

BUY

MODERNA INC. (MRNA)

4.15.2024

INVESTMENT THESIS

I recommend a buy on Moderna Inc. (MRNA). My recommendation is based on the research of the potential of mRNA vaccines and Moderna's great strides they have already taken in achieving in this field. Moderna has already secured a government contract to create covid-19 vaccines. This shows the quality of the company given the contract and success they have had. Moderna is working on expanding their mRNA pipeline, giving them more products to generate revenue. Moderna is primed for growth as they are still in the introduction stage to mRNA as a product and entering the biotechnology industry. Additionally, Moderna has been increasing their total assets over time. Moderna went from \$1,589.422 million in assets in 2019 to \$1,842.6 million in assets in 2023. Not only have they been increasing their assets, but they have been reducing their liabilities as well. Liabilities peaked in 2021 at \$10,524 million but have been steadily declining and have reached \$4,572 million in 2023. Buying MRNA aligns with the Wisman Fund's objectives to buy securities that are deemed undervalued by the fund's analysts. Moderna is a great opportunity to invest in a well-run company that has already received government contracts with room for immense growth. It is also important for the fund to take more advantage of the biotechnology industry and the potential it has within the healthcare sector.

DRIVERS OF THESIS

- Pioneering mRNA research
 - More effective vaccines that are more efficiently produced
 - Other products in therapeutics
 - High potential to solve previous unmet medical needs
- mRNA vaccines have shown great upside for revenue growth
 - Revenue growth of 6,361% in 2021 due to covid vaccinations
 - Potential for high revenue from mRNA influenza vaccinations
- Trend of increasing assets and decreasing liabilities
- Company and product are in introduction stages
 - Costs will be high until product can be established
 - Potential for large growth for company
 - Potential for innovation for mRNA medicines
- MRNA is currently significantly undervalued
 - A great opportunity to get mRNA exposure at a discount
 - Stock price will like rise as investors price in successful developments

FIVE YEAR PERFORMANCE

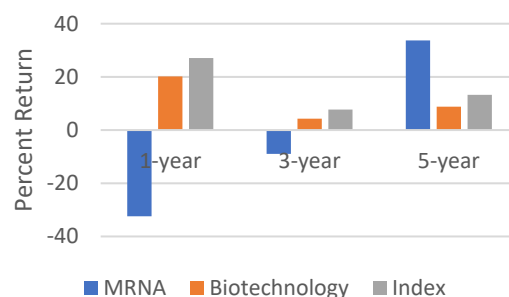


Data Source: Yahoo Finance

Moderna Inc

NASDAQ	MRNA
Price	\$105.14
Fair Value	\$227.00
Sector	Healthcare
Industry	Biotechnology

Trailing Returns



Key Statistics

Market Cap	\$40.256 B
Shares Outstanding (M)	382.88 M
EBITDA (TTM)	-\$3.704 B
Five Year Beta	1.62
Forward Dividend Yield	0.00%
Price/Earnings (2022)	6.47
Price/Sales	4.25
Price/Book	2.82
Price/Cash Flow (2022)	6.11

COMPANY SUMMARY

Moderna Inc. is a pioneering biotechnology company at the forefront of mRNA technology, based in Cambridge, Massachusetts. The company is focused on developing revolutionary vaccines and therapeutics using messenger RNA (mRNA) to instruct cells in the body to produce proteins that can prevent or fight disease. Moderna has gained significant attention for its rapid development of mRNA-based COVID-19 vaccines, which have been authorized for emergency use in several countries.

In addition to its COVID-19 vaccine, Moderna is also advancing a robust pipeline of mRNA-based therapies for a range of diseases, including cancer, infectious diseases, and rare genetic disorders. The company's innovative approach has the potential to revolutionize the field of medicine by enabling the development of highly effective and personalized treatments.

Moderna's success is not only attributed to its groundbreaking technology but also to its strategic partnerships and collaborations with other pharmaceutical companies, research institutions, and government agencies. These partnerships have helped accelerate the development and commercialization of its products.

Overall, Moderna is a company that is driving innovation in the biotechnology sector and has the potential to significantly impact global health through its transformative mRNA technology.

BUSINESS MODEL

Moderna Inc. is a biotechnology company that specializes in developing mRNA-based vaccines and therapeutics. The company's primary focus is on utilizing messenger RNA (mRNA) technology to instruct cells in the body to produce proteins that can prevent or fight diseases. Moderna gained significant recognition for its rapid development of

mRNA-based COVID-19 vaccines, which have been authorized for emergency use in various countries.

