

The Impact of the COVID-19 Pandemic on Pharmaceutical Sector Stock Portfolios and Their Role in Optimal Investment Strategies

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Abstract

The COVID-19 pandemic has significantly impacted global economies, societies, and financial markets, particularly affecting the pharmaceutical sector. This study analyzes the influence of the COVID-19 pandemic on the stock portfolios of pharmaceutical companies using modern portfolio theory. The research aims to examine the changes in the market of pharmaceutical firms by comparing stock prices before, during, and after the pandemic, assessing risks using various risk measures such as standard deviation and value at risk, conditional value at risk, and analyzing the returns of selected pharmaceutical companies from the USA, UK, Switzerland, France, and Germany listed on global stock exchanges. The study hypothesizes that the pandemic had a positive impact on the returns of pharmaceutical companies involved in vaccine development, increased risk; and decreased returns for those not involved in vaccine development; and that companies producing COVID-19 vaccines were more represented in optimal investment portfolios. The research conclusions provide valuable insights for investors, policymakers, and stakeholders about the dynamic changes within the pharmaceutical sector during the COVID-19 pandemic, highlighting the importance of strategic diversification and informed investment decisions in response to global crises.

Keywords: capital markets, efficient portfolios, investment strategies, modern portfolio theory, stock performance