Attention Investors: Don’t Miss Out on This Trillion-Dollar Trend

Description

There is a coming trend that will make a whole bunch of investors rich. In fact, I’ve seen estimates that say this opportunity will be worth more than $1 trillion, and that’s just in Canada. Investors who capitalize on this trend for all of North America stand to benefit even more.

If it’s a trillion-dollar trend, I must be talking about something truly groundbreaking. Is it driverless cars? A new type of microchip that we can implant directly into our brains? A way to get unlimited energy without harming the environment? A new type of delicious cookie that actually burns calories?

Well, not exactly. In fact, this idea is actually pretty mundane. But that doesn’t make it any less important, nor does it take anything away from the opportunity awaiting investors.

I’m talking about keeping baby boomers healthy throughout their retirement. In Canada alone, more than 9.6 million people born between 1946 and 1964 will be retiring in the next 15 years, and most will end up living many more productive years. This is a good thing for everyone, especially companies that specialize in caring for seniors.

Here are four Canadian companies that are going to benefit as the population gets older.

Chartwell

Chartwell Retirement Residences (TSX: CSH.UN) is Canada’s largest owner and operator of seniors assisted living facilities, with 181 properties stretched across the country. The company also owns 39 residences in the United States.

Right now, Chartwell is in acquisition mode, preparing for the onslaught of demand that is coming. Since the industry is somewhat fragmented across the country, there are all sorts of facilities that the company can snap up. And as demand increases, so will prices charged to seniors who need the facilities. This should, in turn, lead to increased profits and an increase to the company’s 5.1% yield.

Extendicare

Chartwell's main competitor in Canada is **Extendicare** (TSX: EXE), which operates 88 facilities here. It also runs 158 in the U.S., and has a division that provides home care to seniors who aren't quite ready to live in an assisted living facility.

Chartwell has had a terrific dividend history, not missing a payment since it went public in 2004. Extendicare can't make the same claim, as it cut its dividend twice — once in 2009, and again in 2013. While investors never want to see a dividend cut, recent results had the company earning 77 cents per share from operations, easily enough to cover the 48 cents per share dividend.

Investors looking for a little extra yield should choose Extendicare, which pays out a 6.7% dividend.

Valeant Pharmaceuticals

While Chartwell and Extendicare take care of more basic needs, **Valeant Pharmaceuticals** (TSX: VRX)(NYSE: VRX) is focused on things like tropical creams for skin conditions and eye health solutions. It has many products that are designed to make skin look younger, something that is important to many baby boomers.

The company is also in the middle of a hostile bid for **Allergan**. It's a natural fit, since Allergan is in many of the same niche markets. Some of its main products include Botox wrinkle treatment, various kinds of eye drops, and breast implants.

These are hardly the types of pharmaceuticals that are important to someone's health, but they will sell to baby boomers who are desperate for ways to avoid being reminded about how old they are.

Alimentation Couche-Tard

One thing I realized when I watched my grandparents grow old is how difficult it was for them to move around. Even mundane tasks like cutting the grass or going to the grocery store became a challenge.

My grandmother went a step further, choosing to shop at the local **Alimentation Couche-Tard** (TSX: ATD.B) store for her staples. Sure, the price of milk and bread were higher, but she gladly made that trade-off so she could shop closer to home and not have to walk around a huge grocery store.

As Couche-Tard continues its ambitious growth plans, it's setting itself up perfectly to cater to older shoppers. Stores are small, carry most of the staples, and are usually located in urban locations. Any additional stores are likely to be purchased in the U.S., or Europe, where there are lots of older people who don't move around so well any more. Mostly by accident, the company has successfully made its stores appealing to retirees.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BHC (Bausch Health Companies Inc.)
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3. TSX:CSH.UN (Chartwell Retirement Residences)

4. TSX:EXE (Extendicare Inc.)

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