



NEWS RELEASE

## bridgebio announces publication of case study exploring portfolio theory's impact on biomedical innovation in the journal of portfolio management

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- Case study co-authored by members of BridgeBio senior management and BridgeBio co-founder and MIT professor, Andrew W. Lo, Ph.D.

- Case study features BridgeBio's unique model that uses portfolio theory to enable early-stage research for genetic diseases and conditions that are not typically addressed by the pharmaceutical industry

PALO ALTO, Calif., Nov. 05, 2024 (GLOBE NEWSWIRE) -- BridgeBio Pharma, Inc. (Nasdaq: BBIO) ("BridgeBio" or the "Company"), a new type of biopharmaceutical company focused on genetic diseases, today announced that a case study, "Applications of Portfolio Theory to Accelerating Biomedical Innovation," was published in The Journal of Portfolio Management. The case study is intended to explore the real-world application of portfolio theory within the biopharmaceutical industry as a unique approach to driving development of innovative therapies, leveraging BridgeBio's founding and evolution as an example. The case study is featured in the Journal's 50<sup>th</sup> anniversary issue, a special issue celebrating the foundations of modern finance such as Dr. Harry Markowitz's pioneering work and highlighting the possible future directions of finance.

In 2012, Andrew Lo, Ph.D., co-founder and director of BridgeBio and Charles E. and Susan T. Harris professor at MIT's Sloan School of Management, began the initial research on the applications of portfolio theory that would ultimately lead to the formation of BridgeBio. Shortly after, he began engaging BridgeBio co-founders, Neil Kumar, Ph.D., chief executive officer, and Brian Stephenson, Ph.D., chief financial officer, on the practical implementations

of this theory to form a biotechnology company, a novel approach within the industry at the time.

“While portfolio theory had been applied successfully across multiple industries, its use in the biopharmaceutical industry has just begun to take shape over the last decade, with BridgeBio at the forefront of these efforts upon its founding,” said Dr. Lo. “This approach, first and foremost, is designed to enable the development of treatments at a potentially faster cadence for patients than the typical business model, by de-risking through ‘multiple shots on goal’, thereby attracting greater funding from the investment community. I’m grateful to see the hard work put into the formation and evolution of BridgeBio being recognized by The Journal of Portfolio Management, and look forward to sharing it with a broader audience who might take something from our experience and help more patients.”

BridgeBio was founded in 2015 on the principles of modern portfolio theory, formulated by financial economist Harry Markowitz in 1952, with a goal of diversifying risk by investing in multiple uncorrelated drug development programs, rather than a traditional model focused on a lead drug candidate. The portfolio theory approach was designed around the concept that by spreading investment across various programs, the company increases the likelihood that at least some programs would succeed, creating a potentially more stable return profile and attracting a broader range of investors. Application of this theory furthers a higher volume of early-stage research, which typically comes with higher risk.

“BridgeBio was founded at the intersection of a deep interest in portfolio theory and novel genetic medicines for patients in need. The application of portfolio theory, based on Andrew’s insights, is what allowed us to prosecute so many programs for patients that would have otherwise been still sitting on shelves,” said Dr. Kumar. “I’m grateful, therefore, to be able to publish this case study in The Journal of Portfolio Management, and excited to share more about how we make decisions at BridgeBio, which has much more to do with the principles of ROIC, g, WACC, POTS, and diversification than is generally understood. I hope our approach can serve as a blueprint for others attempting to employ novel approaches to biopharma to serve patient unmet needs.”

“In recent years, the financing of life science innovation has been challenging, with a contraction in capital access. By maintaining a diversified portfolio, BridgeBio has been able to weather the ebbs and flows of market fluctuations and the drug development process over the years. The company’s unique approach to structuring financing has created a robust channel for investors and philanthropists to support genetic disease drug development, and for BridgeBio to continue to target multiple different indications at once,” added Dr. Stephenson.

The article was co-authored by Dr. Lo and members of BridgeBio senior management, including Dr. Kumar, Dr. Stephenson and Dr. Chinmay Shukla, Vice President, Strategic Finance.

About BridgeBio Pharma, Inc.

BridgeBio Pharma (BridgeBio) is a new type of biopharmaceutical company founded to discover, create, test and deliver transformative medicines to treat patients who suffer from genetic diseases. BridgeBio's pipeline of development programs ranges from early science to advanced clinical trials. BridgeBio was founded in 2015, and its team of experienced drug discoverers, developers and innovators are committed to applying advances in genetic medicine to help patients as quickly as possible. For more information visit **bridgebio.com** and follow us on **LinkedIn**, **Twitter** and **Facebook**.

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