One of Moderna's key strengths lies in its innovative approach to vaccine development, which has the potential to revolutionize the field of medicine. By leveraging mRNA technology, the company aims to develop highly effective and personalized treatments for a range of diseases, including cancer, infectious diseases, and rare genetic disorders.

Moderna's business model is characterized by its strategic partnerships and collaborations with other pharmaceutical companies, research institutions, and government agencies. These partnerships have played a crucial role in accelerating the development and commercialization of its products.

Overall, Moderna is a pioneering biotechnology company with a strong focus on innovation and a commitment to improving global health. Its mRNA technology has the potential to address unmet medical needs and significantly impact the future of medicine.

Partnerships

Moderna Inc. has formed strategic partnerships to advance its mRNA technology platform and expedite the development of vaccines and therapeutics. A key partnership is with BARDA, providing funding and support for its COVID-19 vaccine. Moderna also collaborates with pharmaceutical companies like AstraZeneca and Merck, as well as research institutions such as the NIH and the Gates Foundation. These partnerships enhance Moderna's ability to develop innovative solutions for various diseases and medical conditions.

Geography

Moderna Inc. is headquartered in Cambridge, Massachusetts, in the United States. The company's operations and research facilities are primarily located in the United States, including its manufacturing sites for producing mRNA vaccines and therapeutics.

In addition to its U.S. presence, Moderna has a global footprint through its partnerships and collaborations. The company has worked with various countries and international organizations to develop and distribute its mRNA-based vaccines, including collaborations with the European Union and COVAX to supply vaccines to countries worldwide.

While Moderna's headquarters and a significant portion of its operations are in the United States, its collaborations and partnerships extend its reach across the globe, allowing the company to address global health challenges and expand access to its innovative mRNA technology.

Assets

Moderna Inc.'s assets are primarily centered around its innovative mRNA technology platform, which serves as the cornerstone of its vaccine and therapeutic development efforts. The company's key assets include its mRNA-1273 COVID-19 vaccine, which has been authorized for emergency use in several countries and has played a pivotal role in the global response to the pandemic. Moderna also boasts a robust pipeline of mRNA-based therapeutics targeting various diseases, such as cancer, infectious diseases, and rare genetic disorders. These pipeline candidates represent valuable assets with the potential to address significant unmet medical needs.

In addition to its product portfolio, Moderna has invested in manufacturing infrastructure to scale up the production of its mRNA vaccines and therapeutics. This manufacturing capability is a critical asset that enables Moderna to meet the growing demand for its products. Furthermore, the

company's intellectual property portfolio, including patents related to its mRNA technology, provides it with a competitive advantage and helps protect its innovations.

BUSINESS SEGMENTS – MRNA VACCINES

mRNA Vaccines

As discussed, Moderna has developed mRNA vaccines for COVID-19, but many other mRNA vaccines are in development. This provides a great opportunity for growth, as the company continues to be at the forefront of mRNA vaccine development. In particular, their influenza vaccination would be influential in the healthcare landscape. The creation process and utilization of mRNA vaccines is crucial to understanding the competitive advantage it provides in the vaccine environment.

mRNA vaccines work by introducing a small piece of genetic material called messenger RNA (mRNA) into the body. This mRNA carries instructions to cells to produce a harmless protein that resembles a protein found on the surface of the target virus. Once inside the body, the cells read the mRNA and produce the spike protein. The immune system recognizes this protein as foreign and mounts a response by producing antibodies and activating other immune cells to attack and destroy the spike protein. This immune response creates memory cells that remember how to fight the virus in the future.

In comparison, traditional vaccines often use weakened or inactivated forms of the virus, or pieces of the virus, to stimulate an immune response. These vaccines work by priming the immune system to recognize and respond to the actual virus if it is encountered in the future. Both types of vaccines ultimately aim to train the immune system to recognize and neutralize the

virus, but mRNA vaccines offer several advantages, including faster development and production, and they do not require the use of live viruses.

One reason mRNA vaccines offer faster development and production is because they do not require the use of live viruses. Traditional vaccines often rely on growing large quantities of the virus, which can be time consuming and may involve complex processes to weaken or inactivate the virus while retaining its ability to stimulate an immune response. In contrast, mRNA vaccines can be designed using the genetic sequence of the virus, allowing for rapid development once the sequence is known.

Additionally, mRNA vaccines can be produced using readily available materials and standardized processes, making scaling up production easier and faster compared to traditional vaccine production methods.

