

How to Invest in Coronavirus Vaccine Stocks

Just follow these three simple steps.



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 [Author Bio](#)

One or more drugmakers with COVID-19 vaccines in development could make a fortune very soon. The global market for vaccines against the novel coronavirus could reach \$20 billion next year.

When companies make fortunes, their investors can too. How should you invest in coronavirus vaccine stocks? Here are three simple steps to take.



IMAGE SOURCE: GETTY IMAGES.

1. Determine your risk tolerance

You want to make as much money from your investment as possible, but there's a key principle to be aware of with investing: To achieve higher returns, you must accept a higher level of risk. Before investing in coronavirus vaccine stocks, determine what your risk tolerance is.

Every stock has risks, but the ones you'll have to buy to profit from a coronavirus vaccine come with more uncertainty than most. That's especially true for small biotechs with no approved products on the market yet. Any setback can cause these [biotech stocks](#) to plunge.

The earlier a given drugmaker's pipeline candidates are in the clinical development process, the riskier its stock. For example, a COVID-19 vaccine candidate that's in preclinical testing has a much higher chance of failure than one that has sailed through to late-stage clinical testing in humans. Also, the more pipeline candidates that a company has, the less risky it tends to be.

Buying shares of large pharmaceutical companies presents a lower risk level. These drugmakers already have multiple approved products on the market and generate significant revenue. Many of them are quite profitable. Although a stumble for their COVID-19 vaccine candidates would cause their shares to fall, it probably wouldn't result in the stock crashing.

2. Identify stocks that fit your investing style

Once you've objectively assessed how much risk you're willing to take on, the next step is to identify the stocks that best fit your investing style. Below are some ideas based on three risk-tolerance levels.

Lower risk tolerance

The following three big pharma stocks are developing COVID-19 vaccine candidates and are worthy of consideration by investors with low risk tolerance levels:

Company	Market Cap	COVID-19 Vaccine Status
AstraZeneca (NYSE:AZN)	\$141.3 billion	In phase 3 testing
Johnson & Johnson (NYSE:JNJ)	\$393.7 billion	Phase 3 testing to begin in September
Pfizer (NYSE:PFE)	\$202.3 billion	In phase 2/3 testing

DATA SOURCES: YAHOO! FINANCE AND COMPANY PRESS RELEASES. MARKET CAPS AS OF SEPT. 3, 2020.

Pfizer is developing COVID-19 vaccine candidate BNT162b2 with its partner, **BioNTech**. The companies expect to seek emergency use authorization for the

vaccine from the Food and Drug Administration [in October 2020](#).

More risk tolerance

The following drugmaker stocks have at least one pipeline candidate in late-stage testing (lowering their risk), but don't yet have approved products on the market (increasing their risk):

Company	Market Cap	COVID-19 Vaccine Status
Inovio Pharmaceuticals (NASDAQ:INO)	\$1.7 billion	Plans to soon begin phase 2/3 testing
Moderna (NASDAQ:MRNA)	\$25.6 billion	In phase 3 testing
Novavax (NASDAQ:NVAX)	\$6.3 billion	In phase 2 testing

DATA SOURCES: YAHOO! FINANCE AND COMPANY PRESS RELEASES. MARKET CAPS AS OF SEPT. 3, 2020.

Among these three biotechs, Moderna has raked in the most external funding for its COVID-19 vaccine candidate, including up to \$2.48 billion from the U.S. government.

Highest risk tolerance

Here are two clinical-stage biotech stocks with no late-stage programs that only investors with the highest risk tolerance might consider:

Company	Market Cap	COVID-19 Vaccine Status
Altimune Therapeutics (NASDAQ:ALT)	\$441 million	In preclinical testing
Vaxart (NASDAQ:VXRT)	\$568 million	Awaiting FDA approval to begin phase 1 testing

DATA SOURCES: YAHOO! FINANCE AND COMPANY PRESS RELEASES. MARKET CAPS AS OF SEPT. 3, 2020.

Vaxart has one of the most intriguing COVID-19 vaccine candidates because it is administered in tablet form, rather than via injection.

3. Evaluate the companies' other opportunities and challenges

Finally, make sure you check out other business opportunities and challenges for any coronavirus vaccine stock you're considering. For example, all of the companies mentioned have other pipeline candidates.

