Canadian Investors: Where to Invest $5,000 Right Now

Description

European and Asian markets have been throttled in early morning trading on March 9. Canadian and United States markets have yet to open at the time of this writing, but futures are down sharply. This time, the catalyst for the plunge has been an over 20% drop in oil prices. Oil stocks are sure to experience major volatility and the broader market will not be spared.

In recent articles I'd discussed how investors should react in these turbulent conditions. One way is to follow the advice and behaviour of legends like Warren Buffett. Investors can also seek out safe havens like gold in order to hedge against volatility.

Target health care

Better yet, you can take advantage of discounts in thriving industries. The sector that I am most excited about right now is healthcare. Deloitte recently forecast that global health care spending will rise at a CAGR of 5% from 2019 to 2023.

Some of the factors that are contributing to this increase is the aging population, the rising prevalence of chronic diseases, technological advancements, and many others. The outbreak of the COVID-19 coronavirus has illustrated how crucial it is for nations to invest in their health care systems.

Viemed Healthcare

Viemed Healthcare (TSX:VMD)(NASDAQ:VMD) is a provider of in-home medical equipment and health care solutions in the United States. Its shares have plunged 21% over the past week as of close on March 6. The stock has now dropped 35% in 2020 so far. Investors should view this as a promising opportunity to buy low.

A recent study from MarketsAndMarkets projected that the global home healthcare market would reach USD $353 billion by 2022. Going back to 2016, this would represent a CAGR of 8.3%.

As I'd touched on previously, chronic diseases requiring long-term treatment have replaced infections as the primary cause of age-related death.

The company released its full-year 2019 results on March 3. Adjusted EBITDA in Q4 2019 rose 14% year over year to $5.6 million – a record for Viemed.

For the full-year adjusted EBITDA grew 15% from 2018. Viemed is forecasting net revenues between $21.8 million and $22.8 million in Q1 2020. The mid-point of this forecast would represent a 23% increase from Q1 2019.

Shares of Viemed possess a price-to-earnings ratio of 18, far below the healthcare industry average. The stock last had an RSI of 28, putting Viemed in technically oversold territory.

Savaria

Savaria (TSX:SIS) is a stock I've recommended for months. Its stock has dropped 16.9% over the past month. Shares are down 9.9% from the prior year. The company designs, engineers, and manufactures for personal mobility in Canada, the United States, and worldwide.

Once again, an aging global population and the rise of chronic diseases is increasing demand for the kind of products that Savaria produces.

A 2019 analysis from Reports and Data projects that the global personal mobility devices market will reach $12.4 billion by 2026, compared to a valuation of $7.4 billion in 2018. This represents a CAGR of 6.7% over the forecast period.

Investors can expect to see Savaria's Q4 and full-year 2019 results on March 31. In the first nine months of 2019, Savaria saw revenue rise 44% year over year to $277 million and adjusted net earnings climbed 25.6% to $17.9 million.

In February, it was added to the **S&P/TSX Canadian Dividend Aristocrats Index**. It boasts a monthly dividend of $0.0383 per share, representing a 3.9% yield.

Shares of Savaria last had a P/E ratio of 25 and a price-to-book value of 2.2 – below the industry average. Its stock is hovering around oversold territory with an RSI of 30.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:SIS (Savaria Corporation)
2. TSX:VMD (Viemed Healthcare)

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1. Business Insider

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aocallaghan