

Moderna Keeps Soaring, Zoom Fades, as Hot Covid-19 Stocks Diverge

Some of the hot stocks of 2020 grew too much, too fast to maintain their trajectory



Peloton Interactive stock jumped in 2020 with demand from homebound consumers, but the company has struggled. Shares are down 35% in 2021.


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By [Karen Langley](#)

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Covid-19 [hospitalizations surged](#) this summer, but in the stock market, many of last year's pandemic winners are losing steam.

Shares of [Zoom Video Communications Inc.](#), [ZM -0.90%](#) [Peloton Interactive Inc.](#) [PTON](#) and [Teladoc Health Inc.](#) [TDOC -0.12%](#) posted outside returns in 2020 as

many Americans shifted to working and conducting daily activities from home.

Share-price and index performance



Source: FactSet

But each stock is down by double-digit percentages in 2021 as people return to offices, gyms and in-person health appointments. All three stocks, however, are significantly higher than their pre-pandemic prices.

Clorox Co. CLX -0.33% shares also are down for the year, while shares of online shopping giant Amazon.com Inc. are slightly above where they were 12 months ago. The S&P 500, meanwhile, has gained 21% this year as corporate earnings and the economy show rapid growth.

Some of the hot stocks of 2020 grew too much, too fast to maintain their trajectory. Some shares that soared when much of corporate America

began an unforeseen experiment in remote work are only meandering along once a company's swift expansion appears to be priced in.

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“Investing is kind of like gardening,” said Jeff Powell, managing partner and chief investment officer at Polaris Wealth Advisory Group. “You’ve got to plant your seeds, but you also need to know when to harvest.”

Polaris bought shares of Teladoc Health in March 2020 and sold them that June, Mr. Powell

said.

One early pandemic standout that has continued to rocket higher is vaccine-maker Moderna Inc. MRNA +0.08% Its shares have nearly quadrupled this year and are leading the S&P 500 in year-to-date performance.



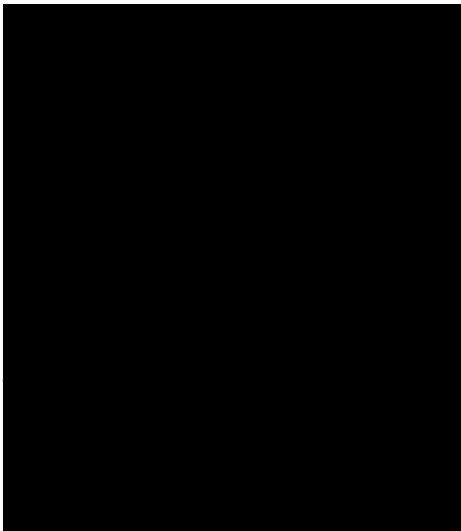


Boxes of Moderna coronavirus vaccines arrived in Nairobi, Kenya, in August.

PHOTO: BRIAN INGANGA/ASSOCIATED PRESS

Before the pandemic, Moderna hadn't yet made a drug commercially available to patients. Now, everything has changed: The company reported \$6.3 billion in total revenue during the first half of 2021, compared with \$75 million in the same period a year earlier. And U.S. plans to administer booster shots of Covid-19 vaccines have raised expectations for future sales.

Moderna share price



Source: FactSet

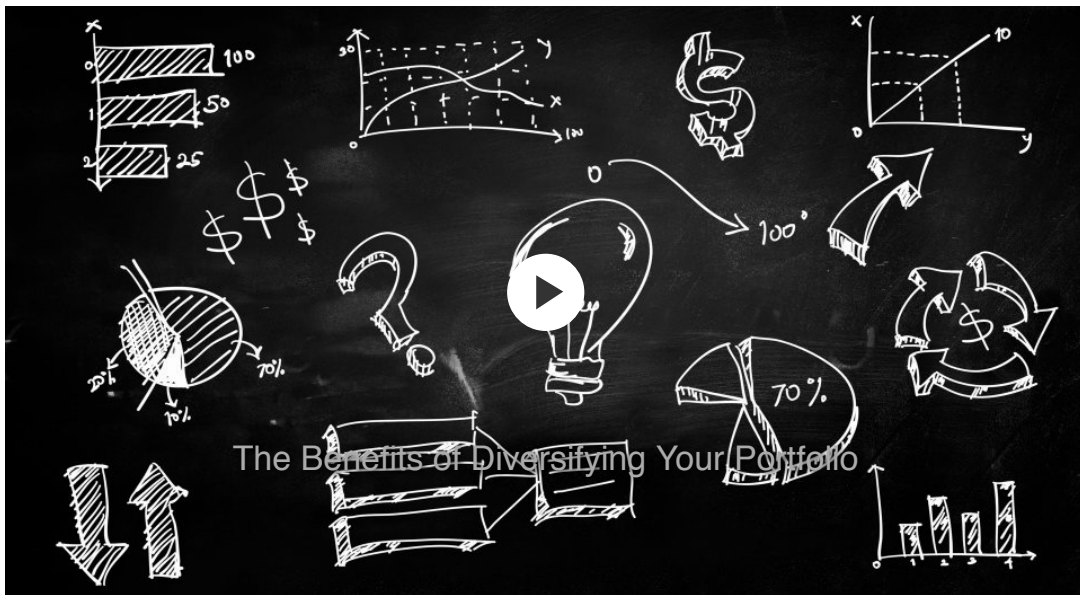
“That’s becoming more of an annuity in a sense, if this thing becomes more like a flu shot,” said Michael Cuggino, president and portfolio manager at Permanent Portfolio Family of Funds.

Shares of Netflix Inc. NFLX +1.72% also have continued to push higher after a big year for the stock in 2020, though they have risen at a slower pace than the broader market. After gaining 67% last year, Netflix’s shares are up 9.2% in 2021 and closed Friday at a record.

In the case of Zoom Video Communications, by contrast, investors’ enthusiasm has dimmed.

The videoconferencing company’s shares are down 12% in 2021 after tumbling earlier this

week when company officials alluded to signs of easing demand as opportunities to gather in person expand.



If you're picking just a couple of stocks for your whole portfolio, you're not investing—you're trading. WSJ's Telis Demos explains the benefits of diversifying your investment portfolio. Photo: Storyblocks

At their high point in October 2020, Zoom shares had risen more than 700% for the year. Almost a year later, many office workers are still logging onto their computers from home. But with other conferencing providers competing for business and signs of slowing growth, some investors decided its shares were overpriced.

Share-price performance



Note: 2021 performance is through Sept. 3
Source: FactSet

Peloton, whose shares jumped more than 400% in 2020 amid sky-high demand from homebound consumers, also has struggled. The exercise equipment maker recently cut the price of its original stationary bike by 20% and predicted slower growth in demand. Its shares are down 35% in 2021.

As investors look at stocks that boomed in 2020, they may want to hold on to some of those shares, said Nancy Tengler, chief investment officer at Laffer Tengler Investments. But others may no longer have an edge over competing investment ideas.

700%,” she said. “The second 700 is usually harder. And so you might look for some of the things that are going to benefit from a slower—not no-growth, but a slower growing economy.”

“Depending on what other opportunities you have, you may just want to say OK, I made my





Canisters of Clorox disinfecting wipes at the company's plant in Forest Park, Ga. Clorox shares are down for the year as people return to offices.

PHOTO: MATT ODOM/BLOOMBERG NEWS
