



Top Canadian Genetics Stocks of 2023

Description

Genomics is an exciting new field in science. It involves studying a person's entire network of genes to understand how variations in DNA might cause diseases.

Though it has immense potential for the future of healthcare, the genomics industry is still very young. The Human Genome Project, which mapped out the human genetic blueprint for the first time, was completed less than 20 years ago, in April 2003.

Since then, genomics companies have made many advancements, but there are still many problems to solve. The industry as a whole has tremendous unrealized potential.

Genetic stocks can be complicated to understand, yet the rewards could pay off over the long run. For those interested in investing in the future of healthcare and science, here's a beginner's guide to genomics stocks.

What are genetics stocks?

Genetics stocks are publicly traded companies using cutting-edge research and technology to study how genes work together, especially in complex diseases such as cancer, heart disease, diabetes, and asthma.

For many of these companies, the long-term goal is to one day treat life-threatening conditions by removing mutated genes and replacing them with new DNA strands that improve a person's well-being.

Types of genomics stocks

Much like other [market sectors](#), the genomics industry has a "pipeline." Some companies are upstream, making key technology, and others are downstream, using the technology to treat patients.

To help us understand how the pipeline flows, we can break genomics companies into three main groups:

Genetic sequencing

Sequencing companies provide the tools, equipment, and technology to study a person's base pair sequences (all 3.05 billion of them).

These companies are vital to the rest of the genomics field. They literally provide the blueprint for an individual's DNA. Without their advancements in technology, which have cut sequencing costs from millions to just \$100 per person, we could never study DNA on such a wide scale.

Genetic testing and diagnostics

Genetic testing companies are fairly well-known for their "at-home" ancestry tests. But beyond figuring out how much "Neanderthal" you have, testing companies also study a person's genetic sequence and look for changes. Such changes, called variants or mutations, could be causing underlying diseases.

Likewise, when a person has known symptoms of a specific disease, a genetic *diagnosis* can tell if the person has the mutated gene for that specific disorder.

Gene editing

Editing companies are on the cutting edge of science—*literally*. Their work is finding a way to "cut out" a genetic variation in DNA and replace it with genes that could eradicate rare diseases.

These companies have the potential to provide "one-and-done" treatments for genetic disorders. However, they're still fairly new, and they haven't perfected their technology. In this field, expect to find [growth stocks](#) with high risk and volatility in this branch of genomics, with large upside and downside potential.

Top genomics stocks in Canada

Canadian investors will find the biggest genomics companies in the United States. While there are many companies researching and developing genomics in Canada, most of them are private, and they haven't started trading on Canadian exchanges.

For those interested in genomics stocks, let's look at a top sequencing company, a top testing company, and finally one of the best editing companies in the genomics sector.

Genomics Stock	Description
Illumina (NASDAQ:ILMN)	Industry leader in short-read sequencing technology.
Exact Sciences (NASDAQ:EXAS)	Key developer of cancer diagnostic tests and producer of Cologuard.

Intellia Therapeutics (
[NASDAQ:NTLA](#))

Genomics editing company developing CRISPR technology for protein disorders.

illumina

When it comes to household names in the genomics sector, perhaps no other stock comes close to being a [blue-chip](#) than sequencing company Illumina.

Founded in 1998, Illumina owns an impressive 80% of the global sequencing market. Consumables—lab products, such as test kits, that are used and discarded—make up almost 90% of its revenues. Because its lab instruments are so reliable, those who buy from Illumina almost never buy from any other brand.

Illumina rose to prominence with its development of short-read sequencing, which breaks the 3.05 billion sequences of DNA into smaller chunks. Many labs and researchers prefer short-read sequencing not because sequences are shortened, but because they're far less expensive.

In 2014, Illumina was the first company to offer a \$1,000 sequencing test (down from the \$1 million test offered in 2007). Recently, it developed a machine that could reduce the cost to \$100 per test.

Illumina's revenues grew by around 39% in 2021. Investors should keep an eye on Illumina's voracious appetite for acquisitions. It has also recently come under scrutiny by U.S. and European regulators who believe the company might be becoming a monopoly.

Exact Sciences

Exact Sciences is a testing and diagnostics company that specializes in cancer screening and testing products. Its signature product is Cologuard, a non-invasive DNA screening for colon cancer that can detect DNA mutations before symptoms start.

Though it is well known for providing alternatives to colonoscopies, it also has tests for other cancers, such as prostate, liver, and breast cancer.

Exact Sciences had a major revenue bump in 2020 after developing a widely popular COVID-19 test. As demands for these tests have gradually dissipated, however, revenues for it have dropped 70%.

That said, the company is close to finishing Cologuard 2.0. If approved by the FDA, it could supercharge the company's growth.

Intellia Therapeutics

Co-founded by 2020 Nobel Prize in Chemistry winner, Jennifer Doudna, and Virginijus Šikšnys, Intellia Therapeutics is a genomics editing company on the brink of developing a gene therapy solution for transthyretin amyloidosis (or TTR).

Called "gene therapy," the technology mimics the defense mechanisms of bacteria when confronted with a virus: it cuts out the virus's DNA to effectively eliminate it. Intellia's gene therapy, called NTLA-

2001, eradicates the TTR gene in the same manner, by cutting out the TTR gene to remove the disorder from a person's DNA.

In February 2022, the company reported clinical results from the first 15 patients that were overwhelmingly positive. NTLA-2001 worked so effectively that six patients saw circulating TTR drop by an average of 93%.

If Intellia can perfect this technology, they might be able to use it to treat other protein-folding genetic diseases, such as Huntington's, Alzheimer's, and Parkinson's disease.

Are genomics stocks right for you?

Genomics stocks are ideal for scientifically minded investors who understand genetics and biology, or who have experience in the field. For those who are new to genetics, spend some time understanding the science before you start investing in companies.

Be sure you understand how genomics companies make money, how they can grow and scale revenue, and what challenges they might face. These include FDA regulations, failed clinical trials, and takeovers by bigger companies.

Be aware that many genomics companies have not yet stood the test of time. Though the field has immense potential, look for companies that you believe will be around in 10, 15, even 20 years.

Finally, if you don't want to handpick genomics stocks, you could invest in a [genomics-focused exchange-traded fund \(ETF\)](#).

Some good choices to consider include:

- ARK Genomic Revolution ETF
- Global X Genomics & Biotechnology ETF
- Invesco Dynamic Biotechnology & Genome ETF

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