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## BioNTech COVID-19 Vaccine Sets Up >50% Annual Yield With 19% Downside Protection

Nov. 9, 2020 12:36 PM ET36 comments | 3 Likes

by: Richard Berger

### Summary

- Pfizer and BioNTech announced a 90% effective vaccine for COVID-19.
- Shares are soaring on the news, gapping up from pre-news \$90 to current \$101.66.
- This sets up an option opportunity generating for a > 50% annualized yield rate on net invested cash along with 20% downside protection.



Special Situations are opportunities to invest where money is likely to be made regardless of which way the existing status unfolds. They usually arise from activist shareholders pressing management for changes or from arbitrage of pending merger/takeover deals.

Today, 11/9/20, Pfizer (PFE) and BioNTech (BNTX) announced a 90% effective vaccine for COVID-19 after late stage trials and a first interim efficacy analysis conducted by an external and independent Data Monitoring Committee. Option strategies can be used by Income Investors to generate what I like to think of as a synthetic dividend via option

premium.

This world shaking news of course has sent shares soaring and sets up a special opportunity to play the downside protection should further developments prove disappointing, leading to share pullbacks to pre-news levels.



### BNTX Covered Option Writing Opportunities:

With shares now soaring and pre-news prices at \$90.00, a strategy of writing for the downside pull back to pre-news levels is attractive. Consider writing the cash secured 39 day puts for 12/18/20 \$90.00 at \$6.80 premium for a 68.28% annualized yield rate on net covering cash of \$83.20. Downside protection is \$20.12 (19.48%) from the current market \$103.32.

A similar trade is of course available on Pfizer at lower cost (and lower yield) for those interested by without the covering cash for the BNTX trade. Consider writing the cash secured PFE 39 day puts for 12/18/20 \$36.00 at \$0.68 for about 18% annualized yield rate. Net covering cash (and break even point) is then \$35.32 vs the \$39.19 market. This gives \$3.87 (9.87%) downside market protection.

BNTX															
Underlying															
Last X	Net Chng	Bid X	Ask X	Size	Volume	Open	High	Low							
103.3211	+11.3211	103.25	103.49	2 x 2	6,008,509	114.02	115.00	102.08							
Option Chain															
Engineered Income Investing: Exclusive Research															
CALLS															
Volume	Open	Cov R	Mark	Last X	Bid X	Ask X	Exp	Strike	Bid X	Ask X	Volume	Open	Cov R	Mark	Last X
121	1,919	96.59%	16,600	18.95 X	15.20 A	18.00 Q	20 NOV 20	90	3.10 M	4.70 Z	82	5,970	114.89%	3,900	4.00 N
43	1,082	158.45%	13,700	15.25 C	12.30 M	15.10 Z	20 NOV 20	95	3.90 X	6.00 N	38	274	145.82%	4,950	5.76 C
289	2,360	217.37%	10,700	11.90 N	9.50 A	11.90 X	20 NOV 20	100	5.60 X	8.20 E	96	343	203.26%	6,900	5.40 Z
88	369	253.34%	8,600	9.00 N	8.20 N	9.00 N	20 NOV 20	105	7.90 A	10.10 Z	10	40	215.67%	9,000	9.50 N
278	1,892	190.01%	6,450	6.20 D	5.40 M	7.50 E	20 NOV 20	110	10.60 A	14.60 X	48	2	174.43%	12,600	11.90 X
204	367	153.18%	5,200	5.00 Q	4.20 Q	6.20 M	20 NOV 20	115	14.00 A	18.30 C	4	0	131.71%	16,150	15.30 N
781	1,280	120.78%	4,100	3.80 Q	3.70 Z	4.50 Z	20 NOV 20	120	18.10 M	22.30 M	1	120	103.73%	20,200	15.00 Q
50	598	89.11%	3,025	3.00 N	2.05 M	4.00 M	20 NOV 20	125	22.50 A	26.70 A	0	1	86.05%	24,600	39.60 E
86	143	67.75%	2,300	2.60 N	2.10 Z	2.50 Z	20 NOV 20	130	26.50 A	31.00 X	0	0	61.01%	28,750	0

