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Vaccines
CopyPortfolio™

An eToro Investment Strategy

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Invest Through eToro's Vaccine Copyportfolio

When the coronavirus pandemic struck in 2020, it was a reminder of the crucial role that vaccines play in modern healthcare. With entire countries brought to a standstill, the whole world waited anxiously for scientists to develop a vaccine for the infectious disease.

Vaccines are one of medicine's greatest success stories. Every year, they save millions of lives by protecting us against deadly diseases such as measles, meningitis, and polio. They also play a key role in economic development by boosting global productivity.

For investors, the vaccine market is an area of the healthcare sector that has considerable potential. Vaccine sales are growing steadily and companies that operate in this space benefit from both limited competition and substantial funding from governments worldwide.

Vaccination vs Immunisation

The terms "vaccination" and "immunisation" are often used interchangeably. However, they have very different meanings.

Vaccination is the process of administering a vaccine. Immunisation, on the other hand, is the process of the body becoming immune to whichever disease the vaccination was for. For example, a polio vaccine would give someone immunity to polio.

Vaccines: One of the Most Powerful Tools in Healthcare

A vaccine is a medicine that builds your body's natural immunity to a disease before you get sick. This stops you getting the disease and spreading it.

Vaccines contain the same germs (or viruses) that cause the disease. However, they have either been killed or weakened to the point that they don't make you sick.

When you receive a vaccine, your body detects the germs that cause the disease and develops protective antibodies to fight them. Once your body contains these antibodies, it will be able to fight off the germs if you are ever exposed to them.

It is this protective feature of vaccines that makes them so powerful. Unlike most medicines, which treat diseases, vaccines prevent them.

The Importance of Vaccines

Vaccines are vital because they protect us from many life-threatening diseases, helping people of all ages live longer, healthier lives. Every year, vaccines save millions of lives globally.

The first vaccine to be created was the smallpox vaccine. Smallpox was a deadly disease that killed up to 300 million around the world in the 20th century. After a vaccine was given to people, the disease was erased globally in 1977.

Since the development of the smallpox vaccine, scientists have developed vaccines for a number of other dangerous diseases and infections including:

Vaccines prevent between **2-3 million** deaths per year globally.



If vaccination coverage was expanded, an additional **1.5 million deaths** could be avoided per year.

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Your capital is at risk

Measles: this is a highly contagious disease. Before the introduction of the measles vaccine in 1963, major epidemics occurred every few years with millions of people dying annually.

Polio: this is a serious disease that causes temporary or permanent paralysis, which can be life-threatening.

Meningitis: this is an infection that causes inflammation of the lining around the brain and spinal cord. It can be very serious if not treated quickly.

Cholera: this is a bacterial disease usually spread through contaminated water. It causes severe dehydration. Left untreated, it can be fatal within hours.

Hepatitis B: this is an infection of the liver caused by a virus that is spread through blood and body fluids.

Today, the World Health Organisation (WHO) lists more than 20 diseases for which vaccines are now available.

Aside from preventing sickness and death associated

with infectious diseases, vaccines also play a crucial role in economic development. The WHO has stated that expanding access to immunisation is crucial to achieving its Sustainable Development Goals (SDGs).

Vaccines Are Here to Stay

If we stopped vaccinating people, dangerous diseases would start coming back. While smallpox has been completely eradicated, many other diseases are still active in some parts of the world. Without widespread immunisation, the diseases would spread and result in more epidemics, just like there used to be.

This happened in Japan in the 1970s. In 1974, around 80% of Japanese children received a vaccination for whooping cough — a highly contagious respiratory disease. That year, there were just 393 cases of the disease in the country and no deaths. Then, people started saying that the vaccine was unsafe and was no longer needed. As a result, vaccination rates dropped,

and by 1976, the vaccination rate was just 10%. In 1979, there was a whooping cough epidemic in Japan, with more than 13,000 cases and 41 deaths. Soon after, vaccination rates increased and the number of cases decreased.

Given that so many dangerous diseases are still active today, vaccines are here to stay. As Covid-19 has demonstrated, it does not take much to start a global pandemic in today's interconnected world.

More than 9 in 10

people globally believe that it is important to vaccinate children.



