



## Top Biotech Stocks in Canada of 2023

### Description

Biotech stocks are companies that use living organisms to make drugs and vaccines. Often, they merge cutting-edge technology with new findings in molecular science and virology to treat life-threatening health conditions, such as cancer, diabetes, and heart disease.

Finding emerging biotech companies can be an exciting and profitable endeavour, as many are just one government-approved product away from exploding in value. Of course, biotech stocks come with risks, too, such as never getting their flagship product through clinical testing or failing to get regulatory approval after such testing is complete.

Given the complexity of this [market sector](#), the biotech space can be tough to understand. Below we'll break down biotech stocks and help you decide if you should invest in them.

### What are biotech stocks?

Biotech stocks are healthcare companies that make drugs and vaccines out of living organisms, such as enzymes and bacteria. Though similar in their pursuit for treatments, biotech stocks differ from pharmaceutical companies, which make drugs from chemical bases, not living ones.

### Regulation of biotech companies

Because of regulations and government approval, biotech companies must undergo a rigorous, costly, and long process to put drugs on the market. In general, a company has to complete four stages before it can sell its products:

#### 1. Research and discovery

In the research and discovery phase, biotech companies identify diseases and begin laying the foundations for a new drug to treat it.

Companies in this stage often use intense amounts of capital to fund research, while often having no product or major source of revenue to replenish financial reserves. Of all the biotech companies, those in the research and discovery stage are the riskiest investments, as it's not yet clear if the company will succeed or fail.

## 2. Preclinical testing

Once a company has developed a concept or theory, they move into the preclinical testing phase to prove that it works.

In the preclinical phase, companies will test drug candidates in test tubes (called *in vitro*) or on mice (*in vivo*). The purpose of this phase is to show regulators that the drug not only works but is safe to test on humans. Though companies in the preclinical testing phase are farther along than those in phase one, they can still present risks to investors, such as high volatility, insignificant sources of revenue, and the potential to fail.

## 3. Clinical testing

When a company shows regulators that their drug candidate is effective and safe, the product passes into clinical testing. During clinical testing, biotech companies will start experimenting on humans in three different phases:

- Phase 1 is a small study that determines how much of a new drug the body can tolerate. Subjects in this phase are usually healthy adults, not patients who have the health condition the drug is trying to treat.
- Phase 2 is a much larger study that involves patients who have the health condition. The purpose of phase 2 is to determine if the new drug reduces symptoms or produces side-effects in patients.
- Phase 3 is another study on patients with the health condition. The point of this phase is to prove that the drug is both safe and successfully treats the patient's health condition.

## 4. Regulatory approval

Once a biotech company has successfully completed phase 3 of its clinical testing, it must get regulatory approval to put its drug on the market. Passing from clinical testing to regulatory approval is a major step, as it means the biotech has a product to sell.

## Top Canadian biotech stocks

In the last two decades, an exciting biotech market has emerged on the [Toronto Stock Exchange \(TSX\)](#).

While most of these stocks are still [small caps](#), many have the innovation and research to grow into larger businesses. If you're interested in biotechnology stocks in Canada, here are three top

companies you should consider.

### **Biotech Stocks**

BELLUS Health ([TSX:BLU](#))

Theratechnologies ([TSX:TH](#))

BriaCell Therapeutics ([TSX: BCT](#))

Medicenna Therapeutics Corp. ([TSX:MDNA](#))

### **Description**

Clinical-stage biotech company developing treatments for chronic coughs

Biotech company engineering innovative therapies for unmet medical needs

Developer of novel immunotherapies to fight breast cancer.

Clinical-stage immunotherapy company developing products to help cancer patients

## **1. BELLUS Health**

A major Canadian biotech stock in the making, BELLUS Health is a clinical-stage development company that focuses on treating refractory chronic coughs with a P2X3 antagonist. While chronic coughs were a serious condition before the COVID-19 pandemic, they are even more so now, given that coronavirus has left many people with respiratory problems.

To help you understand BELLUS Health's leading product, let's take a step back and understand why we cough. In a nutshell, we cough when inflammation or injury produces a chemical known as adenosine triphosphate (ATP). This chemical makes its way into airway lining cells and binds itself to what's called a "P2X3 receptor." The purpose of a P2X3 *antagonist*, then, is to prevent this ATP from binding to P2X3 *receptors*, thus reducing or eliminating the body's knee-jerk reaction to cough.

As of October 2022, BELLUS Health's P2X3 antagonist has successfully completed various trials and now awaits Phase 3 registration. If its product can make it through Phase 3, then it only needs regulatory approval to enter the market. That's huge, because it could mean major revenues and expansion for this biotech company.