	50	302	58.92%	2,000	1.70 D	1.75 N	2.25 Q	20 NOV 20	135	31.50 X	35.60 X	1	11	55.12%	33,500	28.90 N
▼ 18 DEC 20 (39)	100															124.00% (±35.79%)
56	679	66.10%	20,800	20.75 X	19.10 M	22.50 A	18 DEC 20	90	4.90 M	8.70 A	3	340	60.10%	6,800	6.00 N	
36	397	76.26%	16,950	19.00 N	16.10 A	17.80 Q	18 DEC 20	95	8.00 Z	10.70 A	10	12	82.63%	9,350	7.00 N	
78	1,906	96.58%	14,250	14.90 D	13.50 M	15.00 Q	18 DEC 20	100	9.30 M	12.90 A	36	204	98.10%	11,100	11.90 D	
43	404	112.68%	12,750	13.10 N	11.00 M	14.50 A	18 DEC 20	105	11.50 A	16.00 P	20	0	106.68%	13,750	7.90 D	
79	2,004	95.45%	10,800	11.70 X	9.90 N	11.70 E	18 DEC 20	110	14.50 A	19.00 M	8	3	89.00%	16,750	15.56 A	
49	199	83.51%	9,450	10.30 N	8.60 Z	10.30 A	18 DEC 20	115	18.00 M	22.10 X	3	51	73.98%	20,050	19.00 N	
114	1,261	71.14%	8,050	7.40 Q	7.40 N	8.70 A	18 DEC 20	120	21.50 M	26.40 A	0	100	64.26%	23,950	36.75 A	
36	1,241	57.44%	6,500	6.20 E	5.80 Q	7.20 A	18 DEC 20	125	23.00 A	30.00 A	9	0	54.10%	27,800	21.70 Q	
71	397	42.86%	4,850	5.12 Z	4.00 M	5.70 N	18 DEC 20	130	29.00 A	34.10 A	0	0	45.70%	31,850	0	
164	162	37.34%	4,225	4.00 E	2.95 M	5.50 A	18 DEC 20	135	34.00 A	38.40 A	0	0	39.96%	36,200	0	
▼ 19 MAR 21 (130)	100															93.82% (±51.523)
34	370	37.59%	27,250	28.54 E	25.00 A	29.50 X	19 MAR 21	90	11.50 A	16.30 W	0	9	37.51%	13,900	24.45 E	
11	711	44.33%	24,750	24.86 X	22.60 A	26.90 X	19 MAR 21	95	14.10 A	18.60 A	1	18	44.12%	16,350	13.96 Z	
45	1,752	53.10%	23,000	24.30 N	22.00 C	24.00 N	19 MAR 21	100	17.00 M	20.90 W	10	212	51.14%	18,950	19.29 E	

## Closing Thoughts:

Risks exist from possible failure of the vaccine approval and pull back of share prices. Nonetheless, if you have some risk capital available and want to target this high yield special situation, it's available.

I invite you to share your ideas for strategies that are particularly of interest in the current economic and market conditions by joining our discussion in the comment section.

Thank you for taking the time to read my work. If you are interested in dividends, retirement income, option boosting yields, and fundamental value analysis and appraisal, consider becoming a follower by clicking the orange "Follow" button.

*I am not a licensed securities dealer or advisor. The views here are solely my own and should not be considered or used for investment advice. As always, individuals should determine the suitability for their own situation and perform their own due diligence before making any investment.*

Stay safe and well.

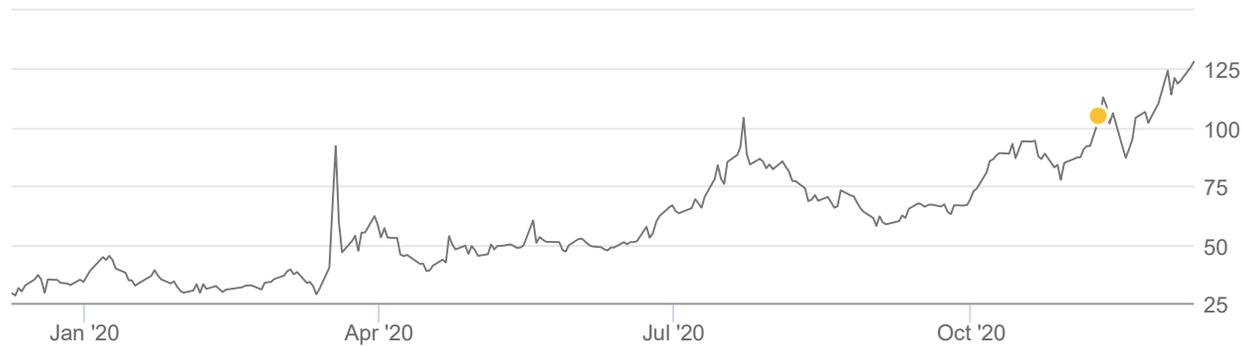
Richard

**Disclosure:** I am/we are long BNTX. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

### Richard Berger's ratings on BNTX

Latest rating: Neutral

All Ratings by Richard Berger » Very Bullish Bullish Neutral Bearish Very Bearish



