



TFSA Investors: 2 Healthcare Stocks to Buy in May

Description

The healthcare sector was one of the most promising for investors heading into this new decade. Canadians with Tax-Free Savings Accounts (TFSAs) should be on the hunt for top growth sectors, especially as we traverse one of the most disruptive socioeconomic events in decades. Many things have changed due to the COVID-19 pandemic, but my outlook on healthcare has not. I'm still very bullish on the healthcare space in May, especially for TFSA investors.

TFSA investors: A healthcare stock in the age of COVID-19

Certain sectors have been ravaged due to the COVID-19 pandemic. The hospitality sector has lost untold revenues due to the pandemic, while airlines have been set back years. However, some stocks in the healthcare space have thrived. Take **VieMed Healthcare**, a supplier of in-home medical equipment. Its shares have climbed 19% in 2020 as of close on May 7.

The COVID-19 pandemic has also revealed the vulnerability of long-term-care facilities. More investment is required in this space. This is one of the reasons why TFSA investors should focus on **Sienna Senior Living** ([TSX:SIA](#)). The company provides senior housing and long-term care (LTC) services across Canada. [Canada's senior population](#) is set to experience huge growth in the coming decades. Demand for long-term-care facilities will grow along with it in the years to come.

Shares of Sienna Senior Living have dropped 35% over the past three months. The company is expected to release its first-quarter 2020 results on May 14. Shares last had a favourable price-to-book value of 1.5. Sienna declared an April dividend of \$0.078 per share. It currently delivers a monthly dividend which represents a tasty 7.7% yield. This strong dividend is another reason to stash Sienna in your TFSA right now.

One growth healthcare stock to grab

Other TFSA investors may be hungrier for explosive growth. In this case, there is **Knight Therapeutics** ([TSX:GUD](#)). Back in early March, I'd suggested that Knight Therapeutics was one of the best stocks to

target if the [market crash worsened](#). Knight Therapeutics shares hit a 52-week low of \$4.73 in the middle of March. The stock closed at \$7.76 on May 7. Shares have increased 17% month over month.

The biopharmaceutical subsector has been the fastest growing in the overall healthcare space. However, it is important to stress that Knight Therapeutics should be a target for TFSA investors with a long time horizon. Investors will also have to wait extra long for Knight's first quarter 2020 earnings. It recently announced that it expected to file its Q1 2020 results on June 26.

Knight still looks strong after its acquisition of the Latin American pharmaceutical Grupo Biotoscana. This greatly expanded Knight's international reach. Moreover, the company has advanced its Canadian product pipeline with the in-licensing of three new drugs. It has also received regulatory approval on two more promising products. Knight possesses a solid balance sheet and high growth potential. This is a healthcare stock that could be a game changer in the long term for TFSA investors.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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2. TSX:SIA (Sienna Senior Living Inc.)

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