How the Vaccine Market is Likely to Develop in the Future

Given the proven impact of vaccines to date, they will continue to play a vital role in the control of dangerous diseases going forward. In particular, vaccines will be critical in combatting diseases such as Ebola and HIV, and in controlling the resurgence of diseases such as measles, mumps, and whooping cough.

As vaccine research advances, driven by technology and data, the scope for vaccines will broaden even further across the field of non-infectious diseases. Not only are we likely to see more progress in cancer vaccinations, but also innovative applications of vaccines in many other disease categories, such as Alzheimer's disease and atherosclerosis.

The Vaccine Market is Growing Quickly

In 2019, the global vaccine market was worth just under \$50 billion.

Looking ahead, the vaccine market is expected to grow at a healthy rate. Experts believe that by 2027, it could be worth as much as \$105 billion. That represents an annualised growth rate of over 10% per year between now and then.

Vaccine market growth drivers:

- High demand for a Covid-19 vaccine
- Increasing disease prevalence in underdeveloped countries
- Growing incidence of cancer & HIV in Asia-Pacific
- Increasing vaccine R&D in developed nations
- Immunisation programs and initiatives undertaken by government authorities to improve health outcomes

The US spends almost **\$27 billion per year** treating diseases that could have been prevented by vaccinations.



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Covid-19 Has Had a Great Impact on the Vaccine Market.

When the coronavirus started to spread rapidly early in 2020, pharmaceutical companies, both large and small, rushed to develop a vaccine for it.

Their efforts were boosted by millions of dollars of funding from governments worldwide. **AstraZeneca**, for example, received \$1.2 billion in funding from the US Department of Health and Human Services (HHC). Meanwhile, **Moderna** picked up nearly \$1 billion in research aid and **Johnson & Johnson** received nearly \$500 million.

US pharma giant **Pfizer** was the first company to successfully create a vaccine for the disease, announcing in November 2020 that it had created a vaccine with 90% effectiveness. Soon after, Moderna and AstraZeneca also announced that they had developed vaccines for the coronavirus.

Analysts expect Covid-19 vaccines to potentially generate tens of billions of dollars of extra revenues between 2020-2022. These extra revenues are then expected to taper off.

Covid-19 could impact the vaccine market in some other ways, however. For example, it could accelerate technological innovations in the industry. It could also support the ambitions of new market entrants.



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Your capital is at risk

Invest Through eToro's Vaccine Copyportfolio

Vaccines are one of the most powerful tools in the history of healthcare. They also represent a very attractive space for investors.

Following decades of consolidation, the global vaccine market now offers stable and healthy revenue growth. And not only do vaccine companies enjoy high barriers to entry, but they also benefit from substantial funding from government and humanitarian organisations for R&D.

To help investors access the vaccine market, eToro has created a **Vaccine CopyPortfolio**. This is a fully allocated portfolio that contains exposure to a number of leading vaccine companies. Designed for long-term investors, this strategy has been developed to help you capitalise on the growth of the vaccine market, while minimising risk through its diversified approach to stock selection.

Why Invest in Vaccines?

- They are long-lived assets
- Pricing is typically stable/growing
- There is generally limited competition
- There are high barriers to entry
- There are no patent cliffs like other drugs
- Developers benefit from government promotion and purchasing of vaccines

Add Vaccine-Med to your Watchlist

Your capital is at risk

For every \$1

invested in unvaccinated children in low- and middle-income countries, there is

an estimated return on investment of \$44.





For more information regarding CopyPortfolios,
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Resources:

- <https://www.who.int/news-room/facts-in-pictures/detail/immunization>
- <https://www.who.int/news-room/facts-in-pictures/detail/immunization>
- <https://www.singlecare.com/blog/news/vaccination-statistics/>
- <https://www.singlecare.com/blog/news/vaccination-statistics/>
- <https://ourworldindata.org/vaccination>
- <https://www.who.int/teams/immunization-vaccines-and-biologicals/diseases>
- <https://ourworldindata.org/vaccination>
- <https://www.cdc.gov/vaccines/vac-gen/why.htm>
- <https://www.fortunebusinessinsights.com/industry-reports/vaccines-market-101769>
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- <https://www.hhs.gov/coronavirus/explaining-operation-warp-speed/index.html>
- <https://www.spglobal.com/ratings/en/research/articles/200803-covid-19-may-accelerate-disruption-in-the-global-vaccine-market-11568238>