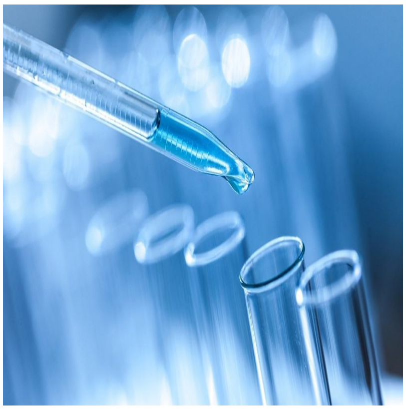

2 TSX Pharma Stocks That Can Make You a TFSA Millionaire

Description

The COVID-19 pandemic has exposed the frailties of the world's healthcare systems. And this space should see a lot of growth, as countries and companies ramp up their systems to be better prepared to combat the next inevitable pandemic. As North America's aging population continues to increase, there are a couple of stocks in this space that will deliver good returns in the coming decade and are ideal for your Tax-Free Savings Account (TFSA).

The TFSA was launched back in 2009, and this registered account has become an investor favourite due to its flexibility. Any TFSA withdrawals in the form of capital gains or dividends are tax-free. The TFSA contribution limit for 2020 is $6,000, while the total contribution limit is $69,500. An early investment in explosive growth stocks will generate multi-fold returns. We'll look at the benefits of allocating two TSX pharma stocks for your TFSA.

According to the Canadian Institute for Health Information, total healthcare spending in Canada was around $242 billion, or $6,448 per person. The report says, "From 2007 to 2017, the share of health expenditure spent on Canadians age 65 and older dropped slightly from 44.4% to 44.2%. At the same time, the percentage of seniors in the population grew from 13.4% to 16.8%. By comparison, over the same time period, the share spent on Canadians age 1 to 64 grew from 52.7% to 52.9%, and this age group's share of the population dropped from 85.5% to 82.2%."

A medical equipment supplier for your TFSA

Viemed Healthcare (TSX:VMD)(NASDAQ:VMD) was a growth story even before COVID-19. The pandemic just accelerated the pace at which the company grew. This stock price of this home medical equipment supplier that provides post-acute respiratory care services in the United States, zoomed from a low of $5.84 in March 2020 to over $15 today.

Viemed reported net revenues of $23.8 million for the first quarter of 2020, an increase of 31% year over year. The company expects to generate net revenues of approximately $42 million to $44 million for Q2. This includes around $20 million of sales emerging out of the COVID-19 pandemic.

Viemed stands to benefit as the government eases up on norms on home-based and remote monitoring of healthcare systems. The pandemic has proven that hospitals do not have enough beds to handle a major patient influx. In fact, Viemed is one of the few companies that have continued to hire aggressively through the pandemic. Hiring paused only due to travel restrictions.

Knight Therapeutics (TSX:GUD) is a specialized pharma company that was in the news in late 2019 after its acquisition of Latin American company Grupo Biotoscana. This acquisition has given Knight access to markets across the world. There's a lot of potential waiting to be unlocked here. It helps that Knight reported a 280% jump in revenue from $12.5 million in 2018 to $47.5 million in 2019.

The company's stock price has gone up from less than $5 in March this year to over $7 right now. On March 8, fellow Fool Ambrose O'Callaghan had said that he would buy Knight shares if the sell-off got worse.

Knight has a strong balance sheet and a target price of $9.38, which is a 33% increase from its current standing. However, I would recommend that you look at Knight beyond the short term. This could be a stock that will start galloping in some time.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

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2. TSX:GUD (Knight Therapeutics Inc.)
3. TSX:VMD (Viemed Healthcare)

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araghunath