## Comments (36)

### Richard Berger

#### Premium Marketplace

Author's reply » A quick news update. BNTX covid vaccine is already being flown into the US and pre-positioned for use immediately upon approvals.

[www.nbcnews.com/...](http://www.nbcnews.com/...)

Richard

29 Nov 2020, 07:29 PM

### Richard Berger

#### Premium Marketplace

Author's reply » With the release of news from Moderna (MRNA) of an apparently superior vaccine, shares of BNTX have swooned into the money on the \$90 puts and are a bit above the net break-even point of the original trade. I therefore used damage control Engineered Income strategies to pivot out of BNTX and into MRNA, generating more net cash and profitability while also regaining deep downside protection and reducing covering ash by \$20.00.

The trades for the "flip" roll out of BNTX and into MRNA is as reported to my subscribers. This is an excellent example of how Engineered Income strategies can do damage control on trades gone bad (not as expected) and recover while generating even more net cash and downside protection:

Today I did damage control on the BNTX special situation in response to the news Moderna (MRNA) has a covid-19 vaccine more effective than BNTX, thus causing BNTX to swoon down to near my breakeven point while MRNA shares soared. I bought to cover the BNTX for a \$5.30 net loss basis on the premium. I then sold to open MRNA puts for the 151 day 4/16/21 \$70.00 @ \$11.30, giving me a net cash gain of \$1.70 on the close and pivot to MRNA. This keeps me in profit and generates fresh net cash, while also lowering my net covering cash by \$20.00. The time is extended 91 days and yield on the net pivot is 6.02% annualized rate. The yield is lower than my target range, but deep downside protection is restored.

Total net Premiums for these trades: \$ 170.00

Total Net Premiums to date for November 2020: \$1,891.00

Total net premiums year to date: \$84,672.00

Disclosure: I am/we are long MRNA.

16 Nov 2020, 01:05 PM

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**Mattell**  
**Premium**

On the question of MRNA v. BNTX vaccine candidates. Isn't it jumping the gun to suggest that MRNA is a better buy as a company? First off I'm not certain that the efficacy is substantially higher; do you have a link? But let's put that aside: BNTX's market cap is half of MRNA; PFE has already signed deal after deal with various governments; finally: it's Pfizer, a big established pharma with big muscles.

I can't see BNTX going down without a shocking new revelation about danger, or some other surprise.

29 Nov 2020, 11:06 PM

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**Richard Berger**  
**Premium Marketplace**

Author's reply » I did not suggest MRNA is a better buy as a company. I simply showed a pivot from BNTx to MRNA as a way to generate added premium cash and deeper downside protection. In both these regards, it the play fits the bill.

BTW, BNTX vaccine is already being flown by United Airlines to the US for pre positioning in preparation for use as soon as approval is completed.

Richard.

29 Nov 2020, 11:21 PM

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**borron**

GO ahead, pro-vaxers, test it out for me. I'll wait one yr to see what becomes of this virus.

12 Nov 2020, 02:38 PM

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**Mattell**  
**Premium**

@borron Pro vaxers? I've never heard that term. Did your parents not get you vaccinated as a baby? Were you home-schooled?

12 Nov 2020, 05:40 PM

**Phil Dumfee**

This revolutionary gene therapy not an attenuated virus like the flu shot or the botch swine flu. Don't be a dullard. Follow the science. Nobel Prizes to be awarded. All existing vaccines could be re engineered to use this technology. May even cure common cold. Incredible!!!

12 Nov 2020, 09:56 PM

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**scorpion.north**

who will take this poison and have their dna/rna scrambled? After the euphoria this is not going to be very fun for investors when there is hardly any market. (edited)

10 Nov 2020, 07:27 AM

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**chihawk**

@scorpion.north My favorite quality to anti-vaxers is they think their ignorance makes them smarter than the rest of us.

10 Nov 2020, 09:28 AM

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**scorpion.north**

and the hubris of the pro-vaxers does the same.

