

Seeking Alpha

Immunocellular: Pipeline Potential And Institutional Interest Fuel Rebound

January 31, 2012

By VFC's Stock House

Fueled by [news](#) that the ongoing Phase II trial for ICT-107 in the treatment of glioblastoma is enrolling patients ahead of schedule, shares of Immunocellular Therapeutics (IMUC) have already become a documented rebound story early this year after temporarily dropping to below a buck earlier this month after the [announcement](#) of a financing deal.

IMUC has long been a stock to watch in the cancer immunotherapy sector, given the impressive Phase I trial results for ICT-107 that had 100% of the 16 patients treated still alive after one year, and 80% after two, but it's the technology behind this company's products that could very well [usher](#) in the next generation of cancer immunotherapy treatments.

Immunocellular views the technology behind current immunotherapy treatments, such as Dendreon's ([DNDN](#)) Provenge, for example, as a starting point, and takes it a step further by devising treatments that attack the stem cells behind the growth and spreading of cancer. IMUC's technology also offers manufacturing and [logistical advantages](#) over the current status quo, which could result in attractive pricing, if eventually approved and marketed, when compared to similar treatments of today.

Aside from the potential of the pipeline, however, some other factors have come to light that keep IMUC as a [stock to watch](#) during the lead up to the expected interim release of trial results, which - according to a recent [PR](#) from the company - *"when 50% of events (32 deaths) have been observed."*

As a result of the latest round of financing, which beefed up the Immunocellular cash coffers to help move the trials along, Ayer Capital Management took up a [seven percent](#) position in IMUC. This is no insignificant event, as Ayer is one of the better known healthcare-related hedge funds and holds - or has held - positions in many of the better-known companies in the healthcare/biotech sectors, such as Teva ([TEVA](#)), Dendreon ([DNDN](#)), Celgene ([CELG](#)) and Oncothyreon ([ONTY](#)).

With the revelation of this new institutional holding on top of the anticipation building for the interim results release, it's no surprise that IMUC has already moved higher by roughly 50% from the recent lows. A continued speculative run could be expected, give or take some pullbacks based on measured consolidation, as event-focused traders move in before the announcement of results.

Shares of Oncothyreon, for example, [flew to the ten dollar range](#) when news and opinions [circulated](#) the wires with respect to the pending release of results from the company's Phase III Stimuvax trials. ICT-107 is in the latter stages of Phase II, while Stimuvax is winding up Phase III, but the comparison can be made that when milestone trial news is imminent, the event-based traders can move in quickly and drive a stock price up.

Another item to consider is that should ICT-107's Phase II results look as encouraging as the results from earlier studies, then a much larger market cap would be justified - based on future potential and in comparison with other Phase III companies in the sector - and those may be factors that Ayer considered before building a seven percent position in the company.

The Immunocellular road show is also in effect, which could also be contributing to the quick rebound in price. IMUC President and CEO, Manish Singh Ph.D., was slated to present at the Immunotherapeutics Partnering and Deal Making Conference in San Diego on January 30-31 with a presentation e titled, *"Targeting Cancer Stem Cells Via Immunotherapy."*

The presentation, according to a [press release](#) on the subject, *"includes an overview of ImmunoCellular's clinical activities to date including ICT-107, its lead program targeting cancer stem cells (CSC) in Glioblastoma."*

Continue to monitor this situation. The quick rise in price and the addition of a significant new investor could be a clue that the buildup is gaining momentum. It's also worth noting that, in addition to the items already discussed, Immunocellular may look like an attractive [buyout candidate](#), as well, based on the relatively low market cap in relation to full market potential later on down the road.

With the cancer immunotherapy sector heating up again on the heels of a Dendreon [rebound](#), all considerations are worth noting.

Disclosure: No position.