



The Best-Performing COVID-19 Stock So Far This Year

Description

Small-cap stocks can create millionaire investors in the quickest time, especially if the small company bounces into the limelight as a potential provider of critical solutions to a global humanitarian crisis, like the COVID-19 pandemic.

Investors who bought shares of one nano-cap stock **Sona Nanotech** (CNX:SONA) at \$0.11 a share during the first trading session of 2020 and forgot about the trade, for whatever reason, until July 27, were stunned by a staggering 14,545% return on capital, as its share price hit \$16 that day.

Sona Nanotech has been a hot COVID-19 stock this year. It could continue to be such if the pandemic remains among us into the next year or so.

How did Sona Nanotech become the best-performing COVID-19 stock?

Shares in the nanotechnology firm continued to surge to new highs since my first coverage of the all-fired-up Sona Nanotech stock during the COVID-19 market crash on [April 15 this year](#).

Sona Nanotech is a life sciences firm that develops products for diagnostic tests and medical treatment using proprietary gold nanotechnology. The company entered the limelight on February 11 after announcing the development of a more efficient, rapid-response SARS-COV2 test, which can produce results in 10-15 minutes with no false positives. SARS-COV2 is the coronavirus behind the COVID-19 pandemic. Current testing technology may take longer than two hours to produce results.

The company claims its rapid test's quick results are easy to interpret, even to the ordinary person. It also claims the product can reduce the cost of COVID-19 testing from as high as \$200 a test to as low as \$50. Product test runs have been successful, and the company had completed submissions to regulators for authorizations by August 31 this year.

A quick partnership with GE Healthcare Life Sciences, a respected name in the industry, was strong

validation. Further, a quick pile-up of millions of preorders gave momentum to a strong valuation surge in the stock. Here is a small company that could help provide essential solutions to a global pandemic in the most efficient manner. Investors pushed an \$0.11 stock to an all-time high of \$16.05 a share by July 27. The 14,545% return on this best-performing COVID-19 stock in just six months was phenomenal.

Why has the stock price fallen lately?

Mired with multiple trading halts due to extreme volatility, Sona Nanotech stock trades at just \$6.79 a share today. Shares are still up a staggering 5,658% year to date. However, investors who bought at or near all-time highs in July this year are now sitting on significant losses today.

Although some progress has been made in validating the COVID-19 test, investors have sold the stock in droves since August 6. The company announced that critical validation test results would be delayed by two weeks. Delays were due to the ethics review board approvals and a need to make study modifications to accommodate regulatory updates from the U.S. Food and Drug Administration (FDA).

The news ignited a wave of investor fears and triggered a downward spiral in SONA's share price. [As previously highlighted](#), the company is yet to successfully commercialize the hyped-up product. Most concerning, FDA and Health Canada approvals haven't been received yet. Time may be running out for new COVID-19 test products. The need for massive testing may significantly decline, as the pandemic starts dying away.

There's significant business risk, and the trade could still fall apart.

Can the top COVID-19 stock rise again before year end?

An increase in testing is required to keep economies open while still protecting the population as countries increasingly re-open their economies. SONA's antigen test can detect the virus potentially before the onset of any symptoms. If the test is licensed in time, demand could hold well into 2021. News of FDA and Health Canada authorization can re-ignite investor interest in the near term.

Interestingly, the company's technology has multiple potential applications beyond the coronavirus. The company is seeking partnerships with the world's leading sports leagues and teams for sponsorship in the development of a concussion test for athletes. The new test aims to augment today's subjective cognitive tests relied upon to assess for a concussion. Globally, an estimated 10 million concussions occur annually, with nearly a third of them in the U.S. alone. The concussion test is ready to get to the prototype development stage.

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