Moderna is developing mRNA-based therapies for infectious diseases beyond COVID-19. This includes exploring the use of mRNA to develop treatments for viral infections such as influenza, Zika virus, and respiratory syncytial virus (RSV), among others.

BUSINESS SEGMENTS - THERAPUETIC MODALITIES

Cancer Immunotherapy

Moderna is exploring the potential of mRNA-based cancer immunotherapy to stimulate the immune system to recognize and attack cancer cells. This approach involves delivering mRNA encoding tumor antigens or immune-stimulating proteins to activate the immune system's response against cancer cells.

Rare Genetic Diseases

Moderna is investigating mRNA therapeutics as potential treatments for rare genetic diseases caused

by genetic mutations. By delivering mRNA encoding functional proteins or correcting mutations, Moderna aims to address the underlying causes of these diseases and provide therapeutic benefits to patients.

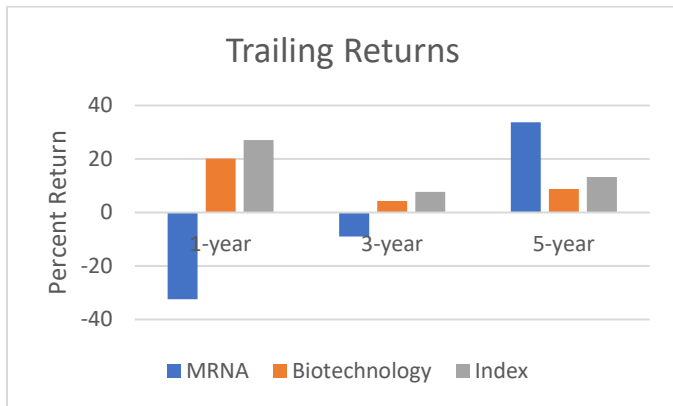
Autoimmune Disorders: Moderna is researching mRNA-based therapies for autoimmune disorders, which occur when the immune system mistakenly attacks the body's own tissues. By modulating immune responses through mRNA-encoded proteins, Moderna aims to develop treatments for autoimmune diseases such as multiple sclerosis, lupus, and rheumatoid arthritis.

Cardiovascular Diseases

Moderna is exploring the potential of mRNA-based therapies for cardiovascular diseases, including treatments for conditions such as heart failure, atherosclerosis, and familial hypercholesterolemia. These therapies may target specific pathways involved in cardiovascular health and disease.

STOCK PERFORMANCE

Moderna Inc's stock has underperformed the biotechnology industry and the index over one year and three-year time frames. However, MRNA has over performed over a five-year timeline. This is mostly due to the huge success of its mRNA COVID-19 vaccine. In 2021, they posted revenues of \$17.7 B from the vaccine. Recent stock performance is down as 2023 showed only \$6.7 B in revenue from product sales, a decrease of 64% from 2022. The potential for huge developments in mRNA vaccines or treatments for other diseases brings hope that revenues and stock prices can see similar out performance in the future.



Data Source: Morningstar.com



Data Source: Yahoo Finance

RECENT DEVELOPMENTS

News & Acquisitions

In Jan of 2023, Moderna acquired Oricio Genomics, a company focused on cell-free DNA synthesis and amplification technologies. With this acquisition, Moderna has expanded their manufacturing expertise and further accelerates their research and development engine. The acquisition will continue to expand and accelerate the possibilities of advanced therapeutics and synthetic biology for Moderna.

In early 2024, Moderna is starting to build their recently acquired manufacturing facility in Marlborough, Massachusetts. This is to bring their Merck-partnered neoantigen cancer therapy program up to commercial scale. mRNA-4157, a personalized cancer vaccine, is being tested in late-stage trials, and is expected to be tested on additional tumor types throughout 2024.

In late March of 2024, Blackstone Life Sciences agreed to a collaboration with Moderna. Blackstone Life Sciences is providing \$750 million through a development and commercialization funding agreement specifically for Moderna's influenza program.

INVESTMENT THESIS

My investment thesis is based on research into mRNA vaccines and therapeutics, trends of increasing assets and decreasing liabilities, undervaluation of MRNA, and large potential for growth in a newly founded and well run company.

ECONOMIC DRIVERS

Healthcare Sector

The healthcare sector is a crucial component of the economy, contributing significantly to both economic growth and job creation. This sector encompasses a wide range of industries, including pharmaceuticals, biotechnology, medical devices, and healthcare services.

