 has raised \$1.8bn in combined aggregate gross proceeds, putting 2024 on pace to exceed full-year IPO activity levels set in 2023 and 2022 by comfortable margins.
- › Follow-on new issue activity by "large-cap" issuers within the life sciences-, med. tech.-, and diagnostics-focused subsegments of the healthcare sector remained robust during June.<sup>(1)</sup> Specifically, 6 offerings by "large-cap" issuers last month yielded a combined total of \$1.8bn in aggregate gross proceeds (prior to over-allotments, where applicable), accounting for 62.6% of the total follow-on capital raised during June. Moreover, these "large-cap" offerings recorded an average raise of \$275mm (median basis, prior to over-allotments) - representing an uptick in the average raise by "large-cap" issuers of \$25mm (compared to the average raise recorded through the first 5 months of this year). Finally, these 6 "large-cap" new issue offerings delivered average offer-to-end of month returns of +6.4%, outperforming the average of all other offerings completed this past month by +10.6% (median basis).

Equity Market / New Issue Market **Headwinds**

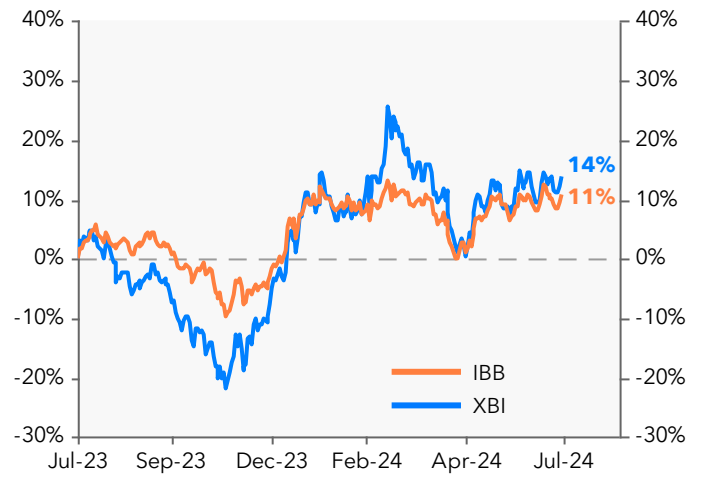
- › Follow-on activity within the life sciences-, med. tech.-, and diagnostics-focused subsegments ticked down this past month, tallying just 45 follow-on offerings that raised a combined \$2.9bn in aggregate gross proceeds (prior to over-allotments, where applicable). June marked the first calendar month during 2024 that failed to eclipse 50 follow-on transactions and represented just the second month of the year to yield less than \$3.0bn in aggregate combined follow-on proceeds raised. Though some expressed concern that June's underwhelming follow-on environment capped off an equally underwhelming Q2 2024 (which tallied quarter-over-quarter declines both in terms of follow-on volume and combined follow-on capital raised of -16.8% and -40.4%, respectively, versus Q1 2024), others remain encouraged by and focused on the follow-on market's unambiguously strong performance during the first 6 months of this year, citing 1H 2024's impressive totals of 328 completed offerings and just shy of \$28bn in aggregate combined gross proceeds raised (representing year-over-year increases of +24.7% and +88.4%, respectively, versus 1H 2023).
- › Although the XBI's modest +3.8% return during 1H 2024 represented the ETF's strongest first-half performance since 1H 2020 (+17.7%), dozens of smaller-sized and mid-sized companies within the sector suffered meaningful share price depreciation during the first 6 months of the year. Specifically, only ~35% (n = 315) of the public companies tracked by Brookline within the life sciences-, med. tech.-, and diagnostics-focused subsegments posted positive absolute returns during 1H 2024, and the average 1H 2024 return across this universe (n = 900) was -15.4% (median basis). While many continue to express confidence that shrewd stock-picking in the sector can unlock significant opportunities for market-beating returns (e.g., WGS, CRBP, ELEV, and RNA - each of which returned +350% or more during 1H 2024), others remain concerned smaller-cap companies operating within out-of-favor subsegments of the market remain under significant pressure heading into 2H 2024.
- › On the heels of a record-breaking Q1 2024 for PIPE offerings by life sciences-, med. tech.-, and diagnostics-focused issuers, PIPE new issue activity fell dramatically during Q2 2024, with just 40 completed PIPE financings raising a combined total of \$2.5bn in aggregate gross proceeds (down -29.8% and -52.1%, respectively, on a quarter-over-quarter basis, versus Q1 2024). On average (median basis), PIPE financings raised just \$12.2mm in gross proceeds during Q2 2024 - compared to \$50.0mm during Q1 2024. Despite the sharp slowdown in PIPE activity over the past 3 months, Q2 2024 nevertheless marked the second-strongest calendar quarter of PIPE activity since the start of 2020 (as measured by both deal count and gross proceeds raised).