## **2. Theratechnologies**

Headquartered in Montreal, Theratechnologies is a biotech company that develops innovative therapies for unmet medical needs in HIV, oncology, and NASH, a type of liver disease.

The company's superstar product is EGRIFTA. This injection medicine reduces a kind of fat called "visceral fat," which is deeper and harder to remove than "subcutaneous fat," the kind of fat that's easier to burn through exercise and diet. Visceral fat often occurs in adults who live with HIV and lipodystrophy. If left untreated, it can exert uncomfortable or life-threatening pressure on internal organs.

In addition to EGRIFTA, the company also sells the drug Trogarzo, which is a major treatment solution for drug-resistant HIV-1. The success of both EGRIFTA and Trogarzo helped push Theratechnologies' revenues higher, though the company has a lot of growth ahead of it. Some analysts predict its stock could increase by 92% by the end of 2022, which would help it rebound to its pre-pandemic heights.

### 3. BriaCell Therapeutics

BriaCell Therapeutics is a biotech company that develops primarily immunotherapies to help women fight breast cancer.

An immunotherapy is a cancer treatment that enhances a patient's immune system and helps them fight cancer cells through the body's natural defense system. It's considered a more effective treatment of certain types of cancer, as it teaches an immune system how to react to cancer cell, rather than removing them synthetically through chemotherapy.

As of October 2022, BriaCell is conducting a Phase 1/2a clinical trial of Bria-IMT, its leading immunotherapeutic product. If successful, Bria-IMT could destroy tumor cells rapidly and effectively (with little or no opportunity for those cells to grow back) without harming normal cells. The company has also developed a genetically engineered vaccine for breast cancer, called BriaVax.

### 4. Medicenna Therapeutics Corp.

Medicenna Therapeutics is a clinical-stage immunotherapy company that is developing cancer treatments.

The Toronto-based company's lead product is called MDNA55, which has completed Phase 2b clinical trials. This product focuses on turning "interleukins," which are substances that play an essential role in the immune system, into "Superkines," which amplify the immune system's response to cancer cells.

Though the company's market cap is small, its stock has yielded nearly 200% since its [IPO](#) in 2018. Many analysts expect Medicenna to grow around 150% by the end of 2023, presenting a lucrative opportunity for investors looking to get in while the company is still trading low.

## Investing in foreign biotech stocks

While Canada's biotech sector is growing, you'll find some of the largest biotech companies trading on U.S. exchanges. For those interested in buying [international stocks](#), here are just a few U.S. biotech stocks you might want to consider.

Biotech Stocks	Description
Regeneron Pharmaceuticals	Major biotech company that has developed products for cancer, eye diseases, infectious diseases, and autoimmune diseases
Vertex Pharmaceuticals	Leading producer of cystic fibrosis treatments
Novavax	Company that has developed COVID-19 vaccines

## Are biotech stocks right for you?

Biotech stocks are great buy-and-hold investments for those seeking long-term future growth. They're also ideal for scientifically minded investors, or those with a deep understanding of the biotech

industry. Before you invest in them, however, you should be aware that these investments are often volatile and come with a unique set of risks.

Perhaps the biggest risk is a failure in clinical testing. A biotech company may have an innovative idea or drug that can treat certain diseases. But if it can't turn that solution into a safe and effective product, the company could find itself without a flagship drug and millions of dollars spent on research. Even if a company's drug passes the clinical trial phase, it then has to meet regulations. Beyond that it has to sell and capture market share.

The least risky biotech companies will already have successful drugs on the market, and they'll likely be researching, developing, and testing new drugs. Many of the most promising companies in this sector will focus on treating more than one health condition, and they may even have various drugs for each disease.

If you don't want to pick your own biotech stocks, but you'd still like to benefit from this profitable industry, you could always buy shares in a biotech-focused [exchange-traded fund \(ETF\)](#).

Unfortunately, at this time, Canada doesn't have a biotech ETF listed on its exchanges. If you're okay with investing in the U.S. market, these ETFs are worth considering:

- BlackRock IShares Biotechnology ETF
- ARK Genomic Revolution ETF
- SPDR S&P Biotech ETF

#### **TICKERS GLOBAL**

1. TSX:BCT (BriaCell Therapeutics Corp.)
2. TSX:BLU (Bellus Health)
3. TSX:MDNA (Medicenna Therapeutics Corp.)
4. TSX:TH (Theratechnologies Inc.)

#### **PP NOTIFY USER**

1. cleona
2. metienne
3. sporrello
4. tmfbwelch

#### **Date**

2025/06/27

#### **Date Created**

2022/08/11

#### **Author**

sporrello

**default watermark**