One of the key ways the healthcare sector contributes to the economy is through its role in promoting overall health and well-being. By developing innovative treatments and medical technologies, the healthcare sector helps improve the quality of life for individuals and allows them to remain productive members of society. Additionally, the healthcare sector is a major source of employment, providing jobs for millions of people worldwide. These jobs range from healthcare professionals, such as doctors and nurses, to research scientists, engineers, and administrative staff.

Furthermore, the healthcare sector is a significant driver of innovation and technological advancement. The development of new drugs, medical devices, and treatment protocols not only improves patient outcomes but also leads to the creation of new industries and economic opportunities.



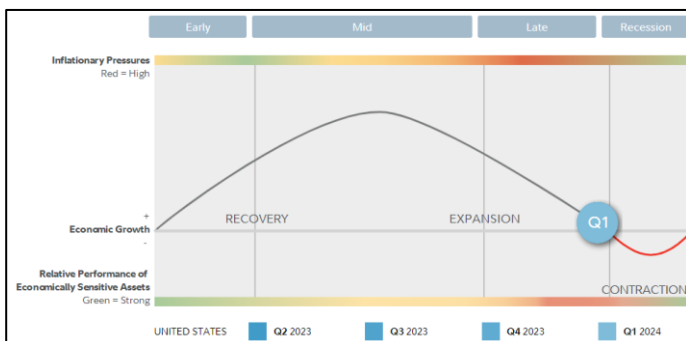
Data Source: Yahoo Finance

The healthcare sector is significantly underperforming over the past year. Most of this underperformance occurred during 2023, during an otherwise thriving market. However, looking over a five-year period displays similar movement between the sector and the index, with healthcare following closely behind.



Data Source: Yahoo Finance

Fidelity expresses that the United States is currently in the late expansion phase of the business cycle. During this phase, the healthcare sector typically performs well, and performs even better comparatively during recessions which often follow.



Data Source: Fidelity.com

Business cycle

Historical performance of sectors during business cycle phases.

Sector	Early	Mid	Late	Recession
Financials	+			-
Real Estate	++	-	+	--
Cons. Disc.	++		--	
Info Tech.	+	+	-	--
Industrials	++			--
Materials	+	--		-
Cons. Stap.	--	-	+	++
Health Care	--			++
Energy	--		++	--
Comm. Serv.		+		-
Utilities	--	-	+	++

Data Source: Fidelity.com

Arguably the biggest driving factor is potential rate cuts from the FED. Jerome Powell and the FED are continually pushing these rate cuts back, and the reality is the FED has no reason to cut rates unless inflation gets too low, and we enter a recessionary period. The United States economy is in a time of prosperity, so long as it continues, it is difficult to see why the FED would cut interest rates. There are other factors to monitor when considering the current state of the economy. The unemployment rate has remained relatively stable since May of 2023 and the Sahm value has not shown clear indication of a recession. The 2024 change in real GDP trumped December projections, PCE inflation is expected to fall closer to the target, and the market has performed extraordinarily well across 2023 and into the early stages of 2024. The Investment Management Program analysts have interpreted these facts and projections and concluded the FED will not cut interest rates as

many times as projected in the beginning of the year. The following graph shows a correlation between federal rate cuts and recessionary periods in the United States. The gray bars notate a recessionary period.



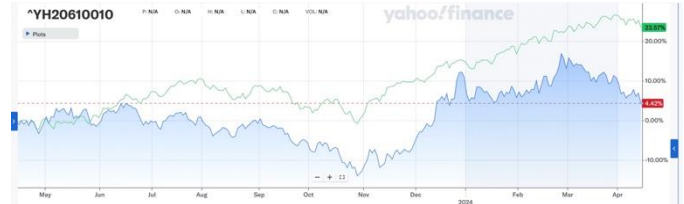
Source: FRED

The correlation between recessionary periods causing rate cuts is very evident across history which gives good reason to believe that there will only be rate cuts when the economy enters a recession. It will be crucial to continue to monitor PCE inflation as an indicator.

Biotechnology Industry

The biotechnology industry is a relatively newer industry which continues to gain traction in the stock market. Within the markets, it can be characterized by high volatility as it is reliant on innovation and new discoveries. Biotechnology involves using living organisms and their biological processes to manipulate microorganisms into producing various antibodies, hormones, or other desired results. Innovations in biotechnology are providing new methods of diagnosis, treatment, and prevention with the goal of improving patient outcomes. Biotechnology research may allow certain diseases to become curable or at least manageable.

The graph below shows returns of the S&P500 index (green) and the biotechnology industry (blue) over the past year. The biotechnology industry does not come close to the S&P500 index over the past year, but it does outperform the healthcare sector.



