



Is Now the Time to Buy Health Care Stocks?

Description

Health care stocks have been some of the hardest ones to figure out on the **TSX** lately. While some exploded if they had practically *anything* to do with the pandemic, [others](#) sunk into oblivion for having nothing to do with it.

Examples? Health care stocks producing ventilators went up. Companies like **Pfizer** of course also saw a boost. And yet those doing research into cancers, heart conditions, pretty much *anything* else slumped beyond recognition.

But with restrictions easing and more of the world vaccinated, even major health care stocks have recognized it's time to move on. So, Motley Fool investors, should you?

The bull side

With less focus, and more importantly money, on [COVID-19](#), there are a *lot* of opportunities out there for those interested in health care stocks. In fact, all those companies that didn't have cash coming their way for the last two years may suddenly see an immense inpouring of it.

That's especially true for those more "popular" areas of health care stocks, such as heart disease, cancer treatment, and other areas I previously spoke about. But many others are worth considering as well. There are the big pharmas that operate in practically every area I've mentioned. There are the companies that provide the devices you need for health care in general, from syringes to masks. Then there are companies that oversee drug development, either in a focused or general way. In any case, these are companies that will remain strong and be around for years to come if you look into them properly. Because if investors neglect them, that's what can lead to the bear case.

The bear side

There are a few hiccoughs to the argument that health care stocks are a major buy. First off, the TSX in general is rebounding, and this can cloud the judgement for many seeking out growth stocks. With

everything growing, it looks as if *anything* is a good buy. That's simply untrue. So there are a number of red flags Motley Fool investors should watch for.

How is the company valued? By this, I mean does it have a lot of debt saddled to it? Does it have a high market capitalization? Does it have a lot of historical performance to fall back on? And, of course, does it have a future among health care stocks, or is it pretty much saddled to one horse? That could be a major problem if that horse goes lame.

Then there's the fact that the pandemic is *not* over. Sure, it seems like that to many out there. But for Motley Fool investors seeking out opportunities, it's an important one to remember. It was just a few *months* ago that China went through lockdowns. Lockdowns that put a stop to major production, and this could still affect health care stocks.

So what health care stocks *should* you buy?

For me, instead of making risky choices I would instead look at an exchange-traded fund (ETF) focused on health care stocks. That takes the guesswork out, and instead allows Motley Fool investors to have a team of experts working on their behalf.

One such ETF would be the **CI Health Care Giants Covered Call ETF** (TSX:FHI). This ETF holds a slew of health care stocks, all giants that have been around for a long time, with plenty of growth in store for the future. It trades at a reasonable 22.6 times earnings, offers an 8.66% dividend yield, and has climbed 8% in the last two months alone. It's now only down 2% from year-to-date levels. This ETF also gives you diverse exposure to the industry for those not knowing where to start.

Bottomline

Health care stocks are up, but that doesn't mean you should buy any of them. By investing in an ETF like CI Health Care Giants ETF, you can gain that exposure and growth, but in a much safer way.

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