10 Nov 2020, 04:33 PM

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**chihawk**

@scorpion.north Pro-vaxers understand science and community. Anti-vaxers only know fear and self.

10 Nov 2020, 04:58 PM

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**scorpion.north**

See? The very hubris I described appears in this very sentence. But don't worry, both pro and anti vaxers are dumb as rocks. All of humanity is dumber than a rock and that most certainly includes the scientists, doctors and other zealots. (edited)

10 Nov 2020, 05:51 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » Thanks for sharing your thoughts, but please take such discussion to a more political oriented forum.

Thanks, Richard

10 Nov 2020, 08:28 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » LOL, spoken like a genuine ludite. There is no vaccine that rewrites your DNA. Never has been. The Pfizer vaccine at worst will do nothing, and if as tested, will protect people for some unspecified term at this time.

I will gladly be first in line to take it, being in a high risk group. Not gonna let some silly political spin kill me.

Oh, and as to the lack of market. The US gov't has already guaranteed the first to market with a vaccine at least \$2 billion in purchases.

Richard (edited)

12 Nov 2020, 02:53 PM

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**The Blue Baron**

I predict the vaccine will be even better than 90%. What if those who contacted COVID did so between the 1st and 2nd shot? The record time for this vaccine is one of the greatest achievements in the history of medicine.

10 Nov 2020, 12:55 AM

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**borron**

Volunteers in the study received a coronavirus test only if they developed symptoms, leaving unanswered whether vaccinated people could get infected but show no symptoms and unknowingly spread the virus.

09 Nov 2020, 03:18 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » borron,

Not sure where you got your info. This is what was announced...

The analysis evaluated 94 confirmed Covid-19 infections among the trial's 43,538 participants. Pfizer and the U.S. pharmaceutical giant's German biotech partner said the case split between vaccinated individuals and those who received a placebo indicated a vaccine efficacy rate of above 90% at seven days after the second dose.

Richard

09 Nov 2020, 04:06 PM

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**edaskew**

**Premium**

@borron Right. However, if you're thinking a vaccine is going to stop Covid transmission, that's a bridge too far, I'm afraid. A vaccine isn't going to eradicate Covid and no one expected it to do that. Only one human viral disease was ever eradicated by a vaccine, and that's smallpox. So if you don't want to get Covid, then you will need to be vaccinated. Covid is always going to be out there. Years from now, it will kill a few people every year.

09 Nov 2020, 05:09 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » edaskew,

Smallpox 100% eliminated with vaccine 98% effective. Polio effectively eliminated (94 2019 cases, 33 in 2018), Measles (near eradicated with 7 total cases 2020 to date) 80% effective vaccine.

New Pfizer vaccine at 90% effective rate actually is not just a help, it does hold promises to eliminate the disease.

BTW, Flu vaccines are 50% effective.

Richard

09 Nov 2020, 05:20 PM

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**jvdgucht**

**Marketplace**

@Richard Berger If this virus was limited to humans, I would agree with you. But since it has propagated in animals I seriously doubt we can eradicate it. For this purpose PFE/BNTX are developing BNT162C2, a booster vaccine that people will require on a yearly basis.

09 Nov 2020, 05:49 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » jvdgucht,

You make a very good point about the animal reservoir. Makes it much more like flu.

Richard

09 Nov 2020, 05:51 PM

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**edaskew**

**Premium**

@Richard Berger Polio and measles are still out there, and outbreaks still occur. The smallpox vaccine was developed in 1796, and smallpox was eradicated in 1979. Coronaviruses, I don't believe are expected to induce the kind of long lasting humoral immunity needed to eradicate them. Also, so many people who have Covid are asymptomatic, and so it's hard to ferret them out. Even if the vaccine induces long lasting humoral immunity, and the world is able to finally ferret out every Covid spreader, then I would not expect eradication happen in our lifetimes. So like I have said, you are going to either die from Covid, or get immunity to Covid. You can get your immunity either from getting Covid, or from getting vaccinated against Covid. (edited)

09 Nov 2020, 05:56 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » deaskew,

Now you are the one who is wrong. You just said..

" So like I have said, you are going to either die from Covid, or get immunity to Covid. "

The vast majority of Covid victims do NOT die from it, they recover from it, some with immunity (but short term) and others with no immunity at all (cases have gotten a 2nd re-infection).