Data Source: Yahoo Finance

The graph below shows the same comparison over a 5-year period. The potential can be seen more clearly here, as the biotechnology industry has an impressive return of 97.48% which outperforms the S&P500 index.



Data Source: Yahoo Finance

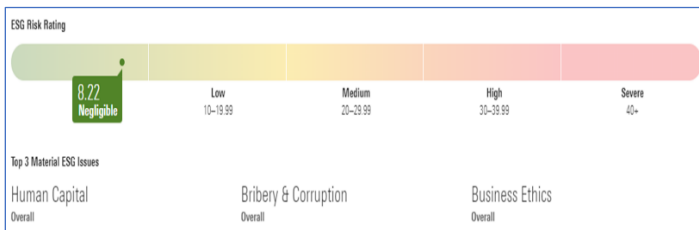
Company Specific Factors

Economic factors such as inflation, interest rates, and the stage of the business cycle can influence Moderna and its stock price valuation. These factors have been examined throughout the course of this analysis. This section will examine the company's projections given the current economic market.

Based on Zack's Investment Research, Moderna has beaten their last four earnings estimates. The last projection was -0.78 which MRNA reported 0.55, a 170.51% surprise. Moderna's next earnings call is May 2nd which Zack's Investment Research predicts earnings of -3.36. per share. 11 analysts on yahoo finance provide an average estimate of -3.35 for

earnings with a high of -2.84 and low of -4.05. Despite low earnings recently, Moderna had a diluted EPS of 28.29 and 20.12 during 2021 and 2022 respectively. This shows Moderna's potential for high earnings when they have successful mRNA vaccines.

ESG RATING



Source: Morningstar.com

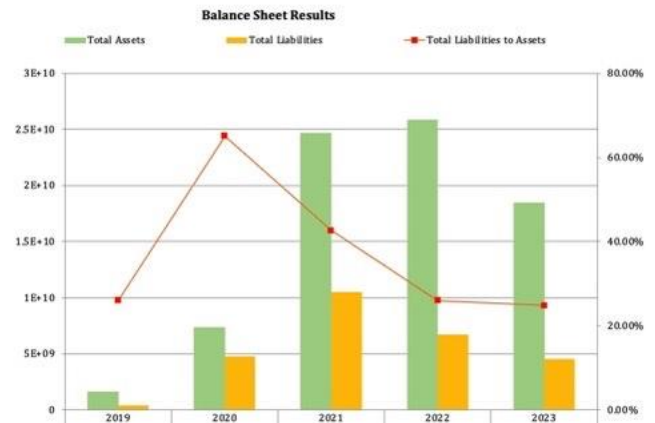
ESG stands for environmental, social, and governance factors. This rating helps investors understand certain nonfinancial aspects of a company that may make it an attractive investment. As of April 15, 2023, Moderna had an ESG rating of 21.52, which is a moderate level on the risk scale. The top 3 ESG issues are Product Governance, Access to basic services, and Human Capital.

FINANCIAL ANALYSIS

Companies in the healthcare sector, and more specifically the biotechnology industry, exhibit distinctive characteristics that influence the financial assessment process. These companies face specific considerations such as economic, political, and competitive regulatory factors. Financial evaluation for healthcare companies involves crucial performance metrics like ROE (return on equity), ROA (return on assets), and profit margins. Ratios like the P/E (price-to-earnings) ratio and the P/B (price-to-book) ratio are also crucial when comparing Moderna to other companies in the sector and industry. Revenue growth is another key

metric for evaluating a company, particularly for Moderna. The ensuing section of the report will concentrate on key financial indicators derived from the income statement, balance sheet, and statement of cash flows.

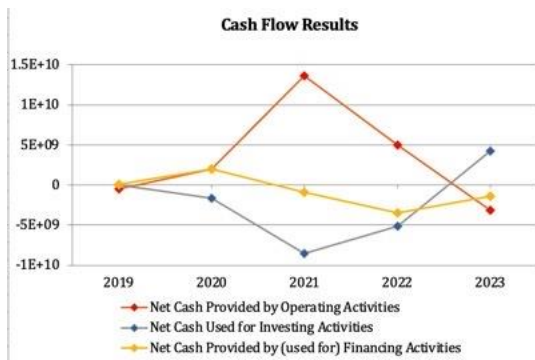
Balance Sheet Analysis



Source: Morningstar.com

The balance sheet data indicates growth in assets over time. Moderna has access to significantly more assets now than they did in 2019 and 2020. Moderna went from \$1,589.422 million in assets to \$1,842.6 million in assets. Liabilities peaked in 2021 at \$10,524 million but have been steadily declining and has reached \$4,572 million in 2023. The Total Liabilities to Assets ratio provides insights into the company's leverage. This graph shows a declining trend from 65.09% in 2020 to 24.81% in 2023. This suggests an increasingly favorable financial position, as the proportion of liabilities to assets has decreased over time, indicating improved risk management. The declining ratio implies that a smaller portion of the company's assets is financed by liabilities, reflecting a positive trend in financial stability. Overall, the balance sheet portrays a picture of grown assets, controlled liabilities, and improving financial health.