(1): "Large-cap" issuers are defined as those with a fully-diluted pre-deal market capitalization greater than or equal to \$1,000mm.  
Sources: FactSet, Bloomberg, Brookline Capital Markets Investment Banking Data, US Food & Drug Administration Data, CME Group.  
Market data as of 4:00 PM on July 5, 2024, unless otherwise noted.

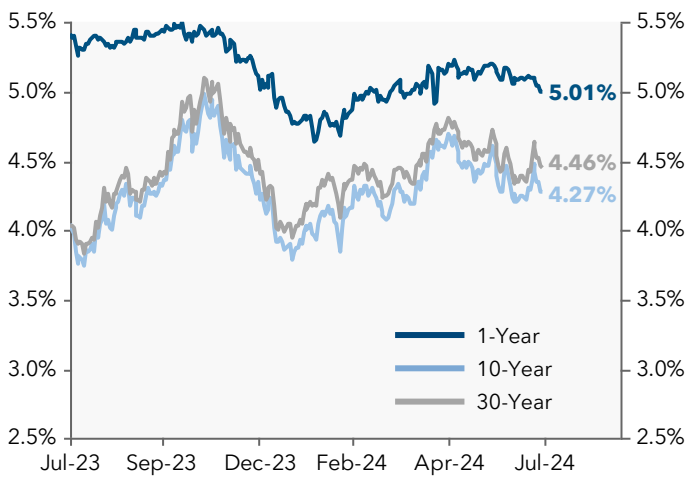
### General Indices Performance (Last 12-Months)



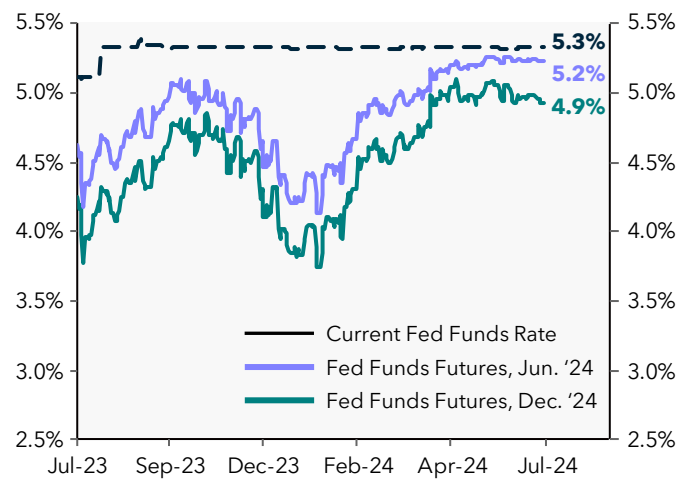
### XBI and IBB Performance (Last 12-Months)



