

## Two Gene Editing Stocks to Own for 2018

It doesn't matter how nuts the market may become.

There is always an exciting opportunity to be found.

We believe that one of the most exciting – and potentially rewarding – investment ideas is in gene editing. In fact, gene editing is becoming more exciting by the day. It involves the insertion, deletion, or replacement of DNA in a cell or organism. While there are several ways of editing genes, the most exciting technique right now is clustered regularly interspaced short palindromic repeats, or CRISPR, an approach that uses an enzyme found in bacteria to alter DNA. The possibilities for CRISPR gene editing are quite exciting. In fact, with it, there may be a day when genetic diseases can be cured or even prevented altogether.

To date, such technology has only been performed in the lab.

But just recently doctors have attempted to edit cells of a living person who has Hunter syndrome, or Mucopolysaccharidosis II, is a genetically inherited disease. It is caused due to a specific defect within the gene, according to News Medical Life Sciences.

“This defect leads to lack of production of a key enzyme that helps to break down long sugary molecules in diet called mucopolysaccharides. So these build up within the body and lead to damage of the major organs such as the brain. As a treatment these patients are given regular replacement with the enzyme that is needed for breaking down mucopolysaccharides so as to prevent their accumulation. Brian Madeux – a 44 year old man from Arizona, underwent this experimental therapy where the gene editing tool was used to correct the defect in his DNA. The treatment is yet to show results. His treatment involved correcting the DNA that was faulty. He was given an infusion that transferred the active agent into his blood stream.”

He underwent the treatment at Oakland's UCSF Benioff Children's Hospital. Within the injectable infusion were two molecular scissors. These are called zinc finger nucleases or precise enzymes that can cut the DNA in two specific locations only. It would cut the two ends of the faulty sequence in the DNA. This would open up a place for the new correct piece of DNA to be inserted. This corrected piece of DNA would correctly code for the enzyme that was missing.

If such treatment now shows success, we could see the beginning signs of quite a boom.

We found two opportunities that we believe could perform well in this sector, long-term.

**Editas Medicine (NASDAQ:EDIT)** operates as a genome editing company. It focuses on treating patients with genetically defined diseases by correcting their disease causing genes. It is developing a proprietary genome-editing platform based on CRISPR technology to target genetically defined diseases with an initial focus on debilitating illnesses where there are no approved treatments. Editas Medicine, Inc. has a collaboration and license agreement with Juno Therapeutics, Inc. for the research and development of engineered T cells with chimeric antigen receptors and T cell receptors; and collaboration, option, and license agreement with Adverum Biotechnologies, Inc. to explore the delivery of genome editing medicines for the treatment of inherited retinal diseases.



At the moment, EDIT is looking to start clinical trials of EDIT-101, for example, which has reportedly proven effective in altering the genetic behaviors of key cells in mice. It also received Orphan Medicinal Product Designation from the European Medicines Agency. It's also making progress in the area of gene insertion techniques. According to the company, "this has been a tremendous year of progress for us." The firm's breakthrough gene-editing research holds the promise of creating a blockbuster CRISPR-Cas9 platform – that could lead to big rewards with patience. Technically, the stock has been trending higher after finding support at its 50-day moving average at \$22 a share. We'd like to see a near-term test of \$29.

**Intellia Therapeutics (Nasdaq:NTLA)** is a gene editing company, focuses on the development of therapeutics utilizing a biological tool known as the CRISPR/Cas9 system. The company develops in vivo programs focused on liver diseases, including transthyretin amyloidosis, alpha-1 antitrypsin deficiency, hepatitis B virus, and inborn errors of metabolism programs. Its ex vivo pipeline includes proprietary and partnered programs focuses on chimeric antigen receptor T cells and hematopoietic stem cells. Intellia Therapeutics Inc. has collaboration agreement with Novartis Institutes for BioMedical Research, Inc.



We last spoke about NTLA in August 2017. Since then, the stock ran from a recommended price of \$16.48 to a high of \$33. And we still like the stock at this price. The gene-editing story is getting bigger by the day. The very ability to be able to insert, remove or replace DNA in a cell or organism is exciting. At the moment, the company is exploring the use of CRISPR-Cas9 gene editing to treat rare genetic diseases such as transthyretin amyloidosis and alpha-1 antitrypsin deficiency, as well as hepatitis B. If the company finds good success with that, it could move even higher.

Technically, after pulling back from \$33 to \$18 on a stock offering, we like it at support and believe it could again rally to refill a bearish gap at \$26, near-term.

While there are call options available for both opportunities, bid-ask spreads are a bit wide, which could make it difficult to trade. So, we're recommending a buy on the NTLA and EDIT stocks at current market prices.

Another interesting way to trade a potential boom is by investing in the ARK Genomic Revolution Multi-Sector ETF (ARKG), which has holdings in Intellia Therapeutics (NTLA), Illumina (ILMN), Editas Medicine (EDIT), Juno Therapeutics (JUNO), Bluebird Bio (BLUE), Biogen (BIIB), Foundation Medicine (FMI) and dozens of other related stocks at the fraction of the cost of owning each of the held stocks.



Happy Holidays to you and your family.