You might find that there could be compelling reasons to think about buying a stock even if its COVID-19 vaccine flops. AstraZeneca is a case in point. The big drugmaker claims several blockbuster franchises with strong growth prospects, plus a pipeline loaded with potential winners.

Buy and watch

Once you've completed these three steps, you're ready to invest. Keep in mind, though, that coronavirus vaccine stocks require monitoring. Their prospects change frequently with clinical study results and news of government reimbursements. Some might very well prove to be stocks you can buy and hold for years, but you need to watch them closely.

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Keith Speights owns shares of Pfizer. The Motley Fool recommends Johnson & Johnson. The Motley Fool has a [disclosure policy](#).

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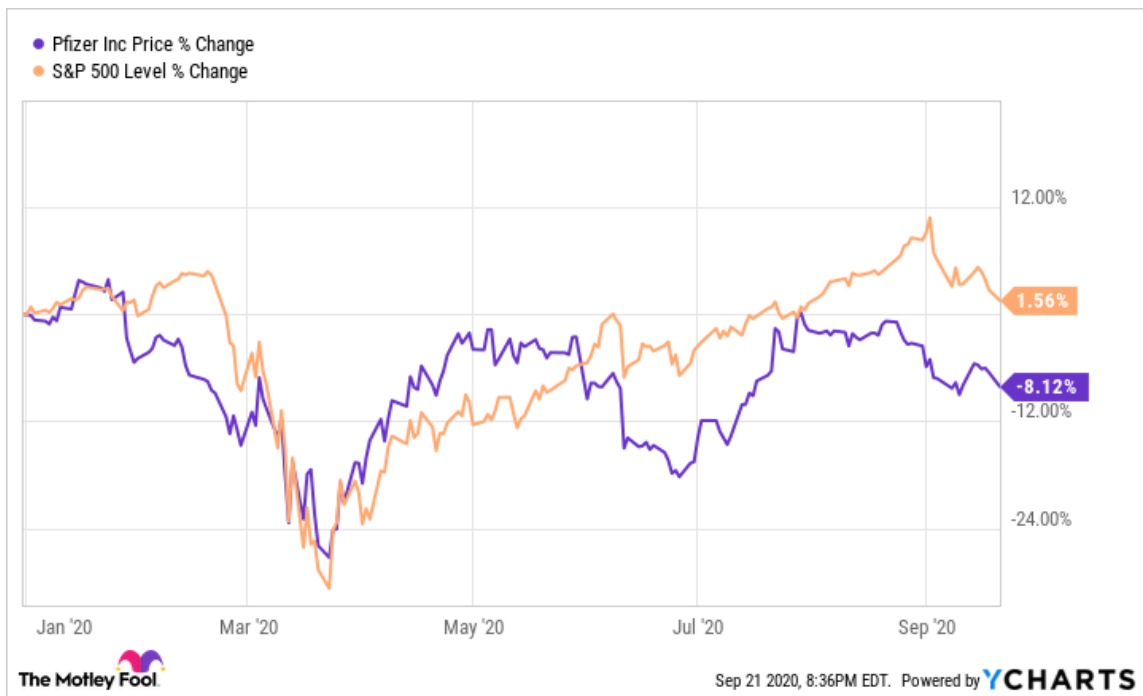


 **Prosper Junior Bakiny** (TMFPBakiny)

 Sep 23, 2020 at 8:07AM

The coronavirus pandemic has wreaked havoc across the world. There have been more than 30 million cases of the disease, and it has caused nearly a million deaths. Given these factors, it's not surprising that investors have poured money into companies working on a COVID-19 vaccine. A safe and effective method of preventing the disease will arguably be critical for life to go back to some semblance of normalcy.

Those companies that manage to launch working vaccines on the market will almost certainly reap substantial financial benefits. With that said, there are more than a dozen companies currently working on vaccine candidates, and it may be difficult for investors to separate the wheat from the chaff. For those looking to profit from this race, **Pfizer** ([NYSE:PFE](#)) is my top coronavirus stock to invest in. Here's why.