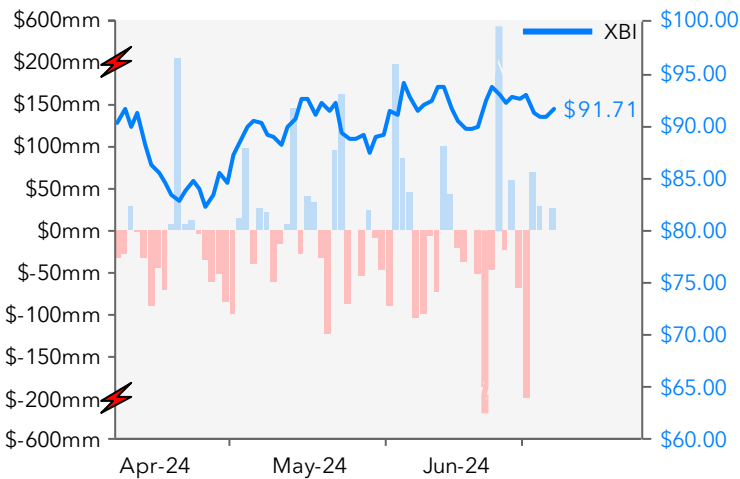
### U.S. Treasury Yields (Last 12-Months)



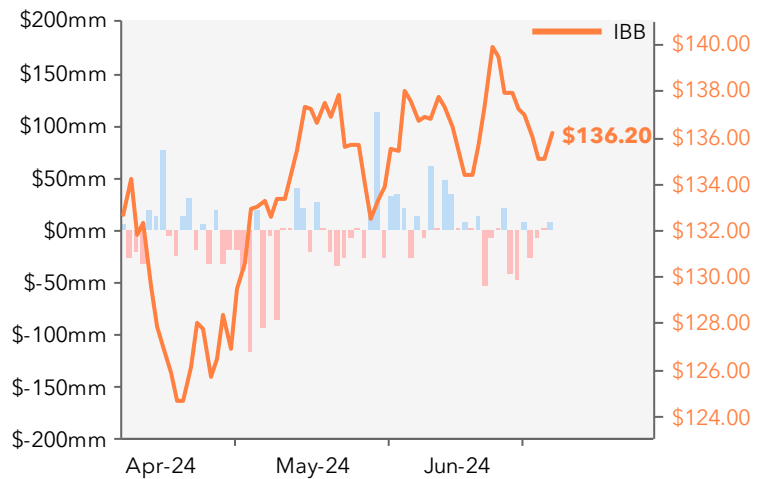
### Fed. Funds Rate & Futures (Last 12-Months)



### XBI Price & Weekly Fund Flows (Last 3-Months)

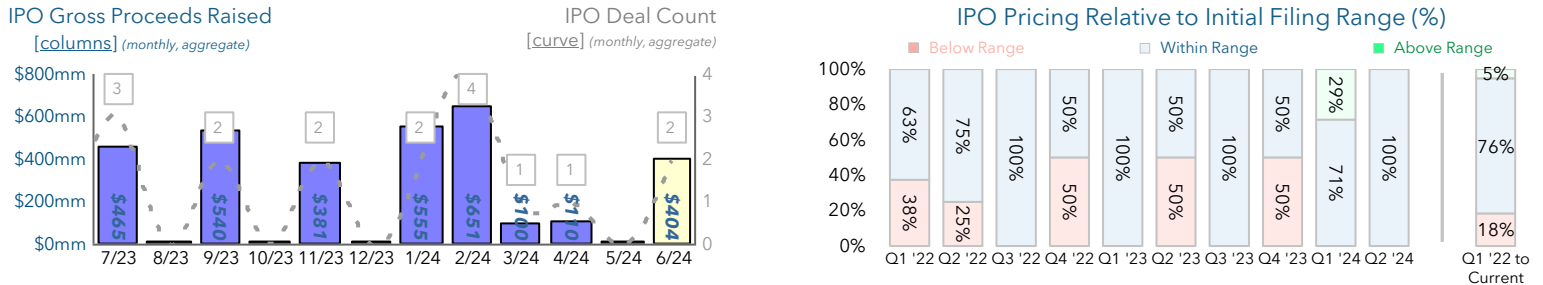


### IBB Price & Weekly Fund Flows (Last 3-Months)



Sources: FactSet, Bloomberg, Brookline Capital Markets Investment Banking Data, US Food & Drug Administration Data. Market data as of 4:00 PM on July 5, 2024, unless otherwise noted.