Statement of Cash Flows Analysis



Source: Morningstar.com

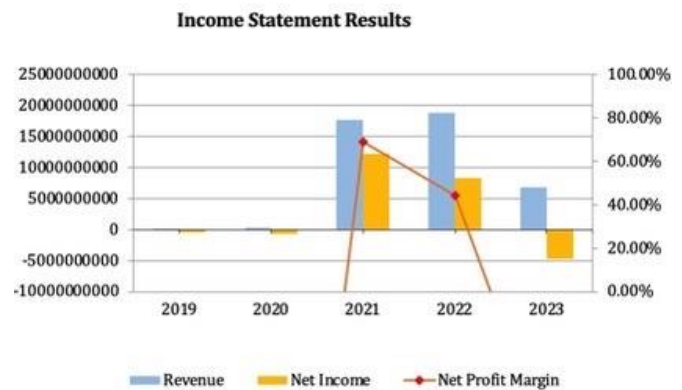
The cash flow data reveals massive changes in net cash flow from operating activities in 2021 and 2022 from the success of the covid-19 vaccinations. This shows a reliance on one singular product for cash flow from core business activities. It does demonstrate how beneficial a successful mRNA vaccine can be for Moderna's operations. The net cash used for investing activities shows an increasing trend from 2021 and beyond, with a substantial positive \$4,206 million in 2023. The net cash provided by (used for) financing activities remain relatively stable, but overall trending towards negative values, reflecting cash outflows from financing activities in the later periods. This suggests a potential shift from external financing to internal cash generation. Overall, the company has potential to generate significant cash flows from operating activities when they have successful innovation, along with greatly improved investing activities that generate cash flow.

Company Reported Revenue

Product sales makes up the vast majority of revenue for the company at 96%, while grant revenue makes up the majority of what is left with a sliver coming from collaboration revenue. Total revenue was \$6.8 billion in 2023 compared to \$19.3 billion in 2022.

The drop off in covid vaccine rate had a massive negative impact on their sales.

Income Statement Analysis



Source: Morningstar.com

The income statement data illustrates a massive increase in revenue during 2021 and 2022, growing from \$48,036 million in 2019 to \$17,736 million in 2021. After this robust revenue growth fell back down, costs rose as well decreasing the net income. Net income peaked in 2021 at \$12,202 million and is currently at its low over the past five years with -\$4,714 million. The net profit margin, representing the proportion of revenue converted into profit, follows the same trend of increasing to its peak from 2019 to 2021, and then taking a slight dip in 2022 leading into a bigger drop off in 2023.

Profit Margin Analysis



Source: Morningstar.com

The operating profit margin and net profit margin show a substantial increase from 2019 to 2020 and 2021. Those numbers have since been relatively stable, only seeing minor increases. Meanwhile, the gross profit margin has been stable over the past five years.

Management Effectiveness



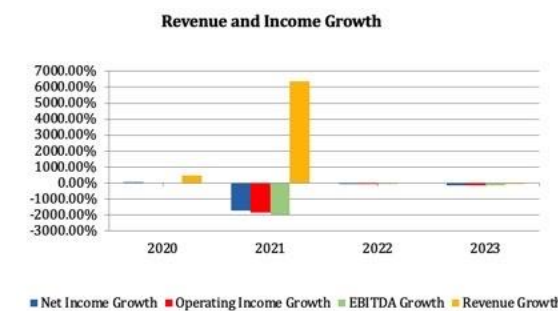
Source: Morningstar.com

The management effectiveness, also known as profitability ratios, provides insights into the company's operational and financial performance over the five-year period. The net profit margin reflects the company's ability to convert revenue into profit, showing 2019 as their clear worst year by this metric. In 2019 Moderna had a net profit margin of -1070.1% compared to 2023 which is -69.8%. This indicates improvement in effective cost control and profitability from a few years ago. Total asset turnover has gone from 0.03 in 2019 to

