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INVESTOR'S EDGE

It's time to buy, hold health care stocks

"Being ill feels like you are wearing someone else's glasses."
— Poet Megan Boyle

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In 1992, I was a newly minted Chartered Financial Analyst, a portfolio manager at my father's investment counseling firm, and thought I knew my stuff. At the time, Bill Clinton was the odds-on favorite to become president-elect that fall and with him, promise of a major overhaul of the American healthcare system.

I talked with my father repeatedly about selling our health care stocks that were coming under immense pressure as Clinton went on to become president and began working on health care reform. But my father said something to the effect of, "I am not about to sell these great stocks on political noise, they have great managements, with great products. It is the time to be buying, not selling."

He was spot on. Between 1994, when health care reform stalled, and 2000, health care was a dominant performer, blowing away even the historic performance of the S&P 500 Index during that time.

Fast forward to today; the S&P 500 Index is up 17% year to date, selling right near all-time highs. However, health care stocks are sickly, down for the year, and have sold off very sharply in the month of April alone.

The decline in health care stock's performance started back in mid-January, when U.S. Sen. Kamala Harris, D-Calif., announced her presidential run, endorsing a complete overhaul of the American health care system and embracing a Medicare for All plan.

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Other Democratic politicians quickly began to sign onto the idea, making the future of our health care system a major debate in the 2020 election, which has worried investors.

Further, there is bipartisan scrutiny on drug companies for sky-rocketing prescription drug prices and their role in the opioid crisis. Earlier this year on national television, numerous Congressional hearings grilled health care executives on these issues, even including emotional testimonies of patients struggling to afford their medications.

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Finally, President Trump and the Republicans have yet to release a comprehensive health care plan of their own, announcing that they will delay until after the 2020 election, adding further uncertainty for health care investors.

Regardless of your political persuasion, we all know politicians from both sides like to make big promises of change; and policy proposals are quite different from passed legislation. I am confident health care companies will continue to make new therapies and post solid profits for years to come.

For Investor's Edge readers, I say now is the time to be buying, not selling, healthcare stocks. Here are three winners that you can buy and hold for the long-term.

Intuitive Surgical (ticker symbol: ISRG), is the industry leader in robotic surgery, and the maker of the revolutionary da Vinci Robotic Surgical System. Operated by doctors, this system performs minimally invasive procedures with a higher degree of precision, and often allows shorter recovery times. This stock was recommended in my March 2018 column at a price about $425. Shares are now trading at about $515, up 21% versus a 9.5% return for the S&P 500 during that time span. Even with this impressive move, Intuitive Surgical remains 13% below all-time highs that were reached just two weeks ago.

UnitedHealth Group (ticker symbol UNH), is the largest health care company in the world by revenue, providing full-spectrum healthcare plans, coverage networks, managed care solutions, along with a slew of other operations from ambulatory services to pharmacy management. A Dow Jones Industrial component, UNH is a classic American blue-chip, and a cash-generating machine. Currently more than 15% off its all-time high, this could be an attractive entry point to invest in the world's healthcare leader.

Finally, **Zoetis** (ticker symbol: ZTS), is the world's largest animal health care company, providing medicine, vaccines, feed, diagnostic products, and veterinary services for both livestock and household pets. Zoetis spun off of Pfizer back in 2013 and has since grown significantly. Of the three, Zoetis is the least affected by health care politics because, as of now, no one is discussing universal coverage for pets! LOL. I had recommended shares of Zoetis back in August of last year with the stock trading around $91.50. Today, shares trade around $102, up 11% since August compared to the S&P 500's return of 3.8%.

Political posturing over healthcare on both sides of the aisle is nothing new. While the current debate will likely continue for some time, don't let that keep you from owning superb companies like the ones above. That will be a winning prescription for you!

Jim Burns, a chartered financial analyst, is president of J.W. Burns & Co. The opinions expressed here are his and do not necessarily reflect those of The Post-Standard. Readers should do research before deciding on an investment. Contact him at jburns@jwburns.com.

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