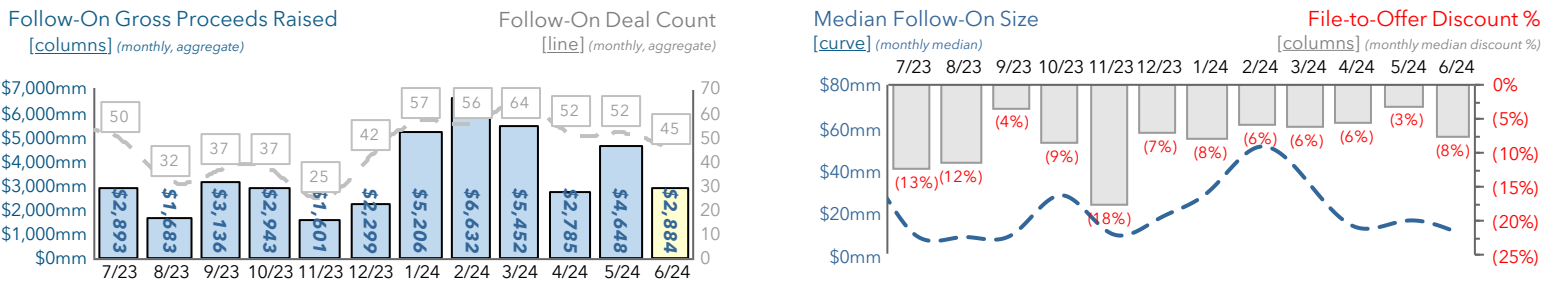
IPO Market Activity - Life Sciences, Med. Tech., and Diagnostics (Last 12-Months)



Five Most Recent IPOs

Company	Ticker	Indication	Offer Date	Offer Price	Gross Proceeds Raised <sup>(1)</sup>	Pre-Money Equity Valuation <sup>(2)</sup>	Within Initial Range?	Disclosed Insider Part. (%)	% Change Offer / Current
Alumis	ALMS	Immunology (TYK2)	06-28-24	\$16.00	\$250.0mm	\$634.1mm	In Range	16%	(28.4%)
Rapport Therapeutics	RAPP	CNS (Receptor-Associated Proteins)	06-07-24	\$17.00	\$154.0mm	\$479.4mm	In Range	12%	+40.8%
Contineum Therapeutics	CTNM	Neuroinflammatory (LPA1R antagonist)	04-05-24	\$16.00	\$110.0mm	\$350.0mm	In Range	--	+25.2%
Boundless Bio	BOLD	Oncology (Oncogene amplified cancers / ecDNA)	03-28-24	\$16.00	\$100.0mm	\$295.8mm	In Range	--	(74.1%)
Metagenomi	MGX	Gene Therapy (Metagenomics platform)	02-09-24	\$15.00	\$93.8mm	\$469.2mm	In Range	--	(72.3%)

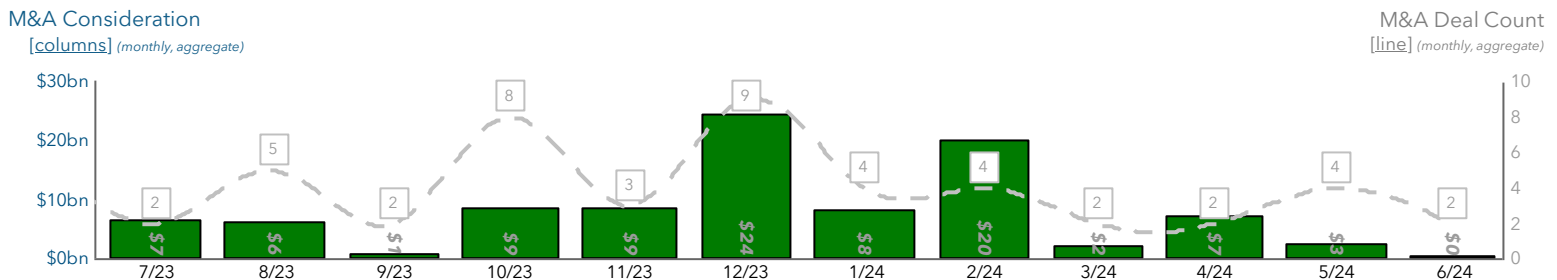
Follow-On Market Activity - Life Sciences, Med. Tech., and Diagnostics (Last 12-Months)