0.73 in 2022, and 0.37 in 2023. Total asset turnover increased over the five-year 1period, even after the drop off in sales from covid vaccines, suggesting that the company is generating more revenue relative to its total assets, indicative of improved asset utilization. ROA and ROE are metrics that do not appear well for Moderna, as they currently are -25.6% and -34% respectively. The equity multiplier got as high as 2.86 in 2020 and has a 3-year average of 1.48 indicating they normally have a conservative use of financial leverage. Overall, many of these metrics reflect poorly on the company, but it is important to consider that Moderna is in its early stages, and they have proven to have better metrics and be more profitable when they have a successful mRNA vaccine being given to the public. As covid becomes less relevant, this trend will continue since they are so reliant on that vaccine for success. This is why the development of their mRNA influenza vaccines are critical to potential future success.

Growth Rates

Revenue & Income:

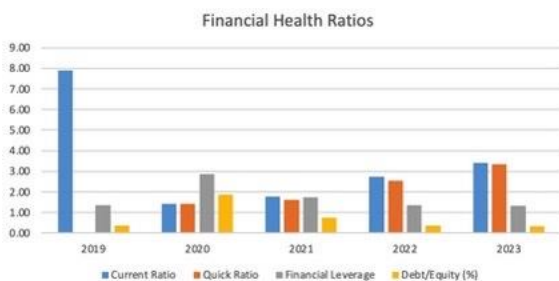


Source: Morningstar.com

The growth data reflects a dynamic performance for the company during 2021 which sets itself apart from every other year. Revenue grew the most with a 6,361.44% increase while net income growth, operating income growth, and EBITDA growth were all negative and substantial in comparison to

other years. EBITDA growth has exhibited negative momentum, with successive growth rates of -27.79% in 2022 and -137.04% in 2023. This reflects poorly on the company's ability to generate earnings, but it is important to recognize these negative growth rates came after the company's most successful year. Net income growth was at its worst in 2021 at -1,733.33% and is currently at -156.37% in 2023. Operating income growth was also at its worst in 2021 at -1842.27% and is currently at -145% in 2023. The main takeaway is that Moderna has potential to have massive revenue growth when they have successful innovation, but they were too reliant on one product.

Financial Health Analysis



Source: Morningstar.com

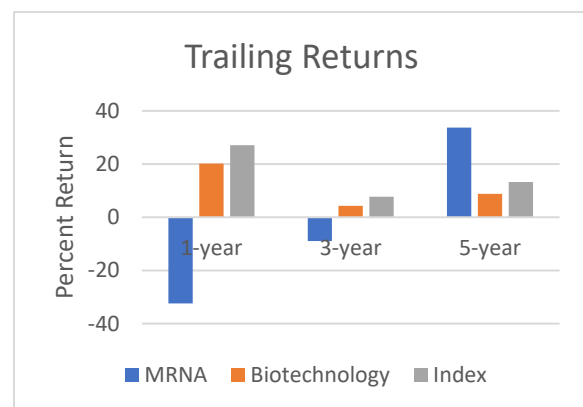
The financial health ratios reflect a consistently strong liquidity position and prudent leverage management for the company over the five-year period. The current ratio, measuring the company's ability to cover short-term obligations with its current assets, decreased substantially from 7.89 in 2019 to a much smaller 1.43 in 2020. The current ratio has seen a steady incline up to 3.42 in 2023. Similarly, the quick ratio, which excludes inventory from current assets, displayed a similar upward trend over the past few years indicating an improving ability to meet immediate liabilities without relying heavily on inventory. The quick ratio has gone from 1.42 in 2020 to 3.36 in 2023. The equity multiplier remained relatively stable

around 1.35, indicating a conservative use of financial leverage and a prudent capital structure. The financial leverage ratio did reach 2.86 in 2020. Debt/Equity, a measure of the company's financial leverage, exhibited a declining trend from 186.44% in 2020 to 33% in 2023, suggesting that they are becoming less reliant on financing through debt over time. These financial health ratios collectively demonstrate the company's ability to improve and become more efficient over time.

Cross-Sectional Analysis

This analysis will compare Moderna's returns to the biotechnology industry, and the healthcare sector. The cross-sectional analysis allows for investors to examine different performance attributions across different time frames to make informed investment decisions.

Trailing Returns



The chart above shows the trailing returns over 1-year, 3-year, and 5-year timeframes. Although MRNA underperforms both the industry and index over the shorter time frames, MRNA significantly outperforms both the industry and index over the 5-year time period.



