3 Stocks That Will Get You Healthy Returns

Description

If there's a bigger racket than the healthcare industry, I'd love to know about it.

Although I'm facetious, the fact is, as long as people continue to get sick, healthcare-related stocks will remain attractive investments. That's not something that's going away anytime soon.

Even in Canada, where there aren't nearly as many healthcare stocks to consider as there are in the U.S., Foolish investors have many options. Here are the three I believe to be the ones worth owning in 2019 and beyond.

Sienna Senior Living (TSX:SIA)

It's not the only retirement home stock to own listed on the TSX, but it is the one I feel has the best opportunity for outsized gains in the months and years to come.

Currently trading at a 52-week high, Sienna's stock was on fire in 2019, up 17% year to date through March 6.

What's lit a fire under Sienna's stock? The company's excellent results in 2018 combined with an acquisition platform that saw it buy more than $400 million in retirement residences this past year.

On the results front, it had $642 million in revenue in 2018, 15.1% higher than a year earlier. On the bottom line, Sienna's adjusted funds from operations (AFFO) were $92.5 million, 35.0% higher than in 2017.

Occupancy rates are primarily above 90% with long-term care above 98%. With a shortage of long-term care facilities in Ontario, where most of Sienna's buildings are, that's unlikely to change.

Sienna stock's been range bound since the middle of 2016, trading between $15-$18. Although it's possible its share price will head back down to the lower end of that range, I believe it's time for the stock to break out.

For me, it's very much the best retirement stock on the TSX.

Medical Facilities (TSX:DR)

I must admit I'd never heard of the company before until I saw it mentioned amongst a group of TSX stocks in November.

Medical Facilities has controlling interests in five specialty surgical hospitals in the U.S., an ambulatory surgery centre also in the U.S., and is part of a partnership that owns another seven ambulatory surgery centres in the U.S.

The company announces its fourth-quarter earnings March 14 before the open.

Through the first nine months of fiscal 2018, Medical Facilities had revenues of US$308.3 million, 12.5% higher than a year earlier. Its income from operations was US$48.5 million, 15.6% higher than in 2017.

The company pays a monthly dividend of $0.09375, or $1.125 annually for a yield of 6.9%.

Continuing to grow its revenues organically — 7.4% in the third quarter — Medical Facilities is a small-cap stock income investors might want to get to know a little better.

Northwest Health Properties REIT (NWH.UN)

This REIT owns healthcare real estate in five different countries including Canada. One of their buildings is less than five minutes from where I live, right across from the local Sobeys. The parking lot often crowded with people visiting their doctors.

I must say, of the three stocks I'm recommending, Northwest is the riskiest of the bunch, as it employs a great deal of leverage and pays out more than 90% of its annual cash flow, more than most TSX-listed REITs.

That said, as long as people continue to get sick, investors are going to love its above-average, 7.3% dividend yield.

Of the three, Sienna's my favourite.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DR (Medical Facilities Corporation)

2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
3. TSX:SIA (Sienna Senior Living Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date
2025/07/01
Date Created
2019/03/09
Author
washworth