Five Largest Follow-Ons, May 2024

Company	Ticker	Indication	Offer Date	Deal Type	Offer Price	Gross Proceeds Raised <sup>(1)</sup>	Pre-Offer Market Cap <sup>(2)</sup>	% Chg. File / Offer	% Chg. Offer / Current
Structure Therapeutics	GPCR	Metabolic Diseases (GLP-1R sm. mol.)	06-06-24	S-1	\$52.50	\$476.0mm	\$2,607.3mm	(0.5%)	(28.1%)
Avidity Biosciences	RNA	Rare Diseases (Myotonic Dystrophy Type 1)	06-14-24	CMPO	\$38.00	\$400.9mm	\$4,334.0mm	(0.9%)	+2.6%
Ultragenyx	RARE	Rare Diseases (FGF23)	06-14-24	CMPO	\$39.00	\$350.0mm	\$3,783.7mm	(12.6%)	+4.8%
Summit Therapeutics	SMMT	Oncology (PD-1/VEGF bispecific antibody)	06-03-24	PIPE	\$9.00	\$200.0mm	\$6,970.5mm	+1.8%	(19.6%)
Recursion Pharmaceuticals	RXRX	Oncology (MEK1/MEK2 inhibitor)	06-27-24	CMPO	\$6.50	\$200.0mm	\$2,153.0mm	(25.8%)	+12.6%

M&A Activity - Public Life Sciences, Med. Tech., and Diagnostics (Last 12-Months)<sup>(3)</sup>



Sources: Dealogic, FactSet Brookline Capital Markets Investment Banking Data.

(1) Excludes Shoe; (2) based on fully diluted shares outstanding immediately prior to offering, (3): Excludes all acquisitions of private companies.

Note: All IPOs with <\$10mm gross proceeds have been excluded. All acquisitions of private companies have been excluded. Includes life sciences, medical technology, and diagnostics companies.

Market data as of 4:00 PM on July 5, 2024, unless otherwise noted.



Firm Overview

Brookline Capital Markets is a **premier healthcare-focused boutique investment bank** led by former executives of top Wall Street firms **focused on underwriting and growth capital for private and public companies** with a full suite of advisory capabilities



**Leadership With Decades of Industry Experience**

Brookline prides itself on taking an advisor's mentality to the complexities facing life sciences, medical technology, and diagnostics companies in the capital markets



**Unique Distribution Network**

We have a strong network of **difficult-to-reach fundamental investors** including **Family Offices, Ultra High Net Worth Individuals, and Industry Specialists**

Selected Recent Transactions

 Ongoing Engagement Capital Markets Advisor	 Ongoing Engagement Capital Markets Advisor	 Ongoing Engagement Capital Markets Advisor	 Ongoing Engagement Capital Markets Advisor	 Ongoing Engagement Capital Markets Advisor	 Ongoing Engagement Capital Markets Advisor	 \$5,000,000 Registered Direct Co-Placement Agent June 2024	 \$110,000,000 Merger Financial Advisor June 2024
 \$8,000,000 PIPE Financial Advisor April 2024	 Completed Engagement Capital Markets Advisor April 2024	 Completed Engagement Capital Markets Advisor April 2024	 \$6,600,000 PIPE Financial Advisor April 2024	 Undisclosed Secondary Sale Introducing Agent April 2024	 \$3,000,000 PIPE Exclusive Placement Agent April 2024	 \$50,000,000 PIPE Financial Advisor March 2024	 \$75,000,000 Follow-On Financial Advisor March 2024
 \$69,000,000 IPO Sole Bookrunner February 2024	 Completed Engagement Capital Markets Advisor January 2024	 \$1,100,000 Series A Placement Agent January 2024	 \$7,000,000 PIPE Exclusive Placement Agent January 2024	 \$80,000,000 PIPE Financial Advisor January 2024	 \$69,000,000 IPO Co-Manager December 2023	 \$4,500,000 Follow-On Co-Manager December 2023	 \$6,750,000 Secondary Sale Introducing Agent December 2023

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