Data Source: Yahoo Finance

The graph above compares MRNA to some of its competitors such as NVO, BNTX, and VRTX. As shown above, MRNA is the second highest performer out of the group, while having the lowest stock price. MRNA was the top performer until the bearish trend continued in July. This does become a possible opportunity to purchase MRNA at a discount while it is currently undervalued in comparison to how it can perform against its peers.

FAIR VALUE

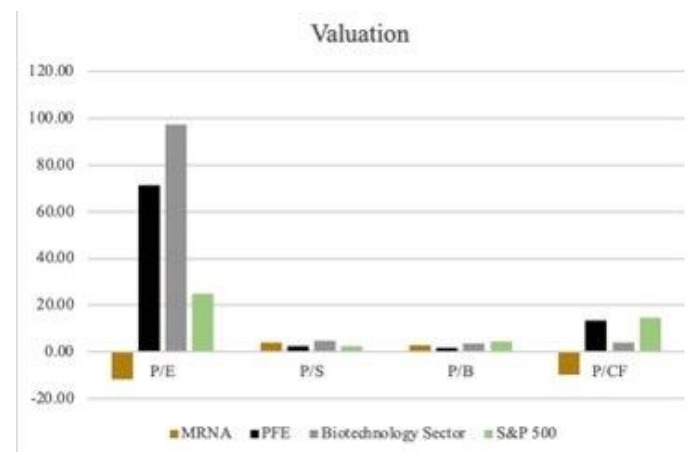
Absolute Stock Valuation

A two-stage FCFE model was used to evaluate MRNA because the company will enter its growth stage with a higher than typical growth rate, and then that growth rate will be reduced. The two-stage model helps to account for the declining growth rate. EPS, dividends per share, capital spending per share, depreciation per share, working capital per share, and change in working capital per share were all put into the model. A beta value of 1.59, a risk-free rate of 4.5%, and a risk premium of 8.75% were used. The 10-year T bill rate was used for the risk free rate. A conservative growth estimate of 9% was used. This was because the company has a short history so using historical growth rates would not have been accurate. Earnings growth rate during the later period is estimated to be 6%. No predicted change in the beta was used given the volatile nature of biotechnology stocks. Given these

parameters, the fair value of the stock was calculated to be \$198.23. A 20% margin of safety was applied making the lower bound \$158.58 and the upper bound \$237.88. Given these results, the current price of \$105.14 would imply that the stock is significantly undervalued.

Relative Stock Valuation

A relative valuation model is different from an absolute valuation model in that it refers to other companies and benchmarks. Relative valuation looks at valuation ratios like price-to-earnings (P/E), price-to-sales (P/S), price-to-cash flow (P/CF), and price-to-book (P/B). P/S, for example, shows a company's share price as a multiple of its sales, P/E shows a company's share price as a multiple of its earnings, and so on. Higher relative valuation ratios than peers may suggest that a company is overvalued. The chart below compares the relative valuation ratios of Moderna, one of their competitors, Pfizer, the biotechnology industry, and the S&P 500. Moderna's negative P/E and P/CF ratios are concerning, but the P/E ratio is still significantly less than Pfizer and the industry. The P/S and P/B ratios are very comparable which is a good sign for MRNA's relative valuation



RISKS

Lack of Exposure: Moderna is solely focused on mRNA vaccines and therapeutics which means the company's success relies on one type of product. If mRNA vaccines are unsuccessful, then it is highly likely their stock will have poor returns. This especially is a big risk considering there are other companies working on mRNA products who also have other projects that can generate revenue.

Introduction Stage: Moderna is in the introduction stage of its product and time in the industry. Costs will be high and there will be competition fighting for market share. Additionally, there is no guarantee that mRNA vaccines or therapeutics can be successful.

Competition: After mRNA vaccines were so successful during covid, many companies are exploring the potential of these innovative types of vaccines. It is possible that other companies get successful trials earlier or simply get their product to market first. With that said, Moderna has their sole focus on mRNA medicines, and they have been leading the way with their covid-19 vaccination.

RECOMMENDATION

I recommend a buy on Moderna Inc. (MRNA). My recommendation is based on the research of the potential of mRNA vaccines and Moderna's great strides they have already taken in achieving in this field. Buying MRNA aligns with the Wisman Fund's objectives to buy securities that are deemed undervalued by the fund's analysts. Moderna is a great opportunity to invest in a well-run company that has already received government contracts with room for immense growth. It is also important for the fund to take more advantage of the biotechnology industry and the potential it has within the healthcare sector.

REFERENCES

1. Morningstar
2. Yahoo Finance
3. Moderna Inc Report
4. FOMC

DISCLOSURES

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