[PFE DATA BY YCHARTS](#)

A leader in the COVID-19 race

Along with its partner **BioNTech** ([NASDAQ:BNTX](#)), Pfizer has raced through the early stages of the development of its COVID-19 vaccine candidate. The two companies started a phase 2/3 clinical trial for their leading candidate, BNT162b2, in late July. Note that the collaboration did have other candidates, including BNT162b1, which received the fast-track designation from the U.S. Food and Drug Administration (FDA) along with BNT162b2.

However, Pfizer and BioNTech opted to go with the latter because it delivered better results in early testing stages. The phase 2/3 trial they are currently running will enroll up to 44,000 participants, and its primary endpoints will be the prevention of COVID-19 in patients who have not been infected with the SARS-CoV-2 virus that causes the disease, and prevention of COVID-19 regardless of previous infection status.



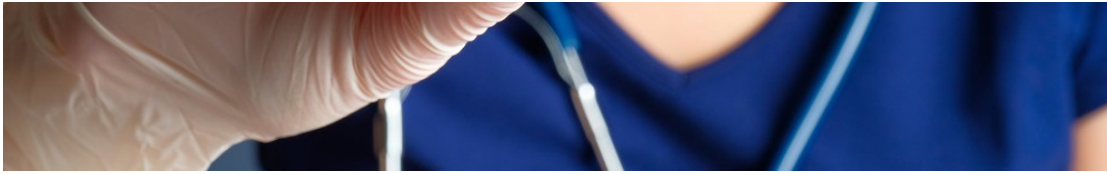


IMAGE SOURCE: GETTY IMAGES.

Pfizer thinks it will know whether its vaccine is effective by the end of October. If it is, the company will immediately send it to the regulatory authorities for review. Note that Pfizer has already lined up several buyers, including the governments of the U.K., the U.S., Canada, and Japan. Pfizer could end up delivering millions of doses of its candidate over the next year. All things considered, the pharma giant and its partner, BioNTech, look like strong contenders in this race.

A strong biopharma business

Pfizer is in the middle of spinning off its Upjohn unit -- which focuses on manufacturing and distributing generic drugs -- to **Mylan** ([NASDAQ:MYL](https://www.nasdaq.com/markets/stocks/quotes/MYL)); the transaction should be complete by the end of the year. This move could work wonders for Pfizer. During its [second quarter](#), which ended June 28, the company's revenue dropped by 11% to \$11.8 billion. However, the decline was primarily due to its Upjohn segment, whose sales decreased by 31% to \$2 billion. Upjohn's sales plunged in part due to competitive pressure for the pain medicine Lyrica.

Meanwhile, Pfizer's biopharma segment (soon to be its only business) recorded revenue of \$9.8 billion, representing a 4% year-over-year increase. Some of the company's best-selling products in this segment include anticoagulant Eliquis, whose sales during the second quarter jumped by 17% year over year to \$1.3 billion. There's also cancer drug Ibrance, whose revenue for the quarter grew by 7% to \$1.3 billion. Further, Pfizer is currently running more than 80 clinical trials, and investors can rest assured that it will keep adding new sources of revenue to its lineup.

A solid dividend

Pfizer is also an attractive stock for dividend-seeking investors. The company currently offers a dividend yield of 4.17%, which compares favorably to the 1.7% average yield of the **S&P 500**. Pfizer has raised its dividends by 35.7% over the past five years, and it sports a reasonable cash payout ratio of 65.2%. While many companies have slashed or outright suspended their dividend payments amid the coronavirus pandemic, this pharma giant is unlikely to do so.

The key takeaway

Pfizer is widely regarded as one of the leaders in the COVID-19 vaccine race. The company could generate healthy revenue from its efforts over the next year if its candidate proves successful. But even if it doesn't, Pfizer has other things going its way, specifically its strong biopharma business. Pfizer is also a strong dividend-paying stock, and it currently trades at just 12.7 times expected earnings, while its price-to-earnings growth ratio is a reasonable 0.95. Investors looking for exposure to companies working on COVID-19 vaccines would do well to buy shares of this [pharma stock](#).

Prosper Junior Bakiny has no position in any of the stocks mentioned. The Motley Fool recommends Mylan. The Motley Fool has a [disclosure policy](#).

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