



### 3 Under-the-Radar Healthcare Stocks You Should Know About

#### Description

Anyone can talk about the blue-chip healthcare stocks which garner the attention of financial analysts. However, the real value is in the stocks that no one talks about. As hedge fund manager and value investor Li Lu once said, “To be a better investor, you have to stand on your own. You just can’t copy other people’s insights.” Here are three stocks to help you stand on your own.

#### Extendicare ([TSX:EXE](#))

Extendicare is a long-term-care facilities and management company focused on senior care. With operations both in Canada and the United States, Extendicare boasts a market capitalization of \$706.92 million across its network of 121 healthcare centres. This little-known stock employs approximately 23,000 workers trained in senior care and living under its three brands: Extendicare, Esprit Lifestyle, and ParaMed.

The macroeconomic trend of an aging population in Canada creates a strong market opportunity for this company. Its business sectors have a wide scope to capture the business opportunity created by the increase of Canadian seniors through its operations in nursing care, home care, retirement living, and management and consulting services.

It has seen strong growth since the start of 2019 with the stock trading from \$6.49 on December 31 to today’s market open of \$8.06. However, over a five-year period, the stock has remained relatively flat with only a 19% increase in price compared to the S&P 500’s increase of 55% over the same period.

By announcing the addition of private equity firm Sandpiper to its board of directors on April 22, 2019, Extendicare becomes a stock to watch more closely. It will be a point of interest for investors to see how it can find new ways to tap potential.

#### BELLUS Health ([TSX:BLU](#))

BELLUS Health is a Quebec-based biopharmaceutical company focused on novel treatments for

disorders related to hypersensitization, most notably therapeutics for chronic cough. Like Extendicare, it operates in a growing macroeconomic environment where approximately 26 million adults in the United States suffer from a chronic cough.

The selling point for biopharma companies are the monopoly-like patents on drugs or therapeutics. For BELLUS, this major competitive advantage comes in the form of its lead drug candidate, BLU-5937. Following its successful phase one clinical study, BELLUS expects to initiate its clinical phase two study in chronic cough patients by mid-2019, with top-line results anticipated in mid-2020. This should give investors a solid timeline on when to expect volatility in the stock.

BELLUS carries a market cap of \$213.242 million with a negative beta of -0.03. This presents investors with an interesting opportunity to hedge against the market using this stock.

## VieMed ([TSX:VMD](#))

VieMed has an exciting outlook without creating much press. Its core business is conducted through two wholly-owned subsidiaries Home Sleep Delivered and Sleep Management. VieMed specializes in supplying home medical equipment to patients with post-acute respiratory diseases in the United States. VieMed, like its two previously mentioned counterparts, is also a beneficiary of the aging population.

As the largest independent specialized provider of non-invasive ventilation in the United States, VieMed boasts strong financial metrics to couple with its attractive industry growth opportunity. Investors have enjoyed a healthy 42% price growth in the past year and can remain positive with the industry growth opportunity being so attractive.

In the next 19 years, an average of 10,000 people will turn 65 on a daily basis. This will cause U.S. healthcare expenditures in the respiratory disease space to grow from \$46.5 billion at a 5.3% CAGR until 2020.

## Finding value in hidden gems

As an investor, you should already have a clear idea of what industry you like to invest in. If it happens to be healthcare, these three stocks should provide some insight on stocks that don't get much attention from financial analysts. However, to find true value, one must look where no one else does.

### CATEGORY

1. Investing

### POST TAG

1. Editor's Choice

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1. TSX:BLU (Bellus Health)
2. TSX:EXE (Extendicare Inc.)

3. TSX:VMD (Viemed Healthcare)

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cfabian

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