The facts are that 97% of those diagnosed with covid and symptomatic recover from it. When you add in the non diagnosed the undetected non-symptomatic, the survivors probably rise to 99.9%. Covid is not the plague many make it out to be. Prudence is clearly called for, along with responsible social behavior. But shutting down the global economy is a stop to far.

Richard (edited)

09 Nov 2020, 06:08 PM

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**borron**

My info is from mainstream media. Your comment doesn't address the point DID only those with symptoms received a test. I.e. those 94 confirmed Covid-19 infections, were they given a test only after showing symptoms. Anyway, thx for your article.

12 Nov 2020, 02:50 PM

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**27717033**

@borron , Mainstream Media? I'll assume you mean Facebook and Twitter.

12 Nov 2020, 03:49 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » borron, Wrong, only the limited number were positive at the time of the vaccine. The vaccine vs control group (number 40,000+ was then tracked for who developed the virus and the 90% effective rate derived from comparison of those 2 groups (which without the vaccine would be expected to have equal outcomes). You should learn how testing works or not attempt to discuss it.

Richard

12 Nov 2020, 03:59 PM

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**edaskew**

**Premium**

@Richard Berger I'm not wrong about that. "So like I have said, you are going to either die from Covid, or get immunity to Covid. "

People who get Covid and recover get immunity to Covid. The fact that only a small number die doesn't change that. Personally, I prefer to get my immunity from a vaccine, but I believe most of the population will get it naturally.

16 Nov 2020, 01:13 PM

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**jvdgucht**

**Marketplace**

Look at the higher valuation for Moderna while they don't have good data yet and don't have the production nor the logistics figured out yet. Chauvinism is a poor investor.

09 Nov 2020, 01:36 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » jvdgucht,

Thanks for sharing your thoughts. I am not sure what they mean, but thanks.

Richard

09 Nov 2020, 01:37 PM

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**chihawk**

@jvdgucht What you call chauvinism favoring the American company is debatable. Moderna needs to prove what BNTX proved today. I agree with that. But they use the same technology

and the clinical data suggests the same or better immunogenicity.

If 1273 is similar efficacy the CMC, platform, and pipeline sizes do justify the differences in valuation. Moderna has already shown better Chemistry, Manufacturing and Controls by having normal freezing temperatures and no mixing at site. Moderna has lyophilized prior vaccines to store at refrigeration. Moderna's platform proved safe to 100µg verses BNTX's 30µg. This difference is critical to future protein expression, combination vaccines and multiple mRNA antigens. Moderna also has over 20 other drugs in pipeline with drug candidates going into P2 and P3 at this time. Moderna also has 5 other vaccines total all addressing major unmet needs. [investors.modernatx.com/...](https://investors.modernatx.com/)

BNTX will see great growth and profitability from BNT-162b2. But if Moderna gives a comparable read in the next week or two it has the better long term growth prospects. That is more than enough to justify these valuations.

09 Nov 2020, 02:18 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » Chihawk,

Thanks for sharing those insights.

Richard

09 Nov 2020, 02:22 PM

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**jvdgucht**

**Marketplace**

@chihawk I'm confident they'll have similar data. Looks like they'll have it soon too. Now that we've learned that PFE/BNTX had 94 infections already it stands to reason that MRNA will have their 53 pretty soon. I will say that, while I don't give a damn about the politics, I'm very disappointed to learn that they skipped publishing earlier efficacy data while both CEO's unmistakably absolutely vowed not to do so. Anyway, today gave me the opportunity to add to my positions with negligible risk. Hope Moderna can get their hands on more production capacity. Best of luck to you.

09 Nov 2020, 05:42 PM

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**chihawk**

@jvdgucht Thank you and good luck to you.

I do agree with you. Politics is a dirty business on both sides. I think it will not be remembered and I don't have an opinion on the timing of the data myself. I do think PFE, BNTX and to some extent MRNA are derisked by the moves and cheap at current prices. I hope we both hold these mRNA stocks for years and see them explore many applications

available to this innovative science. I am very excited for this new class of medicines.

09 Nov 2020, 05:51 PM

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**Phil Dumfee**

Great post. More informative than SA article.

12 Nov 2020, 09:58 PM

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**Praise Lord**

Long BNTX

09 Nov 2020, 12:47 PM

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**Richard Berger**

**Premium Marketplace**

Author's reply » PL,

Thanks for sharing with us.

Richard

09 Nov 2020, 01:36 PM